



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE

ESTIMATES

(Supplementary Budget Estimates)

THURSDAY, 23 OCTOBER 2008

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

Thursday, 23 October 2008

Members: Senator Mark Bishop (*Chair*), Senator Trood (*Deputy Chair*), and Senators Feeney, Ferguson, Forshaw, Kroger, Ludlam and McEwen

Participating members: Senators Abetz, Adams, Arbib, Barnett, Bernardi, Birmingham, Bilyk, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Crossin, Eggleston, Ellison, Farrell, Fielding, Fierravanti-Wells, Fifield, Fisher, Furner, Hanson-Young, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Lundy, Macdonald, Marshall, Mason, McGauran, McLucas, Milne, Minchin, Moore, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Stephens, Sterle, Troeth, Williams, Wortley and Xenophon

Senators in attendance: Senators Mark Bishop, Bob Brown, Coonan, Ferguson, Fielding, Fierravanti-Wells, Forshaw, Hanson-Young, Humphries, Kroger, Ludlam, Macdonald, Payne and Trood

Committee met at 9.03 am

FOREIGN AFFAIRS AND TRADE PORTFOLIO

In Attendance

Senator the Hon. John Faulkner, Special Minister of State

Senator the Hon. Ursula Stephens, Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion

Department of Foreign Affairs and Trade

Portfolio overview

Mr David Ritchie, 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 Graham Fletcher, First Assistant Secretary, North Asia Division

1.1.2 South-East Asia

Mr Peter Woolcott, First Assistant Secretary, South-East Asia Division

1.1.3 Americas

Mr Bill Tweddell, First Assistant Secretary, Americas Division

Mr Andrew Byrne, Assistant Secretary, Canada and Latin America Branch, Americas Division

Mr Brett Aldam, Acting Assistant Secretary, United States Branch, Americas Division

1.1.4 Europe

Mr Richard Maude, 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

1.1.6 Pacific

Mr Richard Rowe, First Assistant Secretary, Pacific Division

1.1.7 Bilateral, regional and multi-lateral trade negotiations

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

Mr Ric Wells, Head, China FTA Task Force and Head, Japan FTA Task Force

Mr Tim Yeend, First Assistant Secretary, Office of Trade Negotiations

Mr Michael Mugliston, Head, Asia Trade Task Force

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

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

1.1.9 International organisations, legal and environment

Ms Penny Richards, Senior Legal Adviser, International Organisations and Legal Division

Mr Colin Milner/Ms Sonja Koppe, Acting Assistant Secretary, International Organisations Branch

Ms Gillian Bird, Deputy Secretary, International Organisation, Legal Environment

Mr Greg French, Assistant Secretary, Environment Branch, International Organisations and Legal Division

Mr Bassim Blazey, Head, UN Security Council Task Force, International Organisations and Legal Division

1.1.10 Security, nuclear disarmament and non-proliferation.

Ms Jennifer Rawson, First Assistant Secretary, International Security Division

Mr William (Bill) Paterson, Ambassador for Counter Terrorism

Mr John Carlson, Director-General, 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 Peter Baxter, 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 Paul Tighe, 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 Pamela O'Grady, Director, Diplomatic and Consular Accreditation Section, Protocol Branch

Mr Colin Hill, Director, Protocol Privileges and Immunities Section, Protocol Branch

Output 2.1—Consular and passport services**2.1.1 Consular services**

Mr Peter Baxter, 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 Paul Tighe, First Assistant Secretary, Trade Development Division

Mr Peter Baxter, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

3.1.2 Projecting a positive image of Australia internationally

Mr Peter Baxter, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

Mr Peter Tesch, Executive Director, World Expo 2010, Shanghai

3.1.3 Freedom of information and archival research and clearance

Ms Penny Richards, Senior Legal Adviser, International Organisations and Legal Division

Mr Peter Baxter, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

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

Dr David Engel, Assistant Secretary, Global Issues 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****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**

Bruce Davis, Director General

Jamie Clout, Deputy Director General, Corporate Enabling Division

Scott Dawson, Deputy Director General, Pacific and Papua New Guinea Division

Richard Moore, Deputy Director General, Asia Division

Catherine Walker, Deputy Director General, Global Programs Division

Murray Proctor, Deputy Director General, Program Enabling Division

Peter Versegi, Assistant Director General, Office of Development Effectiveness

Lisa Rauter, Chief Finance Officer, Finance, Property and Security Branch

Robert Jackson, Assistant Director General, Deployable Civilian Capacity Taskforce

Michael Wilson, Assistant Director General, Parliamentary and Communications Branch

Therese Mills, Assistant Director General, People and Planning Branch

Jane Lake, Assistant Director General, Pacific Branch (Economics)

Robert Tranter, Assistant Director General, Pacific Branch

Margaret Callan, Assistant Director General, Papua New Guinea Branch

Ali Gillies, Assistant Director General, Asia Bilateral Branch

Octavia Borthwick, Assistant Director General, Asia Regional Branch

James Gilling, Assistant Director General, Indonesia and East Timor Branch

Alistair Sherwin, Assistant Director General, Humanitarian and Middle East Branch

Chris Tinning, Assistant Director General, Development Partnerships Branch

John Davidson, Assistant Director General, Governance and Capacity Building Branch

Andrew Laing, Assistant Director General, Economics and Service Delivery Branch

Robin Davies, Assistant Director General, Sustainable Development Group

Laurie Dunn, Assistant Director General, Operations Policy and Support Branch

Jacqui De Lacy, Assistant Director General, Sustainable Development Group (Food Security and Rural)

Steve Hogg, Assistant Director General, Operations Policy and Support Branch (Operations)

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 Hazel Bennett, Executive Director, Finance, Information and Planning

Ms Pat Evans, Executive Director, Export and Investment Services

Ms Marcia Kimball, Executive Director, Human Resource

Mr Ian Chesterfield, General Manager, Business Policy and Programs

Ms Helen Monro, General Manager, Government International and Policy Group

Mr Tim Harcourt, Chief Economist

Mr Mike Moignard, General Manager, Government and Communications

Mr Michael Vickers, Manager, Business Policy and Programs

Ms Elizabeth Gamin, National Operations Manager, Grants

Mr Peter Gunning, Chief Finance Officer

CHAIR (Senator Mark Bishop)—Good morning, ladies and gentlemen. I declare open this meeting of the Senate Standing Committee on Foreign Affairs, Defence and Trade. Today the committee will examine the budget supplementary estimates for the Foreign Affairs and Trade portfolio.

When written questions on notice are received the chair will state for the record the name of the senator who submitted the questions. The question will then be forwarded to the department for an answer. I remind senators to provide their written questions on notice to the secretariat by close of business on Tuesday, 28 October. The committee has resolved that Thursday, 4 December 2008, is the return date for answers to questions taken on notice at these hearings. Please note that under standing order 26 the committee must take all evidence in public session and 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 constitute a contempt of the Senate.

The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings: ‘Any question going to the operation of financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes 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 a superior officer or to the 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 ground on which the objection is taken and the committee will determine whether it will insist on an answer having regard to the ground on which it is claimed. Any claim that would be contrary to the 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. I remind everyone that mobile phones are to be switched off in the hearing room. Minister, do you or any officers wish to make an opening statement?

Senator Faulkner—No. I am happy to go straight to questions.

CHAIR—Are there any questions for the portfolio overview?

Senator COONAN—I have some questions that I will be able to put on notice. How close to being tabled is the departmental agency annual report?

Mr Ritchie—The final version of the annual report has now been completed and so it is very close to going to the printers right now, so it will be ready in the immediate future.

Senator COONAN—I do not want to go through all the ins and outs of staffing, because I can put those questions on notice, but are there any heads of mission vacant?

Mr Ritchie—Yes. At the moment we have two heads of mission positions vacant, the high commissioner position in Wellington and the consul-general position in Los Angeles.

Senator COONAN—How long have each of those been vacant?

Mr Ritchie—The then head of mission in Wellington, John Dauth, departed Wellington on 28 August. The head of post in Los Angeles, who at the time was Innes Willox, left the position on 12 September.

Senator COONAN—Are those positions close to being finalised?

Mr Ritchie—There are proposals with the minister and it will be up to the minister and government to make a decision in due course on those.

Senator COONAN—Are there any major levels of vacancies in the core department?

Mr Ritchie—Not in major SES level positions. We have a number of vacancies across the department and we are running a very large number of recruitment rounds at the moment for those vacancies, but that is pretty standard for the department—but not at the top levels of the department, no.

Senator COONAN—In terms of people who are in acting positions, is that a disproportionately large number or is it about what normally happens?

Mr Ritchie—No, it is about normal.

Senator COONAN—In relation to the impact on operations from the budget cuts to DFAT, at the last estimates there was evidence given in relation to the budget cuts over the forward estimates and I wanted to ask you how those particular functions are being filled at various posts. I have about seven examples. First of all, in the fight against terrorism and the Taliban, Australia's capability to assess the Brussels based NATO Afghanistan issues and to support representations about Australia's needs in Afghanistan may have been impacted by cutting one EL2 policy position which was, as I understand it, 100 per cent advocacy and reporting on EU political and security developments and NATO. Are you able to comment about that?

Mr Ritchie—Yes. What has happened since then is what my colleague Doug Chester foreshadowed at the last estimates, which is that we have reprioritised the work within the mission in Brussels. Work on Afghanistan is of course a top priority for the mission in Brussels and others have absorbed that work and it has raised up our list of priorities. Some other functions that the embassy performs have been given lower priority, but they are not in key areas. The ambassador in Brussels and his staff, which includes not just DFAT staff but Defence staff and others, have focused more on the work in Afghanistan and given some other, less important functions a lower priority as a result.

Senator COONAN—How about in Canada, where their cut was a BB3 policy position dedicated to 100 per cent advocacy and analysis in reporting on Australia's multilateral interests in Canada, including international security, the environment and the UN? How was that accommodated?

Mr Ritchie—I am not an expert on Canada, but we have just been through an election campaign and an election in Canada and I can assure you also, dealing with the issues with which I have been dealing over the last year, that the quality of the reporting coming out of Ottawa has not altered at all. We have had extremely good, very solid reporting on our multilateral interests in Canada. The work that is going on between ourselves and the Canadians really has not suffered very much at all.

Senator COONAN—Were these people not making the kind of contribution—or were you just able to absorb it without even any impact?

Mr Ritchie—We did two things. As Mr Chester mentioned, firstly we chose positions where we thought it would make—

Senator COONAN—That were expedient?

Mr Ritchie—'Expedient' is always a tough word. I would not use that word; I would say 'where they would have the least impact'. So we deliberately chose those positions. Secondly, yes, posts have had to reprioritise their work, as Mr Chester foreshadowed as well, and that has been the case in those two posts and in the others that you will no doubt mention.

Senator COONAN—I have a few other things. It is just that Mr Rudd, in his CEW Bean Foundation address just a couple of days ago, put such emphasis on the fact that we seem to have become a bit complacent about the threat of terrorism and on how we must keep up our efforts. I was just interested to know how that is reflected in the fact that some fairly key positions seem to have been cut in terms of the fight against terrorism in both the posts I have mentioned.

Mr Ritchie—I think the activity on our counterterrorism campaign has been just as strong as ever. We have just given a lower priority to some other issues. A good example is the embassy in Cairo, where the reporting and the work that is being done there on counterterrorism issues is as strong as it was before there was a cut in that place, so that has been very important.

Senator COONAN—That was a BB2 policy position which had at least 70 per cent analysis. Can that really realistically just be deflected to some other officer?

Mr Ritchie—It realistically is. I was recently in our embassy in Mexico, which is another that has lost a position, for a visit. I had a number of discussions with the ambassador and with all the policy staff about what their priorities ought to be. It was very evident that we will still do a lot of the Rolls-Royce-type things—desirable things that we would do if we had the resources there—but we might do them at a lesser frequency or we might not report in as much detail. It comes down to a lot of those sorts of nuances, but I am convinced that a lot of the posts have changed their priorities to focus on things which are really important, and that includes counterterrorism. The ambassador and his staff in Cairo, for example, have had to pick up a lot of that work on counterterrorism, and we have not seen any diminution of the effort on that.

Senator COONAN—What about in Nairobi?

Mr Ritchie—That is the same. We are quite happy with the work that has been going on in Nairobi.

Senator COONAN—What about with Saudi Arabia and the leader of the Gulf Cooperation Council? Are they weaker with the cut of a BB3 policy position there?

Mr Ritchie—I do not believe so. We also put in a lot of effort with Saudi Arabia and the Gulf Cooperation Council, not just through our embassies and missions in the region but also from Canberra, as you know. No doubt the committee will come to that at some point during the day. We have been negotiating on an FTA with the Gulf Cooperation Council. That involves not just the local missions but also a lot of negotiating teams coming in from Canberra and elsewhere. There is a lot of interaction that goes way beyond just what the local resources are. Again, I think the effort has been very good in places like Saudi Arabia.

Senator COONAN—What about Kuwait?

Mr Ritchie—Ditto. The reporting out of Kuwait, I think, has been good on Middle East issues that we are interested in.

Senator COONAN—What about the impact on the FTA talks with China—the BB3 level cut which, as I understand it, was 80 per cent devoted to the Australia-China FTA advocacy, which is an important priority for government and for Australia.

Mr Ritchie—It certainly is. Again, my colleagues who are working on the Australia-China FTA will no doubt go into chapter and verse on it, but the level of activity on the Australia-China FTA has not really suffered at all. On the contrary, we have stepped it up and there have been several rounds of negotiations recently involving a large number of people. Even if there has been a cut of a position in Beijing, it really has not affected the overall effort that goes into that FTA.

Senator COONAN—I do not doubt for a minute that the department would have done their best to minimise the impact, but despite your best and most earnest endeavours it is very difficult not to be left with the impression that the pursuit of Australia's national security interests may be impacted by all these cuts or, alternatively, that all these people really were superfluous to this effort.

Mr Ritchie—In an ideal world we would like to have them all, but we accept that the government has to operate within a certain budget context. We are given the resources to do the jobs we are given, and within those resources we will set our own priorities in accordance with what the government's interests and priorities are, and that is what we will apply the resources to. It is true that some lesser functions will have suffered, and it has had an impact on them, but I am pretty confident that we are putting a lot of effort into the things which the government has described as its most important functions.

Senator FIELDING—I thought I would just double check where I would cover questions generally on Australian citizens missing overseas. Is that up front or under consular services? I did not want to come to consular services and find it was up front.

Senator Faulkner—We are very happy to deal with those questions now. We are happy to do them in general questions if it would assist the committee.

CHAIR—Senator Coonan has just advised me that she has a lot of questions on this as well.

Senator COONAN—I still have a few more overview questions. I did not want to hog the committee.

CHAIR—We tend to give preference to the shadow ministers.

Senator COONAN—I am still getting used to it. I used to like to get preference as the minister at the table.

CHAIR—We will try and finish.

Senator Faulkner—As I have indicated, we are happy to deal with Senator Coonan's questions, Senator Trood's questions and Senator Fielding's questions in general questions. There is no need for you, Senator Fielding, to wait for consular services, because obviously we would try and help you as soon as we are able.

CHAIR—Thank you, Senator Faulkner. What we will do is to try and finish overview, and then we will go to the issues you have raised, Senator Fielding.

Senator FIELDING—That sounds great.

Senator TROOD—Mr Ritchie, in relation to the points you were making to Senator Coonan, the overall impression here is of a foreign service in decline, is it not? You have a foreign service which is taking people out of key positions overseas at a time when the government has an expanding foreign policy agenda. You are taking key people, A-based people, out of executive positions overseas which are in some cases perhaps more tangential to Australia's vital national interests but which in many cases are in places of acute importance to Australia's interests overseas. I cannot help but get the impression, as I have said in this committee on recent occasions, that people are being withdrawn from posts even

where there is a priority, such as in Europe. People are taken out of posts right across Europe. I think 13 of those positions that were moved early in the year are coming from those key areas. So how does the government justify an expanding agenda and a declining foreign service—particularly in A-based staff—and expect the department to meet the challenges it is facing with the resources which are available?

Mr Ritchie—As I said, firstly we listen very carefully to what the government's priorities are and we make a decision as a result of that on the sorts of resources we need to apply to those priorities. As you rightly say, there were fairly substantial cuts. In making those decisions we try to pick people where there will be the least disruption to the achievement of those priorities. That does not mean there is no disruption to the achievement of those, but we have tried to pick it up in other ways and to devote those resources to the highest priorities of the government. That has meant in some cases that some very low-level priorities have had to be reprioritised or that slightly less work is put in on them, but I am pretty confident overall, given the budget we are given, that we will manage with that and that within that we will try to devote the resources that we have to achieve the main priorities of the government. I am confident that we are doing that.

Senator TROOD—I pursued this theme in estimates in recent times, so I will not press it on this occasion. But I note that there seems to have been no improvement in the circumstances of the department over the last three estimates hearings. In fact, given the priorities that the government has established over the last few months, I would judge that the situation has deteriorated for the department over that period of time.

Mr Ritchie—No doubt you will come to the particular initiatives the government has taken over the last while, and I am in the happy position to be able to tell you that we actually have had some additional resources for those.

Senator TROOD—I am pleased to hear that.

Senator Faulkner—You would appreciate that the judgements you make may be political judgements and that they are the ones that it is always difficult for officials to deal with. But Mr Ritchie will be able to talk about the resourcing issues and the like in detail for you. I acknowledge that senators on the other side of the table may from time to time express an opinion or view about these issues, and you have done just what you are able to do.

Senator TROOD—Political analyses they may be, but based on compelling empirical evidence.

Senator Faulkner—It is possible that your political analysis may change after you deal with some of those issues in more detail. It may be that at a later stage in the hearing your political analysis might change. We will see.

Senator TROOD—If Mr Ritchie were able to reassure me on these points, I would be the first person to be delighted. Let me begin with the matter of the budget, about which I have some concerns. I see you are at the table, Ms Thorpe. You will recall that I had some anxieties about the budget papers in relation to the total resources for outcome 1 on the last occasion where, to my alarm, it seemed as though, I think in relation to outcomes 1 and 3, there was something in the vicinity of a 17 per cent decline in resources being made available. At the time, nobody in the department was able to provide me with an explanation as to why that

figure of 17 per cent decline was there, and it seemed that the logical consequence of that decline was that some of these important services were being quite significantly cut. Can you clarify for me whether or not my analysis is correct?

Ms Thorpe—As we indicated in our answer in response to your question from the previous estimates hearing, the department operates as a central policy agency and we do not have very clear programs and unique splits within our organisation. We receive our money and we need to split it across outcomes and outputs, but the way we manage ourselves is not clear or black and white. Most of our staff will work across all the range of our outcomes and outputs. In order to meet the reporting requirements we need to have a methodology for splitting our budget across outcomes and across outputs within an outcome. In order to do that we have had to use an activity based costing model which we developed quite a few years ago. Because it is a huge exercise, we cannot keep doing it every year. In order to keep that up-to-date, when we do get specific amounts of money we then use that model, although we do adjust it to try to reflect when we have money in a particular area.

That is the background. As to your question relating to outcome 1, the figures there are actually a mathematical indication using that model rather than an indication of how we actually manage ourselves, because it is very difficult. We do not turn people off and things like that. In an activity based model it is more meaningful to look at it at an outcome level. Outcome 1 actually reduced by \$11.9 million between 2007-08 and 2008-09, which is about a two per cent reduction. That is a net figure, so it reflects increases in relation to some of the parameter adjustments we receive each year for inflation and forex and things like that. Also, because the Australian dollar was very strong we actually had some negatives in there this year. It also reflects the amount we offset for that. On the negative side are the savings that we had to achieve, which we have just been discussing. But, offsetting those in outcome 1, we have attributed the two amounts of funding we received during 2008-09, which relate to Afghanistan and also to the \$12 million we received from the reversal of that budget sustainability savings measure whilst we go through the root and branch review. The net effect of that was a reduction in outcome 1 of this \$11.9 million.

What happened—which is what triggered your question—is that we had some attribution rules for allocating those amounts across the various outputs. The two amounts that I told you were the positives—Kabul and the amount for budget sustainability—both related to output 1. My staff, being mathematically very purist, put those to output 1.1, and the mathematical effect of that was that outputs 1.2, 1.3 and 1.4 look lower in relative terms than they were. As I said, the figures are a mathematical methodology, because we do not have distinct units of people working on distinct areas. I think you will find, as a result of the government's Operation Sunlight, that they are conscious of the sorts of problems that some of us are facing, and they are looking at us perhaps doing outcomes in a different way in the future. I think that should help you in future years.

Senator TROOD—In relation to the particular concerns I had with outputs 1, 1.3 and 1.4—the ones that showed these 17 per cent declines or thereabouts—they were nominal allocations to those outputs. Is that right?

Ms Thorpe—That is right. It is purely nominal. It is done on a mathematical model.

Senator TROOD—That reassures me to some extent. However, the point that emerges from the whole exercise is that the department's funding has not increased in any significant fashion. I know there are things to be said about forward estimates, but, looking across the estimates, the parlous state of the department's funding would seem to be continuing—apart from what Mr Ritchie is going to tell me later in the day, apparently.

Ms Thorpe—I would suggest that if you look at any agency across the forward year the funding of most departments probably is going down to varying degrees. Each year you have new initiatives, and if you have got no new initiatives as initiatives come to an end, across the forward estimates, as you indicated, you are going to get a natural decline anyway because the new decisions have not been made yet, so they are not reflected in any forward years. You have also got the efficiency dividend of 1.25 per cent, which we are all facing. I suggest to you that most agencies would have that decline. Of course, there is the matter of what the steepness of the decline is, but for us the forward estimates merely reflect that some of our funding is terminating and that the government will consider over the next few years whether they wish to continue to do it. Those decisions are to be made in the future. So it is a little bit misleading. It is not really an indication of what our budget could be in the future years. Again, it is the way the budget process works and how you report your forward estimates until such time as future decisions are made.

Senator TROOD—I understand.

Mr Ritchie—Mr Chesterfield explained that at the last estimates.

Senator TROOD—Yes, I heard Mr Chesterfield on that subject. I am sure he is delighted to be in Singapore?

Mr Ritchie—He is on his way to Singapore.

Senator Faulkner—He may well have preferred to have been here.

Senator TROOD—Can I turn to the root and branch review? I think on the last occasion Mr Chesterfield foreshadowed that this review was about to begin. I think he told us that there were no terms of reference, as I recall the evidence. We are now several months on, and I would like an update on whether or not there were some terms of reference and what progress has been made in relation to the review.

Mr Ritchie—As we explained at the last estimates, the government decided in the context of the 2008-09 budget to undertake a root and branch review of the department. The purpose of the review is to assess whether DFAT's reduced funding basis is adequate to allow it to continue to effectively and efficiently deliver its outcomes. We are looking at our existing budget base and the requirements of it on the part of the government. The review, as Mr Chesterfield explained, is being undertaken jointly by ourselves and the Department of Finance and Deregulation. Terms of reference have been agreed by the Ministers for Foreign Affairs and Trade and the Minister for Finance and Deregulation. The review is being overseen by a steering committee which is jointly chaired by us and Finance. But the Department of Prime Minister and Cabinet and Treasury are also represented in the review. So far the steering committee has met four times. In the department we have six staff members working on the review—

Senator TROOD—Is that full-time work on the review?

Mr Ritchie—Full-time work on the review. As you will appreciate it is quite an important review for us. We are very close to producing a first draft of the final report. Indeed, that is imminent. As the government has indicated, the outcome of that report, once we have finalised it, will go to ministers and then it will be considered in the 2009-10 budget context. That is the time line for it. I would hope that we would be in a position to provide the final draft of that report to the ministers within the next couple of weeks.

Senator TROOD—Is there any reason why we could not see the terms of reference for the review?

Mr Ritchie—No. I will just say according to the—

Senator TROOD—Could you table those?

Mr Ritchie—I do not have the piece of paper, but I am very happy to do that.

Senator TROOD—Perhaps you could table them later in the day?

Mr Ritchie—I can run through them now if you would like.

Senator TROOD—Table them later in the day rather than take time to do that. We are looking at this process in the context of the next budget?

Mr Ritchie—Yes. The outcome of this review, which, as I mentioned, deals with DFAT's base budget and whether we are adequately resourced to meet the existing requirements, will be considered as part of the 2009-10 budget.

Senator TROOD—What level are the six staff that you have presumably taken offline to work on the process?

Mr Ritchie—The team is led by an SES band 1 officer, an assistant secretary. I apologise in advance for the arcane nature of this. We have 1.8 EL2s—that is, section heads. We have an EL1, which is a more junior officer, and we are using two graduate trainees with particular expertise on it. The graduate trainees have in effect been taken offline as part of their rotation of work in the department.

Senator TROOD—We will look forward to the outcome of that and to receiving the terms of reference—

Mr Ritchie—So will we.

Senator TROOD—I asked some questions on notice with regard to the staff. I have been provided with answers to those. They were questions regarding separations from the department in the March quarter and also in relation to the June quarter. In the March quarter there were 44 staff separated. In the June quarter there were 30 staff. I asked for some information about the reasons for the separations and I have been provided with that. Looking at this information the thing that alarms me about it is the proportion of people separating from the department who have either resigned or moved to other positions. In both of these quarters it is in the vicinity of two-thirds of those separating, so a relatively small proportion of people who have left the department have done so because they have come to the end of their natural careers; that is, they have retired or taken a voluntary redundancy. This strikes me as a very alarming figure—that people are resigning from the department or they are

leaving and wishing to go somewhere else. It suggests to me a corporate challenge of some kind. I am concerned in two ways. Some of these officers are quite senior, but it is perhaps more alarming that a lot of them seem to be more junior officers in the department, people who are just beginning their careers, people who I would have expected have not long joined the department and would have expected to have a long period of the time in the department, but they are leaving and resigning. The question I have for you in relation to both of these quarters is whether or not you do any separation interviews and whether or not you ever ask these officers the reason for their departure, apart from the fact that they are resigning.

Mr Ritchie—Yes, we do of course ask them their reasons for departing.

Senator TROOD—Do you do that in relation to all officers separating?

Mr Ritchie—Yes, we do. We have a reasonably good idea of the reasons for it; I mean a broad idea of the reasons for it. For example, the breakdown in 2007-08 of reasons for people separating from the department was, as you say, resignation, and that figure was 67. That could be for any number of reasons, not just because they are people who are fed up with the department. They might decide to pursue a different career, or they have got reasons to do with their spouse, their health or whatever. There are a whole bunch of reasons why people would resign. We had 39 people moving to another agency. That often goes down to career opportunities; that can relate to better pay or promotion to another agency. We had 29 retirements. I might just note that in the first quarter of 2008-09 that is the big growth area. We have got quite a peak of retirements coming up soon. We are actually going to have a lot of people retiring over the next few years. In the first quarter of this financial year we lost 16, which was 38.1 per cent of the people leaving. We had four voluntary redundancies in 2007-08. That is a very low level. And we had one death, which I think is a fair reason to leave us.

Senator TROOD—We will not complain about that.

Mr Ritchie—Well, it is fair for us. The figures for the first quarter of the 2008-09 financial year were 13 on resignation—

Senator TROOD—This is the September quarter as it were; is that right?

Mr Ritchie—Yes.

Senator TROOD—I was going to ask you about those statistics so—

Mr Ritchie—I will come back to the broader statistics in a second. In terms of reasons, in the first quarter of 2008-09, the September quarter, we had 13 resignations. Twelve people moved to another agency. There were 16 retirements. As I mentioned, that is where the growth is in many respects. There was one voluntary redundancy. That is a total of 42 people in that quarter. In terms of our overall separation, in the 2007-08 financial year we had 140 separations from the department. In the third quarter of 2007, 40; in the fourth quarter of 2007, 25; in the first quarter of 2008, 44; and in the second quarter of 2008, 31. That is 140. If you are interested, the composition of those separations by level was 17 in the SES; 17 in our EL2 level, that is section head level; 70 BB3s, and there is a huge shortage of BB3 level officers, which is just below the section head level across the whole Public Service; and BB1-2, 36.

Senator TROOD—One hundred and forty in a year is what percentage of your overall Australian based staff?

Mr Ritchie—At 30 June we had 2,153 Australia based staff. I am sorry, I did not major in mathematics but you can figure out the percentage.

Senator TROOD—So that is one in five, or something like that?

Mr Ritchie—Overall, we have one of the best retention rates in the Public Service. In surveys conducted by the Australian Public Service Commission and others we always come up as an organisation to which people are very strongly loyal and see a lengthy career in.

Senator TROOD—In relation to these resignations, you have separation interviews, as I understand?

Mr Ritchie—Yes.

Senator TROOD—Do people particularly explain why they are leaving the department? Do they say, 'I am fed up; I cannot get promoted', or, 'I do not like the culture,' or, 'My wife is moving overseas,' or whatever the explanation might be?

Mr Ritchie—They do. They are the sort of broad headings I have given you and I will not go into the subsidiary details of a lot of that, but people separate from the department for a very wide range of reasons. There will always be one or two who are unhappy with it. But quite a lot of them see an opportunity. They have maybe been passed over in a promotions round and they get an opportunity to be promoted to an SES position in another organisation so they take it, or they have been recruited. A number of the other agencies are recruiting and of course we are competing with them for recruitment. That includes other departments as well as the intelligence agencies and the Department of Defence. Sometimes it is because a family member is ill. We frequently manage this in regard to postings and other things. 'My child needs to stay in Australia for medical attention', or something. Quite a lot of people will say, 'I am not really interested in being posted again because I want my child to go through a school here in Australia.' There is really a very wide range of reasons for it. Mr Wise reminds me that a spouse's employment is a very big one. If their spouses cannot be employed overseas they prefer not to be posted and therefore they look for opportunities elsewhere. This 140 is slightly higher than we would normally have, but between 100 and 110 separations every year is very normal for us.

Senator TROOD—There were 16 retirements in the last quarter. Are you saying that that category of separation will be in that kind of vicinity into the future?

Mr Ritchie—It could even grow. Unlike young people like me, there are quite a lot of people approaching retirement in the department. It is just the way our age profile is. I would expect the number of retirements to actually grow over the next five or six years.

Senator TROOD—What kind of corporate strategy have you put in place to try to address that problem? Because with retirements, of course, you lose a lot of expertise and experience.

Mr Ritchie—Absolutely. We still have staff who go through to around the age of 64, 65 and in one case 66. We do try to retain experienced staff where that is necessary. We have a range of strategies. I mentioned we were recruiting people. We take in a large number of graduate trainees. We have not suspended that. We try to bring in fresh blood from around the

place, including out of universities. We try hard to look for lateral recruits from other departments and agencies with a range of strategies to try to bring people in. But I think it is fair to say that with a lot of retirements over up to a decade there will be quite a lot of renewal at the top levels of the department, particularly.

Senator FIELDING—Just before I start I should say that I would like to share with the committee that the questions I am about to ask have the full endorsement of the Laphorne family. That is the first thing. I think there is enough public interest in this case just to look at some of the process issues with missing people in a foreign land. Some of the questions may be difficult, or sensitive, but they are important questions to help make sure that Australians travelling overseas feel they have the best consular support or support of the government. Could you provide details of the procedures, the protocols, that are followed by Australian embassy officials when Australian citizens are reported as missing when overseas?

Mr Baxter—The department receives a very large number of inquiries every year from Australians who are worried about their friends or relatives who have not contacted them whilst overseas. Last financial year we had over 13,500 what we would describe as ‘whereabouts’ inquiries. These are where Australians contact the department and express concern because a relative or a friend has not contacted them as they might have expected or as might have been arranged. We then register those cases formally as consular cases and, depending on the nature of the inquiries that have been made, we start pursuing inquiries as to how we can locate those people. In the vast majority of those cases thankfully people are found quite quickly. Somebody has just forgotten to call home, is having a good time or is in an area where they cannot reach a phone, or for whatever reason, but people generally in the vast majority of cases are found quite quickly. In the cases where that does not occur of course we escalate our efforts to ensure that inquiries are undertaken by the competent local authorities in the countries where they are visiting and travelling to locate the person and to provide information to families and friends as to their whereabouts.

Senator FIELDING—Are there procedures that are written down at all? Given that you have quite a number of people who report missing, is there a set procedure that you use?

Mr Baxter—Yes, there is. When we receive information from families or friends where there is a well-founded concern for the welfare of an Australian overseas and a belief that that person needs consular assistance, we will quickly assess each request and we will assign a priority to the case under one of three established categories. We will log all the relevant information relating to that case in our consular management information system, which is a computer system that we use to track cases as they progress. We have three categories. The first category is ‘please locate and contact’. That is to be used in a life and death situation where there is a serious concern for the person’s welfare. Such cases would also include seeking to locate a person who has had a death in their family. Sometimes relatives ring us and say, ‘We need to get in touch with our relative who is travelling because there has been a problem in the family.’

The second category is ‘please check whereabouts’. That is used in cases where there is a concern for the traveller’s welfare. The third category is ‘ask our post to please advise us if the subject of the inquiry comes to notice’. That is usually used in cases where there are missing deadlines or people fail to arrive on a flight they said they were going to arrive on. If

the inquiry is generated in Australia—and many of the inquiries are generated from families and friends in Australia—the Consular Operations Section of my division, or after hours our Consular Emergency Centre which operates on a 24-hour basis, will formally task the relevant overseas posts or it may indeed contact several overseas posts if we do not know exactly what country the person we are trying to locate is in. We will ask those posts to try to locate and contact the missing person.

If there are very grave concerns for the person's welfare the posts will be immediately tasked. Otherwise, the tasking would be actioned by an overseas post when received if during business hours or at the start of the next day. Once the inquiry is received in an overseas post that post will advise DFAT in Canberra and simultaneously start action to locate and contact the missing person. The inquiry can come directly to an embassy or it can come through the department in Canberra. In both cases we take a similar approach.

When an inquiry is made, DFAT staff will initially assist the inquirer by checking that they have tried all of the avenues to locate the person who is a matter of concern. That includes of course telephoning, emailing or writing to the person; contacting any travelling companions or next of kin of travelling companions; checking with friends, employers, work colleagues or other relatives who may have heard from the missing person; checking information from the missing person's travel agent about any change to their itinerary; asking travel agents to put an alert on the system for the missing person to contact their next of kin if they change their itinerary; checking with relevant airlines on delays or movements that might have occurred and asking airlines to put an alert on their system for the missing person to contact their next of kin if they turn up at an airport or they change their itinerary; and checking credit cards or bank accounts and seeking telephone records of any mobile phone calls that might have been made by the person who is thought to be missing.

In Canberra we will also go through a process where we will check if there are any name aliases or details of dual nationality of the person. We will seek details of the last contact and last known itinerary. In appropriate cases we will advise the inquirer to formally register the person as a missing person with the local police in Australia. In the latter case, people are advised to do that because that is how cases are formally registered with Interpol—it is not through the department but through state and territory police channels. We have an online register of Australians who travel overseas. All of our travel advisories for every country that we produce one for strongly recommends to Australian travellers when they are going overseas that they register the details of their travel with DFAT so that in an emergency circumstance we know where to start looking. Not all Australians do that, but a growing percentage of Australians do. We will also talk to Australian immigration authorities or local immigration authorities, if that is appropriate, to see if people have records of a movement in and out of a country. We check with hotels. Most importantly, we contact the local police and seek their cooperation in locating the person.

Depending on the circumstances, we may seek to use the local media as well to broadcast messages about the person. We will make, at an early stage, representations, including at senior levels, to the government of the country where the person is travelling because ultimately responsibility for conducting missing persons inquiries in foreign countries is the responsibility of the local government and the local law enforcement authorities. We will also

seek Interpol and AFP involvement in cases where the inquiry has been classified under categories 1 or 2, as I mentioned earlier, or is otherwise considered serious. That is where there is a serious concern for the welfare of the person or the person needs to be contacted urgently for a particular family reason and the case has not been resolved through the initial inquiries that have been made. If there are immediate and grave concerns for the welfare of a person, we would contact the AFP immediately. The time frame for notifying the AFP would depend on the circumstances of each case, of course.

DFAT and the Australian Federal Police have put in place procedures to streamline the handling of whereabouts inquiries and we have an arrangement with the AFP, Interpol and the National Missing Persons Coordination Centre. Those procedures include the notification by DFAT of a whereabouts case. As I mentioned, prior to informing the AFP we seek to work with the inquirer to see if we can make appropriate inquiries to locate the person. If we cannot do that, we seek the consent of the inquirer to pass the details of the missing person onto the National Missing Persons Coordination Centre. We need to do that because DFAT operate within the requirements of the Privacy Act, so we do not pass personal information onto other government authorities without seeking appropriate clearance.

DFAT and the AFP and Interpol liaise regularly to ensure that both of our organisations have the same information on developments in individual cases. We will continue as DFAT to conduct our own inquiries on each case to the extent that we are able to do that in a foreign country. That will include some of the activities that I mentioned earlier. And we will liaise with Interpol as required and at a minimum once every three months for long-running cases to ensure both organisations are kept apprised of any developments and to ensure there is no overlap in tasking in our ongoing efforts to locate people.

The AFP liaison officers overseas will pursue inquiries if DFAT requests them to do so. As you would be aware, there are AFP liaison officers posted at various points around the world. Should an AFP liaison officer pursue inquiries then they have their own channels of communication back into AFP. DFAT consular officers keep all unresolved cases of missing persons open, even after all avenues have been exhausted. We continue to review unresolved cases at a minimum of every three months. We do have cases that go back many years of Australians who have been missing. I think the longest-running one we have at the moment is about 24 years. That case remains open and we continue to make inquiries about that case and others on a very regular basis. That is the process that we have in place.

Senator FIELDING—Thank you for the detailed answer. Obviously you were prepared for the question, which is good. You mentioned the Consular Management Information System.

Mr Baxter—Yes.

Senator FIELDING—Who gets access to that, which departments?

Mr Baxter—DFAT has access to that and only those areas of DFAT that deal directly with consular matters. I mentioned that we operate under the provisions of the Privacy Act and the information that we are dealing with in consular cases is personal information about individual Australians and we take our responsibilities very seriously to protect that information and to ensure that it is seen only by those people who are directly involved in the

case. The case officer who is dealing with a case at the post will enter information as developments occur into the Consular Management Information System and we can access that information in real-time in Canberra. When they have had a contact with a foreign government, be it a law enforcement authority, a foreign ministry or other ministries, that is all recorded in our Consular Management Information System.

Senator FIELDING—You mentioned the three categories before. Could you advise the dates and times in the Laphorne case of when the categories changed? Did they change? What category did they start at and at what date and time? Obviously this information has gone into this management system, so I assume you have got pretty good records.

Mr Baxter—Yes. When the case was initially reported to us in Canberra on 19 September the case was designated as a category 2 case. You asked whether that changed over time. It did change at the point at which the Croatian authorities advised us that they were treating Ms Laphorne's disappearance as that of a missing person and at that time the case was immediately upgraded to a category 1 case.

Senator FIELDING—Once it entered into category 2 was there someone dedicated to that particular case, a specialist officer? Was someone handling it? What happens with it?

Mr Baxter—All of our cases are allocated to the case managers. Of course, in the early stages of this case the Australian embassy in Zagreb was following up and making inquiries with the Croatian authorities and ensuring that an investigation was commenced into Ms Laphorne's whereabouts. That information that is passed from the Australian embassy comes back into our Consular Operations Section where the case is assigned to a case officer. That case officer works under the supervision of a director, a branch head and myself. What would happen is that as concern about a particular case increases it would be elevated to more senior levels in the division, including to myself.

Senator FIELDING—In the Laphorne case were there many consular people in Croatia inputting to the database or just one person?

Mr Baxter—There were consular officers in Zagreb who were entering information about their interactions with the Croatian authorities on the case. That would include both Australian based officers and locally engaged Croatian staff who work in the embassy. They would have been not only inputting information into our Consular Management Information System but also using our formal communication system by sending cables back in addition to the information that is in the Consular Management Information System. The reason we provide information through both channels is, as I mentioned earlier, that the Consular Management Information System is a very detailed account of what is happening. The information that is captured in the DFAT cable system, while detailed, does not provide the same level, if you like, of granularity in what we call the CMIS, the Consular Management Information System. There is a broad report that will come down in the cable system that will outline what the post is doing, but it will not, for instance, provide a detailed record of the conversations, which may be the case in the Consular Management Information System.

Senator FIELDING—How many people were there in the last year who were missing in category 2 and category 1?

Mr Baxter—It is a tricky question to answer just on the basis that, as I mentioned earlier, we get over 13,500 inquiries as to people's whereabouts and so the numbers change constantly as people are found, turn up or contact their relatives. At any one given time there are a large number of cases going on. We can only take a snapshot in time, if you like, as to where we are at any particular moment on the number of Australians that are missing overseas. What I can tell you is that as of 20 October we were pursuing 31 cases of Australians who were unaccounted for overseas.

Senator FIELDING—What category is that?

Mr Baxter—The 31 cases are made up of the following categories. There are 22 Australians unaccounted for where there is a serious concern for their welfare. They are category 1 cases. We have six Australians unaccounted for where there is concern for their welfare. They are category 2 cases. We have two Australians unaccounted for where we have received an inquiry but the circumstances at this time do not give us cause for concern for their welfare. They are category 3 cases. We have one Australian whom we are seeking to contact urgently due to a death or serious illness in their family. We would categorise that as a category 1 case, but the person is not necessarily missing. We are just trying our best to find them and using all our efforts to find them because they need to be notified of a serious problem in their family.

Senator FIELDING—What I am trying to get a feel for is whether or not there are thousands in that highest category? These could be really tightly case managed by the Department of Foreign Affairs and Trade?

Mr Baxter—Yes, and we do.

Senator FIELDING—Can the committee have access to or copies of those cables in the Laphorne case?

Mr Baxter—I would have to take some advice on that but I think the restrictions of the Privacy Act would prevent us from releasing the personal information. If you do not mind, I will take that on notice and come back to you, but as a normal practice we do not release confidential cable traffic.

Senator FIELDING—If the Laphorne family wanted access to it, obviously there would not be the privacy issues. Would you have to take that on notice?

Mr Baxter—I have to take that on notice, but it is government information covered by the various procedures and regulations on the release of official information. I am not saying that we would not do that. I am just saying that I would need to take advice on that.

Senator FIELDING—Can you confirm that there is a case manager for this Laphorne case? And when was that case manager appointed? Was it someone in Australia or was it someone in Croatia, or do you actually have one in Croatia and one in Australia? How does that process work? For that category, how do you appoint a case manager? How do you select them? How does it all work? Could you just help us through that?

Mr Baxter—We have two consular branches in my division. There is a Consular Policy Division which deals with contingency planning, the travel advisory service that we provide to Australian travellers, and a consular training section and a consular information section to

provide advice and information to Australians overseas. The second branch we have, and the branch that manages active case work, is the Consular Operations Branch, which has two sections. It is basically a geographic division. One section deals with consular cases in the Asia-Pacific region and the other deals with the rest of the world. This case was obviously in Europe so it was dealt with by what we call our consular operations team B, which deals with Europe, the Middle East, Africa, the non-Asia-Pacific parts of the world.

When we are informed in Canberra by the Australian embassy, on receipt of the advice from the embassy, a case officer is assigned to that case and it is their responsibility to manage that case under the supervision of a section head, a branch head and myself as the division head. As soon as a case is categorised as category 1 and we have serious concerns about the welfare of an Australian overseas, more senior officers would provide closer supervision of the way in which the case is managed. Throughout the Laphorne case we have had a case officer assigned to the case and that continues to be the case.

Senator FIELDING—Was it the same case manager from day one or have you changed it?

Mr Baxter—In Canberra the case manager changed after a few weeks. That was because the original officer had personal commitments in terms of leave, but there was a full handover through that process. Of course all of the senior officers, including myself, remained in place throughout the process of the case so far.

Senator FIELDING—When did the handover occur?

Mr Baxter—It occurred about two weeks ago—about a week and a half ago.

Senator FIELDING—That be in the database, would it?

Mr Baxter—Yes. I can get you the exact time that that happened, but about a week and a half ago.

Senator FIELDING—Could I ask that you take on notice those questions that you said you would take on notice?

Mr Baxter—Yes.

Senator Faulkner—We will certainly take those questions on notice. As you can see, it is my intention and the officials' intention to provide as much information as we can to you on these matters and provide very full answers to the committee. Obviously there will be some questions where officials, despite their best efforts, may not necessarily have all the information to hand but we will certainly look to provide that and provide it for you at an early opportunity as well.

Senator FIELDING—Let us just keep it going if we can?

Mr Baxter—You asked what would happen at the Croatian end. As soon as this case was lodged our ambassador in Croatia was informed that we had a problem with an Australian traveller in Croatia. From that point on she maintained very close oversight of the post's handling of the case and was personally involved throughout the whole process of trying to locate Ms Laphorne, the efforts that we made to provide consular assistance to the family when they visited Croatia and in our ongoing efforts to ensure that the inquiries into Ms

Lapthorne's disappearance continue and hopefully provide an explanation to the family as to what happened.

Senator FIELDING—You have confirmed that the department was notified, I think, on 19 September; is that right? Is that what you have confirmed before?

Mr Baxter—That is right, yes.

Senator FIELDING—I think that was through one of Lapthorne's friends who phoned the Australian embassy in Zagreb on 19 September?

Mr Baxter—That is correct.

Senator FIELDING—When did the Australian embassy contact the Dubrovnik police, what was said and what assurances did the embassy get from the Dubrovnik police?

Mr Baxter—You are correct in saying that in the afternoon of Friday, 19 September—this is Croatia time—the embassy received a telephone call from a travelling companion of Ms Lapthorne registering concerns about Ms Lapthorne's whereabouts. The person who made the inquiry was a fellow guest at a backpackers hostel where Ms Lapthorne was staying. We were advised that Ms Lapthorne went out to a club on the night of Wednesday, 17 September, and had not returned back to the hostel.

Following that call the embassy telephoned immediately and spoke to the owner of the backpackers hostel, a Mr Perkovic, who told the embassy that he had reported Ms Lapthorne's non-return to the Dubrovnik police station during the morning of 19 September. At this time Mr Perkovic told us he was advised by the police that they would look into the matter. The embassy then contacted the local authorities immediately. We contacted the Dubrovnik police station and spoke to them to find out what action the police were taking—

Senator FIELDING—That was on the 19th?

Mr Baxter—That was on the 19th. He immediately telephoned the police. As soon as we were informed we went to the hostel owner and then straight after that we went to the Dubrovnik police. At that time the police said that as the passage of time since her disappearance was not very long and she was an adult and free to travel, there was not a lot they could do at that stage. We then pressed the police to ensure that an inquiry was commenced into the whereabouts of Ms Lapthorne. We made a request to the police to contact the hostel owner and asked him to bring Ms Lapthorne's passport and personal belongings to the police station—

Senator FIELDING—Was that also on the 19th, or was this following—

Mr Baxter—This is all on the 19th. We went to significant efforts to ensure that the case had been formally filed as a case by the Dubrovnik police on the 19th. We confirmed with the Ministry of Foreign Affairs that they had been informed of Ms Lapthorne's disappearance and the fact that the embassy wanted Croatian authorities to conduct an investigation into her whereabouts. The Croatian Ministry of Foreign Affairs at about 7 pm Croatian time on the evening of 19 September confirmed to us that a case had been formally registered and that an inquiry was being conducted into the whereabouts of Ms Lapthorne.

Senator FIELDING—Six days after Ms Laphorne went missing, which would make it the 23rd, the police in Dubrovnik asked the Australian embassy to contact Britt's family to see if she had been in contact; is that correct?

Mr Baxter—That is correct. There were interactions between the embassy and the police before that. The embassy followed up their initial registration of concern about Ms Laphorne with the police on a number of occasions prior to the police informing us that they had registered the case as that of a missing person.

Senator FIELDING—Obviously there must be protocols that you have to follow. But when you knew about or suspected that Ms Laphorne was missing, when did you contact the family?

Mr Baxter—We contacted the family on Wednesday, 24 September.

Senator FIELDING—Why did you contact them then and not beforehand? That was some of the concern that people have had.

Mr Baxter—I mentioned in my earlier answer that the department is required to operate within the boundaries of the Privacy Act. That prevents us from divulging personal information to other parties, including to next of kin, without the consent of the person whose information we have. In consular cases some people want information passed and others do not. In the early stages of the inquiries that the Dubrovnik police were making, the exact status of Ms Laphorne's whereabouts was unclear. But at the moment that the police told us that they were treating the case as a missing person case—and the police are the competent authorities to make that judgement—we then informed the Laphorne family.

Senator COONAN—Does that mean that you actually waive the privacy considerations or do you have a discretion? When do you invoke it and when do you decide that it is time to not observe the strict privacy provisions?

Mr Baxter—There are exemptions that we are able to invoke, but these exemptions can only be used in extraordinary circumstances. The guidelines that are set down by the Privacy Commissioner state that we are able to disclose personal information if that disclosure is necessary to prevent or lessen a serious and imminent threat to the life or health of the individual concerned or of another person. But in invoking that exemption the Privacy Commissioner requires that the exemption is only used in an emergency when someone is at serious risk that demands immediate action and that an agency should not use the exemptions to justify any class of routine uses or disclosure even if those uses or disclosure are aimed at reducing serious threats to life or health. It is in extraordinary circumstances that we are able to invoke that exemption and we did so in this case at the time that the Croatian police advised us that Ms Laphorne's case was being treated as a missing person case.

Senator COONAN—I do not want to interrupt Senator Fielding, but later on I would like to have some exchange with you about whether you are unnecessarily constrained or whether or not you feel that you can operate effectively these very, very important services with that protocol the way it stands.

Senator Faulkner—We are very happy to come back to that question and any others you have. As I have indicated to Senator Fielding and the committee, we are keen to deal with this matter as exhaustively and in all the detail that senators require.

Senator FIELDING—Wouldn't category 2 and category 1 give you enough emphasis to actually contact the family? I understand that category 2 was where Britt was actually categorised to start with. Doesn't that category give you enough to actually contact the family?

Mr Baxter—As I mentioned, in the first couple of days of the police inquiries into Ms Laphorne's disappearance there was not a decision made that she was in fact at that stage formally classified as a missing person, and police were making inquiries. In the vast majority of cases involving whereabouts inquiries overseas, people do turn up in the first few days. It was after that initial search and failure to find any trace of Ms Laphorne that the category of the case was upgraded; the police classified her case as a missing person case and we informed the family using the exemption that we are provided under the Privacy Act.

Senator FIELDING—When Britt Laphorne was entered the database, I think you told me she was categorised as category 2 at that stage, from the start?

Mr Baxter—That is right.

Senator FIELDING—What was the date of that again?

Mr Baxter—That was 19 September, the day that she was reported to us as having failed to return to her accommodation.

Senator FIELDING—When did it go to category 1?

Mr Baxter—On 24 September, when we were informed by the Croatian authorities that the case was being treated as a case of a missing person.

Senator FIELDING—Then on the 25th you say you contacted the family; is that correct?

Mr Baxter—No, on the 24th we contacted the family.

Senator FIELDING—We may need to look at that some other time—whether category 2 should also warrant contact of family members, because there are not that many in category 2 at any one stage, from what you were saying before, and whether that warrants contacting the family earlier. We determined through the Australian Federal Police last week that the first week or couple of weeks is really important in missing person cases. Therefore, I would just pose the question that, if we do not raise concerns with the family early enough maybe that is something that we need to look at procedurally and as to process.

Mr Baxter—I understand the point you are making. I certainly recognise the issues here. It is the case though—and it is something that happens—that we do have cases like this where the person does turn up. If we have contacted their families and raised a concern without their prior approval or without very good reason to invoke the exemption in the Privacy Act, those people complain to us that we have breached their privacy, that we have unnecessarily alarmed their families, and that they are adults and they can make decisions about how they conduct themselves. So we have to balance the needs of the next of kin with the right to privacy of the individual concerned.

Senator FIELDING—I understand that from 28 September there were embassy officials based in Dubrovnik working on the case. What did they do and what were their day-to-day tasks?

Mr Baxter—The time at which the first officer from the embassy arrived was, I think, 27 September. Our ambassador and a consular officer travelled to Dubrovnik early that morning. They were intending to go on the 26th but their flight was cancelled due to poor weather. They immediately started to liaise with the local authority. On 27 September our ambassador met the deputy head of the police administration in Dubrovnik, the deputy head of the criminal police in Dubrovnik and the search officer to seek advice on actions and plans for further inquiries. We obtained from Croatian police requests for information about Ms Laphorne that we might have been able to provide or be able to provide through her family. We were assured by the police at that time that the case was receiving the highest priority. On that day, the 27th, our ambassador, together with the deputy head of criminal police, made two press statements to two different TV stations drawing on media talking points that we had developed to try and bring public attention in Croatia to the disappearance of Ms Laphorne.

Senator COONAN—Are the media talking points available?

Mr Baxter—They are on the public record, because those were used in the interviews with the two Croatian TV stations. We generally discussed the handling of the case with the Croatian police authorities. I can tell you what happened—

Senator FORSHAW—Some years ago, back in 1977, I was the chair of this committee when it conducted an inquiry into consular services and operations overseas, particularly as to the background that arose out of a number of cases—such as those of David Wilson, James Peng and others. I wanted to put on the record that the committee did look at this issue. There were a lot of concerns about what assistance would be available in similar circumstances. Can you tell me if there have been any reviews or major changes to the methodology or the procedures that the department follows since that time?

Mr Baxter—We are constantly reviewing our procedures and looking at the lessons we have learned from particular consular cases. We provide assistance to about 25,000 Australians each year. What we try to do, particularly in the major cases, when the case is concluded is to look at whether there are lessons that we can learn from the case as to how we might be able to improve our efficiency or our procedures. There is a constant process of refinement.

Senator FORSHAW—I have not had a chance to go back and have a look at our report as to the government's response—

Mr Baxter—I remember it well.

Proceedings suspended from 10.29 am to 10.46 am

CHAIR—The committee will come to order, and we will resume our discussion on the matters arising out of consular services.

Senator FIELDING—I would like to follow on from where we left off. What was the extent of contact between the Australian Federal Police and embassy officials in the Britt Laphorne case?

Mr Baxter—As I mentioned earlier, the AFP liaison officers who are posted around the world will assist us in consular cases where we request them to do so and in accordance with the local law enforcement authorities in the countries where the particular case might be located. In this case we started discussing with the AFP the proposal to provide a police liaison officer from the Federal Police to assist our embassy in liaising with the Croatian authorities on the investigation into Ms Laphorne's disappearance. That officer arrived in Croatia on 29 September. Immediately on arrival the officer met with our head of mission, the ambassador, to be briefed on what had happened in the case to date but also to meet with officials from the Ministry of Interior in Zagreb. After those meetings the AFP liaison officer travelled to Dubrovnik and he remains in Dubrovnik to this day.

Senator FIELDING—Would you explain why the decision was taken that the AFP officer in Dubrovnik should have more direct contact with the Laphorne family.

Mr Baxter—I am not sure about the question. Through our embassy we were maintaining very close contact with the family members, initially with Mr Darren Laphorne. We met him on arrival and provided consular assistance to him throughout his stay in Croatia. We did the same when Mr Dale Laphorne arrived in Croatia. We met him on arrival and provided consular assistance throughout his period there, and in Australia we maintained contact with the family through our consular operations centre here in Canberra.

Senator FIELDING—We may come to that shortly. For the first five days the AFP police officer did not make any contact with the family and then all of a sudden he did. I will ask the question again in that light. Would you explain the decision taken that the AFP officer in Dubrovnik should have more direct contact with the Laphorne family and why that decision was taken.

Senator Faulkner—I will ask Mr Baxter, if he can, to provide any information to you. I would say that obviously one of the difficulties that the department of foreign affairs officials face is we cannot give evidence on behalf of the Australian Federal Police. We can only approach these questions from the perspective of the Department of Foreign Affairs and Trade, as I am sure you would appreciate. It is important that is understood, and I am sure it is understood by committee members. Obviously officials cannot respond on behalf of the Australian Federal Police. Anywhere that there has been an involvement of the Department of Foreign Affairs and Trade, if you can be assisted from that perspective with your questions, officials will do so. I am sure you understand and acknowledge that, but it is important that I say that before I ask Mr Baxter if he can assist you.

Senator FIELDING—Just to help a little bit further—given that the department is case managing this case, I think the question is definitely a fair question.

Senator Faulkner—I am saying we will assist you wherever we can, but you would appreciate we cannot answer AFP questions. I am sure you acknowledge that.

Senator FIELDING—Yes.

Senator Faulkner—We will assist you where we can from a DFAT perspective.

Mr Baxter—The primary responsibility for providing consular assistance to the Laphorne family was a DFAT responsibility, either through the embassy in Croatia or through the department here for family members.

Senator FIELDING—Can you just say that again?

Mr Baxter—The primary responsibility for providing consular assistance to the Laphorne family rests with the Department of Foreign Affairs and Trade, and we fulfil that role. When the AFP officer arrived in Croatia, his principle focus was to commence his liaison role with the Croatian police on law enforcement matters.

Senator FIELDING—I will just go back a step. I believe the Department of Foreign Affairs and Trade, your department, requested that an AFP officer be provided. You are case managing it. I will just go through it. The AFP officer arrives, remains silent with the family for five days and then has communication—and ongoing communication. I am trying to work from the case manager, which is the department. What led to that decision and why?

Mr Baxter—As I mentioned, the initial focus of the liaison officer was to establish his liaison relationship with the Croatian authorities and to understand the nature of investigations being carried out into Ms Laphorne's disappearance. Throughout the period that you mentioned, the department was providing full consular assistance to the family, including passing on any information that we were able to on the conduct of the investigation into their family member's disappearance.

Senator FIELDING—There obviously was a decision made somewhere. The AFP officer did not contact the family for five days and then did so, and has done so post that. What led to that decision? There are concerns that there was this lack of contact and then all of a sudden it changed.

Mr Baxter—All I can tell you is about the department's role. As I mentioned, we were providing full consular assistance to the family. At a time when there was information available to share with the family, we ensured that information was provided where possible and where Croatian authorities were prepared to release information. We also facilitated meetings between the Laphorne family members, the Croatian police and the AFP liaison officer.

Senator FIELDING—There was no request from the case manager, or the department, to say to the Australian Federal Police officer to contact the family? There was no request from that point of view?

Mr Baxter—The AFP makes its own decisions about how its officers conduct themselves overseas.

Senator FIELDING—You were going through how the department and embassy officials were having regular contact with the Laphorne family to keep them up-to-date on the progress of the search. Could you explain to the committee how regular that contact was and the nature of that contact?

Mr Baxter—Certainly. The nature of that contact was daily from the time Mr Darren Laphorne, and then subsequently Mr Dale Laphorne, arrived in Croatia. We provided dedicated consular officers in Dubrovnik to provide assistance to the family in any way that

we could. We helped facilitate meetings between the family and Croatian authorities, and that included providing a Croatian speaking consular officer to ensure that there were no language difficulties.

Senator FIELDING—Why did embassy officials tell the Laphorne family, I think on October 4—you can confirm this through your database—that they were withdrawing the interpreter, the consular assistant, who was helping the Laphornes?

Mr Baxter—It is not clear to me where the misunderstanding has arisen, but at no stage did we envisage removing the consular assistance that we were providing to the family throughout the case, and at no stage did we remove a Croatian speaking consular officer from Dubrovnik that could provide assistance to the family.

Senator FIELDING—I am wondering whether I could just ask this question in the middle here.

Mr Baxter—Yes.

Senator FIELDING—If it would help the Laphorne family would you be willing—you personally—to go through the detail with the family step by step of the work done by the department on Britt Laphorne's disappearance? I am not sure that they would want it but, given that I have access to information directly from them, which I do not really want to disclose, I think that is something that I should just put on the record if they did want that briefing.

Senator Faulkner—I understand why you ask that question. You say that there are some questions that you would prefer not to ask in a public forum like this. I think you are saying that the family would like to ask about some issues and perhaps receive some information on that you would prefer not to canvass publicly. That is my understanding of what you have suggested.

Senator FIELDING—No. Because there would be a possible contradiction to what Mr Baxter has just shared, I would rather not go back and forward on it publicly. I have not asked the family specifically, but if they would like a one-on-one briefing with Mr Baxter, would that be possible?

Senator Faulkner—Let me answer as the minister at the table. We would obviously try to assist. The answer in general terms to the question is: yes, we would help wherever we could.

Senator FIELDING—So you are saying at no stage was the interpreter going to be withdrawn?

Mr Baxter—The government made very clear in the early stages of this tragic case that we would provide all possible assistance to the Laphorne family. They were my instructions from the government and we certainly fulfilled those instructions. At all times we maintained in Dubrovnik consular support for the family, including an officer who had Croatian language abilities. We did rotate staff through that period because we had consular officers who needed to go back to Zagreb to their home base and we were rotating people through. We had also provided an additional consular resource to the post. We deployed an experienced officer who was at our post in Paris to Croatia to assist the embassy, in addition to the AFP liaison officer that we have already discussed. There were considerable extra resources given to the

management of the case. As the head of the Consular Division I personally oversaw the support arrangements that we were putting in place for the family, and I can assure you that at no time did I authorise any reduction in the level of assistance that we were providing to the Laphorne family.

Senator FIELDING—Would you be able to detail the date, time and content of each of the contacts that the Australian government had with the Croatian government about Ms Laphorne's disappearance? I would like to understand the extent that the government went into bat for Britt Laphorne.

Mr Baxter—Certainly. It is going to be quite an extensive list, so I would appreciate if you could bear with me on that. I would make a general comment that the role of the department in this case was to ensure that everything that could be done was being done to locate Ms Laphorne. We do that in two ways. Firstly, we make representations to the most senior levels of the government concerned to ensure that at the political level the senior members of the government concerned are aware of the strong concern of the Australian government in this particular case, and we sought an assurance from the Croatian political leaders that they would ensure that the appropriate level of resourcing was provided to the investigation.

We made those political representations in a number of ways. I will just go through some of those representations. Our ambassador, as I mentioned earlier, in Zagreb on 27 September met with the deputy head of the police administration in Dubrovnik, the deputy head of the crime police section and the officer who was responsible for coordinating the search for Britt Laphorne. I made representations to the head of the Croatian embassy here in Canberra on 29 September, again registering our strong concern about the case and seeking an assurance that all efforts were being made to locate Ms Laphorne. On 30 September the Minister for Foreign Affairs, Mr Smith, called the Croatian Foreign Minister to request that all possible assistance be provided by Croatian authorities, and he received that assurance.

On 30 September the leader of an Australian parliamentary delegation to Croatia—which I understand you were a member of—Senator Hogg, met with Croatia's Minister for the Interior. He was the minister responsible, of course, for law enforcement in Croatia, to again reinforce the government's concerns about the disappearance of Ms Laphorne and request that all possible assistance be provided. Senator Hogg reiterated this message when the delegation met with Croatia's Prime Minister and Croatia's President in Zagreb on 1 October. At that stage we had made representations to the President, the Prime Minister, the Foreign Minister and the Minister for the Interior. The Australian Federal Police commissioner, Commissioner Keelty, telephoned the Chief of Croatian Police on 3 October, again to seek Croatian police cooperation in the investigation. And AFP Assistant Commissioner Morris spoke to the Croatian police delegation attending the Interpol general assembly in St Petersburg on 7 October to again emphasise the importance we placed on the Croatian investigations proceeding.

We made very significant efforts to ensure that, at the highest levels of the Croatian government and at the operational level of the Croatian police, this case was a priority for the Australian government, and we wanted to see the investigation proceed.

Senator FIELDING—What work are Croatian police doing to continue to find out how Ms Laphorne disappeared and how she died?

Mr Baxter—I mentioned earlier that we retain two consular officers in Dubrovnik at this time. Our ambassador has been in Dubrovnik all week. She saw the Laphorne family members off in Zagreb and then jumped on a plane and went back to Dubrovnik with a Croatian speaking consular officer to continue to liaise with the Croatian authorities on the case. The ambassador met with the mayor of Dubrovnik on 20 October, again to express our concern that the investigation into Ms Laphorne's disappearance continues. She also has met this week again with the head of the Dubrovnik police. In addition to the ambassador and the consular officer that remain in Dubrovnik, the two AFP officers also remain in Dubrovnik liaising with the Croatian police.

The Dubrovnik police and the Croatian authorities generally have reassured us that the case is continuing to be actively investigated—and we have verified that through our presence on the ground in Dubrovnik—and that the matter continues to be treated as a criminal case.

Senator FIELDING—When was the decision taken for the ambassador to go back to Dubrovnik and stay there?

Mr Baxter—That was taken prior to the departure of Mr Darren Laphorne and Mr Dale Laphorne. I am in contact with the ambassador every evening on this case, so we decided that it was important to continue to demonstrate our concern and to continue to have people on the ground assisting in any way possible.

Senator FIELDING—Has there been any further information relayed to the department since Dale and Darren left Dubrovnik that the death of Ms Laphorne was as a result of foul play, or do you still not know?

Mr Baxter—Unfortunately, we still do not know. As I mentioned, the Croatian police are investigating this matter as a criminal case, so they have not made any conclusions either way. You would be aware that the autopsy that was conducted in Croatia was inconclusive in its findings. One of the things that we have been doing this week is to ensure that any information that is relevant to the inquiry by the Victorian Coroner's Office—who are conducting a second autopsy into Ms Laphorne's death—is provided by Croatian authorities. Our officials, including our ambassador, are actively involved in passing information back from Croatia to the Victorian authorities.

Senator FIELDING—I just have a couple more questions. If the Victorian Coroner's report does show foul play, what will the DFAT and the government do?

Senator Faulkner—I will ask the official to respond if he can, but questions that begin with 'if' are hypothetical in a sense. There are general procedures in the department. I will interpret your question in that way and ask the official to provide an answer.

Senator FIELDING—Thank you.

Mr Baxter—The government is committed to ensuring that a full investigation is conducted into the circumstances surrounding Ms Laphorne's disappearance and death, so we will continue our efforts to ensure that those investigations are pursued through to a conclusion.

Senator FIELDING—I asked a question last week or the week before during question time to Senator Faulkner.

Senator Faulkner—You did.

Senator FIELDING—You provided an answer on the day, and the following day you gave me some more information about a review.

Senator Faulkner—There was an element in your supplementary question that I did not have sufficient briefing to be able to respond fully to, and I took that element of your question on notice.

Senator FIELDING—I understand that a review of this case will be conducted. Is that correct?

Mr Baxter—I understand that the AFP commissioner in an earlier hearing indicated that the AFP would be conducting a review into the case. In the case of DFAT, after all major consular cases we go through a ‘lessons learned’ exercise to see whether there were things we could have done better and whether there are things we can learn from the way in which cases are handled, and we will certainly do that in this case.

Senator FIELDING—Does the department agree that families in this situation need regular and sympathetic communication and guidance to help them through such a difficult process? Most people would say yes to that. I do not want you to give a long answer to it, because I want to follow it up with the following question: does the department think that it has managed the Laphorne case as best it could have, and, if not, what could have been improved, given that the family was certainly concerned about the communication upfront before there was a public profile given to this case?

Mr Baxter—I agree with you entirely that one of our consular responsibilities is to provide appropriate assistance to families when they or their family members are in difficulty overseas. I am very confident that on this occasion we fulfilled our responsibility to provide assistance to the family, both in Croatia and here in Australia.

Senator FIELDING—Do you think their concerns for the initial part of this were not valid or warranted?

Mr Baxter—I cannot imagine what the Laphorne family have been through over the last few weeks as this case has unfolded. I understand the concerns that they have expressed in the circumstances they have found themselves in, but, from a departmental perspective, we have provided extensive consular assistance to the family. Obviously, if there are areas where people think we can improve, then, as I mentioned, as in all major cases, we will look at that and review it.

Going through the case and being involved personally in the case, I am very satisfied that our embassy in Zagreb did all they could to provide assistance to the family from the time the family members were actively engaged in the case. I mentioned earlier that we had a case officer here in Canberra dealing with issues relating to the case, including providing support to the family members in Australia. Earlier you asked me whether that case officer changed. I want to clarify that that did happen, on 10 October, and we had talked to Mrs Laphorne about that prior to the change to tell her that the case officer would change so that she understood

that. That was part of our role so that she did not get any impression that we were lessening our commitment to providing assistance. On 13 October, a new officer took responsibility for the case and he remains the case officer on a day-to-day basis.

Senator FIELDING—The reason I asked about the review was that you said you had done previous reviews and I thought you must have learnt something from those previous reviews. I was concerned that, when there was discussion before about budget cuts, are we sure that budget cuts have not impacted this case at all with the resources being provided?

Mr Baxter—No, they have not. Zagreb is one of our smaller posts and that is why we made a decision to supplement the staff there and we sent additional DFAT resources into the post. We certainly had sufficient resources here in Canberra dealing with the case, so I am confident that there was no budgetary impact on the way in which we managed the case.

Senator FIELDING—I have one final question. What lessons has the department learnt from previous cases that have been put in place?

Mr Baxter—We always look to refine our procedures in terms of the way in which we deal with our consular clients. I cannot point to anything specific at the moment. I am not trying to be unhelpful. It is just that with the volume of cases that we have there are lessons we learn depending on what the circumstances of the case are.

Senator FIELDING—Thank you.

CHAIR—We will now hand over the questioning to Senator Coonan on this issue.

Senator COONAN—The first thing I want to do is place on record—and I am sure I speak for all of the members of the committee, indeed everyone at the ministerial table—condolences to the Laphorne family for their loss. Just prior to asking a few questions, I would also like to say that I certainly appreciate that DFAT provides consular assistance to increasing numbers of Australians in a variety of situations of need and distress throughout the world, and Australians have a very high expectation that those services will be of a very high standard when called upon. Generally speaking, from my own past experience in government, I consider that these services are provided competently and at a high standard.

Apart from a couple of public comments, it is one of the reasons, apart from the distressing circumstances of the case, that I have not wished in any way to associate the coalition with making any public mileage out of these very tragic circumstances. However, the processes in this case have either not been understood or there has been some disconnect, because it has caused great distress to an Australian family, and it is fair to say that all Australians have a huge investment in DFAT being able to provide these services in a way that does not result in this kind of reporting and media conclusions. I do think there is a public interest in pursuing some of the questions, as you have said quite rightly Mr Baxter, to see if there are any processes that can be improved or, to use the vernacular, lessons to be learned. I just wanted to make it very clear that it is in that spirit that I want to probe a few areas.

Senator Faulkner—I will say in response to that: I think you have seen a very strong commitment at the table here this morning to respond in detail to all questions that have been asked. I have indicated formally to the committee and informally to committee members that that is my intention as the minister at the table, and it is certainly the intention of the officials.

I hope you have seen that commitment demonstrated in the evidence that is being provided. I think it has been full and frank and presented in a way that enables full transparency on issues that we all acknowledge are difficult ones.

Senator COONAN—Thank you. I just wanted to clarify the respective roles of the AFP and DFAT in the liaison role of consular cases. A couple of nights ago, Mr Keelty was very firm when he gave evidence, which no doubt you have seen, in sheeting home to DFAT the primary role in consular cases. He said, very clearly, and I am quoting him here:

The primary responsibility for persons missing overseas is with DFAT. It is what is described as a consular matter and the AFP acts in support of DFAT in support of consular inquiries. There are many of these inquiries across the world on a very regular basis and they are consular matters where the Department of Foreign Affairs and Trade has primacy.

He was very clear about that. In your view, is that a correct statement of the way in which the departments or agencies will act?

Mr Baxter—Yes. The Department of Foreign Affairs and Trade is the lead agency on consular matters.

Senator COONAN—If there is liaison required from another agency, and in this particular case the AFP, what does ‘liaison’ mean? I do not mean to sound naive, but what does it involve?

Mr Baxter—The first thing I would say is that is really a question for the AFP in terms of what their police liaison officers do. DFAT’s role in that process is that we cannot send a policeman to a foreign country to assist without—

Senator COONAN—I think we are at cross purposes here. I am interested to know what they do in liaising with you. What kind of reporting and communication is involved, and in this particular case what pattern did it take?

Mr Baxter—Apologies for misunderstanding the question. As I mentioned, when the AFP officer was first sent to Croatia on 29 September, the first thing he did was meet with our ambassador and get a full briefing on the case. Because the ambassador is, of course, resident in Croatia, she has very good local knowledge and understanding of how the processes and systems of government work in that country. She provides a briefing to the officer on the nature of the system of government that he is going to be working in, and the AFP would have information themselves through their established liaison relationships, and then she would provide advice as to particular areas of government that the liaison officer may want to contact to get information about the case.

Senator COONAN—And facilitate those contacts?

Mr Baxter—And can facilitate those contacts, certainly. For instance, I mentioned that the AFP liaison officer called on the ministry of interior on arrival in Zagreb as the head ministry for law enforcement. Our embassy would have facilitated that contact. When we are engaged in a case like that, the AFP would provide us with information, once they have established their liaison role, as to what is happening. They are the competent authority once they are in the country to deal with law enforcement authorities, so we leave that role of dealing with the

detail of a law enforcement investigation to the AFP, but they provide us with regular briefings on what developments are occurring and what processes are being put in place.

Senator COONAN—Mr Keely suggested that these briefings would be daily?

Mr Baxter—Absolutely.

Senator COONAN—Or more than once?

Mr Baxter—It could be, depending on the circumstances, but certainly daily. Once the AFP officer had arrived in Dubrovnik, the next day and from that point on, and as remains the case, we had two consular officers also in Dubrovnik. They were meeting on at least a daily basis, but usually more frequently.

Senator COONAN—What are the normal protocols that are set up when someone is a missing person and—in this case, had gone to category 1? What are the arrangements that DFAT has in place for contacting the family? Can you explain whether or not it is a designated person, as required, in DFAT's judgement? Is it daily? Is it by email, or by telephone? If I can give you indication of the breadth of what I am trying to get at here, in this case my understanding is that a lot of the concern and anxiety arose because there was the mother of Ms Laphorne in Victoria, there were the father and the brother of Ms Laphorne in Croatia, in Dubrovnik, and in between that there were AFP officers, DFAT personnel, Interpol and no doubt various other players involved, and the chains of communication did not seem to go all that well. I am asking you if you can tell me what the DFAT arrangements were for contacting the family and which members are we talking about?

Mr Baxter—I will start with the family here in Australia. Consular officers from the department here in Canberra were either in email or in voice contact with the family in Australia on 18 occasions; that is, as at 15 October. We have had some subsequent dealings with the family.

Senator COONAN—When did they commence?

Mr Baxter—They commenced from the time we informed the family that their daughter had been registered as missing on 24 September.

Senator COONAN—What was the first contact in Melbourne?

Mr Baxter—The first contact was to advise the family that their daughter had been registered as missing by the Croatian police.

Senator COONAN—Who contacted them?

Mr Baxter—An officer from our Consular Operations Section.

Senator COONAN—Contacted whom?

Mr Baxter—They contacted the Laphorne family home. We initially left a message because there was no one there.

Senator COONAN—It was a telephone call?

Mr Baxter—It was a telephone call and we tried to contact the family through other numbers because we were only able to leave a message on the telephone. That was not successful, but the family rang us back about two hours later after we had left the message.

We explained to the family what we had been told by Croatian police. We advised the family to do a number of things, some of which I outlined in my earlier answers to Senator Fielding's questions in terms of making some inquiries themselves as to whether there had been contact with friends or other family members.

Senator COONAN—That was the extent of the contact with the family in Victoria?

Mr Baxter—That was the initial contact with the family. The family then undertook those inquiries that we suggested that they do. We were back in touch with the next of kin, with the family, and we provided the information that the family provided us about those inquiries back to the Croatian police.

Senator COONAN—On Thursday, 25 September, there was a communication between DFAT and the Laphornes in Victoria at around 7 o'clock with an update and there was some information conveyed about review of the CCTV footage from the nightclub that turned out not to be correct, as I understand it. What would have been the source of that information for the DFAT officer who contacted the family in Victoria?

Mr Baxter—Any information we provided at that stage to the family was coming to us direct from the Croatian police, because at that stage the AFP liaison officer had not arrived. We were conveying information that had been provided to us by the Croatian police.

Senator COONAN—You were trying to be all things to all people at that stage?

Mr Baxter—Part of our role is to provide as much information as we can to the families, because we understand the dreadful circumstances that they have suddenly found themselves in. What we try to do is be as frank and as helpful as we can in providing information to them about what is going on, obviously in a remote part of the world.

Senator COONAN—The next day there was also some information conveyed about staff at the club having been interviewed that also subsequently turned out to be not correct. That was, again, an instance where the post officials were given information by the Croatian police; is that right?

Mr Baxter—Yes. As I said, any information that we got on the investigation at that stage of the case was coming to us directly from the Dubrovnik police. We obviously do not have a capacity to conduct an independent investigation, so we are reliant on those local authorities and we were keeping the family updated as to what was going on. They were understandably concerned to be reassured that appropriate efforts were being made to find their daughter.

Senator COONAN—On 26 September a Krys Noseworthy, who had been in contact with Ms Laphorne, emailed her account of when she last saw Ms Laphorne to DFAT. What happened to that information?

Mr Baxter—Once the case became a very public issue, we received a lot of emails in our consular operations area from members of the public. We passed all of those emails to AFP and Interpol to provide that information to the Croatian police conducting the investigation.

Senator COONAN—Was the department also monitoring the Facebook campaign at that stage?

Mr Baxter—No, we were not. We do not conduct investigations ourselves. Our role is to ensure that other competent authorities are doing that.

Senator COONAN—You just ascertain what you can and then pass it on or what you are told. You do not make any inquiries; is that right?

Mr Baxter—We make some preliminary inquiries where we can, as I outlined earlier, but once a law enforcement investigation is underway, firstly it is in a foreign country and we have no jurisdiction to conduct an inquiry.

Senator COONAN—I am clear about that.

Mr Baxter—Secondly, our job is to ensure that the local authorities are doing everything possible to locate the Australian.

Senator COONAN—Did you alert them to the fact that there was a Facebook campaign which, to a large extent, seemed to be a bit ahead of the game, showing an email exchange of people who had been in very recent contact with Ms Laphorne?

Mr Baxter—The Croatian authorities were well aware of the Facebook campaign and the publicity surrounding that because they were monitoring developments in Australia.

Senator COONAN—You know that they were actively watching the Facebook site?

Mr Baxter—I know that they were aware of efforts to gather information about Ms Laphorne's disappearance through the Facebook site.

Senator COONAN—Who told you that?

Mr Baxter—The Croatian police, that they were aware of that.

Senator COONAN—On Saturday, 27 September, there was a report from DFAT to the family. What did that contain?

Mr Baxter—A report to the family?

Senator COONAN—Yes.

Mr Baxter—We talked to the family on 27 September to seek information about the travel plans of Mr Darren Laphorne because we wanted to ensure that we had arrangements in place to provide him with consular assistance on his arrival in Croatia.

Senator COONAN—Was there any communication with the Laphorne family in Victoria about review of the CCTV footage?

Mr Baxter—I do not have in front of me the record of the conversation between our case manager and the family, but they would have been providing regular updates on the investigations that were being conducted. That was around the time that we were advised that there was an issue with the CCTV at the nightclub. At that time we were, on a very regular basis, seeking information from the Croatian police as to precisely what they were doing to try to locate Ms Laphorne, including the investigation of any relevant CCTV footage.

Senator COONAN—On Sunday, 28 September, when Mr Darren Laphorne arrived in Dubrovnik he went about checking certain matters and apparently learnt that the police had not examined the CCTV footage and, on visiting the Fuego club where Ms Laphorne was last seen alive, found that contrary to what the family had been told, the bouncer and other staff

had not been interviewed and the CCTV footage from the club had only been collected from the previous day. Did he convey that information to anyone at the post?

Mr Baxter—Yes. He did in his contact with our consular officers who had arrived in Dubrovnik to provide him with assistance. He did express his dissatisfaction with the investigation at that stage.

Senator COONAN—Can you explain to the committee the circumstances in which an AFP officer was assigned to liaise on the case, which appears to be Monday, 29 September, and how that arose?

Senator Faulkner—From a DFAT perspective?

Senator COONAN—Of course. I am only asking from a DFAT perspective.

Senator Faulkner—I know. I am making the point again. Obviously, actual AFP processes—

Senator COONAN—Yes, I understand that. Perhaps I should withdraw that and ask a preliminary question. The minister is quite right to remind me. The post in providing its reports to you was reporting these claims of Mr Darren Laphorne. Was that causing DFAT some concern as to whether or not this investigation was proceeding appropriately?

Mr Baxter—It is always of concern when family members that are involved in consular cases are unhappy. Of course we want to provide the highest level of assurance we can to family members that everything is being done to resolve the case, so when those issues are raised publicly as matters of concern, or privately with us, we take that very seriously.

Senator COONAN—If an AFP officer is to be involved, is that a process totally without consultation with DFAT, or was there some consultation about an AFP officer being assigned to liaise?

Mr Baxter—Yes, there was consultation between DFAT and AFP on the decision to deploy an AFP liaison officer.

Senator COONAN—When was that?

Mr Baxter—That would have started around 27 September, that sort of period, and then we made a decision quickly to move an officer who was posted in the region into Dubrovnik.

Senator COONAN—Why was that?

Mr Baxter—The reason was that the investigation at that point had not located Ms Laphorne. The investigation was becoming broader and more complex. There were up to 100 Croatian police officers involved at various stages of the investigation and we felt that it would be in the interests of managing the case to have a professional law enforcement officer on the ground to liaise directly with the Croatian police undertaking the investigation so that we were in a position to provide information to the family on the nature of the efforts being made to find Ms Laphorne. It was also to offer any assistance that we might be able to provide to the Croatian authorities. The Federal Police Commissioner made clear the other night that we made a number of offers of assistance to the Croatian authorities in terms of law enforcement assistance.

Senator COONAN—On 29 September Minister Smith made initial contact with Mr Laphorne. Is that consistent with your notes?

Mr Baxter—Yes. I think that is right.

Senator COONAN—Mr Smith advised that a consular assistant would be sent to assist the family and he told the family about the parliamentary delegations. Was that a public statement or private conversation?

Mr Baxter—With the Laphorne family?

Senator COONAN—Mr Smith and the Laphornes.

Mr Baxter—It was a private conversation, but the minister has referred to the fact that he had contact with the family publicly.

Senator COONAN—I thought he did give a press conference around that time.

Mr Baxter—The minister made a number of comments to the media about the case throughout, including that he had been in contact with the Laphorne family on the matter.

Senator COONAN—Your earlier evidence was that the AFP officer arrived on 30 September.

Mr Baxter—The 29th. Sorry, it was the 30th that he arrived. He contacted us on the 29th to tell us he was arriving on the 30th.

Senator COONAN—On 30 September a Gareth Hopkins, a 20-year-old student from London who was with Ms Laphorne at the nightclub on the night she was last seen, learnt of her disappearance a week after he returned to the UK. He emailed the Facebook site dedicated to finding her and then contacted Australian authorities. Do you have any note of that from DFAT's perspective?

Mr Baxter—I do not have any information on that contact with me but, as I mentioned earlier, there were quite a large number of people contacting us at the time and any information that we received we immediately passed that information on to the appropriate law enforcement authorities, in this case Interpol, so that it was given through police channels to the Croatian police.

Senator COONAN—He went to Scotland Yard to make a statement and then two days after he made his statement he was named by the Croatian police as one of the backpackers they were looking for. Does that accord with DFAT's notes?

Mr Baxter—I am not aware of that exact detail. If he made a statement to the police in Scotland Yard, then by that stage the case had been formally registered by Interpol as a missing persons case. There are procedures within Interpol for passing that information on which we in the Department of Foreign Affairs and Trade are not involved in or know the detail of; that is a matter for the law enforcement authorities.

Senator COONAN—From your knowledge of these liaison matters are you able to give the committee some information about how the registration process works? I gather it is Interpol in Canberra where it is registered.

Mr Baxter—What happens in the initial stages of a case is that people register a missing persons report with their local police. In this case it was with the Victorian police. There is a global protocol in place where Victorian police pass it on to Interpol, who have an office here in Canberra, and then it is registered globally.

Senator COONAN—Was Ms Reid was still on the ground in Dubrovnik?

Mr Baxter—Yes.

Senator COONAN—And a consular officer?

Mr Baxter—Yes.

Senator COONAN—At that stage we had the AFP officer who was liaising. Did he make any report as to these alleged circumstances that there was a potential witness available and the Croatian police appeared not to have known where to contact him and stated they were looking for him?

Mr Baxter—The AFP officer, once he was on the ground, while he was providing DFAT and DFAT officers with updates of the progress of the investigation, was also reporting to his superior officers in Canberra in AFP headquarters. I do not have the detail of exactly all of his communications with AFP headquarters. We were receiving regular briefings on the progress of the case, what activities were being undertaken et cetera. I do not have knowledge of whether he did that or not.

Senator Faulkner—A large element of the answer to that question would be one for the AFP?

CHAIR—Just before you proceed, I have been advised that there was some discussion earlier concerning the tabling of a document and an administrative circular from the Department of Foreign Affairs and Trade. I have been advised by the committee secretary that the document has now been tabled.

Senator COONAN—Thank you. On Wednesday, 1 October, what was the report to the post from the AFP officer as to the progress of inquiries?

Mr Baxter—On 1 October the AFP officer advised that the Croatian police were conducting a thorough investigation into Ms Laphorne's disappearance. They confirmed that the Croatian police had provided the family members that were in the country with a family liaison officer.

Senator COONAN—Who was the family liaison officer?

Mr Baxter—A member of the Croatian police from their service. We received an update on the progress of the case.

Senator COONAN—You were told that the investigations at that stage were thorough?

Mr Baxter—That is right.

Senator COONAN—Ms Reid, I must say, is a highly regarded person in her professional capacity and I imagine she did not just sit there. Was there any exchange or any comment?

Mr Baxter—The ambassador would have received the briefing and no doubt had an exchange. What we received was a summary of where the investigation was at that time and

what the view was of the nature of the investigation. We do not normally receive reports that provide very fine detail on the exchanges between two government offices overseas.

Senator COONAN—On Thursday, 2 October, it became interesting in the sense of people being named as persons who the authorities would be glad to speak with, and they included a David Barbalet from Perth; a Barry Levy, an Australian in Johannesburg; a Dominic Dobrowiecki from Pennsylvania; Gareth Hopkins from the UK, who had already made himself known to Scotland Yard; and an unnamed Portuguese couple who turned up in the media a couple of days later making statements. I think it was at that stage that the Laphornes started to get very concerned that people who seemed to be readily available and willing to come forward did not appear to be being interviewed by the authorities. What did DFAT do at that stage, on Thursday, 2 October?

Mr Baxter—At this stage the AFP liaison officer was on the ground. I think the AFP commissioner addressed this question or a similar question earlier in the week when he talked about the need for police to follow protocols and procedures. I am not in a position to make a judgement on law enforcement matters. That is not a question that I can answer, but the AFP liaison officer was in country and was very closely joined up with the Croatian investigation, so it is really the AFP who are best placed to answer questions on the nature of the investigation itself.

Senator COONAN—What contact did DFAT have with the family on Thursday, 2 October and what was the content of the communication?

Mr Baxter—We had consular officers on the ground in Dubrovnik. We were in touch with Mr Darren Laphorne. We were also in touch with Mrs Laphorne in Australia.

Senator COONAN—Was there contact with Mrs Laphorne on 2 October?

Mr Baxter—There was, on 2 October.

Senator COONAN—When was that?

Mr Baxter—Approximately 3 o'clock in the afternoon. We were seeking information on Mr Laphorne's travel arrangements to Dubrovnik to ensure that we provided him with appropriate assistance. We also inquired as to whether the family needed any assistance from us in making their travel arrangements, because obviously being short notice getting flight bookings et cetera was difficult.

We also provided the family with further advice on the issue at that time of posting of rewards in cases of missing persons. The family had asked us for information on how they may go about posting a reward in the country. We had relayed that request to the AFP liaison officer who had discussed the matter with the Croatian police, and the Croatian police had advised us that the posting of rewards in similar cases had not yielded a positive result in the past. The Laphorne family indicated they would consider that matter further, following our advice. We undertook to provide the family with any new information as it became available.

Senator COONAN—What did the AFP officer report as to the progress of investigations on 2 October, which was the day that it became clear that there were issues with some potential persons of interest to whom the Croatian authorities wanted to speak to, yet they had not been able to track them down?

Mr Baxter—I do not have details of what the AFP officer had reported back to his AFP superiors at the time. I am really not able to answer that beyond saying that the AFP liaison officer remained fully engaged with Croatian authorities at that time.

Senator COONAN—What was his report on Friday, 3 October?

Mr Baxter—We were provided with information on the progress of the case at that time, which we then passed on to Mrs Laphorne.

Senator COONAN—Was there some information about how these persons of interest were being contacted?

Mr Baxter—It was not at that level of specificity. What we were able to say was that the AFP liaison officer was confident that all information related to the case was being communicated to him by the Croatian authorities and that a professional investigation was being conducted. At that time the head of the General Crime Department in Zagreb, who was a chief inspector level officer, had been dispatched to Dubrovnik to assist with the investigation. So the Croatian police were bringing more senior law enforcement officers into the case, the Croatian police regarded the investigation as a high priority and they had a genuine concern for Ms Laphorne's welfare and a sincere desire to do everything possible to locate her.

Senator COONAN—Once again, Ms Reid was not in a position to be asking questions about how these people were being located, which appeared to be the big issue that the media had taken up and that was causing some concern at a public level.

Mr Baxter—I understand that, but our role as the department was to provide consular assistance to the family on the ground in Croatia and to the family back here in Australia. Once the AFP liaison officer arrived in country he was obviously responsible for dealing with the Croatian police on a day-to-day basis.

Senator COONAN—I appreciate that completely. As an ordinary citizen I am just interested in whether it would occur to you as a person in some position of authority and able to ask some questions about what they were doing about finding people who were popping up in the media saying, 'I'm here. Come and get me,' if I can put it colloquially?

Mr Baxter—I can assure you that the Croatian authorities were well aware of the media interest in Australia.

Senator COONAN—I accept that.

Mr Baxter—I should also say that we reiterated on 3 October our earlier offers of assistance to the Croatian police, whether they be technical manpower or investigative assistance, and the AFP was advised by the Croatian police that they were grateful for the offer of assistance and would consider it, but they did not take up the offer at that time.

Senator COONAN—On Saturday, 4 October, it appears that the two Portuguese witnesses, Mr Silveira and Marina Moreira, were interviewed on ABC radio and during the interview they both said they were willing and available. That of course was no doubt a fact. What was the report from the AFP officer as to the impediment in the way of speaking to people who were publicly saying they wished to cooperate, make themselves available and wanted to come forward?

Mr Baxter—I am not aware of any report by the AFP liaison officer raising those questions. I am not saying there was not one, but he may have been discussing that with AFP headquarters. Again, the AFP commissioner addressed this question the other day. It is really a law enforcement question on what are the procedures for interviewing foreign nationals in a case involving an Australian. There are protocols.

Senator COONAN—I am only interested in DFAT.

Senator Faulkner—All Mr Baxter can talk about is DFAT's awareness of the report. I know that you appreciate that.

Senator COONAN—I am wondering why Ms Reid might not have raised that with the AFP officer and sought some clarification as to what the impediment was to the AFP, or indeed to the Croatian authorities or any authority in another country in cooperation, in ensuring that people who were making themselves available through the media, on Facebook and various means, shouting from the roof tops that they wanted to help and to assist, were interviewed. What was the impediment to interviewing them officially?

Mr Baxter—All I can say in answer to that question is that the government, through the AFP, offered assistance to the Croatian authorities with their investigations and made those offers repeatedly. The Croatian authorities made a decision that they did not need that assistance and they were primarily responsible for conducting the investigation.

Senator COONAN—That is a slightly different point. You are being very cooperative and I appreciate it. The point is: was there some reason why the post would not have sought an explanation from the AFP officer, if indeed he had one, as to what the impediment was? He may have known. I am not suggesting the post knew, but would normal prudent conduct or liaison with the AFP officer get to the nub of this, which was causing all the public outcry?

Mr Baxter—I can assure you that the ambassador, the AFP liaison officer and the Croatian authorities were all well aware of the concerns that were being expressed publicly.

Senator COONAN—I know everyone was aware of the concerns.

Mr Baxter—But we did not have the capacity to direct the Croatian authorities to undertake the investigation.

Senator COONAN—I understand that point, too. My question to you is: was an explanation sought of the liaison officer, who presumably was in a position to know what the impediment was—unwillingness, or some resistance from some country perhaps, or other authority that was impeding these witnesses being contacted? It is that connection that I am seeking an explanation on.

Mr Baxter—I do not have any knowledge that the ambassador specifically sought an explanation for that. The liaison role of the AFP officer was—

Senator COONAN—You cannot talk about that.

Mr Baxter—No, but in part to ensure that everything that could be done was being done.

Senator COONAN—Exactly. Would it be an obvious question, if you were doing the liaising, from DFAT's perspective, that this very public melee going on about witnesses not

being contacted, you would ask the AFP officer if he could help you with an explanation as to where the impediment was.

Mr Baxter—Once the AFP officer had arrived, our focus shifted. Up until the point the AFP officer arrived, DFAT officers were liaising directly with the Croatian police authorities. At the time the AFP officer arrived it became his responsibility to do that and to provide us with information. As I mentioned before, the AFP commissioner has talked about police procedures and why they are slower than people in the media contacting people et cetera. They are issues beyond my responsibilities and I am not really able to provide any information on them.

Senator COONAN—I do not want to be tedious about this, but the question I am asking is, unless you just sit there and take a report where somebody is saying everything that can be done is being done, don't you also ask the AFP officer for an explanation as to why something does not appear to be being done?

Mr Baxter—We do not second-guess the Federal Police on their responsibilities.

Senator COONAN—Oh, come on, Mr Baxter. I know you are trying hard.

Mr Baxter—No, I understand.

Senator COONAN—In terms of trying to be constructive about where this went over the hill and far away, it appeared to be around this issue where media comments were that things were not being done that should be done. I am not making that judgement; I am just trying to seek an explanation as part of this committee as to whether or not an obvious question needed to be asked of the AFP liaison officer. There may have been a perfectly reasonable explanation available. I do not know. I think that is where we need to understand whether DFAT's reporting process may have been improved?

Mr Ritchie—If I could intervene. That is one of the areas where we will learn some lessons.

Senator COONAN—Possibly. I appreciate that.

Mr Baxter—I would add one thing. There were ongoing contacts with the Croatian police, not just through the AFP. On that day that you mentioned, 4 October, the ambassador; consular officers; the President of the Senate, Senator Hogg; and the family attended a briefing by Croatian police. At that briefing it provided the family the opportunity to ask questions. As I understand it, it was a fairly frank meeting and at the meeting all parties agreed that they would not discuss the details of that briefing. You can be confident that we made considerable efforts to put the family in direct contact with the Croatian police in order for them to be able to raise any concerns they had about the way in which the case was being conducted, and of course the family did that.

Senator COONAN—Is the inference there that the authorities that had the primary carriage of this investigation, namely the Croatian police—we all appreciate that—may not have been sharing this information with the AFP liaison officer?

Mr Baxter—No. The AFP liaison officer, being a professional law enforcement officer, probably had—

Senator COONAN—Would they be more likely to tell him than they would the family in a public interview; is that right?

Mr Baxter—The Croatian authorities were willing to meet with the family and to provide the opportunity for any concerns to be raised directly with them. As you may be aware, the DFAT officers on the ground in Croatia, through the ambassador, organised for daily briefings to occur of the family by the Croatian police and with the AFP liaison officer present. At those meetings they were able to express any concerns they had about the handling of the case.

Senator COONAN—There certainly were concerns at that stage and perhaps we can ultimately have a look at that. As I said, I do not want to dwell on it. What was the liaison with Mrs Laphorne on Sunday, 5 October?

Mr Baxter—On 5 October Mrs Laphorne contacted our consular emergency centre, which is responsible for taking our after-hours calls, expressing her concern that the AFP liaison officer had not contacted the family members that were in Croatia.

Senator COONAN—How did that expectation arise that the AFP officer would be in contact? Was that something that DFAT had told the family, or had they just assumed it?

Mr Baxter—I do not think it was something that we had told them. We were obviously in contact with the family. There were two family members in Croatia at that time and we had been keeping them updated on what the government was doing in terms of providing AFP liaison assistance to the Croatian authorities.

Senator COONAN—In the AFP officer's liaison with DFAT or the post on Sunday, 5 October, what explanation did he give of deciding to contact the family?

Mr Baxter—I do not have any details of any explanation that he gave to us.

Senator COONAN—Did he inform Ms Reid that he was departing from his practice of the previous five days and he would be talking with them?

Mr Baxter—It was decided over that weekend that we would organise regular meetings between the Croatian police authorities, the AFP liaison officer, our consular officers and the family. Obviously there had been concerns expressed about the way in which information was being passed and we sought to address those concerns.

Senator COONAN—Was that an initiative of DFAT?

Mr Baxter—Yes, it was.

Senator COONAN—The concerns of the family were exacerbated on Monday, 6 October, when there were some statements about the discovery of a body in the water, a further statement that it was unlikely to be Ms Laphorne, and also failure to inform Mr Dale Laphorne of the discovery until he got a phone call from a journalist. Was that reported anywhere in the liaison process, or have I got that wrong?

Mr Baxter—No. I do not think your account of events is wrong. I am not challenging what you said. That is clearly something that we were not happy with, that the family was contacted by a journalist. The Croatian authorities themselves were responsible for the discovery of the body and the identification processes that took place after that discovery. We were advised that the practice of Croatian authorities is that official contact with the family

does not usually occur until formal identification procedures have been completed. The embassy liaised with Croatian authorities for the release of the autopsy report to the Laphorne family and then we assisted the family to understand the report.

Senator COONAN—I know that is factually accurate. On Wednesday, 8 October another AFP officer was sent, a Mr Line from London, to assist the investigation. In terms of DFAT's liaison, how did that occur?

Mr Baxter—My understanding is the additional AFP officer who was sent on 8 October was a more senior supervisory officer from that region of the AFP's activities. Clearly, there was a decision made that it would assist us to increase the intensity of our liaison with Croatian authorities by having a second officer there. By this stage, as I mentioned earlier, there was quite a big investigation involving over 100 Croatian officers at various stages, and it was decided that having an additional law enforcement resource would assist us in our liaison with the Croatian authorities on the investigation.

Senator COONAN—Given that the Croatian authorities had earlier politely declined increased resources of the AFP and there was a great deal of public criticism in Australia about the fact that more than one would be better in terms of this investigation, I am interested to know who made this decision. You said 'we did'. Is that a collective 'we'?

Mr Baxter—The AFP and DFAT were in very close consultation throughout this case, both at the post and here in Canberra.

Mr Ritchie—In the end, a deployment of an AFP officer is a matter for the AFP commissioner.

Senator COONAN—I am well aware of that. That is why I was wondering about the statement by Mr Baxter where he mentioned 'we' decided. I accept that it is a matter for the AFP. Obviously there was a decision taken that resources could be increased to provide a more comprehensive service in terms of the liaison role. Is that right?

Mr Baxter—Yes. The AFP suggested that this was something that they were considering and we certainly did not have any problems with the proposal.

Senator COONAN—Were you asking for it?

Mr Baxter—I did not ask for it. It was something that came up in the course of our discussion on what further assistance we might be able to provide.

Senator COONAN—Why was it not provided earlier?

Mr Baxter—As Mr Ritchie has said, it is an operational matter for the AFP if they want to deploy.

Senator COONAN—Yes, but you are critically and closely involved. When did DFAT first say, 'We could do with a bit more in the way of resources'?

Mr Baxter—We on the AFP side did not. That was a decision the AFP consulted us about.

Senator COONAN—When was that?

Mr Baxter—In the days immediately prior to the second AFP officer going to post.

Senator COONAN—Do you know when that was first raised?

Mr Baxter—I think the AFP liaison officer arrived around 8 October. We met with AFP in the days preceding that. We had regular meetings with the AFP here in Canberra and it was raised with us in the course of those regular meetings. We were meeting with the personnel from the AFP's international area.

Senator COONAN—I appreciate that. I was trying to establish when it was that it was first raised that the resources could do with being reinforced there, and it appeared to follow a lot of publicity.

Mr Baxter—I do not have a precise date, but it was on or around 6 October, because the officer was already in the region, and deploying him did not require him to fly out from Australia.

Senator COONAN—The autopsy confirmed on Friday, 10 October that the remains were that of Ms Laphorne. What was the contact on that day with Mrs Laphorne?

Mr Baxter—We were certainly talking to both of the Laphorne family members on the ground on 10 October, but I do not have a record of us talking to Mrs Laphorne on 10 October.

Senator COONAN—That was the day that it was confirmed that the remains were that of her daughter and she became aware of that, as I understand it, from her husband and the media.

Mr Baxter—That is right.

Senator COONAN—I can appreciate that with a lot happening it is difficult to cover all requirements, but that may have been a particular day where contact was needed.

Mr Baxter—We were with the Laphorne family members when they were informed of the autopsy results. The family members contacted their other family members. We did not think that it was either appropriate or necessary for us to intervene at what was obviously a very traumatic time for the family.

Senator COONAN—What were the arrangements that were required on that Friday for repatriation of Ms Laphorne's remains?

Mr Baxter—Do you mean 9 October?

Senator COONAN—Friday, 10 October.

Mr Baxter—I have it by dates rather than days of the week.

Senator COONAN—We should have been sitting together and going through it.

Mr Baxter—There are always formal procedures that are required before a body can be repatriated back to Australia. There is a range of quarantine and other requirements. I really do not feel comfortable talking in great detail about this, because some of it is quite distressing information, just to say that we did everything possible to provide assistance to the Laphorne family to have their daughter's remains repatriated to Australia as smoothly and as quickly as we could.

Senator COONAN—I realise that there are some very difficult technical and other matters that need to be attended to. I will intrude one personal issue, and you will no doubt be able to

disabuse me of the fact that it appeared that Mrs Laphorne on Sunday, 12 October was of the view that there was some resistance to there being a second autopsy in Australia and she asked me to intervene to help. Had DFAT done anything to arrange the second autopsy?

Mr Baxter—We were aware that the family had been in discussion with the Victorian Coroner's Office and we had offered to provide any assistance to the family or the Victorian Coroner's Office to assist with that, and we are still doing that to date.

Senator COONAN—What sort of assistance would be needed? I am looking at Friday, 10 October through to Monday, 13 October, which is when the arrangements were made.

Mr Baxter—There were investigations. There was an autopsy conducted in Croatia and clearly the results of that autopsy were relevant to the investigation that the Victorian Coroner's Office was going to undertake. There were a range of other technical procedures carried out, which the Victorian Coroner's Office needed information about.

Senator COONAN—When was that provided?

Mr Baxter—It is being provided on an ongoing basis.

Senator COONAN—When was the first piece of information provided to the Victorian Coroner?

Mr Baxter—The Victorian Coroner's Office formally took possession of Ms Laphorne's remains on arrival back in the country. As the authority that was responsible for organising that process, we were in contact with them, firstly, to advise when, what flight, how—all of that sort of information.

Senator COONAN—We are not on the flight yet. I am just trying to establish when the first contact was with the Victorian Coroner's Office.

Mr Baxter—I do not have that information with me, but it was soon after the time that the identification of the body was completed.

Senator COONAN—Would you take that on notice?

Mr Baxter—Yes, I am very happy to do that.

Senator Faulkner—We will get a precise time for you on notice.

Senator COONAN—In this very sad saga for the family, there was the impression that it would be difficult for them to arrange for the Victorian Coroner, and as I said I had some personal involvement there, which I do not really want to go into, suffice to say that arrangements were made. You are probably aware by now that arrangements were made for the letter of request to be signed by Mrs Laphorne. A colleague of mine visited Mrs Laphorne, secured the letter, made contact with the Coroner, who agreed that they would take charge of Ms Laphorne's remains when she was repatriated and arrived in Australia. I am very interested to know the specific sequential steps from the time of identification of the remains as being Ms Laphorne on Friday, 10 October—and I do not necessarily mean some of the ones that you do not wish to refer to; and I have a pretty good idea what you mean—that the department took to repatriate her remains, arrange for her remains to be preserved and transported, arrange the flight and arrange for the Coroner to collect her remains?

Mr Baxter—We put in place, as quickly as we could, arrangements to facilitate the return of the remains once the remains had been released by the Croatian authorities.

Senator COONAN—When was that?

Mr Baxter—We started working on the process and were well under way by 13 October.

Senator COONAN—What communication was there with Mrs Laphorne about those processes, or at that stage were you just dealing with Mr Laphorne?

Mr Baxter—No. We continued to deal with the family members both in Australia and in Croatia.

Senator COONAN—The reason I ask this is that at this stage it appears that Mrs Laphorne was under the apprehension that these arrangements were not being made and she appeared not to have a clear understanding of what was involved, which is why she sought assistance.

Mr Baxter—On 11 October we made a decision—'we' being the embassy, Croatian police and the Australian Federal Police—that we would not interrupt the family at that time, given that they were understandably grieving as a result of the news that they had received about their daughter. We did not think it was appropriate for us to be contacting the family at that time. We spoke extensively to the Croatian authorities about the release of the autopsy report and we worked hard to ensure that the family was given the results of the autopsy prior to anything being released in the media, to ensure that the process was conducted in a sensitive and appropriate manner. We were then provided with information from the post on the likely process for the release of the pathology report for Ms Laphorne. We emailed Mrs Laphorne in Australia on 13 October to provide advice and assistance in relation to the repatriation of Ms Laphorne's remains.

Senator COONAN—What did that advice contain?

Mr Baxter—I do not have the email with me, but it would have set out what the processes were and the likely time frames for arranging that. But it would not in any way have been anything other than an offer of full assistance from the government, as had been publicly committed by ministers, to assist in the return of Ms Laphorne's remains.

Senator COONAN—What were the steps necessary to arrange for a second coroner's report?

Mr Baxter—That is not something that DFAT initiated. I am not aware of that.

Senator COONAN—Do you know who did that?

Mr Baxter—Do you mean the second coroner's report?

Senator COONAN—Yes, in Victoria.

Mr Baxter—The family did that.

Senator COONAN—All you did, apart from the formal arrangements that were necessary in terms of the autopsy report at that point, was to arrange in Dubrovnik for the transportation to an airline? Was that what happened? Did you arrange the flight?

Mr Baxter—Yes. We arranged all aspects of the return of Ms Laphorne's remains and her family members, and we provided extensive assistance to the family. When we were informed of the involvement of the state coroner in this process, we were in touch with the State Coroner's Office directly and we obtained from them information on the procedures that they needed to have followed for the return of the remains so that they were not in any way compromised so that a second autopsy could not proceed. There were quite specific technical requirements, which I do not want to go into.

Senator COONAN—I am aware of them.

Mr Baxter—We passed that on to those people in Croatia who were responsible for preparing the remains to return. We made flight bookings. We organised the transportation element for both Ms Laphorne's remains and the family, and we provided them with assistance right up until the time they arrived back in Australia, from the time that they were advised of the outcome of the Croatian autopsy report. When they arrived back in Australia the AFP family liaison officers provided support to the family.

Senator COONAN—Was it up to the Laphornes to arrange for the second autopsy?

Mr Baxter—I am not sure that it was up to the Laphornes. It was a decision that they made to do that.

Senator COONAN—Is it just that they did it quickly? Would you have done it if they had asked you to help?

Mr Baxter—No. It is a matter for them to do that.

Senator COONAN—Was there any difficulty at all in arranging the transport of Ms Laphorne's remains once she was released to the carrier or any issues at all in relation to that?

Mr Baxter—There were technical issues that required us to make arrangements with particular airlines, et cetera, to ensure that the requirements of the state coroner's office were met fully and that there was no compromise in the return of the remains. We did that and we sought advice from a range of airlines as to who had the capacity to undertake the process in a way that we had been told the Victorian Coroner wanted the process undertaken.

Senator COONAN—The investigation is ongoing; is that right?

Mr Baxter—Yes, that is right.

Senator COONAN—In terms of this whole process, and your very fulsome account of it, it seems to me that the processes are carried out diligently and well, but there is something missing in this circle of constant liaison and reporting that does not appear to have met the needs of the family and, even broadly, of the public for some explanation. There may be other committee members who may want to make some comment, and even the minister may want to make some comment, but it does not appear to have been, shall I say, sufficient to assuage the very real concerns of this family. In fact, I think it would be fair to say—if I can just venture this opinion—that Australians have been left with the impression that people have really dropped the ball here. That may not be fair, but it is obviously something that the department, the AFP or indeed any agency that has used their best endeavours and followed all the protocols would not wish to have thought of them. Once again, from your account it

appears that the difficult may well be that in a liaison role there needs to be a much more fulsome exchange as to where impediments may be. Has the department had a chance to think through whether that is something that can be improved?

Mr Baxter—Liaison between whom?

Senator COONAN—Liaison between the AFP and DFAT, and then having relevant information and answers for the person needing assistance.

CHAIR—Senator Coonan, you have started a new line of questioning. Before the official answers the question, I wonder if it might be appropriate to go to lunch so that the officials can consider their response.

Senator COONAN—I will finish this.

CHAIR—Do you want to continue now?

Senator COONAN—Yes. I do not want to hold people on this one.

Mr Baxter—As I said earlier, we will conduct a lessons-learned exercise in this case and look at where we can improve our performance. Having been personally involved in this case throughout the duration and having looked back at how DFAT handled its responsibilities in this case, I am confident that we did all we could to provide assistance to the family throughout this dreadful period that they have gone through. I know that there are other opinions, but as you understand and have recognised there are limits on what we can do in these situations. We certainly provided significant resources to try to assist the family in the best way we could.

Senator COONAN—I think that is all they needed to be reassured about—that proper resources were being devoted. They continually said ‘no stone is to be left unturned’ and yet there appeared to be a few stones that were not turned. Secondly, as to the guidelines of the Privacy Commission, is it your view—and you do not have to be expansive in your answer—that you are unnecessarily constrained by the way in which they are currently framed in terms of being able to, in an appropriate case, report about missing persons earlier than you are currently able to under those guidelines?

Mr Baxter—I would make two comments and ask my colleague the senior legal adviser to make any comment that she might have. We understand why the Privacy Act is there to protect personal information, and obviously in our consular responsibilities we collect a vast amount of personal information, given the nature of issues we are required to deal with. There are occasions—and this is a personal view—where the counterintuitive-type nature of the legislation—

Senator COONAN—That is really my question. Do you need a slightly broader discretion somewhere in there?

Mr Baxter—That is something that perhaps members of this place might want to look at.

Senator COONAN—Thank you.

Senator Faulkner—Does that conclude consideration of this matter?

Senator COONAN—From my perspective it does, yes.

CHAIR—Senator Trood has one question. I have had a private discussion with Senator Fielding and he is going to advise me over lunchtime whether he wants to pursue additional matters after lunch.

Senator Faulkner—In that instance, we will come back prepared to deal with this matter after the lunchbreak.

CHAIR—Senator Trood, do you have one question now or do you want to do it after lunch?

Senator TROOD—I am happy to do it now.

CHAIR—Senator Trood.

Senator TROOD—Can you tell us how many officials are in the Zagreb embassy?

Mr Ritchie—There are two at our embassy in Zagreb.

Senator TROOD—You have two A-based staff?

Mr Ritchie—Yes.

Senator TROOD—How many LES staff?

Mr Ritchie—I do not have that with me, but I will take that on notice.

Senator TROOD—Do I take it that both of the A-based staff were fully engaged in this sad case over the time we have been discussing?

Mr Baxter—Yes. At all times we retained an A-based presence in Dubrovnik, from 27 September until now.

Mr Ritchie—As well as maintaining a presence in Zagreb to pursue other interests.

Senator TROOD—There are two officers there, one in Dubrovnik and one in Zagreb.

Mr Baxter—We deployed on 30 September an additional A-based officer to Zagreb.

Senator TROOD—I heard you say that.

Mr Baxter—He was in Paris, so we supplemented the post. As we do around the world when there is a particular focus on particular cases, we will move people or extra resources into that post to give assistance if it is a small post.

Senator TROOD—At what level was that person?

Mr Baxter—That person was EL2—a section head.

Senator TROOD—In the context of the Paris embassy, is that a second or first secretary?

Mr Ritchie—That is a counsellor—quite a senior officer.

Mr Baxter—The person was an accompanying spouse on leave, so we utilised that resource as we often do.

Senator TROOD—Thank you.

Proceedings suspended from 12.35 pm to 1.37 pm

CHAIR—The committee will come to order. I have been advised by Senator Fielding in the break that he has no further questions at this time on the issues we were pursuing prior to lunch. Subject to the opposition being of the same position, we will return to the agenda.

Senator Faulkner—Mr Ritchie is able to respond to one of the issues that was taken on notice before lunch. If it assists the committee, we could do that now.

Mr Ritchie—Just to respond to Senator Trood, we have nine DFAT locally engaged staff in Zagreb.

CHAIR—We now return to the portfolio overview.

Senator COONAN—I wanted to ask some questions relating to DFAT's involvement in discussion with the Prime Minister's department on foreign relations following the 2020 Summit. Can any officer present state the main recommendations on Australia's relations with the United States, Japan, China and India that came out of the 2020 Summit?

Mr Ritchie—I was involved in the process, but I do not have the full list in front of me. We had a series of issues, big ideas, that came out of the 2020 Summit—

Senator COONAN—Yes, I noticed.

Mr Ritchie—which we were pursuing and have been pursued since.

Senator Faulkner—Would that not be a matter of public record from the published report?

Senator COONAN—Not so much that I could see. How many DFAT staff attended the sessions of the 2020 Summit addressing Australia's future security and prosperity in a rapidly changing region and the world?

Ms Wood—As to DFAT's involvement with the actual summit, we did not participate as participants apart from the secretary of the department, Michael L'Estrange. Beyond that, our role was one of providing assistance for the running of that session on 19 and 20 April. Eight DFAT officers assisted as scribes for the summit, and two provided assistance to the dinner in the evening of Saturday, 19 April.

Senator COONAN—That answered my next question, which was: what roles did they have? Has the Department of Prime Minister and Cabinet referred the outcomes from the 2020 Summit to the department for comment?

Mr Ritchie—Yes.

Senator COONAN—Where is that up to? Has the department responded?

Mr Ritchie—Yes, the department has been involved. This is mainly an issue for the Department of Prime Minister and Cabinet, which is coordinating all of that.

Senator COONAN—I appreciate that.

Mr Ritchie—The department has been involved in a number of meetings convened by the Department of Prime Minister and Cabinet to take forward from that summit. They are chaired by Deputy Secretary Mike Mrdak, who was here appearing for PM&C the other day.

Senator COONAN—Yes. That is the answer to the question of who in DFAT holds responsibility for coordinating the foreign—

Mr Ritchie—Yes, I have attended most of those meetings.

Senator COONAN—Is any work underway at present that the department can say uniquely or specifically addresses the issues raised in the summit?

Mr Ritchie—We are going through the main ideas that were identified that came out of the summit that relate to us. We have been working through those with a view to looking at whether we will be able to embrace some and not others, whether work is already under way—and there is in a lot of areas that were identified at the summit—and all of that is being fed back into the Department of Prime Minister and Cabinet, which has, as I said, responsibility to take that forward. We have looked at each of the ideas. We already have work underway in quite a lot of the those areas or they were related to points of government policy.

Senator COONAN—Are you able to say what those areas are?

Mr Ritchie—Not at this stage. I think it is better that you ask the Department of Prime Minister and Cabinet.

Senator COONAN—I am just talking from DFAT's perspective. There were areas that coincided with what the department was doing.

Mr Ritchie—For example, one of the ideas, if I recall, that came out of the 2020 Summit in that particular stream was to do work on Pacific labour mobility. Some work had already been underway, and you will understand that the government has since made an announcement about the outcome of that work.

Senator COONAN—Any other areas?

Mr Ritchie—There were a number of issues in relation to relations with the United States and Europe. I apologise, but I do not have them in front of me. The outcomes that were made public at the time included a campaign to improve Asia literacy among the Australian community. That has been taken forward, and you will need to ask AusAID about that; closer economic integration with the Pacific—I have mentioned already labour mobility issues; issues relating to a regional energy security forum; a of status of the US alliance report; and some study centres. I know that all of this work is being taken forward in the process that the Department of Prime Minister and Cabinet has underway at the moment. A number of those issues are being dealt with also by other departments. For example, some of the legal issues that came out have been taken forward by the Attorney-General's Department. A properly resourced nuclear disarmament diplomacy; bear in mind the government has since established the International Commission on Nuclear Non-Proliferation and Disarmament. Work is underway in a lot of those areas.

Senator COONAN—Some have had outcomes and some are works in progress, while others are abandoned or not proceeding? Would that be a fair summation?

Mr Ritchie—Yes, I think that is a fair summation.

Senator COONAN—You will tell me if I am going into areas that should come later or in different sections while I get the hang of this side of the desk.

Mr Ritchie—Yes.

Senator COONAN—I wanted to ask some questions about the G20 initiative, and perhaps they may be best directed to the minister. Obviously, they have implications for this department. Last week it appeared that the Prime Minister was considering initiating an expansion of the group of 20 from its Minister for Finance/Treasurer-level to a summit of leaders of the G20. Is DFAT aware of, or has it been consulted by the Prime Minister, his office or department, either informally or formally, about the Prime Minister's interest in examining or initiating a proposal to convene a G20 meeting at leaders level?

CHAIR—Mr Ritchie, I do not mind if this is done now, but is it appropriately done now or under 1.1.9?

Senator COONAN—I am happy to wait.

Mr Ritchie—Probably 1.1.9.

Senator Faulkner—I know there is limited time for the committee. I believe that, in the interests of giving Senator Coonan and Senator Trood a maximum opportunity to ask their questions, we should be as flexible as we can be. But I am in the hands of the committee here. We will be flexible. If you want to ask them now, we will answer them. If you want to ask them later, we will answer them then, but there is a limit. All senators know that the time is limited. I am happy to bat through as you see fit, Chair.

Senator COONAN—Thank you.

CHAIR—I am happy to follow that advice, Minister.

Senator Faulkner—I think from time to time if we need particular officials they can come to the table.

CHAIR—You proceed, Senator Coonan, and if officials at the table cannot answer it or think it is seriously best put otherwise, they will say so. But you proceed at this stage.

Senator COONAN—I thank the committee and I thank the minister and the officials for their cooperation. I have tried to trim my questions, given the indulgence of my colleagues, to a very long set of questions in relation to the Laphorne matter. I will be putting some questions on notice, but there are just a few areas that I want to try to fit in. Is DFAT aware of, or has it been consulted about, a proposal to convene a G20 meeting at leaders level?

Mr Ritchie—That, of course, is something that the Prime Minister himself is taking forward—the whole issue of international architecture to deal with the current crisis and the appropriateness of that—along with the Treasurer. You will excuse me if I am rather loath to answer it, but I know that a lot of work is underway on what is appropriate regional architecture and international architecture to deal with all of this. A range of ideas is being discussed under that context. The department has certainly been involved in those ideas, but we are not the central department on them.

Senator COONAN—I am not suggesting you are, but obviously it would have some implications for the department, and that is why I prefaced my question that it might be better for the minister, and I had a specific question for the minister.

Mr Ritchie—We have certainly engaged in the range of discussions going on about potential ideas for looking at ways in which the international financial architecture can

respond to the current financial crisis. But we are not the lead agency on those, and I really do not think I should comment. It really does belong to others.

Senator COONAN—You are not able to share with this committee the planning involved in how Australia proposes to take forward its views on the architecture that will respond to the financial crisis?

Mr Ritchie—I would prefer not to, because we are not the lead agency on the subject.

Senator COONAN—What actual involvement does the department have? Can you actually describe to me what the department is doing and what it has been consulted on in relation to this particular matter?

Mr Ritchie—I will ask my colleague to respond, but the relevant division head is not here at the moment to talk about that. We had anticipated that it might come up under our trade policy section later on this evening.

Senator COONAN—I certainly do not want to put you in a position where you do not have the right people here.

Mr Ritchie—Mr Maude is making his way to the table.

Senator Faulkner—We will try to assist you. Mr Maude may well be able to assist you on this. We will certainly try as hard as we can.

Mr Ritchie—The relevant people who have been working on a lot of this stuff, particularly the implications for our trading relationships and for our trading outlook, are the people who will be coming from the trade policy section later on this evening.

Senator COONAN—Yes.

Mr Maude—I can only speak for one small part of the endeavour, but the department was involved, for example, in discussing with the Department of Prime Minister and Cabinet an advocacy or lobbying strategy for this particular initiative. We did engage with them on that and provide some advice and some views.

Senator COONAN—In relation to lobbying?

Mr Maude—In relation to an advocacy strategy.

Senator COONAN—Is there any discussion about what kind of budget this would require?

Mr Ritchie—No. As I said, we are engaged in a range of issues regarding international financial architecture, and they are being led by others at this point. They are just at the ideas stage.

Senator COONAN—So it is really just an idea; there is no formal interaction between the departments on this?

Mr Ritchie—There are a lot of discussions to which I am not party, but again they are being led mainly by the Prime Minister's department and the Treasury, and I would defer to them.

Senator COONAN—Minister, I realise that you may not accede to this request, but the Prime Minister yesterday in answer to a question in question time in the House of Representatives said that, in recent days, he has:

... written to all G20 heads of government requesting further coordinated action on their part, given that we are all in this together. Coordination is required in two important areas: one is the reform of global financial regulation, but the second part looms as being equally important and progressively more important—and that is a coordinated global economic stimulus in the face of slowing economic growth.

The Prime Minister appears to be making a distinction here. Would the minister ask the Prime Minister if we could see a copy of the letter?

Senator Faulkner—Obviously that is a matter to be taken on notice. Although I would not normally at an examination of the Department of Foreign Affairs estimates deal with matters that relate to a prime ministerial letter, in the interests of moving the hearing along I will undertake to do that via a question on notice at this committee. But you appreciate that it is a matter for the Prime Minister, not a matter for the Minister for Foreign Affairs.

Senator COONAN—Absolutely.

Senator Faulkner—With that caveat, I am happy to take it on notice. No doubt we can work through the logistics of it.

Senator COONAN—Thank you for that. I appreciate that it is not quite in order to be calling for it in this committee, and I appreciate the minister's cooperation in relation to it. I also appreciate that Mr Ritchie may not be in a position to tell us about these various areas of work that are underway and we might ask somebody later. I am jumping around here—so tell me if the relevant people are not available—but I wanted to ask some questions that come under 1.1.9 International organisations, legal and environment, with respect to the Asia-Pacific community proposal; is that convenient now?

Mr Ritchie—Yes, most definitely.

CHAIR—We are giving a lot of leeway.

Senator COONAN—I am happy to go back to the beginning if you want.

CHAIR—I do not have a problem. It is just that other senators have indicated that they have questions in other program areas.

Senator Faulkner—It is a matter for you, Chair. We will cooperate, so I will leave it to you on that side of the table to work out what you would like to ask and when you would like to ask it. We will do our best to answer it.

CHAIR—In that case, we will try to stick to the program. It is getting a little bit messy. I will go to 1.1.1, North Asia, for Senator Trood, and then to 1.1.2 South-East Asia for Senator Brown and Senator Young, and then return to the program. We are on 1.1.1 North Asia; if those officers are available, would they like to come forward. Senator Trood has the floor.

Senator TROOD—I have a couple of questions on North Korea. The first is in relation to the report that appeared in the morning's newspaper regarding the request we have received—although I was not entirely clear from whom, so perhaps I can characterise it as the

international community—for support in providing North Korea with some of this oil that is required under the agreement that has been reached with the North Korean government?

Mr Fletcher—A discussion is going on within the context of the six-party talks about deliveries of heavy fuel oil, which originally were allotted to Japan as one of the members of the six parties, but, due to a major issue involving abductions of Japanese citizens in the 1970s and 1980s, Japan has not received satisfaction from the DPRK on that issue. As a result, this time at least, Japan is not providing that heavy fuel oil to North Korea. So the question is: who else could? There have been a number of discussions at a preliminary stage about others interested in the process getting involved. We are aware of those. We have not made a decision as to what we might do, but I think our disposition is that we would like to see the process move forward.

Senator TROOD—Are we being asked to provide the oil itself or are we being asked to finance the access to the oil? I am not quite clear what we are doing.

Mr Fletcher—At the end of the day, a cheque is required.

Senator TROOD—They want us to provide a cheque?

Mr Fletcher—I am not sure where the oil comes from, but it is a question of which governments would be contributing to pay for it.

Senator TROOD—How much would the cheque be for?

Mr Fletcher—The oil price has been bouncing around, and I do not know but it is a considerable sum of money; 200,000 tonnes of heavy fuel oil. Tens of millions of dollars, I would assume. But we are talking about a shipment of 50,000 tonnes in the first instance.

Senator TROOD—Is this to be provided reasonably quickly?

Mr Fletcher—There are certain deadlines that the six parties have agreed to, but they keep on modifying them as circumstances require. Originally it was to be provided by the end of October, but that deadline was set at a time when people assumed that the declaration of North Korea's nuclear programs would come in on time and that it would be a fairly straightforward process. That has not proven to be the case. A declaration was provided. The US took it away and looked at it, and then there was a discussion about verification, which has not yet been completed. We believe that some progress has been made. At the earliest, I think the six parties might meet again in November, and if that goes well and the verification issue is settled then I expect that meeting would also talk about the fuel oil issue.

Senator COONAN—Japan seems to be taking a very hard line in these six-party talks. What is your assessment of getting Japan back into the fold on its commitment so that Australia does not have to give this kind of consideration to making this commitment?

Mr Fletcher—I would not describe Japan as hard line. I would say that all the members of the six-party talks have individual country positions on the issues. We are quite understanding and respectful of Japan's position in relation to the abduction issue. At the same time we agree with the United States that the six-party process is something that is worth supporting. As I said, we are positively disposed towards the idea of contributing. How much, who else gets involved, and when are issues that still have to be decided.

Senator COONAN—For my information, because I am just not aware of the position, what do we currently contribute to processes involving the six-party talks?

Mr Fletcher—We are not one of the six parties.

Senator COONAN—No, I know we are not one of the six parties, but what do we contribute?

Mr Fletcher—Our effort has involved diplomatic activity in support of the six parties.

Senator COONAN—But no money?

Mr Fletcher—No. At various times we have had engagement with the Chinese and the North Koreans about this issue, and the Russians and Japanese, et cetera, we have done what we can to encourage things to move in the right direction. Quite separately, Australia is a substantial donor through multilateral channels to North Korea. The figure is up to about A\$72 million since the mid-nineties.

Senator TROOD—If we were to agree that we could provide support, would the source of these funds be part of the aid program?

Mr Fletcher—I think that would qualify as aid under the OECD rules.

Senator TROOD—So, it would come out of AusAID's budget somewhere or other, do you think?

Mr Fletcher—Yes.

Senator TROOD—The only other question I have about North Korea is whether or not you can provide the committee with any information about Kim Jong Il's health.

Mr Fletcher—I have to confess we have no information on his health. We have read what has been said about him, and I would have to say that my assessment is that he suffered some kind of health event in August. Apparently he is still with us and presumably recovering, although the incident is perhaps useful as a reminder that he, too, is mortal. He is 66 and he will not be with us forever.

Senator TROOD—Does he have a son?

Mr Fletcher—He has three that we know of.

Senator TROOD—So, the international community that follows these things closely has no particular view as to the nature of his illness or his indisposition; is that right?

Mr Fletcher—I notice that one of the South Korean government's ministers mentioned that he suffered a stroke.

Senator TROOD—That is as much information as you have on the subject?

Mr Fletcher—They are as well informed as anybody.

Senator TROOD—I realise the difficulty of trying to get information on this subject.

CHAIR—Thank you, Senator Trood. That concludes North Asia. We will turn to South-East Asia, and on the program—

Senator COONAN—What about China?

CHAIR—I beg your pardon; return, Mr Fletcher.

Senator COONAN—Sorry, Mr Fletcher.

Senator Faulkner—We have not concluded North Asia?

CHAIR—We have not concluded North Asia, no.

Senator COONAN—Has the department been involved at all in discussions about sovereign wealth funds and Australia's investment policy?

Senator Faulkner—Do you mean somewhere in particular?

Senator COONAN—China's investment.

Senator Faulkner—Are you talking about China?

Senator COONAN—Yes. I just said 'China'.

Senator Faulkner—Did you? I did not realise that.

Senator COONAN—Sorry about that. No, I just said, 'What about China?' and that is when we came back to—

Senator Faulkner—I did not realise you had identified China. I am sorry.

Mr Fletcher—The department has been involved through the embassy in Beijing. We have had meetings with CIC, one of China's entities involved in investment overseas. I think there have been consultations in Canberra with relevant agencies, particularly the Treasury, which has carriage of this issue.

Senator COONAN—Are you aware through DFAT and Treasury or other consultations of China's interest in investing further in our resource sector?

Mr Fletcher—We are certainly aware of China's interest in the resources sector, yes.

Senator COONAN—I have a question about the free trade agreement, but I had better wait. I suppose this is not the right section, is it?

Mr Ritchie—No.

Senator COONAN—If I may say so, this is a very fragmented way in which the program runs. I understand how it has obviously had very distinct sections, and that is the way it is geared, but there are interrelationships that run right across trade and investment, and Senator Faulkner and I had a discussion the other day—

Senator Faulkner—That is true, and I understand that. I have also been on that side of the table for far, far too many years, as you appreciate.

Senator COONAN—It seemed just a fleeting moment to me.

Senator Faulkner—It does not to me. That is why I have said we would be flexible, but appreciating obviously it is one department where there are two portfolio ministers with quite clear differentiation in responsibilities. But inevitably, as you say, there is an interrelationship between these issues, and that is why I said it is up to committee members. But we are happy to deal with these in any way you like to. Obviously the trade elements of the portfolio will come on after AusAID.

Senator COONAN—Yes, I think it is better placed there. We can move on.

CHAIR—Thank you. Further questions on North Asia? There being none, we now turn to 1.1.2 South-East Asia. Senator Brown.

Senator BOB BROWN—My first question is about Indonesia and West Papua and the proposed BHP Billiton nickel mine on Gag Island. What information do you have about progress on that proposal?

Mr Woolcott—Gag Island is obviously an island in the Indonesia archipelago near West Papua. BHP has a contract of work to undertake nickel mining on that island. Officers from the Australian Embassy in Jakarta have never visited Gag Island in an official capacity, but BHP Billiton staff—

Senator BOB BROWN—Have they been there at all?

Mr Woolcott—Not that I am aware of, in an official capacity, no.

Senator BOB BROWN—In any capacity?

Mr Woolcott—I am not aware of that. They may well have been there privately.

Mr Ritchie—I would be surprised.

Senator BOB BROWN—It would be unlikely, would it not?

Mr Ritchie—It is not a major tourist destination.

Mr Woolcott—But obviously BHP brief Australian embassy officials regularly on their operations in Indonesia. For example, BHP Billiton Indonesia made presentations to the Australian Embassy officials on nickel developments in Indonesia, including Gag Island, on 31 July 2008 and 2 September 2008.

Senator BOB BROWN—Which officials were they?

Mr Woolcott—I would have to take that on notice.

Senator BOB BROWN—Could you, please, and the BHP personnel involved?

Mr Woolcott—Yes. On 12 September 2008 a BHP Billiton official informed DFAT of BHP Billiton's Indonesia projects, which include Gag Island, in terms of the background to their proposal for mining there.

Senator BOB BROWN—What is the state of play?

Mr Woolcott—The state of play is that it is still under consideration. There have been no final approvals given by the Indonesian government at this point.

Senator BOB BROWN—What requests of any sort has the Australian government made of the Indonesian authorities about the matter?

Mr Woolcott—I am not aware of any Australian government representation specifically in relation to Gag Island other than on 20 June 2002, which relates to an earlier question on notice that you had put.

Senator BOB BROWN—That is where the embassy used its influence to have the forest reserve status on the island withdrawn?

Mr Woolcott—That issue was discussed at that meeting, yes.

Senator BOB BROWN—That was the position they had taken at the time, to have the forest reserves protected status withdrawn so that BHP, as it was, could proceed with its mineral exploration activities?

Mr Woolcott—The Australian embassy's representations to the Indonesian government were focused on highlighting the contradiction between Australian mining companies' rights under their contracts of work and that forestry law to which you referred. They were specifically directed at ensuring transparency and certainty in an investment environment in Indonesia.

Senator BOB BROWN—And the forest protection conservation status of the island was withdrawn?

Mr Woolcott—The law was not overturned. What the Indonesian parliament did was pass a law in 2004 validating contracts of work that pre-dated the forestry law and included that of Gag Island, yes.

Senator BOB BROWN—So it turned the situation from one where BHP could not proceed to one where it could proceed?

Mr Woolcott—There has still been no final decision by the Indonesian government in relation to this.

Senator BOB BROWN—No, but where they can proceed without falling foul of the conservation status of the island?

Mr Woolcott—There are still many hoops they will have to jump through in terms of satisfying the Indonesian government and its regulatory framework, but the forestry law does not apply now to Gag Island.

Senator BOB BROWN—Which of those hoops are environmental?

Mr Woolcott—It is a complex system of approvals. I would have to get back to you with more details on that. Our interest, as well as Indonesia's interest, is in seeing world's best practice mining take place in Indonesia, as we do in Australia. Obviously there are numerous measures that the Indonesian government still applies to ensure that mining that does take place is commensurate with that.

Senator BOB BROWN—Could you take on notice for the committee what those measures are that have yet to be satisfied?

Mr Woolcott—Yes.

Senator BOB BROWN—According to Jan Steffen, the head of the Jakarta office of UNESCO, talking about the Raja Ampat islands, of which Gag Island is one, if you look at it from the point of marine biodiversity as to what people call the bullseye on the planet, there is no richer place in terms of marine diversity, and we know that it has 80 per cent of the world's corals for one and over 1,000 fish species. What support has the Australian government given to the world heritage proposal which I understand, except for a couple of technical matters, is ready to be promulgated by the world heritage authorities for this region?

Mr Woolcott—The listing of that archipelago is a matter, of course, for the Indonesian government. I am not aware that they have approached us for any assistance in regard to preparing—

Senator BOB BROWN—No, I did not ask that. I asked what approach had the Australian government made to the Indonesian authorities to support that world heritage process?

Mr Woolcott—I am not aware that we have been asked to support it, and I am not aware that we have approached them to make any offers.

Senator BOB BROWN—So they have been approached on the matter of BHP's mining proposal but not on the matter of world heritage listing for this bullseye of global marine diversity?

Mr Woolcott—As I understand it, Gag Island is currently on the world heritage tentative list, which is a list of properties that a state party may decide to submit for world heritage listing in the next five to 10 years. But in this case, it is Indonesia's sovereign right to decide what it wants to list.

Senator BOB BROWN—It is Australia's sovereign right to decide whether to support that or not. Does the Australian government have a position on that, are you aware?

Mr Woolcott—I am not aware that that has gone to the minister.

Senator BOB BROWN—Why not?

Mr Woolcott—As I say, it is a matter for Indonesia to decide which areas within the Indonesian Archipelago it wants to submit for world heritage listing.

Senator BOB BROWN—It is not a matter for the Australian government to have an opinion on?

Mr Woolcott—We do not have opinions on all matters.

Senator BOB BROWN—No, but this is a world heritage site.

Mr Woolcott—Not yet.

Senator BOB BROWN—It is a proposal for world heritage and, as you know, that does involve international support being required. I am surprised that there has not been an opinion at this late stage on whether or not Australia supports world heritage listing for this global marine bullseye of diversity?

Mr Woolcott—As I said, it is a matter for the Indonesian government to decide, and should they approach us in relation to this site we would obviously take that under very close consideration.

Senator BOB BROWN—What assurance do you have that the BHP mining proposal, which is for one of the biggest nickel mines on the face of the planet in the middle of this gem of biological diversity, will not impact on that putative world heritage property?

Mr Woolcott—Again, that is a matter for BHP to work out with the Indonesian government.

Senator BOB BROWN—No, it is not, and I will explain why it is not. You have already told the committee that there were representations from the Australian government to the

Jakarta authorities regarding the forest protection status on Gag Island. It is a matter for the Australian authorities to determine whether or not, on our northern doorstep, arguably the world's richest marine biodiversity hotspot, should get status and protection. Can you tell me of any impediment against the Australian government making representations to the Indonesian authorities on the world heritage proposal?

Mr Woolcott—Those representations to the Indonesian government were made back in June 2002. There have been no representations in relation to Gag Island since then. Our representations to Indonesia on mining issues, as I mentioned before, have focused on a general need for certainty, transparency and coordination between different regulatory regimes. That has been the focus of our representations to Indonesia on mining at this point. But obviously Australian mining practices, and what we look to Australian mining companies to do, is world's best practice to ensure that indigenous issues are managed well, and to ensure that environmental issues are managed well. We would expect a company such as BHP Billiton, with a world-class reputation, to take those sorts of issues into account in their discussions with the Indonesian government.

Senator BOB BROWN—As they did at OK Tedi?

Mr Woolcott—I cannot comment on OK Tedi.

Senator BOB BROWN—I can. I am asking you: is not world's best practice for this marine biodiversity to give it world heritage status and protection?

Mr Woolcott—I can only say it is a matter for the Indonesian government to decide that, not for the Australian government.

Senator BOB BROWN—No, I am asking your assessment of it, because surely you will have acquainted yourself with this environmental hotspot so that you can adequately advise the Australian government? Have you not done that?

Mr Woolcott—I am obviously aware of comments made by some people such as those to whom you have referred in relation to the archipelago and its pristine nature.

Senator BOB BROWN—Have you advised the Australian government about that?

Mr Woolcott—Not at this point, no.

Senator BOB BROWN—Why not?

Mr Woolcott—As I said, it is not for us to involve ourselves in every issue in Indonesia. This is an issue—

Senator BOB BROWN—I am not saying that. I am asking you why you have not advised the Australian government on a matter that is already of public concern here in Australia as well as in Indonesia.

Mr Woolcott—It has become a matter of public concern recently since you have raised it in your *Lateline* interview.

Senator BOB BROWN—*Lateline* raised it, and asked me to comment.

Mr Woolcott—In that sense it is a fairly new issue in terms of the media, and I am sure that the minister will want to receive a submission on this in due course.

Senator BOB BROWN—The minister may want to, but the minister may not be aware of it. What information do you have about that World Heritage proposal that you can give to the committee?

Mr Woolcott—The only information I have is in relation to the fact that it is a tentative listing. No listing has actually been sought.

Senator BOB BROWN—Mr Steffen says about the World Heritage proposal:

I think now it is basically a technical matter to get everything sorted out and to fulfil all the requirements but personally, I am quite optimistic that will happen.

Do you have a report on the World Heritage values of Gag Island and the archipelago?

Mr Woolcott—No, I have not.

Senator BOB BROWN—Why not?

Mr Woolcott—Can I say it is a bit more complicated than that. A party has to decide to nominate a site from the tentative list for World Heritage listing. So, it has to make that decision. That party can only be Indonesia. The process to final approval takes some time. To begin listing procedures, the state party must prepare an extensive nomination file and then the property is independently evaluated by two advisory bodies mandated by the World Heritage convention. The first step has to be that the Indonesian government itself decides to make that nomination. That has not happened.

Senator BOB BROWN—Do you see no conflict between BHP Billiton's proposal and that putative nomination for World Heritage?

Mr Woolcott—I would expect that that is something the Indonesian government will look to manage.

Senator BOB BROWN—I am asking you: do you see no conflict between those two things?

Mr Woolcott—Not necessarily, no.

Senator BOB BROWN—You do not?

Mr Woolcott—The compatibility between mining and World Heritage listing is not necessarily one that cannot be managed, no.

Senator BOB BROWN—How would it be managed?

Mr Woolcott—I am not an expert.

Senator BOB BROWN—But you just told me it could be managed. How do you know that?

Mr Woolcott—I am making a comment in relation to how the Indonesian government might manage it.

Senator BOB BROWN—You do not know that, do you?

Mr Woolcott—I am not an expert in this field.

Senator BOB BROWN—No, you do not know it, do you?

Mr Woolcott—I am not an expert in this field, no.

Senator BOB BROWN—That is clear. What process will the department now take to acquaint itself with the World Heritage listing and the conflict that this has with the proposal for having one of the world's biggest open-cut nickel mines on Gag Island in the centre of it?

Mr Woolcott—As I said, there is no World Heritage listing. It is a tentative proposal. The Indonesian government has made no decision to list it for World Heritage.

Senator BOB BROWN—But the World Heritage convention requires that, where a place is identified as tentatively having World Heritage values, it should be protected until those values have been established and a nomination process has been undertaken. So, it is already—and you will be aware of this, Mr Woolcott—under the protection of the World Heritage convention. Ought not you be advising the Australian government about that potential conflict with BHP Billiton's proposal?

Mr Woolcott—As I say, the onus falls on the Indonesian government to manage any potential conflict.

Senator BOB BROWN—You do not think there is an onus for the Australian government to be informed about that potential conflict?

Mr Woolcott—As I mentioned to you before, BHP Billiton has briefed the Australian government, both in Indonesia and in Canberra, in relation to its mining proposals in Indonesia.

Senator BOB BROWN—Is the committee able to have that material from BHP that it has presented to the Australian government?

Mr Woolcott—I would have to take that on notice.

Senator BOB BROWN—Please do. I am not asking the question whether or not it is available, but I am asking for that information—all of it. Have there been any recent representations by the Australian government over the matter of the Freeport mine in West Papua?

Mr Woolcott—No, I am not aware of any recent representations in relation to the Freeport mine.

Senator BOB BROWN—Have there been any Australian representative visits to West Papua and/or the Freeport mine in the last 12 months?

Mr Woolcott—To West Papua? There have been some to the Papuan region, to West Papua. There have been some 10 visits in 2008. There were some 12 visits in 2007. I cannot say whether there were any visits to the Freeport mine.

Senator BOB BROWN—Could you provide the committee with details of those 22 visits and establish whether or not any of them did involve either visits to the Freeport mine or discussions about it?

Mr Woolcott—I can do that.

Senator BOB BROWN—And what the nature of those were? If I may, I want to ask about a couple of other matters that Mr Woolcott may or may not be able to advise us on. The first is Burma and the wellbeing of Aung San Suu Kyi and any Australian connection with her that occurred in the last 12 months. Is there any direct news that we can have about her position?

Mr Woolcott—We remain deeply concerned about the extended detention of Aung San Suu Kyi. That period of detention was further extended in May this year, and she has now been under house arrest continuously for the past five years, and for more than 13 of the past 19 years. As you will be aware, we have repeatedly called for her immediate and unconditional release, as of that for the other political prisoners in Burma. In terms of Aung San Suu Kyi's welfare, there were press reports recently that she had been refusing to collect food supplies left at her residence, and this had led to some speculation that she was on a hunger strike or about her general health. Aung San Suu Kyi's party, the NLD, confirmed to us on 16 September that she was currently accepting food deliveries, but we have had no access to her.

Senator BOB BROWN—Have the recent announcements about further restrictions on Burma ensured that no member of the regime's family, extended family or associates are allowed to visit this country?

Mr Woolcott—In that regard, we have reviewed the previous sanctions regime put in place in October 2007 and sought to update that. Obviously, in updating it we have talked closely to the UK, the US and the EU about their sanctions list. We have sought to use information provided to us, both in Australia and in Burma, from other sources to put together the most comprehensive list that we can. We cannot guarantee that people will not slip through, because it is a very opaque system, a very opaque society, the Burmese society, so it is hard to know all the sons and daughters, but we do our best.

Senator BOB BROWN—Yes. Nevertheless, there are stories that some have come to Australia. Are you aware of any relatives or associates of the regime being in Australia in the last 12 months?

Mr Woolcott—Yes, that has been brought to our attention. There have been a couple of instances.

Senator BOB BROWN—Who were they?

Mr Woolcott—Again, for privacy reasons, I would prefer not to go into any names.

Senator BOB BROWN—Whose privacy?

Mr Woolcott—Well, theirs essentially.

Senator BOB BROWN—Why should they have privacy?

Mr Woolcott—In some cases they are Australian citizens now. In one case, they are Australian citizens or Australian residents. In another case that was raised with us they turned out to be the grandchildren of a senior Burmese figure and our sanctions list does not apply to grandchildren. In those cases, I would prefer not to go to any names.

Senator BOB BROWN—Can you tell me why it does not apply to grandchildren?

Mr Woolcott—When we put the list together in 2007, after the riots in Burma in September that year, a decision was made to include all the senior regime figures, the business cronies of the regime that we could identify, and their immediate families. In trying to encapsulate their immediate families, we focused on spouses and children. I guess you have to stop somewhere, and we stopped there.

Senator BOB BROWN—Yes, but I am surprised it is with grandchildren. How old were these grandchildren?

Mr Woolcott—I would have to check that, but I think they were school age.

Senator BOB BROWN—I think they were. Minister, could there be a review by the government to see that the grandchildren of this brutal regime in Burma are not privileged by coming to this country and getting access to our amenities while their democratic compatriots are either dead or in jail?

Senator Faulkner—Thank you for that. I would be very pleased to take that up with Mr Smith. You may be aware—and because of Senate estimates I have not had an opportunity to read this yet, but I am certainly aware—that the minister, Mr Smith, made a ministerial statement on this issue yesterday. I am not sure if you are aware of it.

Senator BOB BROWN—I heard that this morning.

Senator Faulkner—I have to be frank with you. I simply have not had an opportunity to read it yet, but I know that that involved a revised list of Burmese individuals subject to financial sanctions. My understanding is that the list involves some 463 individuals in the revision. There is that additional element, but this matter of the exchange is certainly one that I am more than happy to draw to the minister's attention. I understand from Mr Woolcott that that particular element that you have just asked about was not addressed in the ministerial statement.

Senator BOB BROWN—I would ask if you would see that it is at least addressed.

Senator Faulkner—Yes, I will certainly take that up with the minister.

Senator BOB BROWN—It seems to me that if the grandchildren of the generals or their cronies, as you called them, Mr Woolcott, are in this country getting the privilege that their country people do not have, then it should be stopped, but that is a matter for the government to review. I have two other brief matters. Maybe this applied to the last person at the table. I was going to ask about diplomatic access and journalistic access to Tibet, which is currently locked down by the Chinese authorities. Has any representation been made to the Chinese government about that? I will put that question on notice.

Mr Ritchie—Thank you.

Senator Faulkner—We will certainly respond to you on notice.

Senator BOB BROWN—The other question concerns a document that circulated on 20 August this year about the left-wing tendencies and Vietnam War forged approach of Prime Minister Helen Clark of New Zealand.

Senator Faulkner—I have been accused of having left-wing tendencies myself.

Senator BOB BROWN—I have on occasion, too; we are in good company.

Senator Faulkner—That means that there is something that we have in common.

Senator BOB BROWN—Yes. However, has the fault in the system that allowed that document to circulate been corrected?

Mr Ritchie—Yes, it has. It was a most unfortunate mistake. It is one that we acknowledge. It turned out to be a misunderstanding of an instruction by a very junior, locally engaged member of the staff at the Australian High Commission in Wellington—nevertheless, deeply embarrassing and deeply upsetting. It was a very old assessment, I should hasten to say. We appreciated very much the—

Senator BOB BROWN—It may be that she has changed in recent years, although I think given principles she may not have.

Mr Ritchie—Given the proximity to the New Zealand election, I will not speculate on that, but I think the spirit in which Ms Clark recognised that it was an unfortunate error was fantastic for the relationship. Of course, Mr Rudd, Mr Smith and others asked us to apologise directly to her, which we did.

CHAIR—You would be aware that, as Mr Ritchie has said, Ms Clark very readily accepted that apology and did so with very good grace.

Senator Faulkner—I think she described it as a bit of a hoot.

Senator BOB BROWN—Then she said, ‘I don’t propose to release the one I have on Mr Rudd.’ Do you know why that is?

Mr Ritchie—No, but we would be very interested.

CHAIR—Thank you, Senator Brown. Just for the advice of officials, I have had some discussions with Senator Faulkner, and the committee is agreeable to extending the DFAT session until 3.30 this afternoon. Then the curtain will fall, so to speak. We will take a tea break at 3.30 until 3.45, resuming with AusAID, and go through until dinner. Thereafter we will try to follow the program as published. For the remainder of this session, time being quite limited, I will give Senator Coonan the call as much as I can. If you could deal with your issues in terms of the priority that the opposition attaches to them, we will see how we go.

Senator Faulkner—Can I just indicate on that announcement that this has occurred as a result of a request from Senator Coonan, who asked if more time could be made available, and I acknowledge the fact that you and the committee have agreed. But I think it is fair to say—and I do not want to put words into Senator Coonan’s mouth—that we do understand that at 3.30 pm sharp we will conclude the foreign affairs elements of the department.

Senator COONAN—Yes, that is correct. I confirm that the minister’s characterisation of the arrangement is correct. I thank the minister for agreeing to that extension, and I thank the committee and the officials who otherwise might be inconvenienced. I can assure the committee that I will be as quick as I can, and if I can get these matters out of the way, so much the better. I wanted to ask some questions of Mr Woolcott about the Asia Pacific Community. Can the department state the major goals of the APC initiative announced by the Prime Minister in a speech to the Asia Society AustralAsia Centre, on 4 June?

Mr Woolcott—Essentially the Prime Minister’s goal is to develop a community that seeks to enable a regional, political, economic and security dialogue and, where agreed, common action to take place within a single forum. None of the existing regional architecture, whether you look at ARF, APEC or EAS, provides this one body, which can encompass all of these elements. The Prime Minister is looking to create such a body. Essentially he believes it is

premature to speculate about the ultimate design of it, and the remit of any such community, pending the outcome of a wide range of discussions. That is why he has appointed a special envoy, Dick Woolcott, to go out and conduct those discussions, and that is what is happening at the moment.

Senator COONAN—I understand how sometimes these things might proceed better if you can creep up on them, but by the same token could you enunciate for us in concept the main points of difference with other Asia-Pacific plurilateral activities, if I just take them one by one, such as with APEC? I understand it has a different membership, but is there any other differentiating point?

Mr Woolcott—Yes, there is. For example, with APEC it is a large membership now, and it includes regional economies, not just countries, such as Taiwan and Hong Kong. The fact that Taiwan is a member of APEC in particular makes it seen, certainly by the Chinese government, as an inappropriate organisation to discuss security issues, and so it does not. What you might say as one of the major drawbacks of APEC is its inability to handle security issues. Also, to be frank, some of the South American countries are not particularly interested in East Asian security issues, either.

Senator COONAN—This Asia Pacific Community certainly would not include a market economy such as Taiwan?

Mr Woolcott—That is not the thinking, no.

Senator COONAN—Would you deal with the points of difference with the ASEAN Regional Forum and ASEAN+10 groups?

Mr Woolcott—Again, the ASEAN Regional Forum focuses just on security issues. It is quite a large body in terms of its membership. Its focus is still very much on preventive diplomacy. It has not really graduated much beyond that. It certainly does not deal in economic issues. It does not deal in financial issues. Again, its remit is limited to essentially security issues in quite a large grouping.

Senator COONAN—The complaints of these existing ones—

Mr Woolcott—They are not complaints. They have different focuses.

Senator COONAN—They have a very large membership. One has got a problem with Taiwan being a market economy and that affects security; the other is a large membership that has security in it, but not the economy? Is that putting it simply?

Mr Woolcott—That may be a bit of an oversimplification. Neither performs the overarching task that the Prime Minister believes is required in terms of regional architecture.

Senator COONAN—What about ASEAN+10 groups?

Mr Woolcott—The ASEAN+3—which is ASEAN plus China, Korea and Japan—and the ASEAN+6, which is otherwise known as the East Asia Summit, is ASEAN plus those three, plus India, Australia and New Zealand. Again, ASEAN+3 does not include us and is a more limited organisation. The East Asia Summit is obviously an interesting body, but it is a very new body. At the moment it is essentially a summit process with work programs done through leaders. It is still fairly new and still evolving. So it is very much part of the architecture of

the region and it is something that we look at in terms of how we may develop an Asia-Pacific community.

The Prime Minister is not prescriptive. He is not saying we necessarily need a new body. One of these bodies, whether it be APEC, EAS or the ARF, may in fact be able to develop to perform all of these tasks. There is no sense in being prescriptive about this. Essentially the special envoy is going around the region looking at ideas and getting a dialogue underway, which is in fact what is happening.

Senator COONAN—How does it differ with Japan's idea of a comprehensive partnership for Asia that includes India?

Mr Woolcott—Do you mean the comprehensive partnership for Asia?

Senator COONAN—Yes.

Mr Woolcott—Are you talking about CEPEA?

Senator COONAN—Yes, the Japanese proposal.

Mr Woolcott—It is part of the EAS work plan. CEPEA is an economic idea. It is no more than an idea at this stage. It is being dealt with as a track 1½ process or a track 2 process. There is more work being done on that, which will report to leaders at the EAS Summit in Bangkok on 17 December. Again, it is at a very early phase. Essentially that is looking at a potential FTA for all the members of the East Asia Summit.

Senator COONAN—How will this idea that is in prospect or being fleshed out affect the structure, operations and commitment of Asia-Pacific states to APEC?

Mr Woolcott—It depends how it evolves. As I mentioned, we are not being prescriptive here. It may well be that APEC might end up evolving into something that meets the Prime Minister's wishes in this regard. As I said, it is too early in the dialogue process to be able to make those judgments.

Senator COONAN—I realise this is exploratory, but is Australia seeking to roll into or subordinate APEC operations from summit meetings to officials and working groups within the Asia-Pacific Community concept as part of trying to evolve something?

Mr Woolcott—I am sorry, I cannot answer that. I do not manage APEC in the department, and that is a fairly technical question relating to APEC's work program. It might best be left to this evening's discussions.

Senator COONAN—From your perspective, you have not got a clear explanation that you could give the committee about how the proposal is proposing to approach or deal with APEC operations?

Mr Woolcott—From where I sit, the process is at too early a stage to be talking about how it might impact on APEC's work program.

Senator COONAN—Could you tell me when the department commenced analysing this initiative? Was it prior to the announcement?

Mr Woolcott—Yes, it was prior to the announcement. I do not recall the date of the Prime Minister's announcement at a speech in Sydney, but the department had been consulted in the lead-up to that.

Senator COONAN—Are you able to tell me when the consultation occurred?

Mr Woolcott—Only insofar as it was in the lead-up.

Senator COONAN—I appreciate that, but could you give me a date?

Mr Woolcott—I would have to take that on notice, because I am not familiar with the date on which the Prime Minister made his speech.

Senator COONAN—Could you take that on notice and give me the date when consultations occurred? Which officers, sections or branches within the department were involved in the preannouncement analysis of the initiative?

Mr Woolcott—That would be my division and the relevant deputy secretary.

Senator COONAN—Who was that?

Mr Woolcott—Gillian Bird.

Senator COONAN—Was it just your section?

Mr Woolcott—In the department?

Senator COONAN—Yes.

Mr Woolcott—No. The economic areas of the department, under David Spencer, who is the deputy secretary there, were also involved in looking at this concept and how it worked.

Mr Ritchie—The secretary was also involved in these discussions.

Senator COONAN—Did the department provide any written or oral advice to the foreign minister or the foreign minister's advisers prior to the announcement of the initiative?

Mr Woolcott—Yes.

Senator COONAN—Could you take on notice, because I am anticipating you probably would not have it at your fingertips, the date of any advice or consultation?

Mr Woolcott—I might also make the point that the special envoy has made a point of being in regular contact with the minister in relation to his consultations on this process.

Senator COONAN—I accept that. Special envoys have even been in consultation with me—or in prospect. Can the department provide the committee with the talking points authorised for use, or written or used, by Mr Woolcott in his conversations with foreign governments?

Senator Faulkner—We have been extremely cooperative today, and having been in my seat I think you understand that one is a bridge too far. That sort of information is not provided to you and cannot be provided to you. We will help you in terms of the process questions that you have asked. You have asked for timing and advice to ministers and the like. We can help you there, but not with the talking points, as you would know. That is, if there are talking points. I do not want my gentle refusal to provide the information to indicate to you that there are necessarily any such talking points.

Senator COONAN—I should have asked ‘were there’ first.

Senator Faulkner—You could have and you still can.

Senator COONAN—I would like to know if there are.

Senator Faulkner—That is fine. I do not think there is a problem with letting you know whether there are any such things. It is just that they will not be provided if there are.

Senator COONAN—As to what is a reasonable thing for this committee to ask of the witness or the department, is there a description anywhere of the parameters of the Prime Minister’s proposal? I mean in any specificity and not just the broad description in a speech that could be made available.

Mr Woolcott—The Prime Minister has met with the special envoy in relation to this prior to his consultation process. I was not at that meeting. They discussed these issues in some detail, in addition to what the Prime Minister set out in his speech. I think they are questions that are best put to the Prime Minister.

Mr Ritchie—It is fair to say that it is a prime ministerial initiative for a start.

Senator COONAN—Yes, I am well aware of that.

Mr Ritchie—Secondly, the only thing that has been in the public arena about the nature of it has been what the Prime Minister and Mr Smith have said in the speeches and press conferences.

Senator COONAN—What are the terms under which Mr Woolcott is engaged to undertake representation on behalf of the government?

Mr Ritchie—I will ask Mr Wise to answer your question.

Mr Wise—Mr Woolcott is engaged under a contract with the department.

Senator COONAN—Is it for a term?

Mr Wise—At the moment it is expected to run until 27 February next year.

Senator COONAN—Does the contract specify in the terms of engagement or schedule the countries that are to be visited as part of fleshing out this proposal?

Mr Wise—Yes, it does.

Senator COONAN—Can a copy of the contract be made available?

Senator Faulkner—Such contracts are not normally made available. Obviously some of the critical elements are. The best we could do there is to take that question on notice. I would be very doubtful if the contract could be made available, but you have been informed of some of the elements of it. It would be very unusual practice for such a commercial-in-confidence document to be provided, as you know. However, you are seeking information about elements contained within it, which is information that is reasonable to be provided depending on its nature.

Senator COONAN—Can we leave it on this basis, that you take it on notice as to what information can be made available and, if there is some information in it or if the actual

document is not made available, could you indicate what aspects of it are commercial-in-confidence, which we would normally respect?

Mr Wise—Yes, certainly.

Senator COONAN—It may be that there is no commercial-in-confidence attached to it. It might have other confidentiality attached to it, but commercial-in-confidence is a bit hard to see in a contract of this nature. We will move on.

Senator Faulkner—What you are trying to find out goes to, I think, some of the elements of it. We will provide what transparency we can on this for you.

Senator COONAN—We will see what comes out of it and then we can take it further or otherwise as the case may be. How many staff from DFAT are directly engaged in supporting Mr Woolcott's activity?

Mr Wise—At the moment we have allocated staff to Mr Peter Woolcott's division. One broadband 3 employee to accompany and support Mr Woolcott in his regional travel and consultations, another bb3 position for policy support and a bb2 position for administration support.

Senator COONAN—Correct me if I am wrong, but I assume that records are obviously kept for reporting purposes of that activity?

Mr Wise—Yes, certainly.

Senator COONAN—Did Mr Woolcott's appointment conform to DFAT procurement processes for consulting and other services, particularly in regard to thresholds of expenditure that might otherwise require tendering or panel selection procedures?

Mr Wise—Mr Woolcott's engagement was a decision of the government and the department's role was to enact that decision. That is what we have done through the contract.

Senator COONAN—Perhaps I can ask the minister. Did the appointment conform to procurement processes?

Senator Faulkner—I do not have any particular knowledge of the procedures that were adopted here, but I do know that Mr Woolcott brings an exceptional skill set to the task that he is undertaking. I think most objective, reasonable people would certainly acknowledge that is the case. What we have done is taken on notice the elements of the contract with Mr Woolcott, and I have indicated to you that whatever we can provide will be provided.

Senator COONAN—Can you take on notice whether or not it did conform to procurement processes?

Senator Faulkner—I am happy to take the question on notice, but Mr Wise has dealt with that issue in the answer that he has provided to you. In the interests of time, if there is anything further that I can add to the information that Mr Wise has already provided you and the committee, we will certainly do so.

Senator COONAN—It was reported on 21 October that the foreign minister has announced lobbying costs for the enhanced Pacific engagement, which I assume for the sake of discussion means the APC operation, being offset by \$549,000.

Mr Ritchie—That is correct. The government has agreed to provide the department with additional funding of \$549,000 for the Asia-Pacific Community concept in taking that forward, which by the way, is different to the enhanced Pacific engagement strategy.

Senator COONAN—Is it different?

Mr Ritchie—Yes.

Senator COONAN—I made an assumption about that.

Mr Ritchie—Yes. It is \$549,000 additional.

Senator COONAN—The enhanced Pacific engagement is a different figure. What is that?

Mr Ritchie—I might go through all of them very quickly, if you like, because I know Senator Trood will be interested as well. The government has approved additional funding for the department of \$14.64 million in 2008-09 for six new foreign and trade policy initiatives. That is \$549,000 for the Asia-Pacific Community process. I should emphasise these figures are for this financial year only. Co-chairing with Indonesia, the Bali Democracy Forum, is \$1.908 million. Funding to assist the work of the International Commission on Nuclear Non-Proliferation and Disarmament, which Mr Evans is chairing, is \$3.761 million. Enhanced Pacific Engagement, which supports the government strategy to increase our engagement in the South Pacific and support for that, including negotiating bilateral development partnerships and other things, is \$1.561 million. For our UN Security Council candidature, it is \$1.927 million in 2008-09. Additional funding for DFAT for 2008-09 for establishing the resident ambassador to the Holy See is \$4.934 million.

The first five initiatives I mentioned are additional funding for 2008-09 only. In the case of the Holy See only, funding has also been provided for the out years. That is \$6.691 million over the three years from 2009-10. For the other five initiatives any additional funding requirements will be considered by the government in the 2009-10 budget context. I should hasten to say, to ensure proper process, those funding decisions will appear in the 2008-09 MYEFO.

Senator COONAN—That was going to be my next question. Do you have a breakdown or can you disaggregate the sum for the APC operation into travel, accommodation, consulting, office support, internal and external to DFAT, and other costs? If you cannot do that at the moment you can take it on notice.

Mr Ritchie—We will take that on notice.

Senator TROOD—Are those appropriations here in the additional estimates?

Mr Ritchie—Yes. They are coming out in the MYEFO.

Senator COONAN—It will be an interesting MYEFO. Can the department provide records of Mr Woolcott's travel funded by DFAT or other Commonwealth departments or agencies so far?

Mr Wise—We cannot provide that today, but we can get that information for you.

Mr Ritchie—Do you mean just in relation to the Asia-Pacific Community?

Senator COONAN—Yes. And a list of whom Mr Woolcott has visited?

Mr Woolcott—I can advise now that he has had three rounds of consultations on the proposal so far. On 3 to 11 September he visited New Zealand, Indonesia, Malaysia and Singapore. On 5 to 9 October he visited South Korea and Japan, and from 21 to 26 October he is in the process of visiting Chile, Mexico and Peru.

Senator COONAN—Presumably he is waiting until after the election for the United States?

Mr Woolcott—There is still some discussion about when would be the best time to visit the US.

Senator COONAN—I would have anticipated that. In between these travels has Mr Woolcott provided any written reports on his discussions to date?

Mr Woolcott—Not to this point, but the expectation is he will provide the Prime Minister with an interim report prior to APEC.

Senator COONAN—Has the department maintained a record of conversation or any record of Mr Woolcott's debriefing from his overseas discussions so far?

Mr Woolcott—There has been extensive cable traffic in relation to his conversations in the countries he has visited, and at the same time the special envoy has also debriefed both the department and Prime Minister and Cabinet in relation to the discussions so far.

Senator COONAN—Would you take on notice whether any of these reports could be made available to the committee?

Mr Woolcott—I will take that on notice.

Senator COONAN—Are DFAT officers, other than the ones identified as having a specific role, actively engaged in discussions with Asia-Pacific governments overseas or here in Canberra?

Mr Woolcott—Yes. Obviously, there is a dialogue in relation to setting up his program when he is visiting those countries, but at the same time our senior diplomats are also regularly engaged in discussions with their interlocutors on regional community architecture issues.

Mr Ritchie—We are using our posts for that purpose as well. The posts keep in close touch with host governments on those issues as well.

Senator COONAN—This question might be too general, but can you give me some idea of the level of seniority of those officers?

Mr Ritchie—In the case of our posts it is everybody from the ambassador down.

Senator COONAN—You are not in a position to identify whether it is always done at the highest level?

Mr Ritchie—It is done at a range of levels.

Senator COONAN—Have there been any specific responses by any of the governments visited so far that can be shared with the committee?

Mr Ritchie—The simple answer to that is no. A lot of the governments have spoken to Mr Woolcott. They, of course, will form part of his report, and the exchanges between the

governments are confidential. I think it is fair to say that a lot of governments are still giving it some thought. It is, after all, ideas for 2020.

Senator COONAN—I do not think there is much to gain by being argumentative about this and putting all sorts of speculation to you. I think it is better that this is an ongoing discussion with the committee. However, there was one thing that I was intrigued about and which is appropriate to ask about. Mr Rudd, in his speech which set out some rationale for this concept, referred to a phrase here. I just wonder if you can help me with what was intended to be conveyed. I am not suggesting that you should put yourself in the mind of the Prime Minister, but objectively he talked about removing some of the brittleness of our bilateral relationships. He said, ‘to remove some of the brittleness we need strong and effective regional institutions.’

Senator Faulkner—Apart from responding to your question, I suspect the normal dictionary definition applies.

Senator COONAN—I was just wondering what was brittle about our bilateral—

Senator Faulkner—I will see whether officials are able to assist you, but it might be a question that will be difficult for officials to answer. I will invite them to, but you need to understand that they might not be able to assist you in that.

Mr Ritchie—It is always a dangerous thing to put myself in the Prime Minister’s mind. I think that is wrong. I would make the comment that he might have been talking also not just about our bilateral relationships but bilateral relationships more broadly in the region. There is undoubtedly brittleness between some of the countries in the region.

Senator COONAN—He referred to ‘our’.

Mr Ritchie—‘Our’ might be our Asia-Pacific brittleness.

Senator COONAN—Anyway, we do not know the answer to it. That is going to be an interesting ongoing exercise. I wanted to move on to the UN Security Council.

CHAIR—This has been rather difficult. It is the last time we are going to do it like this. Senator Coonan has the floor until 3.20 pm to pursue all topics of interest and priority to the opposition. Thereafter I am going to Senator Ludlam.

Senator COONAN—I thank the committee, once again, for their indulgence. I could never imagine that these matters would be able to be compressed into these kinds of priorities.

Senator Faulkner—It would be hard to imagine this level of cooperation when the previous government was in office. I think you would be aware of that and I am hoping that you will learn through this period in opposition that this is a much better way to conduct Senate Estimates.

Senator COONAN—It is certainly very satisfactory today, so thank you.

Senator Faulkner—That is something I could never say when I was on that side of the table.

Senator COONAN—You should cast your mind back. You might have rose-coloured glasses—

Senator Faulkner—It all seems like bad news to me, the more I cast my mind back.

Senator COONAN—Rear vision often does not help. What specific goals does Australia currently have in mind in seeking membership of the Security Council?

Ms Bird—As you would be aware, the Security Council is the pre-eminent body dealing with international peace and security issues. It deals with global problems that no single country alone can resolve, and we believe that we have much to contribute to the work of that body. You would be well aware that the government has made re-engagement with the UN and multilateralism one of the three pillars of our foreign and trade policy, and if you aspire to be an active participant in the UN, you want to be occasionally on the Security Council, which, as I said, is a key body addressing those issues.

Senator COONAN—Have Australia's goals been assessed by the departments or certainly by your department?

Ms Bird—Our goals for the Security Council reflect our goals for our contribution to the UN more generally. It is our desire to play a key role in contributing to global solutions to global problems, and we believe we have a lot to bring to bear in the Security Council and elsewhere in the UN.

Senator COONAN—In addition to our current in role in the UN, what specifically do we hope to do by securing a temporary seat?

Ms Bird—As I said, the Security Council considers international peace and security issues. If we want to play a critical role in that process, you really need to have a seat at the table. We bring, of course, a particular perspective to bear. We are particularly interested, when we are on the Security Council, to ensure that our interests and our values are projected in that body and taken into account in its decisions. From a regional perspective, the Pacific is very poorly represented on the Security Council, and we will be able to bring that kind of perspective to bear. We are also very keen to ensure that the Security Council operates as effectively and transparently as possible, and we will do our part to that end.

Senator COONAN—Is there a regular interdepartmental committee process running to shape the goals and design strategy for the government's bid?

Ms Bird—The Security Council campaign is essentially being run out of the Department of Foreign Affairs and Trade. We have set up a task force to coordinate that campaign. We do, of course, have a consultation process with other departments, and an IDC process has been initiated. A lot of the contact, though, is more day-to-day contact—that sort of thing.

Senator COONAN—Could you give me an idea of the shape of the task force, the numerical size of it, and the members of the interdepartmental committee? I do not mean every individual. I mean the departments.

Ms Bird—The task force is currently comprised of four officers, headed by an SES officer with three other members. The IDC that we have pulled together involves pretty much every department and agency, because it is a whole-of-government interest and effort.

Senator COONAN—What is the proposed budget for the election strategy campaign? By that I mean estimated travel, commitment of staff time, resources at posts and in Canberra,

and additional costs of representations, funding or project commitments to shore up our representations?

Ms Bird—As Mr Ritchie just mentioned, the government has agreed that \$1.927 million will be provided through the 2008-09 additional estimates for the Security Council campaign for this financial year. That covers the kinds of things that you were talking about—staffing, travel and the like.

Senator COONAN—Could the department take on notice to give me a breakdown of the components of that allocation?

Ms Bird—Yes. We should be able to do that.

Senator COONAN—Mr Chester, in happy days when he was before the committee, said on 2 June that there would be an increase in activity in Europe, India and Africa in connection with this. How is this to be resourced? Is that part of the allocation?

Ms Bird—That \$1.927 million enables us to increase our engagement with all UN members. There are 192 member states, so we need to be active in making our case in quite a wide range of capitals.

Senator COONAN—Is there an allocation in the budget cost of this increase in activity? Has increased activity in Europe, India and Africa been factored in?

Ms Bird—That sum of money covers both staffing cost but also travel and associated costs with making the representation and the lobbying that we need to undertake.

Senator COONAN—The June estimates revealed that DFAT's resource and funding reviews, as well as the priority framework, would be finished in about September. I know Mr Ritchie dealt with that this morning, but I just missed the answer. Could you tell me briefly where the review is up to?

Mr Ritchie—The so-called branch review of the department, jointly being undertaken by ourselves and the Department of Finance and Deregulation, is literally in its final stages of drafting. I would expect that we would be able to put something to our ministers in the very near future. I should add that decisions will be taken on that in the 2009-10 budget context.

Senator COONAN—Have the government, the department or any officials received any feedback or comment from foreign representatives about the initiative?

Ms Bird—In terms of our candidacy?

Senator COONAN—Yes.

Ms Bird—Yes. We have been very encouraged by the positive response we have had to our candidacy. It is fair to say that the government's renewed commitment to the United Nations and the concrete steps that we have taken, such as the Kyoto ratification and the increase in aid, have been very well received internationally.

Senator COONAN—What is our strategy for winning support for Australia's Security Council candidature from the 22-member states of the Arab League?

Ms Bird—Our strategy with all states is essentially the same. Our strategy is to make our case persuasively to all 192 UN member states.

Senator COONAN—I would expect that, but what is the strategy?

Ms Bird—As I said, the strategy is to make our case persuasively. We think we have a very good case to make. Our credentials are strong. We are a major contributor to the UN with the budget, peacekeeping and other aspects. As I said, the government's policy to the UN and multilateralism resonates very well. Essentially, we are making that case in each of those 192 member states.

Senator COONAN—I take it from your answer that there is no differentiation of Australia's approach or different tactic or different strategy for any particular member or group of members?

Ms Bird—Obviously, strategies will be tailored to countries and regions in a general sense, but the overall strategy is essentially the same, and that is making your case persuasively.

Senator COONAN—How will it be tailored to the 22 member states of the Arab League?

Ms Bird—When I say 'tailored', what I mean is that in some regions we have very good diplomatic representations and in others we do not, so we might need to deploy more people to one region than another. Sometimes we will make use of regional gatherings in some areas to be able to make our case to those countries. The case we are making does not change.

Senator COONAN—Have we turned our mind in any detail to how we are going to specifically tailor representation in the Arab states?

Ms Bird—As I said, the case we are making is the same. Sometimes the way in which we do it might differ. For example, if you have a country with which we have a very strong bilateral relationship and a large diplomatic presence where we are well known to that country, you might not need to put quite as much effort into explaining what Australia is and what our government represents. If you are talking about a country or a region where we are perhaps not as well known, we might have to put a little bit more effort into that.

Senator COONAN—I appreciate that, and that is precisely what I am asking. Will more effort be needed, for example, with those countries that I have just mentioned and how are we going to do that?

Ms Bird—That is why we got the additional funding. That will enable us, for example, to send people to visit those countries to make our case either from the resident post or from New York.

Senator COONAN—Do we have a plan yet?

Ms Bird—We have been in touch with each of our posts and we have asked them if they would require some additional money to make some more visits. As I mentioned previously, there are often regional meetings that bring together countries. They are good opportunities for us to make our case as well.

Senator COONAN—The foreign minister, Mr Smith, has said that he wants to forge a new partnership with Africa, which of course is a very large voting bloc, aside from the intent of garnering votes for the bid. What are the features of the proposed partnership that will sustain beyond the bid, that is, 2012-13? Presumably it is not just a matter of going out and chucking

a whole lot of aid at Africa. I do not mean to demean it by saying that. I am just trying to differentiate and ask: what are the long-term goals?

Ms Bird—I will ask my colleague Ms Stokes to join us. As you suggested, our engagement with Africa is driven on the merits of the case. It is not being done for our Security Council campaign.

Mr Ritchie—I will just add something and then ask Ms Stokes to add some comment. What Mr Smith has in mind is a view that our relations with Africa have not necessarily kept pace with developments on the ground. For example, we have around 400 Australian companies active in Africa, including some really major mining companies throughout the country. We have a lot more Australians there. Our representation is quite small in Africa. The levels of our aid might need to be reviewed to see whether we should be doing more in Africa, especially bearing in mind the international community's efforts in Africa and the interests in Africa. What he is talking about is something that goes far wider than the Security Council. It is looking at upgrading our relationship with Africa and making sure it is contemporary, and we hope that will also have a positive spin-off for the Security Council campaign. I will let Ms Stokes add to that.

Ms Stokes—I do not have a lot to add to what Mr Ritchie has just said. I would say that, even if we did not have the UN Security Council campaign, we would need to look at our engagement with Africa because our interests have significantly changed there.

Senator COONAN—Can someone at the table tell me whether the efforts that we are going to make with the Arab countries, and to build up and build on our presence in the Middle East, will be done consistently with Australia's longstanding support of Israel and Australia's commitment to human rights?

Ms Stokes—I am not sure that I fully understand your question. The reality is we already have a very strong relationship with Israel, and I see no changes on the horizon there. With respect to our relations with the Gulf countries—or did you say Middle East?

Senator COONAN—Arab countries.

Ms Stokes—With respect to the Gulf countries, our relations there are also very strong and continue to grow. For example, recently in the margins of UNGA the foreign minister met with the GCC ministers and that was the first time we had that kind of engagement. Our trade relations with the countries of the Gulf are very—

Senator COONAN—Yes, I did say Arab countries.

Ms Stokes—I am not sure I understand the point of your question, but we do not see them as either/or.

CHAIR—I am now going to be forced to end that discussion, as interesting as it is, and hand over.

Senator COONAN—I have a number of questions on notice.

CHAIR—That is fine. You have the right to put any questions on notice.

Senator COONAN—I thank the committee again for that indulgence.

CHAIR—We will turn to Senator Ludlam to go through now until 3.30 pm.

Senator LUDLAM—My questions go to 1.1.10, Security, nuclear disarmament and non-proliferation. I was hoping to speak to someone in the Australian Safeguards and Non-Proliferation Office.

Senator Faulkner—Yes, you can start.

Senator LUDLAM—Am I addressing the questions to Mr Carlson?

Mr Carlson—Yes.

Senator LUDLAM—Are you confident that Australian uranium sold overseas will never end up in nuclear weapons?

Mr Carlson—Yes, I am confident.

Senator LUDLAM—Are you 100 per cent confident? What is your degree of confidence and your reason for such a high degree?

Mr Carlson—I have not tried to quantify my confidence. Confidence is a judgement rather than a mathematical formula. My confidence is based on the nature of our agreements, the nature of the international safeguards system, the non-proliferation system more broadly and our relations with the governments with whom we deal in facilitating uranium transfer.

Senator LUDLAM—Just to clarify, does your office perform inspections of nuclear facilities overseas or do you leave that to other agencies?

Mr Carlson—We do not carry out inspections.

Senator LUDLAM—You are relying for your confidence on other agencies, such as the International Atomic Energy Agency, for example?

Mr Carlson—Yes. The International Atomic Energy Agency performs inspections when required, but we do not rely wholly on inspections. As I said before, we look at a range of factors: the nature of the non-proliferation regime in general, our relations with governments concerned and our understanding of their policies, practices and so on.

Senator LUDLAM—It sounds like a degree of trust is involved.

Mr Carlson—Yes, there certainly is.

Senator LUDLAM—A high degree of trust?

Mr Carlson—A degree of trust which is appropriate in international relations.

Senator LUDLAM—Does your office or perhaps DFAT more broadly consider that the threat to use nuclear weapons by one of our trading partners should disqualify that country from receipt of Australian uranium?

Mr Carlson—That is a hypothetical question. We are not aware of any such threat. If there were such a threat, no doubt the government would want to consider that.

Senator LUDLAM—Would you be providing advice to the government in such a case? I am aware of instances in which Chinese and Russian officials, at the very least, have threatened first use of nuclear weapons. Do you provide advice to government in those instances about the wisdom or advisability of continuing to supply uranium to them?

Mr Carlson—For a start, we are getting into a discussion about what is a threat and what is a statement of longstanding nuclear doctrine by those governments. As much as we might regret the existence of nuclear weapons, they do exist and the governments that have them have articulated policies in the context of which those nuclear weapons might be used. I think the government's response in this situation is demonstrated by the establishment of the International Commission on Nuclear Non-Proliferation and Disarmament to try to further progress the cause of nuclear disarmament. Returning to your question, if there was a threat a number of people would be consulted. I would be one of a number of people who would be consulted by the government for advice.

Senator LUDLAM—I will not ask you to speak on behalf of another agency, but what level of threat to use nuclear weapons is your office willing to accept in recommending continued sale of Australian uranium?

Mr Carlson—That is not really for my office to make those judgements on what is a level of threat.

Senator LUDLAM—I would have thought that your office is precisely where that expertise resides.

Mr Carlson—We can help in interpreting whether statements made represent threats or simply articulation of existing policies.

Senator LUDLAM—I would draw your attention to chapter 5 of the ALP national platform, to only sell uranium to states that are observing the Nuclear Non-Proliferation Treaty. I wonder if I can get your thoughts on article 4 of that treaty in particular, which requires nuclear weapon states that are signatories to that treaty to disarm.

Mr Carlson—Do you mean article 6?

Senator LUDLAM—I thought it was article 4, but I stand corrected. You are the expert in the field. Did all of the countries have disarmament obligations under the non-proliferation treaty? Obviously that is not occurring in all of those instances. These countries are, in fact, modernising and improving their nuclear weapons and arsenals.

Senator Faulkner—A lot of the questions are omnibus to officials, but questions about the Labor Party's national platform, if you wish to pursue those in some way—and I do not know that Senate estimates is necessarily the most appropriate forum—are better directed to me than officials.

Senator LUDLAM—I was not calling the policy into question. It was the fact that the Australian government holds the policy that we will not sell uranium to people who are in breach.

Senator Faulkner—You have made that contextual to a party-political issue and I am just making the point that we must frame our questions such that we do not in any way make officials feel that they are compromised in responding. Understanding that, Mr Carlson may care to perhaps ignore just that small element of your question, and then move to the substantive part that does not mean that he is engaging in the political debate. Would you care to rephrase your question?

Senator LUDLAM—I will rephrase the question. The nuclear weapon states that are signed up to the non-proliferation treaty are obliged to disarm and the Australian government does not sell uranium to countries that have not signed up to the non-proliferation treaty. What are your views on countries that are clearly in breach of their obligations to pursue disarmament under that treaty?

Mr Carlson—Firstly, let me clarify that the non-proliferation treaty itself is not precise on the nature of the obligation to disarm. Article 6 talks about all parties, not simply the nuclear weapons states, engaging in negotiations for the purpose of nuclear disarmament. Also, all parties are required to enter into negotiations for a verifiable general treaty of disarmament. These are very ambitious goals and it is clear that the NPT envisages there would be one or more separate treaties to progress those matters. As it happens, the major nuclear weapons states, the United States and Russia, have made substantial progress in reducing warhead numbers. Obviously Australia would encourage that that process continue towards much deeper cuts. This comes back to, amongst other initiatives, the establishment of the international commission that I mentioned.

Senator LUDLAM—Are you intending to be at the Australian Nuclear Association event in Sydney on the 24th?

Mr Carlson—Yes, I am.

Senator LUDLAM—I believe congratulations are in order; you are due to accept the ANA's annual award. Was that the purpose of your attendance?

Mr Carlson—Yes. Thank you for your congratulations.

Senator LUDLAM—I am just wondering whether you consider it appropriate for a director-general of a statutory authority to be accepting awards from a lobby group.

Mr Carlson—I would disagree with you that it is a lobby group.

Senator LUDLAM—How would you describe the ANA's activities?

Mr Carlson—A professional association. Their activities include enhancing public understanding of nuclear issues.

Senator LUDLAM—That is also the role of lobby groups. Do you deny that they undertake lobbying activities in Parliament House and elsewhere?

Mr Carlson—I am not aware whether they undertake lobbying activities in Parliament House. I will not enter into a dispute with you about that. I think you need to distinguish between the activities of individuals and the activities of the association. I am certainly not aware that the association as such has conducted lobbying as such. Be that as it may, I think it is a good thing that a nuclear organisation recognises the importance of non-proliferation and disarmament and it is in that spirit that I am happy to accept the award.

CHAIR—Thank you. I wish to thank Mr Ritchie and the other officers from the department for attending today. The committee will now stand adjourned until 3.45 pm, when we will resume with AusAID.

Proceedings suspended from 3.31 pm to 3.45 pm

CHAIR—The committee will come to order. We are doing budget estimates for AusAID. Senator Coonan has requested the floor, so she will lead off.

Senator COONAN—I have a brief set of questions. Once again, I thank the officials very much for accommodating my earlier request. Could I be told, simply because I am not familiar with this, what funding streams are available from AusAID for organisations that promote the Millennium Development Goals?

Mr Davis—The promotion of the Millennium Development Goals really cuts across the entire sway of programs from AusAID. That means there is a range of approaches through country-to-country support and support through multilateral agencies and non-government organisations. It really is on the basis of working towards those eight outcomes in the MDGs that the whole program is centred. As part of that, each of the different types of aid provided is making a contribution towards those goals.

Senator COONAN—I appreciate that it is diffused throughout AusAID. Is it possible, even if it is done on notice, to get any more precision into how it is then described as contributing to the MDGs?

Mr Davis—Yes, we can do that.

Senator COONAN—Thank you. I do not want to ask you to do something on the spot that is difficult to do. In looking at the AusAID decision-making process for the grant of funds for something that might ultimately feed into the MDGs, is any priority given to not-for-profit organisations to carry out those functions?

Mr Davis—There certainly is. One of the areas of focus within the program is working with and through Australian NGOs, international NGOs and, indeed, indigenous NGOs within individual countries.

Senator COONAN—Would it be the case, or is it too simplistic to say, that there would have to be some particular reason for giving a for-profit organisation one of these contracts or grants?

Mr Davis—It depends very much on the nature of the task at hand. Some of the very big and long-term activities are much better suited for engagement of a management contractor, for example, or it might be that it is better to work with and through partner governments' own budgets and systems. In other cases, it is better to work with the not-for-profit sector.

Senator COONAN—In the grants process, are there conventional or usual clauses in the grant agreements relating to what happens to any intellectual property that may be involved in a program?

Mr Davis—I will get Laurie Dunn to comment on that.

Mr Dunn—Yes, there are standard clauses in contracts and funding agreements that assign intellectual property created through that activity to AusAID. It is the practice, however, that we make available that intellectual property for dissemination and wider use.

Senator COONAN—If I can use another hat, is it almost an open source approach to the intellectual property?

Mr Dunn—Yes.

Senator COONAN—This would also apply, whether it is a not-for-profit organisation that is the recipient of a grant or a for-profit organisation that is the recipient of a grant.

Mr Dunn—Yes, it does.

Senator COONAN—Is anyone at the table familiar with the Global Poverty Project?

Ms Walker—I am familiar with the project.

Senator COONAN—Has that received funding from AusAID.

Ms Walker—Yes. The project will receive funds of \$150,000 in a series of tranches.

Senator COONAN—What was the subject of the grant?

Ms Walker—The project proposal put by the Global Poverty Project to us and other sponsors, including the United Nations, details a range of activities designed to support engagement with the Australian community in the first instance and with communities around the world, in order to increase their knowledge and understanding of global poverty and the action that individuals and communities can take to reduce poverty and to engage them more directly in actions that they themselves can take to be part of global poverty reduction efforts. So it has very clear links with the Millennium Development Goals.

Senator COONAN—Was the awarding of this particular grant subject to any kind of tender process?

Ms Walker—It was not the subject of a tender process. Not all activities which the agency has supported over a number of years through our communications vote are submitted to a tender process. In some cases they are evaluated independently, internally or by peers to assess their suitability for funding. But not all activities that are designed to raise community awareness are the subject of tender processes.

Senator COONAN—How and by whom was the Global Poverty Project evaluated?

Ms Walker—It was evaluated by the communications area within AusAID while at the same time being evaluated by other sponsors, including from the private sector and the United Nations Millennium Campaign, which has also made a contribution to the Global Poverty Project.

Senator COONAN—Are you able to give me a list of the sponsors?

Ms Walker—Yes.

Senator COONAN—Do you need to take that on notice or do you have those details now?

Ms Walker—I am aware of three sponsors: the Australian government, the United Nations Millennium Campaign and a private sponsor from Australia. My information might be a little out of date, so I think it would be better for me to take it on notice and we will, of course, check with the Global Poverty Project.

Senator COONAN—Thank you very much. What is the duration of the project?

Ms Walker—The project has several phases; it is in its initial start-up phase. The contribution that we have provided is for phases 1 and 2 of the project. I am not sure that it has a fixed time period.

Senator COONAN—So it could be open-ended.

Ms Walker—The project will be launched within Australia and the intention is that it will be launched subsequently in other countries.

Senator COONAN—Has it been launched yet?

Ms Walker—It was formally launched as a project, but the products of the project have not yet been launched.

Senator COONAN—Have any funds flowed yet to the project?

Ms Walker—We will have to take that on notice. I am aware that officers from our communications section have been having discussions with the Global Poverty Project about the release of funds and the way the funds would be released according to a record of agreement. I cannot be certain that funds have flowed to the project yet.

Senator COONAN—Obviously there are some key performance indicators as part of the grant; am I assuming correctly?

Ms Walker—Yes.

Senator COONAN—Are these contracts normally made available to the committee?

Mr Davis—I do not think we have ever provided them to the committee, but we can look at the capacity to do that.

Senator COONAN—Please take it on notice. I cannot imagine that there would be very much that would be objectionable about providing it but, as there may be, it is entirely appropriate that you take it on notice.

CHAIR—What has been taken on notice?

Mr Davis—Taken on notice was the ability for us to come back to the committee with details of the record of agreement for our contribution to this project.

CHAIR—Before we went to afternoon tea, Senator Faulkner expressly refused to provide contracts that were requested then, on the basis that they had never been provided. So you might refer this discussion to the appropriate authorities within the department, Mr Davis.

Mr Davis—Thank you.

Senator COONAN—Anyway, it has been taken on notice. It was not meant to be a trick question, so the officers will have the opportunity to form an assessment. Is the Global Poverty Project, as the recipient of this grant, a private company?

Ms Walker—A private company has been set up to drive the project.

Senator COONAN—Who are the shareholders of the company?

Ms Walker—I will have to take that on notice, as I do not have that information with me.

Senator COONAN—Thank you. Just so that I understand you: a private company has been set up, in effect, to receive the moneys that are the subject of this grant and to run the project. Is that right?

Mr Wilson—Probably, the correct characterisation is that a private company is operating as the sponsor of the project and as the focal point for gaining contributions from the range of sponsors from which it is seeking support.

Senator COONAN—Would it also receive moneys from AusAID?

Mr Wilson—The contractual arrangement would be made with that outfit, yes.

Senator COONAN—So this would be, in terms of this particular project, a departure from AusAID's normal approach to using not-for-profits for these sorts of grants.

Mr Wilson—A trust fund has been set up to receive funds, as I understand it, from the various sponsors of the project, understanding that it is not, in itself, an AusAID initiative.

Senator COONAN—But AusAID money is going to this particular private organisation. Is that right?

Mr Wilson—That would be the proposal, as we need an entity with which to enter into a legal arrangement.

Senator COONAN—Is it suggested that the company would be, say, limited by guarantee, or is it going to be a proprietary limited company, where shareholders would be entitled to all of the usual rights of a private incorporated organisation?

Mr Wilson—I would need to take on notice the government's particular arrangements around the entity concerned; I just do not have that detail in front of me.

Senator COONAN—Without beating about the bush, I am interested to know whether shareholders of this private company are going to be able to access some public funding in respect of this particular project.

Mr Wilson—I think we have said that we will take on notice the issue of whether the company is established in that way and whether it includes shareholders in the way that you have characterised.

Senator COONAN—That is the point. I am interested in knowing whether or not individuals have set up a private company and are entitled to all of the benefits of running a private company with some AusAID contribution for this particular project.

Mr Wilson—We would be happy to provide that detail.

Senator COONAN—In respect of this particular contract, are there any other different arrangements in relation to the usual or standard clauses on intellectual property?

Mr Wilson—Not that I am aware of, no.

Senator COONAN—So it would not be correct to say that, as a condition of the grant, there was any removal or alteration of the standard clauses in relation to AusAID retaining intellectual property in the project.

Mr Wilson—Again, the Global Poverty Project is not one of AusAID's own initiatives; it is an initiative that we have chosen to join with other contributors to. Having said that though, with the contributions that AusAID would make to the project, we would expect to maintain intellectual property over our contributions, depending on what they end up being.

Senator COONAN—Was there any intervention or direction from the minister or the Prime Minister, in respect of the assessment of this project?

Mr Wilson—No.

Senator COONAN—So the decision to fund this project was entirely that of AusAID; is that right?

Mr Davis—We followed the normal practice of putting a recommendation for funding through to the minister.

Senator COONAN—Forgive me again, because I am not familiar with the process, but does the ultimate authority for approving this kind of project rest with the minister?

Mr Davis—That is right.

Senator COONAN—I have given you some questions on notice, and I will come back to that issue at another time. Thank you.

Senator PAYNE—Mr Davis, I want to start with some of the recent reports around the global financial crisis and its impact on things such as food costs. I know that, after Mr Risley's visit to Australia, an increase in the contribution to the WFP was announced by the then government. But in recent times events have led to reports, for example, just in South-East Asia itself, of 44 million people being consigned to poverty based on escalating food costs, fuel prices and so on and the financial crisis itself. I wonder whether, in that context, AusAID have heard those reports and what your view is of the quantum being thrown around regarding the number of people affected. Then we will come to a couple of other questions.

Mr Davis—I will get Andrew Laing, who has done quite a lot of work within the agency looking at this particular issue, to make some comments.

Mr Laing—Yes, we have been following those discussions and reports. In particular, I think you have referred to the number of 44 million people. We understand that that was a misrepresentation of a World Bank study of the possible impacts of the food and fuel situation on poverty over a fiscal year.

Senator PAYNE—A misrepresentation by whom?

Mr Laing—I think it was in the *Australian*, if I recall, and was referencing the World Food Program.

Senator PAYNE—If that is not an accurate representation, what numbers do AusAID contemplate bear looking at in this regard?

Mr Laing—It is difficult to assess and we are working closely with other international organisations. But let me say this: AusAID recognises that developing countries in the region do face serious challenges from the financial crisis and the food and fuel situation overall with the current global economic outlook. Successful restructuring and stabilisation and accounting and regulatory reform policies that are being implemented or that are under consideration by governments around the world may contain adverse consequences for economic activity.

We believe that there are different challenges facing countries in Asia compared to the challenges facing countries in the Pacific. In Asia, in particular, the challenge is more through the slower growth from OECD countries that is expected to flow through to the real economy.

That would have a lag effect and take some months to become apparent. The impact of the Asian financial markets, which have weakened dramatically in recent weeks, again will be on the real economy, but its impact there will be less than that on developed countries. The main reason for that is that Asian financial markets have relatively less influence on economic activity in Asian countries compared to that in developed countries and the Asian sector is less reliant on capital markets for finance and share ownership is not widespread amongst consumers in Asia.

In addition, Asia has little direct exposure to the troubled assets under question—the subprime assets and the asset backed securities, which underpin the current financial crisis—although there are liquidity and confidence issues that they are still considering. We believe that the primary banking risk for Asia appears to be from a potential lack of US-dollar liquidity, given that Asian traders essentially require US dollars. Consequently, the success of the stabilisation efforts will be critical in the short term and that will impact on assessments of the poverty impacts on the global economic climate.

In the Pacific, we believe that it is a different situation. Developing countries are expected to be less affected than those in Asia by the financial crisis and deteriorating growth prospects, but they do face significant challenges from food and fuel prices, for example, where countries are reliant on diesel for generation. Financial systems in the Pacific are relatively closed and they do not rely on foreign investment for financing. Finance is essentially sourced through traditional bank based lending, which is backed by domestic savings. Also, the banks in the region are dominated by well-capitalised Australian and New Zealand banks, and that means their direct exposure to the crisis is also limited.

Senator PAYNE—Thank you very much for that detail. What about the impact particularly of the financial crisis on donors in the region—that is, constraints that they may experience in their capacity to continue to make the sorts of contributions they currently make in the Asia Pacific?

Mr Laing—Is this through currency?

Senator PAYNE—Yes, and just general lack of funds.

Mr Laing—I would refer that to one of my colleagues.

Mr Davis—At this stage we do not see any evidence of any withdrawal of aid funding available in countries in the Pacific.

Senator PAYNE—You do not see any evidence of that?

Mr Davis—No.

Senator PAYNE—But is it something you are monitoring?

Mr Davis—Yes.

Senator PAYNE—What about in relation to AusAID's priorities? Are you giving any consideration to changing or reordering priorities in this context?

Mr Dawson—We are obviously watching these events carefully and talking with a range of our other development partners within the region, particularly the multilateral development banks and major bilateral donors, such as New Zealand, and other key organisations, such as

the European Union. A number of aspects are of potential concern, for example, within the Pacific region. They go to some of the things that Mr Laing has mentioned already, such as the implications of fuel prices for overall budgetary stability and to issues such as the value of offshore investments. A number of countries in the region have trust funds that form a key part of their capacity to maintain stability in their budget arrangements. Those funds have investments offshore. In some countries—Tonga and Kiribati, for example—remittances form a key part of overall economic flows. If there is a slowdown in countries to which migrant workers go, that will inevitably have some impact on levels of remittance flows back to the region. In addition, we will need to watch commodity prices in some countries, such as PNG, East Timor and the Solomon Islands, as they are very heavily reliant on earnings from commodity exports.

As I have said, we have a dialogue with our other key development partners within the region; we are talking on a regular basis about this. A number of those organisations are doing analysis around this subject and, as that analysis comes through, we are sharing it between us. We have talked about the importance of a coordinated approach to any country in the region that asks for assistance, in making sure that we come at that from an agreed policy approach but with a determination to ensure that, if serious issues need to be dealt with, the donor community is able to do that.

Senator PAYNE—You referred then to ‘any country which asks for assistance’. Has AusAID been approached for advice, support or assistance, in the context of this issue, from any of the countries in the region?

Mr Dawson—Tuvalu is the only country that I am aware of that has asked for assistance.

Senator PAYNE—What is the context of that request? What sort of assistance are they looking for?

Mr Dawson—Essentially, they were looking for assistance with budget support. The Tuvalu Prime Minister raised the issue with the Australian Prime Minister. There have since been a number of discussions at officials’ level. Those discussions have also involved NZAID and the Asian Development Bank, which has a particular interest and involvement in financial management issues in Tuvalu. The purpose of those discussions really has been to try to explore Tuvalu’s budgetary or fiscal position and their challenges. The initial request was phrased very much in terms of the impact of rising fuel and food prices. But, as we have talked further about those issues with the government of Tuvalu, it is clear that there are a number of budgetary challenges associated with their current policies and budgetary management practices. Some of them go to longer term reforms with their budgetary settings and not simply to the impact of food and fuel prices.

Senator PAYNE—In short, does that mean we said, yes, we would help?

Mr Dawson—Yes. We have said that we stand ready to help and we are talking further about what the nature of that help should be.

Senator PAYNE—I mentioned, I think, at the beginning of my questions, or at least I noted the government’s announcement earlier in October in relation to an increased contribution to the World Food Program. I think that is the emergency appeal, isn’t it?

Mr Davis—That is right.

Senator PAYNE—Is any consideration being given to further contributions, in the context of food shortages and the sorts of issues that we are discussing now, to a program like the World Food Program—particularly by the multilaterals?

Mr Davis—The government is currently looking, in the context of the budget, at what sort of broader range of options there are for addressing food security issues more generally. That cuts across everything from emergency support and support for livelihoods through to longer term approaches to improving agricultural productivity.

Senator PAYNE—There will be more on that later, I assume?

Mr Davis—Yes.

Senator PAYNE—I come back from that broad of the Asia-Pacific to a question that we were discussing at the previous estimates in terms of the Pacific Partnerships for Development. Mr Davis, I think you had the enviable opportunity of being in or, at the time, probably pursuing a Pacific partnership—or at least hopefully. That is what they told us.

Mr Davis—I certainly was.

Senator PAYNE—There is no note from the teacher, but that is what we went with. That is PNG, as announced earlier, and Samoa; and I read recently that discussions are underway or have been undertaken with the Solomon Islands.

Mr Dawson—That is right. We have had one round of discussions already. I am going to the Solomon Islands early next week for a second round of discussions on a partnership arrangement.

Senator PAYNE—In relation to the PNG and Samoa arrangements, at the forum meeting in Niue, am I correct in saying that the—are they called agreements?

Mr Dawson—No, they are not called agreements because they are of less than treaty status.

Senator PAYNE—Thank you; I stand corrected. What are they called then? Help me.

Mr Davis—Partnerships for development.

Senator PAYNE—They are called partnerships.

Mr Dawson—Yes.

Senator PAYNE—The document itself is also referred to as a partnership.

Mr Dawson—They are called a partnership for development between the government of Australia and the government of wherever.

Senator PAYNE—Were they dealt with by the respective prime ministers of PNG and Samoa at the Niue Pacific forum?

Mr Dawson—That is right. Those documents were signed there.

Senator PAYNE—I want to ask a couple of questions about the performance measurement in those partnerships and the implementation approaches. I was looking at the partnership priority outcomes for PNG and, to start with, I am interested to know how those priorities

were identified and selected specifically for PNG. Let me give you an example. Priority outcome 3 is improved health outcomes. I was happy to hear the background so that I understand it better, but I was surprised not to see a specific reference to addressing the spread of the epidemic in priority outcome 3 of this first Pacific Partnership for Development, given, as I understand it, the priority that we place nationally on in our relationship with Papua New Guinea. Not detracting at all from those issues that are there, I note that it is included in the list of further priority outcomes that may be included in the partnership in future, but I was surprised that it was not in the first one.

Mr Dawson—I will explain. We certainly treat the issue of the spread of HIV-AIDS as a key development challenge in our development cooperation relationship with Papua New Guinea. It was one of the identified priority areas of our existing development cooperation arrangements with Papua New Guinea before the institution of the partnership for development. We fully intend that we will come back to this list of further priority outcomes and do more work around each of the areas there. That issue is first on that list, which is an indication of the sort of priority that we certainly will be giving to it in discussion of further outcomes. But that does not mean at all though that there is any diminution in the nature of and the funding for the work we are doing on HIV in Papua New Guinea. Existing programs will continue to run, will continue to be funded and will continue to be given the same priority in our management structures as they have been to date. It is simply that we are trying, with some particular areas to begin with, to work in a slightly different way through the identification of particular measures of performance, to agree commitments on both sides to achieving those particular measures of performance and to track performance and put additional funding against them. That is an approach that we felt, from a purely practical point of view, we could not sustain across the whole sphere of things that we do in Papua New Guinea, which is one of our biggest programs. We have started with a few key areas, but that certainly does not indicate that we will not be coming back to the issue of HIV and it certainly does not indicate that we do not continue to give that a very high priority.

Senator PAYNE—I understand that. My concern is that it seems to me it sends a slightly mixed message about importance. Pacific Partnerships For Development is much vaunted. I saw the bells and whistles, the lights, cameras and action and everything else that went with this. This has a very significant priority placed on it from government. It seems to me that it sends a slightly mixed message—I thought I understood how seriously the Australian government viewed our engagement on HIV in the region, particularly in PNG—not to have it in the first of these much-vaunted partnerships with PNG.

Mr Dawson—I can only say that the partnership was obviously a product of discussion between us and the government of Papua New Guinea. In that discussion, we talked about a whole range of things that might be included. Clearly, from our side, the issue of HIV was a very important element, and the government of Papua New Guinea was happy to have it listed there as a priority outcome. But, in the judgement about what to put in the document to begin with, it was not one that we felt we had the best chance of being able to construct a good system of performance measurement around from the beginning. We wanted to try that with a few areas in which we felt the work had been done better on the PNG government side to

allow us to construct the sort of arrangement around measurement according to outcomes that we have tried to achieve under key priority outcome areas.

Senator PAYNE—So the bottom line is that the Papua New Guinean government did not want it as part of improved health outcomes in the first set of priority outcomes?

Mr Dawson—No, I am not saying that. I am simply saying that, in discussion between the two sides, it was not felt to be of the same suitability for inclusion as an early priority outcome in starting to work through this different way of working.

Senator PAYNE—For what it is worth, as a humble backbencher—kind of backbencher; maybe these days I am sitting in the middle—member of the opposition who was briefed very comprehensively by your officers in Port Moresby recently, for which I am very grateful and which briefing was extremely useful, it disturbs me enormously that HIV has not been included in ‘improved health outcomes’ of the first Pacific Partnership for Development with Papua New Guinea, and even more so after my having had the benefit of meeting with the Papua New Guinean health minister and his parliamentary secretary on the matter.

Senator FIERRAVANTI-WELLS—I have a couple of questions on the seasonal guest worker program. I asked some questions in Immigration the other evening and basically was directed to other places. I would like to understand the involvement of AusAID and, more broadly, the department. Insofar as concerns the question about the department, if nobody can answer it here, perhaps it could be taken on notice. I am interested in understanding the role of AusAID in the program.

Ms Lake—The role of AusAID in the program is to support particularly the development aspects of the labour mobility seasonal workers program. We will be involved particularly in supporting the development of predeparture briefing. We will be supporting the countries themselves, with the processes within their immigration departments and so on, to build up capacity regarding the selection and management of the workers and then to put in place the training programs being developed under this seasonal workers program.

Senator FIERRAVANTI-WELLS—Are you doing that on behalf of DEEWR or as part of your own program?

Ms Lake—The seasonal workers program is run through a series of different departments.

Senator FIERRAVANTI-WELLS—I am aware of that.

Ms Lake—The work that we are doing is on the part of AusAID.

Mr Dawson—It will be funded out of AusAID appropriations.

Ms Lake—Yes.

Senator FIERRAVANTI-WELLS—In relation to the transfer of funds, an issue has arisen as to those funds not being seriously eroded by fees and charges. Are you also looking at that?

Ms Lake—Are you referring to remittances?

Senator FIERRAVANTI-WELLS—Yes.

Ms Lake—Yes, we are. A series of work is being done not only with the labour mobility scheme but also separately, because remittances are an incredibly important part of the Pacific

economy more generally. We have been doing work on remittances and improving the ability of Pacific islanders, in particular, to understand what the options are with transferring funds and, thus, where to go regarding the cheapest and most appropriate rates. The particular workers who will be selected under the seasonal workers scheme will also be receiving additional financial management training, which is about helping them to work out the best ways to remit savings from the scheme.

Mr Dawson—One particular initiative, which we had in train well before this program was announced, is some work that we are doing with our colleagues from a New Zealand aid agency in developing a website to make information easily accessible to Pacific island workers regarding the cheapest and most effective transfer channels for financial remittances.

Senator FIERRAVANTI-WELLS—Are you doing any work to ensure that, particularly in those countries, the selection of workers will be free from any political interference? I know that concern was raised in Immigration estimates the other evening. Are you doing any work on that?

Mr Dawson—Selection issues are being looked at on a whole-of-government basis. We will help countries, where necessary, with their management and institutional arrangements for managing an overseas workers scheme. But the particular arrangements around selection of workers are not something that we have responsibility for.

Senator FIERRAVANTI-WELLS—Could you take on notice to provide for me a bit more detail about all the areas that the department is involved in and—most specifically, as far as AusAID is concerned—that perhaps have not been raised here. Thank you.

Senator PAYNE—With the introduction of the workers pilot scheme and in the general focus of AusAID on the Pacific, is any consideration being given to looking at whether this scheme will have an impact on the current amounts of ODA that we deliver in the Pacific? Is the scheme likely to diminish those in any way or change the balance?

Mr Dawson—There has been no discussion about any relationship between levels of remittances and levels of Australian ODA.

Mr Davis—Particularly at this stage, with it still being in the pilot stage, it is far too early to see whether there would be a likely impact on broader economies for a number of years.

Senator PAYNE—But I assume that down the track you would have an eye on that—not necessarily changing levels but just looking at the impact on economies and the impact on communities and things like that.

Mr Davis—And the impact on partnerships as well.

Mr Dawson—Part of the work which we will be contributing a whole-of-government approach to on this issue is around the assessment of impact, including development impact, of the scheme. So the evaluation of the scheme from a development impact point of view is something which we will be doing.

Senator PAYNE—Is that assessment review or analysis, or whatever word you want to use, the sort of thing that the committee can explore with AusAID in due course?

Mr Dawson—Certainly.

Senator PAYNE—Can I come back to the partnerships. The two partnership documents, the PNG and Samoan ones, are obviously fundamentally very different because we are dealing with countries in quite different circumstances at this stage. Just looking at the fact that currently Papua New Guinea, as I understand it, is not on track to meet a single Millennium Development Goal by 2015, do we think, for example, when we are putting together the partnership, that our current aid contribution is sufficient to assist Papua New Guinea in moving to meet any of the MDGs, or are we reviewing that as well in the context of the partnerships?

Mr Dawson—I think it was always envisaged that the partnerships would provide a framework for potentially scaled-up official development assistance to the partnership countries. It is always a difficult judgement to make about whether or not a level of ODA to a particular country is adequate. But the development challenges that PNG faces—its size, difficulties in moving around it, its language difficulties and its health, education and other indicators—all seem to indicate to us that there is significant justification for some increase in official development assistance to PNG. However, on the other hand, PNG is also a country that has significant mineral resources of its own—and potentially there will be more—with more flowing into its budget. So we need to explore with the government of Papua New Guinea what might be an appropriate level of contribution. But we are certainly looking at the idea of some increase in levels of contribution underneath a partnership arrangement.

Senator PAYNE—When you say ‘underneath a partnership arrangement’, does that mean that is explored in the context of the partnership or separately as a discussion that AusAID would normally have with a recipient country, or are the two linked now that we have these Pacific Partnerships for Development?

Mr Dawson—They are linked, so we would expect the framework document that has been signed will be elaborated on in different ways. We would expect the priority areas in the framework document to be fleshed out with more detail about the commitments from both sides and with more details about the ways in which we might measure success and about the sorts of targets that we should be following.

In that context, we would be looking for information, for example, about the financial commitment that both sides will bring to the support for work associated with the achievement of those priority outcomes. In the roads and transport area in Papua New Guinea, for example, we would certainly be looking for some discussion with the government of Papua New Guinea about its own contribution to funding basic road maintenance. However, I am sure that in that discussion they will also expect us to be coming to the table with some thoughts about our own contribution. It is that kind of a discussion that we need to have and we will have it, we anticipate, before the next budget. The expression of changes in resourcing will then come through the budget process.

Senator PAYNE—You have prompted me to ask a question about private sector involvement in that process then. Another briefing that I had the benefit of receiving on my very brief visit to Papua New Guinea concerned, for example, the Mobil Exxon LNG project, which is absolutely massive; I am still dealing with the numbers, being fundamentally innumerate. But it did occur to me that, in those developments or projects, they talk about the need for infrastructure, the need for roads, and whether it is a contribution they make, a

contribution they make in conjunction with government, or a contribution they make in conjunction with the domestic government and international contributors and so on. When we are exploring these fundamentals—roads is up here as priority outcome No. 1—what engagement do we have with the private sector and potential developments they are pursuing in that context?

Mr Dawson—We are talking regularly with private sector partners in Papua New Guinea. There is good, I think, opportunity for cooperation in funding of some of these local infrastructure works, but usually infrastructure works associated with a resource development are fundamentally localised. The other agenda that we need to pursue in talking about key economic infrastructure is with the government of Papua New Guinea around its key national roads, most of which obviously will have no way of benefiting from arrangements that might be struck between the government and private sector operators.

Senator PAYNE—I want to ask a further couple of questions on the partnerships and then come back to one specific question on PNG. Mr Davis, you might be able to enlighten the committee. In your absence on the last occasion, Mr Dawson and I had some discussions about how countries were being prioritised to be the beneficiaries of Pacific Partnerships for Development. Can you indicate to the committee why the Solomon Islands was the next cab off the rank, so to speak?

Mr Davis—A number of other countries—we have mentioned the Solomon Islands; discussions are also underway with Kiribati and discussions are beginning with Tonga—are at various stages of early negotiations on what a partnership might comprise. In each case, the expectation is that these will be put in place during the course of the period up to next year's Pacific Islands Forum.

Senator PAYNE—That is in about August-September next year?

Mr Davis—Yes, but many of them are potentially earlier than that.

Mr Dawson—I think it is not so much a case of prioritising some countries over others but rather of simply working out a workable schedule of discussions with countries. We would find it, I think, difficult to be running discussions on partnership arrangements with a large number of countries simultaneously. We really think that the most we can effectively do at one time is a couple of countries, and that is what we are currently working on with the Solomon Islands and Kiribati in the current period to the end of this year.

Senator PAYNE—So three are currently underway, two are signed—

Mr Dawson—Two are signed, two are underway and preliminary discussions have started with a couple of other countries.

Senator PAYNE—I am sorry; now I am confused. Which are the two you describe as being underway? I have three, if you include the Solomons, Kiribati and Tonga.

Mr Davis—The two most advanced are the next group: Kiribati and the Solomons. Beyond that are Tonga and Vanuatu.

CHAIR—Mr Davis, the government has had a couple of serious meetings in the Pacific. Mr Rudd attended those meetings and there was a whole Pacific agenda, which I think is still

under development to some extent. Is there a coordinating or lead agency that has responsibility? Is it DFAT or PM&C?

Mr Davis—For a lot of this work around the broader Pacific engagement, the Department of Foreign Affairs and Trade has a broad coordination role and then, within that role, individual agencies have leads for particular topics. The topic we are doing about partnerships is one where AusAID takes that lead role.

CHAIR—But DFAT is the—

Mr Davis—It has broad coordination responsibility for overall Pacific engagement activities.

CHAIR—What is PM&C's role, if any?

Mr Davis—It participates strongly in a range of the sorts of IDC meetings, which are often chaired by DFAT.

Senator PAYNE—Could I just ask a couple of quick questions about the Samoa partnership document and its priority outcome 3, which is the improved education outcome? Can you give the committee some idea of where Samoa currently stands in terms of targets on the education of girls? It is something that I have been trying to find a little more information on, which I have found challenging.

Mr Tranter—I will try to find the statistics on gender equity with respect to education in Samoa. Just on the nature of the commitments in the partnership framework itself, in general terms, Samoa is doing very well against the MDGs; it is on track to meet most of them and has, in fact, met others. As for the nature of the commitments that we sought to reach in the Samoa partnership, it was really the government of Samoa's item beyond those MDGs. With respect to health and education, the nature of their interest was really about equity issues and the quality of services. You will see in the partnership there is a focus on workforce issues and, in particular, teacher retention in the education sector. There is a particular issue in Samoa with the leakage of teachers to New Zealand. I think about 50 teachers graduate each year from Samoa's teacher college and about that number leave to take up jobs in New Zealand. They have a particular anxiety about retaining teachers and skilling their teacher workforce. Around the first dot point, that is about reduced rates of children dropping out of school. The focus on the partnership there was really looking at inclusive school practices, looking at vulnerable communities, addressing more inclusive education services around disability, for example, and trying to reduce those school drop-out rates.

Mr Dawson—Samoa has a quite comprehensive national development strategy. I am not sure that we have a copy with us at the moment, but during the course of the hearing we might be able to check what is in that in regard to gender equity issues.

Senator PAYNE—And the partnership is linked to that particular domestic development strategy of theirs, and the PNG one is linked to their medium-term development strategy. Is that right?

Mr Dawson—That is right.

Senator PAYNE—When we discussed these previously, before I had had a chance to see a partnership itself, which has been very interesting and helpful, I asked some questions about

what happens if there is non-delivery on one side or another in relation to undertakings. Mr Dawson indicated to me that this was not meant to be a penalising regime but rather a partnership, which I absolutely understand. However, when I look at the frameworks for performance measurement in a lot of these areas, particularly in the PNG document, I do not get a particularly good understanding of what will happen if there are shortfalls in the undertakings, particularly, obviously, in the countries with whom we are partnering.

Mr Dawson—This is something which we simply will have to work through in practice. As I think I said in similar terms last time, the aim is to reach a positive and productive dialogue with countries around development issues and not one which institutionalises conflict. We would certainly be trying to draw the measures of performance from a country's own development plans. We are talking about things that are national priorities and not about things that are some form of imposed conditionality. We would want to have a discussion about whether those priorities are realistic or not.

In some cases, I am sure, as we dig into national development strategies we will find a number of things there that, frankly, are not realistic to achieve in the kind of time frames that are being talked about. We will then have to work through what might be a realistic set of measures of performance over the time frames that we are discussing and agree our contribution. It is entirely hypothetical what will happen if the performance is not at the level that we have mutually agreed. The Prime Minister in Niue was asked similar sorts of questions and was quite firm in his response. When asked about whether we would end up spending more money within the region, he said it would depend entirely on performance and that we will calibrate our development assistance arrangements on the basis of measurable improvements in performance; there is no blank cheque.

So, it is a serious discussion but, as I said, we want this to be a discussion that overall is a positive one. I think we have, on the basis of some of the work that we have done over the last couple of years around performance based aid arrangements, started to learn quite a lot about how to do that in an effective way. So, we have had some examples where performance measures that we have agreed on with countries have not been entirely delivered on and we have adjusted grants accordingly. That has been done in an amicable way with our country partners. So we would obviously hope to continue that sort of style of dialogue, not a confrontational one.

Senator PAYNE—I do understand very well the concept of partnership. It is not lost on me, but I think that there are challenges attached to that process which hopefully will be met. Mr Davis, may I ask a specific PNG health issue question that relates to maternal mortality rates in Papua New Guinea? If I recall correctly, there was a very disturbing report of a significant increase in maternal mortality rates in the last five years in Papua New Guinea quite recently. Am I correct, or do I have the wrong end of the stick there?

Mr Proctor—There is already a very high maternal mortality rate in PNG. There were some preliminary findings recently released of a 2006 demographic health survey which indicated a substantial increase in maternal mortality between 1996 and 2006. We need to be a little cautious. There is some continued debate about the preliminary findings and the final survey is yet to be released by the PNG National Statistics Office. It is obviously of concern. I cannot give you more accurate figures until they have finalised theirs, but it is certainly an

important focus for us in our program. There is a new PNG ministerial taskforce on improving maternal health which in any event, whatever the figures, needs to work very well and we will be supporting them.

Senator PAYNE—I do note, before somebody points me to it, that in priority outcome 3 in the partnership there is a dot point relating to an increased percentage of deliveries being supervised by skilled staff. So I understand that that is being addressed there. Even if the numbers attached to the reports of the demographic health survey that I heard are an overstatement, as you say there is already a very serious level of maternal mortality, did we have specific programs in place to assist in that regard and have we contemplated enhancing those, if that was the case, in light of the report?

Mr Proctor—There are some very large investments in health in PNG.

Senator PAYNE—I understand that but I am talking about maternal mortality and maternal health issues.

Mr Proctor—As part of a broader investment in the health system as a whole and strengthening that, we do have—just forgive me; I am getting my facts here—this overall \$70 million five-year program. My colleagues from the PNG program may be better placed to speak to this.

Ms Callan—Through that \$70 million health capacity building service centre program that Mr Proctor mentioned, we are funding local officers in training on sexual health and reproductive health, safe motherhood and maternal and child health, including immunisation. We are working at the national, provincial and district levels to strengthen the capacity to deliver basic services. We are also training rural midwives to manage obstetric complications in hospitals and we have got assistance in selected provincial governments to deliver basic services, including public health programs.

Senator PAYNE—One of the issues that has been raised with me, and I am sure a number of other members and senators, is the lack of availability of local primary health treatment. One representation of that is a province where previously there had been in excess of two-dozen rural aid posts, say, 10 years ago, and now there are four. This leads to some people in highlands districts, for example, walking days and days for basic health services. Is Australia working with PNG on this issue? I do not think that is in the priority health outcome 3 category in the partnership. What is our engagement in that regard? It has been raised with me several times in recent discussions.

Ms Callan—Yes, we are very concerned, as is the PNG government, with what we regard as the systemic failure of the health system in PNG. The system is very fragile and it is going to take a long time and continued investment to strengthen the capacity of the system. Our approach is two-pronged. One is to work with the PNG government to strengthen the health system over the long term, and we have substantial programs backing that. The other is to work in a coordinated way with government, non-government and international organisations to deliver essential health services in the short and medium term. So we have a number of different ways of addressing this problem.

Senator PAYNE—I understand from reports that Papua New Guinea's Medical Society President, Dr Mathias Sapuri, was in Australia at a conference a couple of months ago. Did

anyone from AusAID meet with him or did we have any contact with him? He raised some very pertinent issues in regard to health administration, health management and—not to point too fine a point on it—health crisis in Papua New Guinea.

Ms Callan—I am not aware of a meeting in AusAID with Dr Sapuri.

Mr Proctor—I believe our senior health advisor, Dr Jim Tulloch, attended the major meeting on this issue. I will let you know if I am incorrect about that. There are subsequent and ongoing discussions that involve his entity. Recently I have been doing so on AIDS.

Ms Callan—Do you mean the PNG Medical Society?

Mr Proctor—Yes, that is correct. We have been in contact only this week in correspondence on an AIDS-related matter. So, certainly, from my side of AusAID we do have contact with him indirectly in this case.

Senator PAYNE—In attachment A to the PNG Partnership Performance Framework, in the middle column, the progress indicators—government of PNG/government of Australia contribution—items 11 and 12 specifically relate to HIV: 11 being the number of sites offering accredited HIV voluntary counselling and testing and 12 being the number of people on antiretroviral treatment. I may be completely misunderstanding this, so I am very pleased to be corrected if that is the case and get some clarity for myself on it. In relation to 11, why is the progress indicator the number of sites offering accredited voluntary counselling and testing and not the number of people taking up voluntary counselling and testing? You can build as many sites as you like but they are completely useless if they are not taken up.

Mr Dawson—That is obviously correct. I think we need to take on notice and return with an answer. The material in this performance framework table was looked through quite carefully with the government of PNG. It drew on a lot of existing government of PNG documents and I am sure there is a specific reason why those particular indicators were selected, but I am not aware of them at the moment, so we probably need to get back with some more information on that.

Senator PAYNE—I would appreciate that, Mr Dawson. Is it a good time, Mr Davis, given that Mr Proctor is there, to ask some HIV-related questions?

Mr Davis—Sure. And in that context I think Mr Proctor would probably like to come back to your earlier comments about AIDS in PNG, as well.

Senator PAYNE—The ones I made in relation to the partnership? I am happy to do that. Just let me go to the document. Did you want to make some observations or tell me I am all wrong?

Mr Proctor—No, I was completely in agreement with you about the need to focus, as we all are, on HIV-AIDS in PNG. With the prevalence rate of 1.6 per cent, clearly this is a major health challenge and Australia has been investing very heavily with PNG in trying to address that for some years. I think the point may have been made already in talking about the health system and its decline. I, too, have had a recent visit there and discussed this issue with the players, in part because we were having consultations for the development of Australia's overall international AIDS strategy.

I will give you a very brief outline. I was taken by the fact that many of the players in the broader PNG society are working very hard at this issue—the NGOs, the business community, delivery through churches, and the National AIDS Committee and others are certainly looking in better condition in terms of their organisation than they were. However, I think a lot of the future progress, both prevention and treatment, does come down to a revitalisation of the health system. The reason for that is clearly that we need trained people with human resource capacity in these issues and pharmaceuticals, et cetera, even the availability of condoms throughout the country, all of which require a functioning health system. In particular, as this becomes a more rural epidemic, the challenges are that you need to have viral screening available in rural areas, counselling, as well as prevention messages. One important subset in prevention is preventing the transmission from mother to child. So, pregnant women have to know they have the virus, they have to be counselled as to what to do, and they have to, obviously, get the drugs before delivery and be kept on them for some time. Certainly, they need to avoid things like breastfeeding if they do not want the child to get the disease. Finally, too, you need a secure supply of antiretrovirals because once people know they have HIV and they have a bad CD4 count, they will need to be on the drugs. If they do not get them reliably, of course, they can rapidly go to require a higher line two or three drug regime, which is very expensive.

So, for all those reasons, the partnership statement about health outcomes and about provincial administration being improved are all germane to addressing this epidemic in PNG. Finally, on the education side, which is also one of the priorities, the education system seems to be doing very well at rolling out new curricula to deal with HIV-AIDS for lower secondary schoolchildren. That is terribly important and is a much broader prevention message to get out into the community.

Senator PAYNE—There is not a thing that you have said with which I would disagree, except I do still take issue with the importance of the message in relation to HIV and how much I would like to have seen that in the first partnership in a formal sense, not just in the ‘we hope to do this next’ context. There are two questions that I wanted to ask about what you just said and I think you prompted me with a third on school curricula. On the school curricula—lower secondary I think you said—is there an opportunity for the committee perhaps to receive further information about that and perhaps some examples of the sorts of school materials that are being used?

Mr Proctor—I can certainly find the materials and lodge some with you, but essentially this is a broad teaching curricula on health and livelihood, which includes particular aspects to do with HIV-AIDS transmission.

Senator PAYNE—If it does not lend itself to copies for the committee, I understand that but, if it did, that would be of interest and helpful.

Mr Proctor—I am sure we can find copies for the committee but I note that a lot of them, of course, will be in pidgin. I have visited the education department. I have looked at their materials; they look to be of very good quality. They are being rolled out. It is in the curricula for all new trainee teachers and there is an inline training program to bring older teachers back in to be taught in this area. We all acknowledge, however, that this is probably one of those

topics that is difficult for teachers, particularly in traditional communities, so there is a plan to also evaluate the success of the use of the materials in the education system.

Senator PAYNE—You mentioned in your remarks then that in your view the National AIDS Committee was in better condition than it was. I assume, first, that means it has been reconstituted; second, it has some sort of secretariat around it now; and third, it has a chair.

Mr Proctor—I should have said the commission. The public service entity still has an acting head but quite a good one. As far as I am aware, we are still waiting on the appointment of the new committee.

Senator PAYNE—Perhaps I misheard you. Perhaps you said ‘commission’ but I thought you said ‘committee’.

Mr Proctor—I may have misspoke. I am sorry. The community consultation mechanism—I was thinking a little more broadly—for the global fund now has a new chair in the form of Ros Marauta, who is an activist with a strong background in the private sector. So, there is still a way to go. Particularly the appointment of the new committee is very important, but in other regards it did seem that things were improving.

Senator PAYNE—So, they have not reconstituted the AIDS committee?

Mr Proctor—Unless it has been very recently announced, no.

Senator PAYNE—I think the Chair is going to want me to wrap this up and I will in just a second. You referred to the secure supply of antiretrovirals. As I understand it there is also an issue attached to eligibility for access to antiretrovirals, which is, in the context of a developing nation like Papua New Guinea, quite complex. The requirements are to have an adequate level of health care, appropriate accommodation, et cetera, et cetera. So, we are actually talking about not just having a secure supply available but fitting quite restrictive criteria in many ways. Is that a reasonable assessment and is there any discussion between governments, for example, of addressing that?

Mr Proctor—I have quite a range of discussions with non-government entities that help deliver these services. We go to churches and we talk to HIV-positive people. I do not recall the issue of eligibility coming up as a problem in that regard. Clearly, every health system determines above what level you should be receiving ARTs. The issues about access were, in fact, more often about transport to health centres in rural areas.

Senator PAYNE—That, as well.

Mr Proctor—But I did not encounter an issue on eligibility, more the reliability side.

Senator PAYNE—It has been raised with me. I wonder if you would mind taking a follow-up question on notice for me in terms of what information you can get me as to whether that has been an issue raised locally and whether it is something Australia would be prepared to take up with the PNG government and the Department of Health.

Mr Proctor—Yes, I will do that.

Senator PAYNE—I have a range of other questions in a range of other areas, Chair.

CHAIR—We will return to you in due course.

Mr Dawson—Senator Bishop, there was one issue that Senator Payne raised about gender equity and education in Samoa. Can we deal with that now?

CHAIR—Yes, Mr Dawson.

Mr Tranter—At secondary and primary levels, Samoa has met the MDGs of, at least, gender parity in education. At the secondary level there are more females than males in the education system. The data, at the extent that it is reliable, shows a ratio of one to 1.2. At the primary level it is at parity of equal numbers of boys and girls.

Senator PAYNE—So is the inclusion of that in the partnership document then in relation to more equitable education for boys and girls part of—I think, it was either you, Mr Dawson, or Mr Davis who indicated Samoa in part wanted to go past their obligations—an aspect of that? ‘Obligations’ is the wrong word, but I think you understand what I mean.

Mr Tranter—We interpreted their interest more in terms of inclusive education for those with disabilities and who are in difficult learning situations and also for poorer communities in Samoa who might be assisted through conditional cash grants to participate in further education.

Senator PAYNE—I appreciate that advice.

CHAIR—Thank you, Senator Payne. Senator Ludlam?

Senator LUDLAM—I have got a couple of questions, one relating to the budget portfolio statement and some comments on your website that discuss aid and climate change. Who is the most appropriate person to direct that question to? Mr Davies, welcome. These are fairly general questions. I am just interested to know how: ‘Australia is collaborating with other donors including the UK, Germany, Norway and the Clinton Foundation on developing and implementing climate change initiatives’. Can you unpack for us what that means?

Mr Davies—Those comments I believe relate to the International Forest Carbon Initiative. Can I just verify that that is your interest?

Senator LUDLAM—I am interested in a little more than just the Forest Carbon Initiative. I was looking for a bit of an overview of AusAID’s role in climate change related work overseas.

Mr Davies—As you will be aware from your reading of the budget documentation, we are in the process of implementing two significant climate change measures and a range of smaller ongoing measures. The two most significant measures are the International Climate Change Adaptation Initiative and the International Forest Carbon Initiative. The latter is focused on climate change mitigation through reducing emissions from deforestation and forest degradation, with a particular focus on Indonesia and Papua New Guinea and also engagement in some multilateral initiatives. It is that second initiative in which we are closely engaged with the UK, with Norway and the Clinton Climate Initiative. The former initiative is primarily focused on the Pacific Island countries and East Timor. In that context our primary engagement with other donors is with New Zealand, to some extent with the European Commission and then, of course, with the Pacific regional organisations.

Senator LUDLAM—What is our financial commitment across those two areas?

Mr Davies—The International Climate Change Adaptation Initiative has a commitment of \$150 million over three years commencing this financial year. The International Forest Carbon Initiative has a total commitment of \$200 million over five years commencing in 2007-08.

Senator LUDLAM—In terms of that adaptation work that you are undertaking, how much of that work is in the Pacific? Are you working on specific projects in the Pacific islands?

Mr Davies—The initiative was announced as having a primary geographic focus on the Pacific island countries and East Timor but it will not necessarily be confined to those regions. There will be some activity, policy and technical assistance further afield, for example, potentially in South Asia or Africa, and there will also be a significant multilateral component which is global in its scope. In terms of the types of activity that will be supported, it is still early days. This is a measure that is currently being unfolded in consultation with Pacific regional organisations, regional governments and other governments including those of East Timor and Indonesia to date.

A first round of allocations under this initiative was announced by the Prime Minister at the Pacific Islands Forum in Niue, totalling \$14.8 million, focused on Pacific regional initiatives. We are currently in the process of working through the design of other elements of the initiative; for example, the science component, the vulnerability assessment component and the component that focuses on nuts and bolts measures in individual countries in the region.

Senator LUDLAM—In terms of the vulnerability assessments—and this might be getting too far down the track if you are only just rolling these initiatives out—will you be in a position to be recommending evacuation of certain parts of these islands? Would that be advice that you would be providing either to the Australian government or to the governments in the countries that you are operating in?

Mr Davies—That is certainly no part of the intention of this initiative. It is very much focused, in the first instance, on helping countries to assess the specific impacts of climate change on various sectors of their economy and society and then helping them to plan to mitigate those impacts in a relatively compressed time frame. This is a three-year initiative, so certainly there is no focus on the large-scale displacement of people at this stage.

Senator LUDLAM—What are your reporting obligations back to the Australian government in terms of each of the countries in which you are operating those projects?

Mr Davies—I am sorry?

Senator LUDLAM—In what form do you report back to the Australian government as far as the assessment work that you are carrying out in those different countries?

Mr Davies—We are the Australian government but we will certainly be reporting on an annual basis as to the progress under each individual component of the initiative. A performance framework will be established for the initiative as we go through the design process that will be tailored to each of the specific components, whether we are talking about the science and vulnerability assessment components which will be led overall by Australia's Department of Climate Change, or whether we are talking about the actual implementation and multilateral components on which AusAID will lead.

Senator LUDLAM—I will leave that there. I had another couple of questions on AusAID's work that you are undertaking or have planned in both Afghanistan and Iraq. Again, it is a fairly general question. Beginning with Afghanistan, can you give us an overview of whether you feel that you have been able to deliver on the projects and programs that you have planned over the last year or so in Afghanistan?

Ms Walker—I am sure you appreciate that this is probably one of the most challenging environments for development assistance programs, but I think that we can say that we have had some success with our contributions to date. In terms of improving outcomes on the ground for women and children, access to education has improved and access to health services has improved; nevertheless, the country is severely impacted by the ongoing security situation. Most of our assistance is directed towards national programs and we channel our funds through multilateral partners. About a third of our assistance is channelled through the Afghanistan Reconstruction Trust Fund, which is administered by the World Bank. This is a multidonor trust fund with very large programs around basic service delivery, in particular health and education. It also includes a program that is directed at community development, improving livelihoods at the community level, and has some microfinance activities.

We are, as you know, involved in Oruzgan province where our defence forces are located. We have an AusAID officer as a development advisor currently stationed at Tarin Kot providing advice to the Defence Force on their reconstruction and development activities. We are trying hard to link service delivery in Oruzgan province with the centre in Kabul, and this is extremely challenging. There is a provincial development planned for Oruzgan. There is some provincial government structure in place but it is very weak and fragile. For example, the Ministry of Water, with whom we are trying to build a relationship around some canal irrigation works, has two or three employees and very few resources. Nevertheless, we are seeing the impact of some of the national programs that we support in coming through to Oruzgan. There are microfinance activities, there is food aid being delivered in Oruzgan and there are some health and education improvements, but overall the main impediments to further progress in development and reconstruction activities in Afghanistan centre around the security environment.

Senator LUDLAM—That was where I was heading next. How tightly do AusAID and the ADF or other units that are supporting them have to operate in Afghanistan, because I suppose in most of the other environments in which you work you are able to just get on and do the work that you are doing? How closely do you have to be involved on a day-to-day basis or be incorporated into the ADF's operations there?

Ms Walker—We are very closely engaged with the ADF. As I mentioned, we have a development advisor stationed on the base alongside ADF forces. We are, of course, also engaged with our Dutch colleagues and with our colleagues from the US who also have development advisors attached to the base in Oruzgan. This is an unusual situation. Of course, we have had a long history of working with the Defence Force in places like East Timor and Solomon Islands, but the situation in Oruzgan province is quite different from those environments. It is extremely difficult—in fact, it is impossible—to move anywhere in the province without the support of the defence forces.

Senator LUDLAM—So, in terms of actual aid workers doing projects on the ground it would almost never be without the direct accompaniment of Australian troops or multinational troops there?

Ms Walker—Our development advisor does not move without the support of the Australian Defence Force, but I think I should add that there are very few aid workers on the ground in Oruzgan province because of the security environment. That is one of the challenges that we have as a funding agency: there are very few implementation agencies on the ground in Oruzgan because of the security situation. There is no established UN agency presence, for example. To my knowledge there has been intermittent international NGO presence but no established presence. In those circumstances we are finding it extremely difficult to support development activities on the ground because of the absence of implementing partners.

Senator LUDLAM—Are we underspending? Are we finding it difficult to find projects to fund?

Ms Walker—We are not underspending, because most of our support is directed at programs which have a national impact. We are developing a program that is directed at Oruzgan which may expend somewhere in the order of \$5 million this financial year.

Senator LUDLAM—I will leave that there just with one last question. Is it the case that in some cases the military are implementing the aid programs which NGOs or aid workers would normally undertake?

Ms Walker—The Australian Defence Force has undertaken a range of reconstruction programs in Oruzgan province: for example, the refurbishment of the hospital in Tarin Kot and the construction of a number of schools. They have done that because of the security environment and it would not have been possible for any other actor to have undertaken that work.

Senator LUDLAM—Thank you for your responses. My last question was on a different topic, so I am not sure who would be the best person to speak to it. It is regarding the implementation of Security Council resolution 1325 around women, peace and security. Again, it is a fairly general question. I understand that AusAID's work in the area of gender, peace and security around this resolution is pretty highly regarded in our region. Would you just sketch for us how much has been budgeted for work in this field in the current cycle?

Ms Gillies—Thank you for acknowledging the reputation of this work. We place a high importance on women's contribution to decision making and leadership and the value of women's full participation in peace processes and peace building. We have been strong supporters of the implementation of resolution 1325 since its adoption in 2000. In terms of specific actions, there are a range of small activities which are quite influential, we think. In 2008-09 we expect to continue our support, for instance, for an organisation called FemLINK Pacific for a value of around about \$250,000. They are an advocacy and lobby group which works with national and regional decision makers and community organisations around the Pacific promoting the full participation of women in decision making in the full range of peace and security related issues. I should preface this by saying that we expect in this coming

year for the specific actions to total around about \$2 million or a little more than \$2 million. So, they are fairly small amounts of money but important, we think.

We will be supporting, for instance, the UN interagency committee, which trains gender advisors who work in the initial stages of humanitarian emergencies so that they are fully aware of the implications of the resolution 1325. We will be putting some money, for instance, more closely to home, in the Mindanao Commission on Women in the Philippines to support their work on raising awareness of the gender dimensions of armed conflict, a very important part of that peace process. We will be putting, we think, around about \$700,000 into the UN's Department of Political Affairs and one of the key components there will be in DPA's work in the Southern African Development Community, SADC. There will also be some work in research on the implications of scaling up implementation of the resolution. We expect that that research will assist us to have some clearer thinking on the ways in which we might adopt actions in Australia's own country strategies, particularly for the country strategies that we are working on: for instance, East Timor and the Solomon Islands, so that as we go forward, implementing future strategies, we will have further ways of implementing 1325.

Senator LUDLAM—Can you describe in a little bit more detail the nature of the research that you are undertaking? Is it something that you are undertaking or has that been commissioned?

Ms Gillies—No, we will be commissioning that research. I do not have the name of the researcher, but I am told that she is one of the world's experts on 1325 and she will actually be looking at impacts and challenges to implementation of the resolution and identification of best practices.

CHAIR—What is 1325?

Ms Gillies—Security Council resolution 1325 was adopted in 2000. It is a resolution that goes to the issue of incorporating gender. It was passed unanimously and it was the first resolution passed by the Security Council specifically addressing the impact of war and conflict on women and girls and the essential role of women in the prevention of conflict and as full participants in post-conflict, peace-building and reconstruction efforts.

CHAIR—Thank you.

Ms Gillies—I can tell you much more.

Senator PAYNE—But not the name of the researcher?

Ms Gillies—I am sorry. I can certainly provide that.

Senator Ludwig—I think you might have been midway through telling us the nature of the research that is being undertaken.

Ms Gillies—Just really to say that that research is going to be looking at the impacts and challenges to implementation so that we will have a better idea of the range of ways that our different development agencies and partners have been able to take concrete actions to make sure that women are part of not just the peace discussions but also the implementation of peace and prevention of conflict in the first place.

Senator LUDLAM—Is your funding allocation secure for the foreseeable future?

Ms Gillies—I think so, yes.

Senator LUDLAM—Good.

Ms Gillies—I hope so.

Senator LUDLAM—Would you describe for us your vision, I suppose, or your objectives for the next couple of budget cycles and what sort of work you hope to be accomplishing? What are your main priorities, I suppose, over the next couple of years?

Ms Gillies—More than in terms of budget cycles, I think it is really to make sure that as we consider our country strategies and the programming at the country level, that it is part of thinking through the gender dimensions of all our work. Particularly in those countries where there is a conflict risk or a history of conflict that, as part of our more general conflict work as well and the analysis that we do on conflict and conflict prevention and peace building, we are integrating and thinking consciously about the sorts of things we should be doing that take the gender dimension on and pay proper acknowledgement to our commitments under 1325.

Senator LUDLAM—It sounds like great work. I understand a number of countries are in the process of developing national action plans on this resolution.

Ms Gillies—Yes, I understand that is the case, too. I do not have a list of them, I am afraid.

Senator LUDLAM—If it is not too much trouble, would you be able to provide us with a list. What is a national action plan? Do you know much about what is involved in that?

Ms Gillies—Under our national action plans I think member states actually undertake to set out coherent and coordinated action across a range of implementing institutions. Normally I think the sorts of institutions which would be involved there would ministries of defence, foreign affairs, international development agencies, police, law and justice, and of course women's affairs ministries. Countries would need to be looking to their own circumstances where there are points of vulnerability and making decisions quite specifically related to their own situations.

Senator LUDLAM—Are you aware of whether Australia is in the process of drawing up a national action plan for Australia?

Ms Gillies—The Office for Women would be the agency to speak to about that specifically, but I understand that there have been some discussions about that and that AusAID would be an active participant if that were to go forward.

Senator LUDLAM—Minister, I wonder whether I could make a request through you to provide the committee with some information as to where Australia is up to, who the lead agency is and how far along we are in developing.

Senator Stephens—Certainly, we will take that on notice.

CHAIR—We are indebted to Senator Ludlam for raising this issue. What is FemLINK and what is its role in the implementation of resolution 1325? Is that an NGO?

Ms Gillies—Yes, it is an NGO. It is a well-regarded organisation which has an advocacy role. It partners with a number of other agencies in the region, including Australia's own International Women's Development Agency, I understand. It undertakes activities such as training of key policy makers in civil society organisations around the Pacific.

CHAIR—Is it an Australian NGO or international?

Ms Gillies—No, it is a regionally based NGO.

CHAIR—Where is its head office?

Ms Gillies—I think it may be in Suva.

CHAIR—It is regionally based but not of Australian origin?

Ms Gillies—That is right.

CHAIR—Did I hear you say that AusAID was providing some funding to FemLINK?

Ms Gillies—That is right.

CHAIR—How much is that?

Ms Gillies—I think in the coming year, 2008-09, about \$250,000.

CHAIR—And in the out years?

Ms Gillies—I do not have any predictions for further funding.

CHAIR—Has the government determined to fund it just for the one year?

Ms Gillies—No. I think there has been a history of funding of FemLINK at around about that volume I think in past years, but we can certainly provide you with the history of funding.

CHAIR—Could you provide the history of funding and the funding in the out years? Did I hear you make a comment in respect of transgender issues in the context of armed conflict?

Ms Gillies—No, I do not think so. Training, I am sorry. Perhaps I need a glass of water in order to be more articulate. No, I was not talking about transgender; I was talking about training in gender issues. I do not think it would exclude transgender but—

CHAIR—I wondered how much of an issue that would be in the Pacific. It was training in gender issues in the context of armed conflict.

Ms Gillies—That is right.

CHAIR—I am going to ask a question that others would not. What is the training of gender roles in armed conflict? What is that?

Ms Gillies—I think there would be a range of different ways in which men and women are affected by conflict quite differently. It would be sensitising, for instance, security forces or emergency workers, health workers—the whole range of people who are involved in both peace building and peace making and negotiations—to be alert to the different roles and impacts of conflict on men and women and for the full range of society to be brought to bear in building peace. They are the sorts of things that one would expect to see.

CHAIR—Are you talking about gender dimension of peacekeeping post armed conflict or are you talking about gender dimensions during armed conflict?

Ms Gillies—I think Security Council resolution 1325 covers the entire gamut from trying to negotiate to stop conflict, the impacts during conflict and then processes of negotiation and peace building following conflict.

Senator Stephens—In that regard, you would have to take into account some of the cultural considerations of gender issues and even of Indigenous populations in countries where there may be conflict.

CHAIR—The reason that I asked is that we have just signed off on a 400-page report on peacekeeping which received hundreds and hundreds of submissions, including one from AusAID. I do not recall in that inquiry a reference to gender dimension of armed conflict during armed conflict.

Senator PAYNE—I thought SCR 1325 got a run in a couple of submissions.

CHAIR—It may have.

Senator PAYNE—I think it depends on what you have an eye out for when you are reading them, perhaps.

CHAIR—You may be assured there is not a submission I have not read in its entirety.

Senator PAYNE—Can you advise the committee please where the development of the new International HIV/AIDS Strategy for Australia is up to?

Mr Proctor—We had a range of consultations on an issues paper both in Australia—Sydney and Melbourne in particular—and regionally in Fiji, Bangkok and Papua New Guinea. After that process we have prepared a draft new policy and that is now just waiting on government approval of that for comment on that policy.

Senator PAYNE—What is the process from there? Do you prepare a final?

Mr Proctor—That is correct. We have said in our consultations we aspired to have that available by the end of this year.

Senator PAYNE—Here, too. We thought it was a worthy aspiration.

Mr Proctor—Yes, indeed.

Senator PAYNE—Are you sticking to that?

Mr Proctor—That is our aim. Obviously there are a range of issues to be resolved just in terms of the physical publishing for a start, but that would certainly be ideal.

Senator PAYNE—I think you said at the last estimates, and you have just referred to it there, that there were to be regional consultations. You said at the time I think in Bangkok and Fiji but you added PNG to it just then?

Mr Proctor—Yes. I went to Fiji about two months ago to have discussions.

Senator PAYNE—Fiji or PNG?

Mr Proctor—I went to PNG and Fiji. Our AIDS adviser went to Bangkok and held those discussions.

Senator PAYNE—With whom were the consultations held in those three locations?

Mr Proctor—In Fiji it was a mixture—I am sure it is the same in each of these cases—of local NGOs and service deliverers and certainly the relevant UN agencies and other donors to the extent that they are interested in the issue. Clearly amongst the UN there is UNODC, the Office of Drugs and Crime, particularly UN AIDS, the World Health Organisation and

UNICEF would have featured I am sure at each of the meetings. But the NGOs varied considerably. In PNG, for instance, there are a lot of faith based NGOs at the meeting. We met in each case with people who had HIV-AIDS—HIV certainly—and, of course, where it was practicable with government as well. It really was not aiming to talk to governments, it was the other particularly civil society elements that we were seeking to get views from. The discussion paper was also forwarded to donor partners and government partners for their comments. It was put out very widely.

Senator PAYNE—Was it practicable for the PNG government to be involved in the consultation there?

Mr Proctor—Yes, I did go and meet with the acting head of the AIDS commission. I am being very careful of my choice of words. I met the public servants and discussed the issues there and with the head of the health department.

Senator PAYNE—Was it practicable in Fiji?

Mr Proctor—We did not seek to have a meeting with the government in Fiji.

Senator PAYNE—Indeed. And in Thailand?

Mr Proctor—In Fiji it was a regional consultation. It was not specifically about anything run out of Fiji but rather about the whole area.

Senator PAYNE—What other countries were represented in Fiji?

Mr Proctor—There were not country reps in particular, but we did have a number of people from the South Pacific Commission, who are of course quite an active partner with us, especially in existing new regional activity on AIDS.

Senator PAYNE—Thank you very much for that.

Mr Proctor—I will tell you that I have verbaled Dr Jim Tulloch. He has not met Dr Sapuri.

Senator PAYNE—Has he contacted you in a panic to say: ‘No, it was not me. I was not there. I did not do it’?

Mr Proctor—I had a quick message. We are just not sure whether someone else did.

Senator PAYNE—But you will check for me?

Mr Proctor—We will check and let you know.

Senator PAYNE—Thank you very much. I think that is all the questions I have on HIV at the moment. I will move on to another area.

CHAIR—What do you want to move to, Senator Payne?

Senator PAYNE—Fiji.

CHAIR—Yes. Fiji it shall be.

Senator PAYNE—As I understand it, the government has maintained the previous government’s position about providing financial and technical support to help Fiji hold its elections if it does so before the end of March 2009. I was interested in what the status of that commitment was in light of both the comments of Commodore Bainimarama about the timing

of elections and the most recent High Court of Fiji ruling. Are we maintaining that commitment? Are we still helping?

Mr Dawson—There has been no change in the commitment to help with the conduct of elections.

Senator PAYNE—What likelihood do we attach to the holding of elections by that date, the end of March 2009? What prospect do we attach to that at the moment?

Mr Dawson—I think that is a question which would be better answered by our colleagues from the Department of Foreign Affairs and Trade.

Senator PAYNE—I think our total aid spend in Fiji is somewhere in the vicinity of \$26 million or \$27 million—is that right?

Mr Dawson—That is correct.

Senator PAYNE—What proportion of that is assigned to the financial and technical support aimed at helping them hold elections?

Mr Tranter—The information that I have is that our total support for technical and financial assistance for the elections preparation process is around \$800,000. There is around \$300,000 for the preparation of the 2007 census, which is a key statistical product to assist in the updating of constituent boundaries. We have also contributed around \$500,000 over three years towards the salary of the supervisor of elections.

Senator PAYNE—So that \$800,000 is expended, is it?

Mr Tranter—I am sorry; I will need to confirm that. That is the total commitment. I will need to confirm our expenditure to date on those items.

Senator PAYNE—Please do that for me. The guidance that the committee would welcome is some understanding from AusAID's perspective on when we get to a point where the commitment to continue the support of this provision of financial and technical aid if elections are held before the end of March 2009 becomes untenable. Mr Davis, do you have a view?

Mr Davis—Certainly. We can work and talk with our colleagues in Foreign Affairs around that. Clearly the work of the ministerial contact group on Fiji, for example, is going to be relevant as well, and how that group's work unfolds over the next period—if they can have meetings—will be relevant in setting the base for where we, along with other players, can make a contribution if there is a likelihood of elections proceeding. I think it is tied up very much with that broader sort of context of engagement of the ministerial contact group. It is tied up very much up with broader foreign policy issues that we would need to talk with DFAT about.

Senator PAYNE—I understand that. I did not have a chance to ask DFAT those questions earlier today, but I was particularly interested in where AusAID's engagement was in the process. Perhaps you have answered that impliedly in those remarks, but is any of the rest of the ODA program to Fiji from Australia contingent on the holding of elections by March 2009, for starters, or on any other conditions?

Mr Dawson—There has been no change by the government to the policy approach taken by the previous government, which was really to say that as far as possible we would not be penalising ordinary Fijians by suspending programs that are working to improve their welfare and their economic opportunities. So we are continuing with programs, for example, in health and education and working with civil society organisations, but where assistance is ineffective or compromised because of the actions of the military or the placement of military individuals—for example, in positions such as in the law and justice sector—we would suspend assessments. That policy has been maintained.

Senator PAYNE—This might not be a question that is appropriate for you, Mr Davis. As I understand it, the ministerial contact group made a report at the Pacific Islands Forum in Niue in August. Do you know when the next report is due?

Mr Davis—I think we should defer to DFAT on that.

Senator PAYNE—I understand that. Thank you. I have a couple of other questions, but they are not very long so it will not take a great deal of time. I am not sure that I have had a chance to raise this previously, but I wanted to go to the question of the government's commitment to a debt to health swap with Indonesia, which was made at the time of the last election and which I think was in the vicinity of \$75 million. Can the committee please get some advice as to what stage we are at in progressing the debt to health swap.

Mr Moore—It has always been the case that the government was going to seek to advance this in the context of the 2009-10 budget, so there have been consultations both within the Australian government and, of course, with the government of Indonesia on the subject. Those discussions are ongoing.

Senator PAYNE—But you would describe them as progressing satisfactorily towards a 2009-10 budget context? Are we still looking at 2009-10?

Mr Moore—That is the timetable that we are working on, yes.

Senator PAYNE—Is there a commitment from the Indonesian government to participate in the debt to health swap at this point?

Mr Moore—Debt to health swaps are complex mechanisms where obviously the aim is to make sure that resourcing for health outcomes—in this case, particularly tackling tuberculosis—is increased and that we get better outcomes from it, so there are a range of technical issues around how to construct them to best effect and all parties are currently engaged in that effort.

Mr Davis—Just to cut through, that indicates that the discussions are ongoing with the Indonesian government.

Senator PAYNE—But that we do not have a commitment as yet from the Indonesian government.

Mr Davis—Yes, because the discussions are ongoing.

Senator PAYNE—You said that debt to health swaps are complex, and I accept that and appreciated that before I started asking these questions. But can you advise the committee what approach the government takes in a context such as this to seek assurances that, in debt

to health swap arrangements, the funds are expended on the predetermined areas? I think the announcement at the time by the then shadow minister was focused on tuberculosis, as you say, and then I think there was some reference to AIDS and malaria as well. How do we get those assurances? How does that process operate from Australia's perspective?

Mr Moore—We would be seeking undertakings that the Indonesian government would be using half of the proceeds of the debt forgiveness to increase the budgetary allocations addressing in particular tuberculosis but, as you say, also to fight HIV-AIDS and malaria.

Senator PAYNE—That is kind of a threshold position for us, basically?

Mr Moore—It goes to this issue of making sure that in fact there is additionality and we do therefore increase the—

Senator PAYNE—Additionality or conditionality?

Mr Moore—Additionality, that there are more resources being put into addressing these problems.

Senator PAYNE—If we are talking about the Australian 2009-10 budget context, I assume that we can come back with questions on the status of the commitment in the next set of estimates?

Mr Moore—I will look forward to it.

Senator PAYNE—Can I follow up on some questions that I asked previously about the Responsibility to Protect. I think I asked them on notice at the time. I understand that in September of this year the government announced a Responsibility to Protect fund. Is that administered through AusAID?

Ms Walker—That will be administered through AusAID.

Senator PAYNE—I have read with interest the minister's media release but it does not give me a great deal of detail about the administration of the fund, which is one of the reasons why I asked that question. I do not see a reference in the budget papers specifically to an R2P fund. Can you advise the committee when the government decided to pursue the R2P fund?

Ms Walker—We do have some funds set aside in this year's budget for R2P work. The fund was announced by the minister in September. We are working on the details of how that fund will be administered. The minister said at the time that he wanted the fund to be a competitive process for Australian institutions, individuals and non-government organisations to advance work on the R2P principle. We have yet to finalise the details of how the fund will operate but we expect that it will operate over two financial years.

CHAIR—When you say Australian institutions, do you mean NGOs that work within Australia or do you mean NGOs that may well be headquartered outside of this country but have a sub-branch, for want of a better word, operating in this country, someone like Oxfam, for example?

Ms Walker—My reference to institutions was to academic institutions.

Senator PAYNE—But you also included individuals, institutions, and what was the third one?

Ms Walker—And non-government organisations.

Senator PAYNE—So that would go to the chair's question.

CHAIR—I thought you said Australian institutions—

Ms Walker—Australian academic institutions, non-government organisations and individuals.

CHAIR—And NGOs?

Ms Walker—Yes.

CHAIR—NGOs applies to both Australian NGOs and international NGOs?

Ms Walker—It applies to Australian NGOs in this context.

Senator PAYNE—When do you expect to put more flesh on the bones of the operation of the fund?

Ms Walker—Within a short time frame, within the next couple of months.

Senator PAYNE—It is very kind of the minister to announce a fund with no operating guidelines for you. When it says it will be open to competitive applications to advance the R2P concept and support states to build capacity to protect civilians, does that mean that the fund—which is only \$2 million as I understand it—can be used to support states to build capacity to protect their civilians? What does that mean?

Ms Walker—I think that is a reference to the possibility that proposals will come forward that have a regional dimension; that is, that the institutions, NGOs or individuals may advance the awareness and understanding of the Responsibility to Protect principle in the Asia Pacific region. Essentially, this fund is for research work.

Senator PAYNE—How was the idea for the fund generated, or where, or by whom?

Ms Walker—The issue of how we can support research work to underpin awareness of the Responsibility to Protect principle has been under consideration within government for some time and AusAID has certainly had discussions with the Department of Foreign Affairs and Trade on what support we might be able to give to organisations and individuals who are working on this concept.

Senator PAYNE—Unfortunately that was not mentioned in response to my question on this subject area previously, although I must admit I had not come up with an inspired idea like the fund to ask about at that point.

CHAIR—Is it \$2 million over one year?

Ms Walker—It is likely to be \$2 million over two years. We have funds allocated in this year's budget for Responsibility to Protect. We have programmed some of those funds already. I think we probably mentioned, Senator Payne, in answer to your earlier question that we had provided a grant of \$300,000 to the Global Centre for the Responsibility to Protect earlier this year.

Senator PAYNE—Not in the answer to the question on notice, but I think I was asking more about the group of friends so it may have been that you did not think it was relevant, but everything is relevant—

Ms Walker—We are currently looking at how we might program the other funds that are available in this year's budget.

CHAIR—What is the budget allocation this year?

Ms Walker—It is \$1 million.

Senator PAYNE—That is for the fund?

Ms Walker—This is for work around Responsibility to Protect.

Senator PAYNE—That is separate from the fund.

Ms Walker—Yes.

CHAIR—There is \$1 million in the budget this year for R2P. Is there anything in the out years in the budget for R2P?

Ms Walker—No, we would expect that the funding would come from within the humanitarian budget.

CHAIR—The minister announced last September an R2P fund with an Australian focus with a budget of \$2 million to be expended over what period of time?

Ms Walker—Over two years.

Senator PAYNE—It is a pretty big brief in a very short press release. It is going to 'make a material contribution to making R2P a reliable factor in international crisis handling' but the announcement has been made almost a month ago and you are in the position of telling us that you are still working on the details and basically, aside from quantum, we do not have a lot of information. It is a big brief, though.

Ms Walker—Yes.

Senator PAYNE—I would be keen to see the material contribution. I have a couple of questions on the post cluster munitions conference in Dublin that I wanted to pursue. Are they appropriate to be pursued here with AusAID?

Mr Davis—We can have a go at them.

CHAIR—Is cluster munitions an AusAID issue?

Senator PAYNE—That is why I sought clarification. It is a scheduling crisis today between my extensive knowledge of housing in Australia in the community affairs committee and trying to stay in the foreign affairs—

CHAIR—I thought the lead agency was Defence.

Mr Davis—Largely it will not be us, but there could be elements. That is the only reason I said—

CHAIR—The reason I ask is that traditionally, until now, it has been a matter important to the government and coordinated by Defence, and that is probably the agency.

Senator PAYNE—Indeed, but one question I wanted to ask was about assistance to victims of cluster munitions, which I thought may be delivered through AusAID.

CHAIR—All right. Fair enough.

Senator PAYNE—I was not sure about that. Having supported the draft treaty and indicated that we will sign it when it is opened for signature in December, we have effectively made a commitment to the conditions of the treaty, one of which is a provision for victim assistance funding. I wanted to know whether there was any allocation or progress in consideration of that aspect of the treaty, and I thought that that might fit within your remit, but if not I am happy to put those questions on notice elsewhere.

Ms Walker—It does fit within our remit. The two articles in the convention that are most directly relevant to our work are article 5, around victim assistance, and article 6, on international cooperation and assistance. We are already meeting obligations under articles 5 and 6—were we to go ahead and sign the treaty—through our Mine Action Strategy, which is being implemented over five years. It is a \$75 million strategy. We do not distinguish in the provision of that assistance between landmines and cluster munitions in demining activities. We do take into account the broader socioeconomic impacts of explosive remnants of war, and it incorporates an expanded definition of ‘victim’ to include people who are affected by explosive remnants of war as well as their families and communities. So in the provision of our assistance under our own Mine Action Strategy we already take account of the broader definitions included in the new convention.

Senator PAYNE—I do not have the numbers in front of me, but is there a specific funding allocation that you can nominate as that which goes to victims of the sorts of explosive remnants of war events that you have referred to?

Ms Walker—I have the details of our contributions and the countries which are likely to receive assistance this financial year, but I think it would be better if I were to provide that information to you, because I think that we would need to look through and sort out which of those countries fit into those criteria.

Senator PAYNE—I appreciate that. I have tried to work that out myself when visiting projects in the region—in Asia specifically—where people proudly say it is an AusAID funded project for victims of these devices; they do not usually say ‘explosive remnants of war’, but you know what I mean. I have often tried to work out where the funding base is, so it would be very helpful if you would not mind determining that for me.

Ms Walker—Yes.

Senator PAYNE—Mr Davis, I will ask you one question on this issue. There has been some discussion—around the NGO community in particular—about the idea of Australia having a permanent representative in this particular area, similar to, I guess, the DFAT ambassador for people-smuggling or the HIV ambassador here. Has AusAID been involved in any discussions on that issue in this area?

Mr Davis—Not in recent times, no.

Senator PAYNE—What about before that?

Mr Davis—At an earlier stage there had been a designation like that, but there has not been a discussion in recent times, no.

Senator PAYNE—It has been discussed in parts of the NGO community, I think. I have one question about ACIAR and funding for ACIAR. Is that appropriate to ask you?

Mr Davis—No.

Senator PAYNE—I will put that on notice too. You do not want to answer that, do you, Mr Davis?

Mr Davis—I do not think we should, because they are a separate agency.

Senator PAYNE—I know. I just thought you might be able to be helpful. Wishful thinking! I will ask a couple of questions about multilateral commitments. I note that the government has, before and since its election, talked about increased levels of funding and contributions to multilateral organisations. We talked about one of those specifically today: the WFP. Particularly, I think, there is extra money going to the new World Bank trust for the stimulation of agricultural production in countries which have been affected by the food crisis. What follow-up processes, if any new ones are being put in place, have you implemented to ensure that those contributions are effectively spent and distributed? Are they earmarked? What sort of accountability are we seeking from the multilateral organisations? Is there a set of multilateral monitoring and evaluation processes which AusAID is using to ensure that those increased levels of funding, which can become quite significant, are being dealt with in the most proper way that Australia wishes them to be?

Mr Tinning—Yes, we do have a series of systems in place for monitoring the effectiveness of our contributions to multilateral organisations, and we are intending to strengthen those over coming years, particularly with a focus on those contributions in terms of our core funding to multilateral organisations. We announced a \$200 million increase in core funding to UN agencies as part of the last budget and we are intending to put in place a series of partnership agreements with the key UN organisations that will set out our mutual expectations about how the partnership will work and that will accompany those increases in the core contributions to the multilateral agencies. That will provide a framework under which we can more closely assess how the partnership is working. But we have in place around each of the various non-core contributions—you mentioned the food security one—agreements that set out what we expect. That is consistent with what we have done in the past when we have entered into those types of partnership arrangements.

Senator PAYNE—Are the partnership agreements that you referred to just then in relation to the UN agencies agreements which the committee would be able to see?

Mr Tinning—We have not finalised any of them yet. They are still under negotiation, but once they are finalised they are certainly something we could table.

Senator PAYNE—They will be reported in your annual report, will they?

Mr Tinning—Yes.

Senator PAYNE—That is a significant increase. Ad hoc is, again, the wrong phrase, but there are the other occasional increases like the WFP one that we have talked about. Does that mean that the multilateral section of AusAID that deals with these things has undergone any staff increases?

Mr Davis—There is a range of players in AusAID dealing with this. There are people in Mr Tinning's branch but there are also other staff dealing specifically with food security, and that has seen an increase in resourcing headed by Ms De Lacy. It might be useful for her to

say something about some of the monitoring processes and effectiveness processes we have on that food security side.

Ms De Lacy—You mentioned the \$50 million contribution to the World Bank Multi-Donor Trust Fund that was announced by the Prime Minister on 9 July. As Mr Tinning was saying, we do have agreements with the World Bank around the contribution of that \$50 million, but in addition, as a result of Australia being a very significant and early donor to that particular trust fund, we have at the invitation of the World Bank nominated our principal rural development adviser, Dr Alwyn Chilver, to sit on the World Bank advisory committee which will provide advice to the World Bank executives administering the Multi-Donor Trust Fund, and they will advise the bank on priorities for expenditure under that fund. So I think that is a pretty good outcome for us.

Senator PAYNE—That gives you a direct reporting line?

Ms De Lacy—And a direct line of influence over how all of the Multi-Donor Trust Fund funding will be used.

Senator PAYNE—Is there a specific brief, then, from AusAID to the individual as to what AusAID's or Australia's aims and objectives are with regard to that contribution?

Ms De Lacy—Yes. He is an expert globally on agricultural and rural development and we would not want to see his remit narrowed but we would certainly be asking him to make sure that the impact of high food and fuel prices and how they are playing out in particular in the Pacific and countries in East Asia are well represented; that those views and those impacts are well represented in the advisory committee so that it is not just dominated by a focus particularly on Africa.

Senator PAYNE—We have kind of come back to where we started, which is an interesting circuit that I was not aware I was creating. I asked Mr Tinning about the partnership agreements and whether they are matters that the committee can examine, in terms of how that is reported to the parliament how do you expect that to happen? Is that going to come through an annual report process, is there another way that we could pursue it, or do we leave it to the estimates process?

Ms De Lacy—I think we could certainly discuss it at future estimates processes once the advisory committee has been established and we can report on the discussions that are occurring within the advisory committee. I would have to take on notice how the World Bank advisory committee was going to publish, for example, its proceedings and discussions.

Senator PAYNE—That would be helpful. I would be grateful if you would do that and advise the committee.

Ms De Lacy—No problem.

Senator PAYNE—Finally, in terms of these additional activities at the multilateral level, does that mean you will need to increase AusAID representation at some of the international posts like New York and in Europe?

Mr Davis—We are not envisaging an increase in the numbers of people in those positions. We currently have a councillor in New York. We have one in Geneva and we have one in Paris which really covers the key interests that we have in those agencies. There is also a lot

of contact from Canberra in terms of executive board meetings and the like. We also have a pretty significant range of opportunities for discussions both with the key organisations at a regional level but also at the global level. For example with the World Bank, beyond the set of annual meetings that are within their calendar we will have an annual meeting between AusAID and the World Bank on the full range of our engagement, which is pretty substantial.

Senator PAYNE—Mr Hart gave me a lovely world map the other day but I do not recall whether you have someone in Washington.

Mr Davis—One of the people within the executive director's office of the World Bank is an AusAID officer.

Senator PAYNE—Chair, I thank you, the committee and Mr Davis and his officers very much for their assistance today.

CHAIR—That brings our examination of AusAID to an end. Thank you, Mr Davis and your officers, for contributing to a very interesting and useful discussion.

Proceedings suspended from 6.11 pm to 7.16 pm

Australian Trade Commission

CHAIR—We welcome to the table officers of Austrade.

Senator IAN MACDONALD—I note from the Mortimer recommendations that it suggested the number of grants be reduced from eight to five and the minimum threshold be increased to \$30,000. Is it correct that the minimum threshold used to be \$15,000 and was reduced to \$10,000? When was that? Is that correct?

Mr Yuile—I will invite Mr Vickers, who handles EMDG policy matters, to answer that. But you are correct, the \$15,000 has been reduced.

Mr Vickers—You are correct, the legislation was changed and the current threshold is \$10,000. That applies for this grant year, which is paid next year in 2009-10.

Senator IAN MACDONALD—When was it changed?

Mr Vickers—It was changed in June 2008 as part of the EMDG amendments.

Senator IAN MACDONALD—By way of background, what are the current eight grants categories, I assume they are?

Mr Yuile—I think it is grant years. Is that the reference you were looking at?

Senator IAN MACDONALD—Mr Mortimer's recommendation is to tighten the scheme provision by reducing the number of grants from eight to five.

Mr Yuile—Grant years, I think is the reference.

Senator IAN MACDONALD—Can you just explain that to me, please?

Mr Vickers—You are not in the scheme for a particular number of years but for a particular number of grant applications. You may choose to lodge an application every year but you are limited to eight applications, and each of those applications relate to a particular 12 month period which is a grant year. The reason the term 'grant year' is used is to distinguish it between eight consecutive years and eight applications.

Senator IAN MACDONALD—How long has it been that you could apply for eight grant years?

Mr Vickers—I could check that for you if you like, but I do not have that with me.

Senator IAN MACDONALD—But for a long time?

Mr Vickers—It has changed over the years. It has not always been eight years. I would have to check the exact time that it was changed to eight years. I am sorry, it is seven years. It was changed in June 2008 to eight years for this grant year and subsequently, but it has been different amounts of grant years at different points in time.

Senator IAN MACDONALD—Perhaps I should have started by saying the Mortimer review, or Winning in World Markets, was released about a month ago, was it?

Mr Vickers—In September.

Senator IAN MACDONALD—What is the state of that report? Obviously it has gone to the minister and he will take some time to look at it. Do you have a timetable for when there might be a response?

Mr Vickers—No, I do not have a timetable, I am sorry.

Mr Yuile—As you say, the report is with government. The minister will obviously complete his considerations and take the report and those considerations to his cabinet colleagues. I would expect that to be happening this calendar year and that government would then develop its response.

Senator IAN MACDONALD—I obviously do not want you to speculate, but has the minister indicated in a public speech that perhaps I have missed that he intends to consider the Mortimer review and then any changes that he or cabinet decide would be part of the 2009-10 budget process?

Mr Yuile—He has not been as explicit as that. He has a major trade statement in late November and it will obviously be for him to decide what goes into that statement. Clearly the Mortimer report provides the basis for consideration of important trade policy and trade market development issues. Again, of course, it is for him and his cabinet colleagues to decide how the question of any budget considerations will be handled.

Senator IAN MACDONALD—The current budget papers show that there is an estimated expenditure for EMDG at about \$156 million during 2007-08. That would relate to expenditure incurred by exporters in 2006-07; is that correct?

Mr Vickers—That is correct.

Senator IAN MACDONALD—Is the figure that I mentioned correct?

Mr Vickers—The EMDG expenditure in 2007-08 was \$159.2 million because there were some funds carried forward from the previous year to cover those claims.

Senator IAN MACDONALD—The appropriation for 2008-09 is only \$150.4 million, as I understand it; is that correct?

Mr Vickers—Yes, that is correct.

Senator IAN MACDONALD—That is a reduction of some \$9.2 million on the previous year?

Mr Vickers—That is correct.

Senator IAN MACDONALD—If the volume of claims continues at past rates—and one might expect they would probably increase—it would seem that exporters could expect a further reduction in their claims this year; is that logical?

Mr Vickers—I do not know that you could always assume that past trends continue into the future. There certainly have been a number of times when the trend for EMDG has not been linear, so I think it would be hypothetical to consider what the trend might be for this year. We have received only a very small proportion of the total applications.

Senator IAN MACDONALD—They are due by the end of November, aren't they?

Mr Vickers—They are due by the end of November but we get a very large percentage—almost 50 per cent—in November.

Senator IAN MACDONALD—That means you get 50 per cent before the end of October. How are they tracking compared to previous years? Are they up, down or about the same?

Mr Chester—As of last Monday there was around about 11 per cent increase in the claim numbers, but in terms of demand total amount claimed there was around about a 5.5 per cent increase.

Mr Yuile—Just by way of clarification coming back to the point you made earlier, as the forward estimates stood, you are correct, EMDG came back to \$150.4 million this financial year. As a result of the budget, you would be aware I think that the minister announced an additional \$50 million for 2009-10 to address the changes in the legislation. I just wanted to make sure—

Senator IAN MACDONALD—Yes, I will get to that. But does Austrade have an estimate of the shortfall in funding for 2008-09? I would assume you would make some sort of assessment?

Mr Chester—No. At this stage, because we have only got less than 50 per cent of the claims in, we have not made an estimate of that, no.

Senator IAN MACDONALD—I think you said there was an 11 per cent increase in claims and five per cent increase in money, so if that trend continues it is going to be a bigger shortfall than in previous years—if that trend continues?

Mr Chester—I do not think there is any doubt that the demand on scheme dollars will be higher than it was last year.

Senator IAN MACDONALD—That is a rational statement—

Senator Stephens—Can I just remind you that, while the changes to the legislation in 2006 actually triggered an increase in demand, there was no accommodation of that in the previous government's budget. The first opportunity that we had to actually address the increased demand was in this budget by a gradual increase—

Senator IAN MACDONALD—Yes. But you have made the scheme eligible to more exporters. You have increased the access to the scheme in the current year.

Senator Stephens—Yes, and we have increased the funding to the scheme. But 2007-08 was the first year in which people could actually access funds following the 2006 legislation, but there were not any additional moneys in the last year's budget to actually address that anticipated increase in demand.

Senator IAN MACDONALD—You make the mistake, as many of your colleagues are doing, that presumes this is a political game—

Senator Stephens—No, no. I was not saying that at all. I was saying that the time delay for actually enabling people to access the fund following the changes in the 2006 legislation are actually this year, and that has also exacerbated the gap.

Senator IAN MACDONALD—I appreciate that. I am interested in what is happening in the future. I am interested in the plight of exporters. I am not particularly concerned whether it is government A or government B that is putting exporters in a situation where they are going to be uncertain as to what they are going to get back. Therefore, they will hesitate to make the expenditure. That is my concern. Whether it is the fault of A or B—

Senator Stephens—I recognise the concern; I was not trying to make a political point. I was trying to ensure that you understood the time delay between when people may apply and when they might actually be eligible, and the impact that that has.

Senator IAN MACDONALD—Thank you for that. I do understand that very well. There was a shortfall of \$28 million last year, as I understand it; is that correct?

Mr Chester—Yes, it was \$28.8 million.

Senator IAN MACDONALD—The budget this year is cut by \$6 million. Exporters are likely to receive much lower grants this year than they did last year; would that follow as a matter of logic?

Mr Chester—It does depend on how demand pans out, but quite probably.

Senator IAN MACDONALD—Perhaps this is an unfair question to officials, but to the minister: why is it that no additional funds have been provided in the additional estimates for what is clearly going to be, on last year's figures, at least a \$34 million shortfall? Perhaps we would all expect it would be more than that, but is there a reason why additional funds were not provided in the additional estimates to try to cover that?

Senator Stephens—I cannot comment specifically on that. We do know that there is an increase in the forward estimates to \$200.4 million for 2009-10 and a commitment that funding levels beyond that will be determined in the light of the review of export policies and programs.

Senator IAN MACDONALD—That leads me to my next question. The money has been increased to \$200 million for 2009-10 but on the forward estimates the budget drops back to \$150 million in subsequent years. That is a fairly dramatic reduction when the legislation has only just been amended to expand the scheme. What is the rationale for that, or have you anticipated this question in your last answer?

Senator Stephens—I think in part it goes to the response to the Mortimer review and the way in which the government will shape a response to the recommendations.

Senator IAN MACDONALD—As a pre-election comment you agreed to add \$50 million to it for one year but at least that \$50 million has not been carried through to the out years, which is rather curious. One would have thought the out years might have at least been the same \$200 million and then, if Mortimer thought that more or less I guess was needed, that some adjustment would have been made then. Is there an explanation at all?

Senator Stephens—I think the minister is keen to consider the recommendations of the Mortimer review as to framing future budgets in the light of the government's response. That is the best I can really answer.

Senator IAN MACDONALD—Depending upon when the minister's response comes, would you not agree that the fact that there is an extra \$50 million for the next year but it drops back \$50 million plus \$34 million, you could almost say for the following years would give a great deal of uncertainty to exporters. It is now that they have got to be planning whether they are going to participate in the scheme, and this substantial shortfall would not be giving them much confidence.

Senator Stephens—I think this is the continued impact of the changes to the 2006 legislation and we are having to find ways to deal with it.

Senator IAN MACDONALD—Would you agree that in these very, very difficult times at the moment where the world, dare I say it, appears to be heading for trouble if not a recession, that exporters will need more help than ever before to retain their export markets let along to expand them. That would seem to be a statement that no-one could disagree with?

Senator Stephens—I would certainly agree with you on that.

Senator IAN MACDONALD—Austrade's administrative costs for managing the scheme are limited to five per cent of the budget; is that correct?

Mr Yuile—Five per cent of the appropriation.

Senator IAN MACDONALD—How has that impacted upon processing of claims? I guess the first question should have been: has it impacted?

Mr Chester—We have an objective every year of processing more than 95 per cent of claims and in the last year we were able to process 97.6 per cent, which was slightly down from the year before which I think was around 98 per cent. It is getting increasingly difficult to live within that budget and to keep the accountability matters associated with the scheme in check. However, with a scheme appropriation of \$200 million in the coming year, 2009-10, that should be satisfactory.

Senator IAN MACDONALD—Do the cost pressures make it more difficult for you people to give claims perhaps the full attention they deserve and therefore allowing some fraudulent claims to slip through; would that be a result of—

Mr Chester—We hope note. We have been refining our risk management modelling. We have just implemented a further revamp of that this year. Further to that we have implemented new processing procedures and refined the areas where we were getting no results, or lesser

results, in terms of the audit approach and increased it in areas where we have been getting greater results.

Senator IAN MACDONALD—Does that lead you to take a tougher line in assessing claims so as to reduce perhaps administrative burdens in dealing with the grant payments? Do you err on the side of caution because you perhaps do not have the staff or the time to properly assess them all?

Mr Chester—I do not think there could be said to be a material change in our approach over recent years in that.

Senator IAN MACDONALD—I understand the legislation provides for regional bodies to seek approved body status; is that correct?

Mr Chester—Correct.

Senator IAN MACDONALD—Can you tell me how many applications have been lodged with Austrade for approved body status?

Mr Vickers—I am sorry, we do not have that figure with us. If you would like to go on to another question, I will try to find that figure for you.

Senator IAN MACDONALD—Okay. While you are looking my next question, being a parochial Queenslander, is how many applications come from Queensland businesses as well?

Mr Vickers—I am sorry, in our briefing today we do not have the applications broken up by state.

Senator IAN MACDONALD—Do you have them back at the office?

Mr Yuile—Ms Gamin, who handles the EMDG operations, may have those numbers, and she is a Queenslander.

Ms Gamin—In terms of the number of current approved bodies, we now have roughly about 47 applications that have been approved.

Senator IAN MACDONALD—Are you able to tell me how many are from Queensland or give me the state breakup?

Ms Gamin—I can, actually. I can give you eight.

Senator IAN MACDONALD—If it is not easy to do it now, could you give me a state break-up of that on notice?

Ms Gamin—Absolutely, yes.

Senator IAN MACDONALD—Is it a new arrangement for regional bodies to get approved body status?

Ms Gamin—No.

Senator IAN MACDONALD—Can you explain that to me?

Mr Vickers—Currently approved bodies are national bodies that deal with the promotion of their industry. In the June 2008 changes, which apply to expenditure this year but are not paid until next year, 2009-10, there is a wider scope for regional bodies to seek approved body status. The concept of regional bodies is a new change.

Senator IAN MACDONALD—Are those applications made public?

Mr Vickers—We have not received any of those applications. We will not receive those until we get into the 2009-10 payment year.

Senator IAN MACDONALD—The 47 bodies and eight from Queensland is what?

Mr Vickers—They are currently approved bodies.

Senator IAN MACDONALD—They are applications that have already been lodged?

Mr Vickers—I will clarify this. There are two steps in relation to approved bodies. You apply to be an approved body and, once you achieve that status as an approved body, you can then apply for your expenditure. There is a two-stage process, and being an approved body does not mean that you necessarily apply for a grant in that particular year, but you have that status. The 47 relates to the number of bodies approved.

Ms Gamin—They have approved body status under the scheme.

Senator IAN MACDONALD—You do not know whether all of those 47 are going to make a claim at this stage?

Mr Vickers—No.

Senator IAN MACDONALD—Has the approved body status been like that for a while or has this arrangement just started with the new legislation?

Mr Vickers—No. The approved body status has existed for quite some time.

Senator IAN MACDONALD—Was the 47 figure there last year as well?

Ms Gamin—It changes in terms of the number of applications that we receive. Currently we have 47 industry associations that have been granted approved body status.

Senator IAN MACDONALD—Is 47 high or low compared with previous years? Perhaps you could take this on notice.

Ms Gamin—It has always been roughly around 50.

Mr Vickers—I could add a clarification that might assist. When you achieve approved body status it is for a five-year period. So the number of approved bodies does not change markedly from year to year. Some do leave and some apply, but it is not a big change.

Senator IAN MACDONALD—So the fact that regional bodies can now seek approved body status has not resulted in an increase in the number of approved bodies?

Mr Vickers—No. Regional bodies can apply next year for a grant in respect of their promotion. Regional bodies are separate from approved bodies.

Senator IAN MACDONALD—Does the regional body have to be an approved body before it can apply for a grant?

Mr Vickers—No.

Senator IAN MACDONALD—Your colleague was nodding.

Ms Gamin—It is together; it is in conjunction. There are many approved bodies. Industry associations, at the time they lodge their grant application under the EMDG scheme—their grant application—will also lodge their submission to be granted approved body status.

Senator IAN MACDONALD—What I am trying to get a handle on is what impact the fact that regional bodies can seek approved body status has had to the overall number of approved bodies, which assumedly would mean that it would also have an impact on the claims to be made into the future.

Mr Vickers—I think it is too early to tell that, simply because the changes started on 1 July. It has been a relatively short period of time, and a number of bodies would still be assessing the impact on them and we will not necessarily see their—

Senator IAN MACDONALD—I accept all of that, but have you received any applications for approved body status since 1 July?

Mr Vickers—I do not think so.

Ms Gamin—No.

Senator IAN MACDONALD—You have not?

Ms Gamin—We have received in-principle advices in relation to whether they may be eligible under the new scheme changes, but we have not received full submissions as yet. That is my understanding, but I can check that.

Senator IAN MACDONALD—I would have thought that this would be wildly popular amongst regional bodies and I would have thought that they would have got their application for approved body status in to enable them to start planning for a campaign for the—

Mr Vickers—I think for a number it would be premature. There are a number of other conditions that you have to meet in terms of the expenditure and the nature of the expenditure. So there is some consideration that is required by the regional bodies. I am certainly aware that it is well known. I am aware that people are considering it, but I do not think we are expecting to see a great flood of applications shortly. I think we will see that further into the end of the year and into the new financial year.

Senator IAN MACDONALD—Tell me if I am wrong, from your experience in this area—which is much, much more relevant than my very, very limited experience—one would assume if a regional body is thinking on an expenditure in the 2009-10 year they would be getting ready to do that now, at the end of the 2008 calendar year, which means that to do that they would have to get approved body status soon. Is that logic flawed?

Mr Vickers—If they are thinking of making an expenditure in the 2009-10 financial year?

Senator IAN MACDONALD—If they were going to expend money in 2009-10 they would have to be thinking about it now.

Mr Vickers—I am not sure that I can answer that question, because I am not sure I understand the expenditure patterns of regional bodies well enough. I can only tell you that we have not had a flood of applications. We are aware that it is being considered by a number of them. There has been some discussion with some. As you know there is a grants consulting

industry. They are consulting and offering their services to them. I am aware of that. There is activity happening, but it has yet to translate into anything significant in terms of applications.

Senator IAN MACDONALD—As I understand it, the first tranche for EMD grants for 2007-08 was \$70,000. Is that correct?

Mr Vickers—Yes, that is correct.

Senator IAN MACDONALD—Has that now been reduced to \$40,000?

Mr Vickers—Payments in this year?

Senator IAN MACDONALD—Yes.

Mr Vickers—Yes, that is correct.

Senator IAN MACDONALD—That is for 2008-09?

Mr Vickers—Yes, for 2008-09 payments.

Senator IAN MACDONALD—Then for 2008-09 the second tranche will be for any expenditure above \$40,000 rateably allocated; is that correct?

Mr Vickers—Against the funds remaining.

Senator IAN MACDONALD—Yes, up to \$150.4 million.

Ms Gamin—Up to \$150.4 million.

Mr Vickers—I was referring to the maximum grant payment.

Senator IAN MACDONALD—Yes, \$150.4 million. The maximum grant is \$150,000.

Mr Vickers—Yes.

Senator IAN MACDONALD—I did not get the percentages last time because I do not think you had them. How many got 100 per cent of their grant? I understand if your expenditure was less than \$70,000 you got 100 per cent. Last year what was the percentage in the second tranche? What percentage of the total expenditure above the \$70,000 was paid in 2007-08 year?

Mr Vickers—There was 24.4c in the dollar paid on the second tranche payment.

Senator IAN MACDONALD—24.7c?

Mr Vickers—It was 24.4c in the dollar; 24.4 per cent of the eligible claimed expenditure over \$70,000.

Senator IAN MACDONALD—If you spent \$120,000 you would have got \$70,000 plus—

Mr Vickers—Correct, plus 24.4 per cent of the balance.

Senator IAN MACDONALD—Divided by two?

Mr Yuile—Of \$50,000.

Senator IAN MACDONALD—It would be another \$12,200. So you would get \$82,200 out of your expenditure of \$120,000?

Mr Vickers—That is correct.

Mr Yuile—Out of your eligible claim.

Mr Vickers—Yes, you may have claimed more.

Mr Yuile—It goes to the issue of budget.

Mr Chester—Those figures are correct if you had an eligible grant of \$150,000.

Senator IAN MACDONALD—How does that compare with previous years?

Mr Vickers—The payout percentage?

Senator IAN MACDONALD—Yes.

Mr Vickers—It depends. There have been different payout percentages in a number of the different years. We can go through the years if you like.

Senator IAN MACDONALD—Can you do that? I suspect it is probably in your annual report somewhere?

Mr Vickers—It is in our briefing, if I can find the right page.

Senator IAN MACDONALD—Perhaps if you have got them?

Mr Vickers—For 2006-07 it was 100 per cent, 2005-06 was 100 per cent, 2004-05 was 100 per cent, 2003-04 was 74.5 per cent, and 2002-03 was 32.8 per cent.

Senator IAN MACDONALD—What was 2002-03?

Mr Vickers—It was 32.8 per cent.

Senator IAN MACDONALD—Are these percentages that got—

Mr Vickers—This is the amount of the balance that was—

Senator IAN MACDONALD—This was over the \$70,000?

Mr Yuile—No.

Mr Vickers—No. There are different initial payment ceiling amounts in those years.

Senator IAN MACDONALD—Do you have those handy? What was 2006-07?

Mr Vickers—No. I do not think we have the initial payment ceilings amounts to hand. I can construct a table.

Senator IAN MACDONALD—Perhaps if you would not mind on notice, rather than wasting your time at the moment, can you go back over the last five years with what the percentages and initial payments were? Just for my benefit, how long has the \$70,000 been in vogue?

Mr Yuile—It varies each year.

Senator IAN MACDONALD—Every year?

Mr Vickers—The Minister for Trade sets that figure prior to the commencement of each payment year. I would have to go back and check the payments.

Senator IAN MACDONALD—The Minister for Trade sets that figure. For the claims that are coming in for November 2008 do people know what that first tranche is—the \$40,000 figure?

Mr Vickers—That is correct.

Senator IAN MACDONALD—What is the rationale on setting it? Is that in the expectation of what the claims are likely to be?

Mr Vickers—It is because once the claims open on 1 July we start processing the claims and paying them, so we need to set the initial payment ceiling amount before the start of the payment year in order to commence paying the claims.

Senator IAN MACDONALD—Is that so you do not get caught short and so that you do not pay the first lot at \$40,000 and then find you have run out money and then the last 10 claims do not get anything because there is nothing there?

Mr Yuile—That is correct.

Mr Vickers—Yes.

Mr Yuile—The minister has to take account of the budget appropriation and what is available. He then takes advice from the team here with respect to expected claims, historical trends and other activity, which will lead to giving the minister the best possible advice against the appropriation that is available.

Senator IAN MACDONALD—In what way was the scheme expanded? I know it was an election commitment, but can you remind me in what way more people became eligible? Was it the regional bodies?

Mr Vickers—Is this the 2006 changes?

Senator IAN MACDONALD—No, the current one.

Mr Vickers—I can run through that list for 2008 if you like.

Senator IAN MACDONALD—Yes.

Mr Vickers—The maximum grant was increased by \$50,000 to \$200,000. The cost of patenting products in international marketplace was included. Regional not-for-profit economic development bodies, including tourism bodies, are allowed to claim. The maximum turnover limit was increased from \$30 million to \$50 million per annum. The minimum threshold for expenditure was reduced by \$5,000 to \$10,000. The number of grants was extended from seven to eight. The list of eligible services provided in Australia was replaced with a negative list, which means that everything is allowable except things on that list, which relates to services provided in Australia for which are considered to be exports.

Senator IAN MACDONALD—By and large the exporting community would be delighted with the broadening of the criteria, but distressed that the money has only gone up \$50 million?

Mr Vickers—I do not know that I am entirely qualified to speak for the exporting community.

Senator IAN MACDONALD—That is probably not a fair question. Do you have an estimate or any modelling for this expansion of the criteria, reduction of the threshold, increasing the years and the other issues you mentioned? Have you done any modelling since the election? I appreciate you would not have been party to an election promise before the

election. But having made that commitment, since the election have you done some modelling on what that might mean? I would assume you have in advice to the minister. I am not going to ask you what it was.

Mr Moignard—Yes, we have.

Senator IAN MACDONALD—Having said I will not ask you, you would not answer me even if I did ask you; is that correct?

Mr Yuile—That is correct.

Mr Moignard—That question was asked at the last Estimates briefing. The question was passed to the minister and he has declined to answer it.

Senator IAN MACDONALD—I think I said at the last one did the minister smile or frown when you gave it.

Mr Moignard—I think I recall that.

Senator IAN MACDONALD—Someone said something about happiness, but I am not sure that was in the actual context. I assume when the minister makes a decision, and perhaps when he makes his major statement shortly, that will all be revealed then. I guess that is not a fair question to you.

Mr Yuile—I cannot answer that question at the moment. It depends on the minister and government's consideration of the report.

Senator IAN MACDONALD—That is all I had on EMD grants.

CHAIR—Do you have further question of Austrade?

Senator IAN MACDONALD—No, I do not.

CHAIR—That concludes Austrade and we will now turn to the trade section of the portfolio.

Senator IAN MACDONALD—I do have a question about Iran and EFIC. This may be to the department and the policy area rather than the Austrade people. The Minister for Foreign Affairs has announced that he will not provide new financial support for trade with Iran through the EMD grant. Can you advise when Austrade was advised of this decision? The minister announced it on 15 October. I assume Austrade was advised of this decision prior to that?

Mr Vickers—I do not know that we can provide you with a certain date, because there were a number of procedural discussions before that decision was made, which as part of the portfolio we were involved in. I could not give you an exact point where those general discussions became firmer.

Mr Yuile—Your point is that clearly the portfolio was consulted as you would expect as part of a minister's consideration of a decision like that.

Senator IAN MACDONALD—Yes. I have some other questions that may make that relevant. If so, could you take it on notice—you may need to seek advice from the minister or someone else—to give me an indication of when Austrade was advised of the decision? Are

there are any current EMD grants for trade with Iran? What are the transitional arrangements, if any?

Mr Vickers—Are you referring to grants that are going to be claimed this year or grants from last year?

Senator IAN MACDONALD—Both.

Mr Vickers—We do not actually have data from this year because they are still coming in. We have not assessed them in terms of the country that they apply to. Last year we had 22 applications for the 2006-07 grant year, so that was paid last year, in 2007-08, and 21 of those received grants. I would add one caveat here. On the EMDG application you nominate your top six markets. We assess the grants paid in respect of Iran against those top six markets, but it is entirely possible that someone has included some expenditure that was not listed in their top six markets. The numbers I am giving you are a very close approximation, but they are not necessarily—

Senator IAN MACDONALD—That is sufficient for my purposes. I assume that the minister's announcement on bans only applies to grants lodged after? Can you tell me what the transition arrangements are?

Mr Vickers—It relates to expenditure incurred on or after 15 November 2008.

Senator IAN MACDONALD—They will not be eligible?

Mr Vickers—That is not eligible. If you incurred the expenditure prior to 15 November 2008 then it is eligible.

Senator IAN MACDONALD—If they have undertaken a qualifying trade activity but have not yet been reimbursed, they will still get reimbursed?

Mr Vickers—Yes. They will, in effect, be paying that next year, in the 2009-10 payment year.

Senator IAN MACDONALD—I have similar questions for EFIC.

Mr Yuile—EFIC is handled by the department.

Senator IAN MACDONALD—By the department?

Mr Yuile—I do not want to anticipate my colleagues, but I do not know that there are EFIC officers here. EFIC is handled within the policy responsibilities of the Department of Foreign Affairs and Trade.

Senator IAN MACDONALD—Are there any departmental people?

Mr Yuile—I think they are next.

Senator IAN MACDONALD—That is all I have for Austrade.

CHAIR—Officers from Austrade are excused. We will turn to Item 1.1.7 and then 1.1.8 under the DFAT agenda.

[7.58 pm]

CHAIR—Item 1.1.7 is Bilateral, regional and multilateral trade negotiations. Mr Ritchie, I believe you have a statement you wish to make?

Mr Ritchie—You will recall earlier today we had an exchange in the committee about the Privacy Act and issues about reform of the Privacy Act. I thought it might be helpful for the committee in any further consideration of that matter to know that the Australian Law Reform Commission has been reviewing Australian privacy law and issued a discussion paper on this issue in September 2007. We—that is, the department—made a submission to that review on 24 January 2008 and in that we supported a proposal to remove the need for a threat to life or health to be both serious and imminent before personal information could be disclosed or used for another purpose. We also said that the department noted that it was often faced with situations where there is not a declared emergency—and this is what we were talking about this morning—but the circumstances were such that the person whose information would be disclosed would benefit from that disclosure. Providing greater scope for disclosure of personal information in emergency situations and where individuals or the public may be at risk would assist the department in its function of providing consular services.

I understand the Law Reform Commission released a report in August 2008 where it took up the first of those suggestions, and on the second it found that on balance it was undesirable for a new exception to that use and disclosure principle to be created to allow expressly for disclosure of personal information to assist in missing persons investigations. The Law Reform Commission noted that to create a general exception in respect of all missing person investigations would risk interfering with the privacy of certain missing individuals and possibly endangering their lives. I wanted to make you aware that some work has been done on that, which might be useful for the committee's further consideration.

CHAIR—Thank you. We will now turn to item 1.1.7. Senator Trood.

Senator TROOD—I have some questions about multilateral trade policy and bilateral trade policy. They are Asia-Pacific questions.

Mr Ritchie—Mr Yeend handles our multilateral trade policy, and Mr Tighe from our Trade Development Division.

Senator TROOD—I wanted to start with Doha. The last time we met we all had some glimmer of hope that there might be some progress on Doha, and there has been what might turn out to be a final meeting in relation to that. I am wondering whether you could give an assessment of the situation in relation to Doha in light of that last round of negotiations? Perhaps you could also turn your mind to the likelihood of the talks being resumed any time soon, and, in particular, if you have done any assessment of it, whether or not the current chaos in international financial markets and economic affairs is likely to have any impact in your view on the possibility that Doha might be resumed any time soon or perhaps even be concluded?

Mr Yeend—You are quite right that in July there was a WTO ministerial meeting held. Those talks did break down, which was a very unfortunate situation and something that we have been looking at to see whether there are ways to move the negotiations forward despite that breakdown. What I would say is that, while there was a lot of public focus on the fact that the talks broke down, what has had much less attention is the fact that the meeting got very close to making a major breakthrough and reaching agreement in the key areas of the agriculture and industrial negotiations. While the meeting itself certainly broke down, the

Doha negotiations have not, and in fact since that time there has been quite a lot of activity going on with a view to moving the negotiations forward and trying to resolve the issues that were not able to be agreed upon in July. That has been taking place in Geneva, where the negotiating groups have been continuing to meet. They resumed in September after the European summer break and they have been focusing, in particular, on the areas where the negotiations stumbled in July, with a view to trying to narrow down the differences. There has also been a lot of activity and contact between ministers and other world leaders, et cetera, with a view to trying to bridge these issues and to make progress as soon as we can. From Australia's point of view, we have been very much involved in those processes and certainly see that, given that we did make such a lot of progress in July, it is very important to see if we are able to resolve these remaining issues as quickly as possible.

It is our view that there is still a window that we could make some further progress this year and that this is all the more important in light of the current international financial turmoil where clearly a major breakthrough in the Doha negotiations in the next few months would send a very positive signal about the commitment of the international community to address the problems that we are experiencing with the financial turmoil at the moment. We recognise that some of these issues are quite complex and technical. They do need to be discussed by officials in Geneva, but the intention is that these discussions take place and are taking place at the moment so that we could be in a position that ministers could gather again to try and go those last yards that they were unable to agree on in July. The negotiations are well and truly alive, as far as we are concerned, and there is still a reasonable prospect of making some solid progress in the next few months.

Senator TROOD—You said there was considerable progress on agriculture, but I gather from press reports that I have seen that in part it was the agricultural issue on which the whole agreement stumbled. Is that correct?

Mr Yeend—Yes, that is correct. It gets quite technical so I hope you can bear with me. On a particular safeguard mechanism that was designed to help developing countries deal with import surges, which they would be allowed to activate in those circumstances, in particular the United States and India were unable to reach agreement on the parameters under which that mechanism could be activated. Obviously they were not the only countries involved in the discussion, but that ultimately led to the breakdown. A couple of other agriculture issues as well as some issues under the industrial negotiations were also unresolved.

Again, I come back to what I said at the outset, that the remarkable thing in July was that on a whole range of other issues that for a number of years had been unresolved, including major stumbling blocks like the amount to which the US would cut its farm subsidies and the way that we would deal with sensitive products for developed and developing countries, there was quite considerable progress. This is why we still believe that, because there are really just a few issues now remaining, it is possible to think that we could resolve those issues in the months ahead, and that is what we are trying to do.

Senator TROOD—Are you confident that those issues that were settled can be preserved and will not be opened again?

Mr Yeend—That is what we would like to see and have been saying; that it is very important if we are to resolve these remaining issues that we do not reopen issues that were already agreed or on the path to being agreed. That is our objective, and others realise that to have any realistic prospect of making the kind of progress that I am talking about that will be the case. Of course at the end of the day it is the package as a whole that goes to all members and they need to agree on all the issues and not just bits and pieces of the package.

Senator TROOD—You say Australia remains optimistic and engaged, but do the United States and India—being the two countries that had the difficulty with the package that was being negotiated in July—remain engaged in the proceedings?

Mr Yeend—Yes, they do. We have continued our contact. Mr Crean and officials have been in regular contact with their US counterparts and the US is very much engaged in the discussions taking place in Geneva with a view to trying to resolve these issues. Indeed, in the last couple of days we have seen some public statements from President Bush and other US ministers reaffirming the US's commitment to trying to conclude the negotiations as quickly as possible, particularly as a contribution or as part of the response to the international financial turmoil.

Obviously they have the presidential elections coming up in a couple of weeks time, but what the administration is telling us is that, notwithstanding the presidential elections, the Bush administration will be in place for a few more months and is strongly committed to using that period to do what it can to try to move the negotiations forward.

Similarly India has been engaged in all of the discussions in Geneva and, again, we have had regular contact between Mr Crean and Mr Nath, the Indian Minister for Commerce. India is saying that they are prepared and willing to remain engaged with a view to trying to resolve these differences on these last few issues.

Senator TROOD—When you talk about a window are we talking about the time between now and the time that the new president is sworn in, in the United States? Are we talking 20 January or whatever the date is?

Mr Yeend—Importantly, it is not saying that after that period there is no hope. The thinking at the moment is that the US administration is committed and focussed. They are trying to move the negotiations forward to get these agreements. We need to use that opportunity to try to resolve the issues in that timeframe. If we are unable to do that, it will clearly be our objective to conclude the negotiations as quickly as possible and we would look to engage the United States into next year with that objective in mind.

We do think that, given the amount of progress that was made in July, combined with external factors like the financial crisis, and so on, it would be silly not to try to move this forward as quickly as possible with a view to trying to get an outcome in the time period leading up to the end of January when the new administration comes into place.

Senator TROOD—Your analysis seems a bit more optimistic than some of the analysis I have seen. The contrary analysis seems to be that the financial crisis is going to cause countries to look inward rather than be prepared to take the steps and make the concessions that are necessary for this agreement to take place. You suggested a measure of optimism.

Mr Yeend—We are working hard with those objectives in mind. As I have said at previous hearings as well, it nevertheless is very complex and it is politically difficult for some of the players to make the kind of concessions that will be required of them to get a deal. What I am saying is that it is possible to get there in the next few months, but it does require very strong political leadership and commitment from all of the key countries involved. You are right. There is a lot of speculation that countries could start to look more inwards than outwards. I think that remains to be seen. It comes back to our view that one of the key ways to prevent that from happening, because it obviously would not be something we would want to see, is to provide that boost of confidence in the international trading system and in the international trade rules by concluding the Doha negotiations.

Senator TROOD—Is it premature at this stage to look for a possible resumption of the talks at some stage? Are people talking about possible dates for this to occur or is that premature?

Mr Yeend—It is a little bit premature. There are various levels at which the discussions take place. As I said earlier, there is already quite considerable engagement at officials level in Geneva involving ambassadors and senior officials going to Geneva to talk about these issues. Those discussions are taking place this week on agriculture and the industrial negotiations. The negotiations are continuing. If you are talking about a larger gathering like a ministerial meeting, et cetera, there is no specific plans in place at the present time and that will, to some extent, depend on the kind of progress that is made in these official-level discussions that are ongoing at the moment.

Senator TROOD—Is there anything that Australia will likely be asked to do further? Or is it that the key elements of a resolution of the matter are largely in the hands of other players rather than ourselves, even though we are obviously an important part of the negotiations?

Mr Yeend—By and large the key sticking points are issues that really do not involve Australia. In saying that, there are key outcomes that we will be looking to preserve from the agreements in July, including in particular the market access package that is on offer and the benefits that we stand to gain from that package in agriculture, as well as wanting to make sure that while the focus has been on agricultural and industrial products, which are both important to us, that we do not forget that we have very substantial interests in the services negotiations and some of the other rules related negotiations.

Senator TROOD—I have some questions about bilaterals.

Senator IAN MACDONALD—Like Senator Trood, I am delighted with your optimism. Is that an official Australian government view? Commonsense would tell you that with the turmoil around the world, and knowing the American psyche and political pressures, particularly as we face an election over there, one would have to think that the prospects of the United States doing more towards successful conclusions would be fairly remote.

Mr Yeend—I do not know whether ‘optimism’ is the right word. I am optimistic that if there is the political will of the key players to strike a deal it would be possible to get an agreement in the coming period. That is being tested at the moment through the discussions that are taking place. As I said before, there are some very difficult issues both at a technical and a political level that will need to be broached.

The key thing I am saying is that there is the opportunity to make those agreements, but there is a range of other factors in play, some of which you have mentioned, that will have the potential to influence the outcome. The government's view is that while there is the chance of getting this kind of agreement we need to remain fully committed and engaged to getting that kind of outcome.

Senator IAN MACDONALD—Of course, and so we should. None of us would want to be running up the white flag now. Does the department have a strategy if we are now looking at post Doha?

Mr Yeend—As far as we are concerned, the focus is very much on getting a Doha agreement. As I said before, if we are able to secure that objective in the next few months, that will not be the end of the Doha round and the discussions will continue. It would be our view that given the progress that was made in July there is still the real prospect that it would be possible to conclude the agreement.

Senator IAN MACDONALD—Good luck. I am sure the good wishes of every Australian go with you.

CHAIR—Further questions, Senator Trood?

Senator TROOD—Indeed. I wanted to ask some questions about the ASEAN free trade plurilateral, as I understand it. Has the text of this emerged? Are we still struggling with the text or has it come out? This is the ASEAN free trade agreement.

Mr Mugliston—We have completed the legal verification or the scrub of the actual text of the agreement. That was completed at a meeting at the end of September.

Senator TROOD—Am I right in saying that the text has been scrubbed and published? Are the full details of it available? My thought was that had not yet occurred.

Mr Mugliston—The text of the agreement will not become publicly available until after signature of the agreement. The situation is that, yes, we have completed the legal verification of the text, but we have not completed the verification of the market access schedules of commitments of the individual countries.

Senator TROOD—Are they subject to further negotiations? Is that correct?

Mr Mugliston—Yes, in respect of the tariff schedules. You will recall the outcome from the Singapore meeting at the end of August was that it was accepted that Australia would continue bilateral tariff negotiations with Indonesia and Malaysia, but particularly in respect of the automotive tariffs. That is the key outstanding issue there with those two countries. We are still engaged in those bilateral negotiations, so we have not yet finalised or settled with those countries.

Senator TROOD—Are they the only two countries with which we have yet to secure agreement on the tariff schedules?

Mr Mugliston—They are the two countries that we have yet to settle in terms of reaching bilateral settlement on the negotiations, but we have yet to complete the verification of all countries' tariff schedules to ensure that they reflect the negotiated outcomes. That also includes the services schedules.

Senator TROOD—When you say ‘we have yet to complete that’, do you mean the Australian government has to satisfy itself that the arrangements are in conformity with the treaty, or do you mean that all of the parties to the treaty have yet to settle these matters?

Mr Mugliston—Yes. It is really in respect of all the parties; we have a web of bilateral negotiations.

Senator TROOD—I am sure these are extraordinary complex discussions. How much progress have we made in relation to those?

Mr Mugliston—A complicating factor has been the fact that we have not yet finalised our negotiations with Indonesia and Malaysia. That does tend to have a bit of a knock-on effect with other countries in terms of assessing and finalising their own schedules with respect to the verification process. We are now at the stage where there is a very intensive process under way, because parties are aiming to have this process completed in time to be able to have the agreement signed in December of this year.

Senator TROOD—Are we negotiating simultaneously with Indonesia and Malaysia, or are they concatenations of negotiations?

Mr Mugliston—No. It is simultaneous.

Senator TROOD—Are there any particular things that are sticking points? Are we talking of levels of tariff primarily in relation to these markets?

Mr Mugliston—We are, and particularly in respect of the automotive sector.

Senator TROOD—If we settled the automotive issue will there remain services issues of some difficulty that need to be resolved, or are you reasonably confident that whatever remains outstanding in relation to services can be relatively easily settled?

Mr Mugliston—There are no outstanding issues in terms of substantive negotiations on services. What we have to be satisfied with is the verification of the final schedules.

Senator TROOD—We are looking perhaps towards the end of the year, or at least there is hope. One does not put it any more strongly than that?

Mr Mugliston—Certainly, that is correct. Following the verification process each country is going to have to go through its own domestic processes in terms of getting the necessary approvals to be in a position to sign the agreement.

Senator TROOD—Presumably in Australia’s case it will have to come before the treaties committee of the parliament?

Mr Mugliston—No, that would be following signature.

Senator TROOD—I appreciate that. That is prior to ratification, though, is it not?

Mr Mugliston—That is correct. The entire FTA package will need to be formally considered by the 12 governments, including Australia.

Senator TROOD—Are there matters outstanding in relation to many of the other parties as well—the bilaterals between the other countries?

Mr Mugliston—The understanding reached in Singapore was the only outstanding issues related to those between Australia-Indonesia and Australia-Malaysia. The understanding as

well was that the objective was to lock in what was on the table in Singapore, and the understanding was that there could be no backsliding in terms of the commitments on the table in Singapore—hence the importance of the verification process—but that countries could make improvements to those commitments. That is the process we are engaged in, and we are very actively seeking improvements to the automotive tariff commitments from those two parties.

Senator TROOD—I am hoping that we will be having a close eye to the agreement we did with the Thais earlier on, and that the agreement we reach with the Malaysians and Indonesians is not quite of the same quality.

Mr Mugliston—We are very aware of the agreement reached with Thailand in terms of the bilateral FTA. I should, once again, make clear, as I have in other fora in this house, that the focus here in concluding and finalising our negotiations with these two countries is on tariff commitments. As you know, the issue that we have with Thailand principally relates to non-tariff measures, and we are aware of that.

Senator TROOD—Finally, are we likely to be looking at very substantial declines or reductions in the tariff rates? Obviously, these are matters for negotiation, but Malaysia in particular, as I understand it, has very high tariffs in relation to its automobile industry. I think it is higher than Indonesia; is that right?

Mr Mugliston—The issue on the automotive tariffs is that we have been advocating in the negotiations a so-called zero-for-zero proposal, that is, we are seeking reciprocal commitments from our trading and negotiating partners. Australia would be prepared to offer zero duties on entry into force of the agreement on the basis that other countries reciprocate with zero duties applying to imports of Australian automotive product as well. This has been the subject of negotiation. We do not necessarily expect that this will kick in on entry into force from each of our negotiating partners, but we do expect those commitments to be within what we term a commercially meaningful timeframe.

Senator TROOD—Just remind me, what sorts of tariffs are we talking about that exist in Malaysia and Indonesia at the moment?

Mr Mugliston—Tariffs on automotive parts are generally in the 15 per cent to 30 per cent range and tariffs on passenger motor vehicles are generally in the 30 per cent to 80 per cent range.

Senator TROOD—Thank you.

Senator IAN MACDONALD—Your colleague Senator Cameron will be interested in the zero-for-zero approach. Did I hear you correctly? You said you were hoping that it would be signed in December, which is four to six weeks away?

Mr Mugliston—What I said is that that is the aim. That is what we are working towards, to seek to achieve. What is outstanding here is the verification of market access schedules.

Senator IAN MACDONALD—I heard you say that you are hopeful that it will be signed in December?

Mr Mugliston—We are working very hard to finalise the negotiations, complete the verification process, and then consider it in terms of each of the national governments that will be in a position to do that.

Senator IAN MACDONALD—You said that once they are signed the text will be made public?

Mr Mugliston—Yes.

Senator IAN MACDONALD—Could you elaborate for me very briefly what benefits this agreement will bring for Australia?

Mr Mugliston—This is a comprehensive FTA that we have negotiated with ASEAN, jointly with New Zealand. ASEAN has, in fact, concluded other FTAs with other dialogue partners of ASEAN. It has concluded goods and services agreements with China and Korea, a goods agreement with Japan, and recently concluded in Singapore last August a goods agreement with India. There is an issue here regarding Australia also locking in to those outcomes, but this agreement goes beyond goods and services. It also covers investment and intellectual property, economic cooperation and other provisions. What the agreement seeks to do is obtain a very substantial outcome on tariffs, given that that is the area where ASEAN has done most work internally, that is, within its own economy, in respect of its own internal liberalisation. The fact is that it has not done as much work—

Senator IAN MACDONALD—You should be a minister. My question really was: what are the benefits for Australia? Whilst I am interested in what ASEAN has done elsewhere, just very briefly what is it going to mean? Will there be exports of services? In broader terms can you help me by saying what this is going to mean to Australia?

Mr Mugliston—In terms of the market access outcome, the tariff reduction and elimination commitments from each of the ASEAN countries should assist and provide enhanced opportunities for Australian exporters in those areas.

Senator IAN MACDONALD—Which areas are they?

Mr Mugliston—We are looking at having very comprehensive commitments from the ASEANs in respect of tariffs. You are talking about agriculture, the manufactures sector—across the whole spread of our export profile here.

Senator IAN MACDONALD—Can you not be more specific than that—agriculture, manufacturing, services?

Mr Mugliston—The focus there is some enhanced commitments in education services, professional services, financial services and telecommunications, which really go beyond their existing commitments in the WTO.

Senator IAN MACDONALD—If one of my constituents came to me and said, ‘Senator Macdonald, what is this free trade agreement with ASEAN going to mean for Australia?’, I could say that it is going to help our exports, but how could I be a bit more definitive in a way that average Australians would understand and, quite frankly, that I would understand?

Mr Mugliston—In respect of tariffs, as I responded on the question of autos, we are looking at some high tariffs there. I think you can see the advantage of reducing and

eliminating those tariffs. Even in those cases where there are low tariffs in ASEAN, particularly where there is a value, it is about getting a binding commitment there. If you like, you establish the maximum limit for the tariff. If you are talking about a five per cent tariff there is a binding, so that country cannot increase the tariff above five per cent.

Senator IAN MACDONALD—Are you saying that we will export more Australian made cars or we will be able to import Malaysian cars much cheaper?

Mr Mugliston—This is another potential advantage of the regional FTA—the so-called regional rules of origin. Because you have 12 parties involved, what we are able to do is source the product from the region that qualifies for the preferential duties that apply, with respect to trade within the region. That is why it is very important for the manufacturing sector and the auto sector, or example. You are talking about components that you can source from various countries or in fact the finished product.

Senator IAN MACDONALD—Thank you.

Senator TROOD—I do not have any more.

Senator IAN MACDONALD—In view of the hour and day of the week, can I ask on notice whether you could give the committee a brief update on progress with all the FTAs currently being negotiated by Australia at this time?

Senator TROOD—I was going to ask Mr Tighe a couple of questions about the bilaterals. Are you the bilateral man?

Mr Tighe—It depends which bilateral.

Senator TROOD—The Asian bilaterals primarily—China and Japan.

Mr Tighe—No.

Mr Ritchie—We do have our colleague Mr Wells here, who could answer that.

Senator TROOD—We could go to the regional areas.

Mr Ritchie—Yes.

Senator TROOD—Mr Fletcher, are you the Japan man on this subject?

Mr Fletcher—Mr Wells is.

Senator TROOD—I just wanted a brief account of where we are in relation to the Japan free trade negotiations?

Mr Wells—The seventh round of the Japan free trade agreement negotiations will be held next week in Canberra. We will continue to negotiate with the Japanese on improved market access for Australian services, manufactures and agriculture exports. We will also be continuing our negotiations with the Japanese on the various chapters of the agreement. That is a very general description. Perhaps if you have any specific questions I could try to answer them.

Senator TROOD—The specific question is whether or not the recent turmoil in Japanese domestic politics has, in your view, had any impact on the progress of these negotiations?

Mr Wells—Not so much the recent turmoil. The general observation is that until the next elections in Japan we are looking at political circumstances where it would seem that the Japanese government is unwilling to do anything that might be seen to offend Japanese agricultural interests. That, of course, makes it difficult.

Senator TROOD—It is a familiar story.

Mr Wells—It is a very old story, but it is one that we have to deal with. It means that it is going to be very difficult to achieve progress in what is, from a negotiating point of view, the most important part of these free trade agreement negotiations, because that is the area where of course we face the highest trade barriers.

Senator TROOD—Those elections are not due until middle of next year perhaps?

Mr Wells—The very latest they could take place would be in the second half of next year. It could be as late as September.

Senator TROOD—Realistically we are looking at no serious progress until perhaps after the middle of next year?

Mr Wells—Not necessarily. All I am doing is pointing out that at the moment the political circumstances are not propitious. When that is the case you naturally look to events that might prove to be a circuit breaker. The elections might or might not do that, and the elections might not take place until late next year. There are other circumstances that could work in Australia's favour in the negotiations and we will need to capitalise on those as best we can.

Senator TROOD—We should, but it seems to me from what you are telling us that it will be some way down the track before we are going to make any serious breakthroughs in the issues that separate us, particularly on agriculture.

Mr Wells—It was always going to be very hard to make progress on agriculture, but I would emphasise that there are circumstances in our favour. Commodity price rises have created a situation in Japan where for the first time in many years consumers are faced with rising food prices, and there is growing awareness in Japan that Japan has a strong interest in ensuring the security of supply of high-quality foodstuffs, for much of which Japan has traditionally depended on Australia.

Senator TROOD—I would not underestimate the power of the agricultural lobby.

Mr Wells—I would not disagree with you.

Senator TROOD—Can you give us some good news about the China negotiations?

Mr Wells—The China FTA negotiations, as you know, were unfrozen as a result of the Prime Minister's visit to China earlier this year. Since then we have held two rounds of negotiations with the Chinese. Another round will be held in December in Beijing. We are making steady progress in some areas of the negotiations. In particular, we are working with the Chinese to achieve what we call early outcomes, which we hope will build the confidence of the business community, stakeholders more generally, and both governments in our ability to achieve a final agreement. The idea is that those early outcomes will represent commercial benefits for both sides.

Senator TROOD—I see. Are we looking at something sooner, as in the end of the year or early in the new year, or is that premature?

Mr Wells—The government would like to achieve early outcomes as soon as possible, because they are meant to build confidence. The sooner you build confidence the better for the negotiations. They are, of course, difficult issues, as most issues are difficult in this negotiation, and we are working quite intensively with the Chinese to achieve these early outcomes. I could not say when we will achieve them.

Senator TROOD—Are we absolutely committed to this course of bilateral discussions, both in relation to the Japanese and the Chinese?

Mr Wells—Japan and China are our two largest trading partners. They are our two largest export markets. The government is certainly committed to doing what it can to improve conditions for Australian traders in those two very large markets.

Senator TROOD—I have some questions about the Korean situation. Can I address them to you, Mr Wells?

Mr Wells—Yes.

Senator TROOD—Can you tell us what is happening in Korea?

Mr Wells—As you know, the Prime Minister visited Korea in August and he and the Korean president agreed in principle that the two sides would begin free trade agreement negotiations. What we have done as an initial measure is to begin preparatory discussions with the Koreans on a free trade agreement. The first round of those preparatory discussions was held in Seoul last week. We plan to hold another round of such discussions in September. Those discussions are meant to identify how each side is going to approach an FTA, particularly with the aim of focussing on areas of a common approach. Both sides hope that this will facilitate the negotiations when the formal negotiations begin.

Senator TROOD—Do you have a date for that as yet?

Mr Wells—No, we do not have a date for the commencement of the negotiations.

Senator TROOD—Finally, tell me the situation with regard to the United States free trade agreement that the Koreans have, which has been in a measure of suspension almost in light of this beef problem, is it not?

Mr Wells—The ratification of the Korea-United States free trade agreement has still not taken place. As you have implied, that is of course of significance for Australia because when that agreement is ratified and when it comes into effect American beef exporters to Korea will obtain a tariff preference that will put them at an advantage compared with Australian beef producers. As you know, the Korean beef market is an extremely important one for Australia, so we are watching the progress of the ratification of the Korea-United States free trade agreement with some interest. That is why we are also seeking to begin our formal FTA negotiations with Korea as soon as possible. The most recent development is that the Korea-United States FTA was submitted to the Korean parliament about a week ago. Obviously we cannot say how it might progress through the Korean parliament.

Senator TROOD—I see. Thank you. I have concluded my questioning.

CHAIR—We will now move to 1.1.8.

Senator IAN MACDONALD—I had some questions on EFIC and then that will be the end of my questions. What cover is EFIC currently providing in relation to trade with Iran?

Mr Tighe—I am afraid that we do not have a representative of EFIC here. I do not have precise details of the exact cover that EFIC is providing in Iran. I think it is very modest. My recollection from looking at figures earlier is that it amounts to about \$6 million, but I cannot tell you, without referring back to EFIC, exactly what makes up that \$6 million.

Senator IAN MACDONALD—Can you confirm those details on notice?

Mr Tighe—Yes.

Senator IAN MACDONALD—As to the announcement by the Minister for Foreign Affairs that Australia will not be providing new financial support for trade with Iran through EFIC, when was EFIC advised of this decision?

Ms Stokes—I cannot tell you the precise date that we informed EFIC about this, but we have been in very frequent contact with EFIC on matters relating to Iran for quite some time.

Senator IAN MACDONALD—Could you be any more precise than that on notice?

Ms Stokes—Yes, we can do that.

Senator IAN MACDONALD—Does this decision apply to both EFIC's national interest and their commercial accounts?

Mr Tighe—Yes, it does.

Senator IAN MACDONALD—I assume the answer is, yes, as they have done it, but does the government have power to issue directions to EFIC in relation to management of its commercial accounts?

Mr Tighe—Yes, it does.

Senator IAN MACDONALD—On what basis? Can you point me to an authority or is it part of some legislation?

Ms Stokes—Under the EFIC Act 1991 the Minister for Trade has the authority to issue a direction to EFIC if the minister is satisfied that it is in the public interest.

Senator IAN MACDONALD—Is that the only criteria, that the minister has to be satisfied that it is in the public interest?

Ms Stokes—That is my understanding.

Senator IAN MACDONALD—Can you confirm on notice that there is nothing else? Has this happened before, where the minister has given a direction in relation to the commercial account?

Mr Tighe—It is not uncommon for the minister to give direction to EFIC on a range of issues, and occasionally that will affect transactions on the commercial account.

Senator IAN MACDONALD—I do not want to put you to a great deal of time and effort, but is it easy to give me some examples of where this has happened previously, on notice?

Mr Tighe—Yes, we can take that on notice.

Senator IAN MACDONALD—Do not spend too much time. You could give me one or two. That is all I have.

CHAIR—Further questions on 1.1.8?

Senator TROOD—No.

CHAIR—Thank you very much to Mr Ritchie, officers from DFAT and the minister for her attendance. I thank Dr Dimity and her staff for assisting for the last few days.

Committee adjourned at 8.52 pm