



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION  
COMMITTEE

ESTIMATES

**(Supplementary Budget Estimates)**

THURSDAY, 22 OCTOBER 2009

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE****LEGISLATION COMMITTEE****Thursday, 22 October 2009**

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

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

**Senators in attendance:** Senators Abetz, Birmingham, Mark Bishop, Boswell, Farrell, Ferguson, Fierravanti-Wells, Forshaw, Heffernan, Hutchins, Johnston, Kroger, Ludlam, Payne, Ryan and Trood

**Committee met at 9.00 am**

**FOREIGN AFFAIRS AND TRADE PORTFOLIO****In Attendance**

Senator Stephens, Parliamentary Secretary for Social Inclusion and Parliamentary Secretary for the Voluntary Sector

**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, Corporate Management Division

Ms Anne Moores, Assistant Secretary, Executive, Planning and Evaluation Branch

Dr Ruth Adler, First Assistant Secretary

Ms Caroline McCarthy, Director, Food Trade and Quarantine

**Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign and trade policies.**

**Program 1.1: Other departmental****North Asia**

Mr Graham Fletcher, First Assistant Secretary, North Asia Division

**South-East Asia**

Dr Brendon Hammer, First Assistant Secretary, South-East Asia Division

**Americas**

Mr Bill Tweddell, First Assistant Secretary, Americas Division

**Europe**

Mr Richard Maude, First Assistant Secretary, Europe Division

**South and West Asia, Middle East and Africa**

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

**Pacific**

Mr Richard Rowe, First Assistant Secretary, Pacific Division

**International organisations and legal issues**

Mr Bassim Blazey, Acting First Assistant Secretary, International Organisations and Legal Division

Mr Peter Woolcott, Ambassador for People Smuggling Issues

Ms Penny Richards, Senior Legal Adviser, International Organisations and Legal Division  
National security, nuclear disarmament and non-proliferation

Ms Jennifer Rawson, First Assistant Secretary, International Security Division

Dr Geoffrey Shaw, Acting Director-General, Australian Safeguards and Non-Proliferation Office

**Bilateral, regional and multilateral trade negotiations**

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

Ms Jan Adams, Head, China, Japan and Korea FTA Task Forces

Mr Michael Mugliston, Head, Asia Trade Task Force

**Trade development/policy coordination and Asia-Pacific Economic Cooperation****Program 1.2: Payment to international organisations (administered)**

Mr Bassim Blazey, Acting First Assistant Secretary, International Organisations and Legal Division

Mr Peter Woolcott, Ambassador for People Smuggling Issues

**Program 1.3: Public information services and public diplomacy (administered)**

Mr Paul Tighe, First Assistant Secretary, Trade and Economic Policy Division

Ms Lyndall Sachs, Executive Director, Shanghai World Expo 2010

Mr Greg Moriarty, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

Ms Anne Moores, Assistant Secretary, Executive, Planning and Evaluation Branch

**Program 1.4: Other administered items—DFAT**

Mr Paul Tighe, First Assistant Secretary, Trade and Economic Policy Division

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

**Outcome 2: The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services overseas.****Program 2.1 and 2.3: Consular services****Program 2.2 and 2.4: Passport services**

Mr Greg Moriarty, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

**Outcome 3: A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas owned estate.**

**Program 3.1: Other departmental**

**Division Program 3.2: Overseas property.**

Mr Peter Rowe, First Assistant Secretary, Diplomatic Security, Information Management and Services

Mr Peter Davin, Executive Director, Overseas Property Office.

**Australian Centre for International Agricultural Research (ACIAR)**

**Outcome 1: Agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems.**

**Program 1: International agricultural research and development.**

**Australian Agency for International Development (AusAID)**

**Outcome 1: To assist developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest.**

**Program 1.1: Official development assistance—PNG and Pacific**

**Program 1.2: Official development assistance—East Asia**

**Program 1.3: Official development assistance—Africa, South and Central Asia, Middle East and other**

**Program 1.4: Official development assistance—Emergency, humanitarian and refugee programs**

**Program 1.5: Official development assistance—Multilateral replenishments**

**Program 1.6: Official development assistance—UN, Commonwealth and other international organisations**

**Program 1.7: Official development assistance—NGO, volunteer and community programs.**

**Outcome 2: Australia's national interest advanced by implementing a partnership between Australia and Indonesia for reconstruction and development.**

**Program 2.1: East Asia.**

Mr Peter Baxter, Acting Director General AusAID

Mr Jamie Clout, Deputy Director General, Corporate Enabling Division

Mr Richard Moore, Deputy Director General, Asia Division

Ms Catherine Walker, Deputy Director General, Global Programs Division

Mr Robin Davies, Acting Deputy Director General, Program Enabling Division

Ms Margaret Callan, Acting Deputy Director General, Pacific, PNG & Policy Division

Mr Chris Tinning, Assistant Director General, Development Partnerships Branch

Mr Jamie Isbister, Assistant Director General, Africa, Humanitarian and Peace Building Branch

Ms Jane Lake, Senior Associate, Pacific Branch

Mr Rob Tranter, Assistant Director General, Pacific Branch

Ms Lisa Rauter, Chief Financial Officer

Ms Jacqui De Lacy, Assistant Director General, Sustainable Development Group

**Australian Trade Commission (Austrade)****Outcome 1: Advance Australia's trade and investment interests through information, advice and services to businesses, industry and governments.****Program 1.1: Trade and investment development****Program 1.2: Trade development schemes (Export Market Development Grants)****Outcome 2: The protection and welfare of Australians abroad through timely and responsive consular and passport services in specific locations overseas.****Program 2.1: Consular, passport services.**

Mr Peter Yuile, Deputy Chief Executive Officer and Executive Director, Government and Corporate Services

Mr Ian Chesterfield, General Manager, Business Policy and Programs

Ms Pat Evans, Executive Director, Export and Investment Services

Ms Elizabeth Gamin, National Operations Manager, Grants

Mr Peter Gunning, Chief Finance Officer

Ms Marcia Kimball, Executive Director, Human Resources

Ms Helen Monro, Acting General Manager, Government and Communications

Ms Kelly Ralston, Group Manager, Strategic Corporate Planning

Mr Michael Vickers, Manager, Policy and Scheme Development, EMDG

Mr Bob Nash, Executive Director, Australian Passport Office

**Department of Foreign Affairs and Trade****Trade programs****Bilateral, regional and multilateral trade negotiations \***

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

Ms Jan Adams, Head, China, Japan and Korea FTA Task Forces

Mr Michael Mugliston, Head, Asia Trade Task Force

**Trade development/policy coordination and Asia-Pacific Economic Cooperation****Program 1.2: Payment to international organisations (administered)**

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Ms Anne Moores, Assistant Secretary, Executive, Planning and Evaluation Branch

**CHAIR (Senator Mark Bishop)**—I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I welcome Senator Stephens, representing the Minister for Foreign Affairs, Mr David Ritchie, Deputy Secretary and officers of the Department of Foreign Affairs and Trade. Today the committee will continue to examine the budget supplementary estimates for the Foreign Affairs and Trade portfolio and 11 December 2009 has been set as the date by which answers to questions on notice are to be returned. Senators should provide their written questions on notice to the secretariat by close of business Thursday 27 October.



Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has copies of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate into Hansard.

*The document read as follows—*

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
  - (1) If:
    - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
    - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
  - (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
  - (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
  - (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
  - (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
  - (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
  - (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

- (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(Extract, Senate Standing Orders, pp 124-125)

**CHAIR**—Minister, do you or an officer wish to make an opening statement?

**Senator Stephens**—No thanks, Chair.

**CHAIR**—Okay. Are there any questions for portfolio review?

**Senator TROOD**—First off, can you tell me when the new secretary will be arriving in the department?

**Mr Ritchie**—Yes, the new secretary will take up his position on 25 November.

**Senator TROOD**—And until that time Ms Bird is Acting Secretary, is that correct?

**Mr Ritchie**—That is correct.

**Senator TROOD**—When Mr Richardson takes up his position will he be coming to estimates to represent the department, Mr Ritchie?

**Mr Ritchie**—I do not think we have made a decision about that yet. He has not taken up his position so we have not had a chance to consult him about it. But it is one of the things that we obviously would be consulting him about.

**Senator TROOD**—Maybe you would convey on my behalf my interest in having the secretary attend the estimates. The Department of Foreign Affairs and Trade is the only department that I can think of where the secretary does not attend estimates. I think it is an unsatisfactory set of circumstances and I would urge the new secretary, as he comes in, to perhaps reconsider his situation in that respect.

**CHAIR**—We note for the record that that is a precedent established by the previous government in 1996 and continued until the present time. If the committee wants the secretary of the department to be invited, the committee on its own motion must write to the department and invite him.

**Senator TROOD**—I think we have done that in the past, actually.

**CHAIR**—We have done it in the past and we have sent the same notice every time we have written since 1996.

**Senator TROOD**—Yes, and we have got the same answer every time, regrettably. Mr Ritchie, on the last occasion we were here, in the May estimates, we were discussing matters relating to the budget: the additional, modest funds that had been given to the department—the \$13.3 million. I think you gave us some information about how this might be allocated throughout the various functions and activities of the department and, indeed, some of the posts. In May at least, none of this was entirely clear. Has there has been any clarification of how these funds are going to be spent?

**Mr Ritchie**—Yes. We have begun to spend some of the additional money that we acquired in the budget. Just to recap, the budget provided DFAT with \$333.1 million over four years in

new departmental funding—that is, non-property funding. In the first year, as I think we said at the last estimates, it worked out at about \$70 million. We got another \$163.6 million over four years for three major property projects, \$2.4 million over four years in 2009-10 for administered purposes and some additional funding to continue some important existing activities which included counterterrorism work, RAMSI, operation of our mission in Nauru and a number of other things. We have begun to spend that money. I will ask my colleague Mr Wise to run through what we have done so far. We already have people in place overseas and in Canberra under some of those arrangements, and we are in a very active recruitment mode at the moment. You will appreciate, Senator, that recruitment sometimes takes a little while, particularly where we have to undertake security clearances, as we do for our purposes. But we have a very substantial amount of recruitment under way at the moment as a result of that. Mr Wise will give you the details.

**Mr Wise**—Senator, at the last estimates, I said we were estimating that we would have an additional hundred positions in the department by the end of the financial year, which would bring us to around 2,300 Australian staff. At the end of September, we had 2,280 staff. That is 20 short of that target. In the three months since the end of the financial year, we have increased our number of staff by 54, so I remain reasonably confident that we will get to that figure of 2,300 by the end of the financial year.

**Senator TROOD**—How many of those are locally-engaged staff? It does not matter where.

**Mr Wise**—At this stage, we have created or are in the process of creating 16½ positions for locally-engaged staff. They are at various stages of creation; posts have to advertise for the positions and go through the normal recruitment arrangements.

**Senator TROOD**—I know you said that you were looking for additional staff, and I recall the figure of 100, but you were also looking at allocating some of this additional funding to posts or to outcome activities in outcome 1, as I understood it. Have you made any determination on where those funds will be spent?

**Ms Thorpe**—Senator, I think we have explained before that, although we report on an outcome basis, we manage the department holistically. It is not like a lot of departments that have specific programs and they manage to a program. Most of our activities and most of what Mr Wise was citing is actually outcome 1, as you know, because outcome 1 has to do with the foreign policy.

**Senator TROOD**—Have you used any of these funds to open any new posts, to send any A-based staff to existing posts anywhere in the 90-odd missions that we have?

**Mr Ritchie**—No, Senator, we have not used any of the money to open new posts. As you know, we are committed to opening a new post in Lima in due course, but that has not opened yet.

**Senator TROOD**—Is that going to open this financial year?

**Mr Ritchie**—No.

**Ms Thorpe**—We have always had it on the record that we were opening it in the latter part of 2010, and that is the way the funding was provided.

**CHAIR**—But we have provided some additional A-based staff and LES to our existing staff. I will ask Mr Wise to say something about that.

**Mr Wise**—We have about 24 positions overseas that we have made decisions to create. Some of those positions are filled. Some have been advertised and will be decided on within the next few weeks, with staff to deploy in December or January in most instances.

**Senator TROOD**—Could you take it on notice that I would like you to respond to where those positions are?

**Mr Wise**—We would be happy to respond, as we normally do, on a regional basis where we have deployed those positions.

**Senator TROOD**—I understand the restrictions, but perhaps you could do that for me.

**Mr Wise**—Certainly.

**Senator TROOD**—How many staff have separated from the department since the start of the financial year, in the last quarter?

**Mr Wise**—You will recall that for 2007-08 it was 140. Last time we met we were close but had not yet reached the end of the financial year for 2008-09. The number for 2008-09 was 120, so 20 fewer people separated in 2008-09. For the first quarter of this year we had 17 separations.

**Senator TROOD**—How does that compare with the first quarter of 2008-09?

**Mr Wise**—In the first quarter of 2008-09 we had 42 separations, compared with 17—quite a dramatic shift.

**Senator TROOD**—Perhaps you would be good enough to take on notice my request to advise the nominated reasons for those departures.

**Mr Wise**—I can do that now.

**Senator TROOD**—I do not need you to do it now, but I would be grateful if you could tell me the explanation as well as—and I think you have done this before—which of these people have left the department and gone to other departments and agencies.

**Mr Wise**—I have that information here. I can supply it to you.

**Senator TROOD**—If you could just take that on notice. We also canvassed on the last occasion the matter of security clearances, of which there were a large number pending.

**Mr Wise**—That is right, Senator.

**Senator TROOD**—What progress can you report on those?

**Mr Wise**—I will reiterate that, to work in the department, staff need to be cleared to a top secret level, so they have to go through a security clearance process after they are recruited. We have 46 staff members who are currently at various stages of getting a security clearance; they are not yet cleared. Also, because it is that time of the year, we have recruited 47 graduate trainees and corporate finance and management trainees. They will start in February, so there is quite some time before they start. Those clearances need to be processed as well. In fact, we recruited a total of 49 GTs and CFMTs this year; two of those have been done already and the rest will be done in plenty of time. Forty-six is the critical number.

**Senator TROOD**—So there are 49 new recruits?

**Mr Wise**—At the graduate level.

**Senator TROOD**—As well as the 46 that are left over, is that correct?

**Mr Wise**—Not left over, necessarily; it is a rolling program.

**Senator TROOD**—I think you told me last time that there were 59 that had not been cleared, so we have not made a whole lot of progress.

**Mr Wise**—Well, 46 is better than 59.

**Senator TROOD**—We will not debate that particular point. I agree with that. In answer to a question on notice, you have given me a list of the positions in relation to specialties in the department. I am alarmed to see that some of these—at least two of them—go back to 2008.

**Mr Wise**—The process of providing security clearances can in some cases be very complicated, especially if the person being cleared has lived overseas or travelled overseas extensively. Checks need to be done and they can be quite time consuming.

**Senator TROOD**—I acknowledge that problem, but in the notes you gave me with regard to these specialist positions you alluded to the fact that, in relation to some of these cases, the documentation has been sent but apparently not returned. There seems to be a lack of diligence.

**Mr Wise**—It is a lack of diligence on the part of some of the people we are trying to recruit. We send them the package and we rely on them to get the information back to us.

**Mr Ritchie**—I can assure you we do follow up. Some of them just take a long time.

**Senator TROOD**—But these people have not taken up positions, have they?

**Mr Wise**—They have not. They cannot take up a position until they have the clearance.

**Senator TROOD**—So the only conclusion one can draw is they are not particularly enthusiastic about joining the department.

**Mr Wise**—That may be the case for some of them. In some cases it may be because they are required to provide information on where they have lived, going back quite a while. People do not always keep that information and they have to hunt around to get it.

**Senator TROOD**—So none of these people whose clearances have yet to be completed are in positions of any responsibility?

**Mr Wise**—No. They are not working in the department.

**Senator TROOD**—In relation to a question on notice—question 24—you provided me with some information about heads of mission. This was a question about the designated level of the heads of mission. Answer A is the one I am particularly interested in. The response you have given me is that there is no designated level for heads of mission. It depends, I gather, on who applies for the position which is available. But you also seem to be saying that there is at least a notional allocation at the level of the heads of mission. You do not need to do this now but I would be grateful if you would take on notice my request that you provide me with information as to the notional designation of these heads of mission positions. Is that difficult?

**Mr Ritchie**—No. As I explained last time—and as explained in the answer to the question—when we advertise positions, we normally say, ‘generally filled at this level,’ and we can certainly give you some indication of that. But that—as I explained, I think, at the budget estimates session—is something that can be significantly varied depending on the people available, the language skills, the minister’s views and whatever else. We can vary that considerably, but we can give you a general indication.

**Senator TROOD**—I understand the nuance and I am grateful for that, but I would be grateful if you could also provide me with the notional advice of the level at which these positions are normally settled. You also provided me with some answers to questions with regard to language efficiency, in relation to officers with language qualifications which had been tested by the department, as I understand it.

**Mr Ritchie**—Yes.

**Senator TROOD**—They were aggregated numbers. It is not clear from that advice—and I cannot find immediately the reference to the answer—but I think it is something in the vicinity of 43 tested languages, or thereabouts. It is not clear to me how many officers have more than one language capability. Would you mind taking this on notice and advising how many of these are language capabilities possessed by one or two officers? It is possible—as talented as your staff are—that there may be more than one officer in the department with two or three language qualifications, so I am not clear about how many individuals have qualifications. Could you please take that on notice?

**Mr Ritchie**—Certainly.

**Senator TROOD**—I have finished my staffing questions. I want to go on to questions about Indonesia, if I could.

[9.21 am]

**CHAIR**—As there are no further matters on the portfolio overview we will move now to outcome 1, the advancement of Australia’s international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian government foreign and trade policy priorities. We will go straight to South-East Asia in program 1.1.

**Senator TROOD**—I want to ask some questions about our relationship with Indonesia. Can you tell me, Mr Ritchie, on how many occasions the Prime Minister has visited Indonesia?

**Mr Ritchie**—It is only a guess. I will ask my colleague Brendon Hammer who is in charge of that division to provide that answer.

**Dr Hammer**—Prime Minister Rudd has visited Indonesia four times since becoming Prime Minister.

**Senator TROOD**—When were those dates, Dr Hammer?

**Dr Hammer**—I do not have the exact details with me, but I can take that on notice.

**Senator TROOD**—That includes the most recent visit.

**Dr Hammer**—It does.

**Senator TROOD**—Is this the first time he has been to Jakarta as the Prime Minister?

**Dr Hammer**—I do not think so.

**Senator TROOD**—Perhaps you can take that on notice.

**Mr Ritchie**—We can confirm that. I do not think so. I think he went there on a trip to Japan.

**Senator TROOD**—Has he undertaken a bilateral state visit to Indonesia since becoming Prime Minister?

**Dr Hammer**—I am not sure of the status of the visits that he has made. I would have to take that on notice.

**Senator TROOD**—Perhaps you would do that for me and advise me about that. This most recent visit was for the purpose of attending the President's inauguration. Is that correct?

**Dr Hammer**—Yes.

**Senator TROOD**—And he has since left Indonesia and moved on.

**Dr Ritchie**—He is back here.

**Senator TROOD**—He has come back.

**Dr Ritchie**—Yes.

**Senator TROOD**—When he was there, there were discussions about a wide range of bilateral matters. What was on the agenda, Dr Hammer?

**Dr Hammer**—I am not privy to the exact range of subjects which were on the Prime Minister's agenda for those discussions. I know, of course, that people smuggling was certainly on the agenda. It is also right to say that since the occasion was the inauguration of the Indonesian President, there would not have been a heavy policy load in the discussions because of the nature of the occasion.

**Senator TROOD**—It surprises me that when the Prime Minister goes to a near and important neighbour the head of the South-East Asia Division is not aware of the agenda. Were you not asked for a brief?

**Dr Hammer**—Our division does provide briefing through the Department of the Prime Minister and Cabinet.

**Mr Ritchie**—It really is a matter where the briefing is prepared by the Department of the Prime Minister and Cabinet across the whole government. We provide briefing material to PM&C and they put together the brief for the Prime Minister. Our ambassador in Indonesia knows, but we would not know every last detail of the topics that the Prime Minister covered. Indeed, maybe that is an issue that you should put to PM&C.

**Senator TROOD**—Can you assure me that your department was invited to provide a briefing paper for the Prime Minister's office?

**Mr Ritchie**—That is perfectly normal. We are always invited by the Department of the Prime Minister and Cabinet along with other relevant departments to provide briefing material, which is a contribution to a brief which they then prepare for the Prime Minister.

**Senator TROOD**—What issues were on your brief?

**Mr Ritchie**—I will leave it to my colleague to answer, but we would have normally covered every aspect of the bilateral relationship we can think of. Whether indeed that is taken up is a matter for the Prime Minister's department.

**Senator TROOD**—I understand that. Prime Ministers, this one as every other Prime Minister, tend to have a mind of their own in relation to the topics they pursue. Perhaps you can tell us, Dr Hammer, the issues that you mentioned or listed in your brief?

**Dr Hammer**—The way it tends to work in practice is that the briefing requests come in a relatively ad hoc fashion piece by piece from the Department of the Prime Minister and Cabinet into my division. We have any number of those coming into the division at any given time. I keep track of some of them but I do not actually watch every one of those requests as they come in. Some of them come directly to branches or people within branches. As Mr Ritchie said, the provision of material back to the Department of the Prime Minister and Cabinet is often very automatic. It is material that we have already got about the status of the relationship and so forth. We tend to provide Prime Minister and Cabinet with a lot more than what they probably eventually wind up putting into the Prime Minister's brief. We are not part of the process of deciding what goes into the Prime Minister's brief. That is very much the business of the Department of the Prime Minister and Cabinet and the Prime Minister.

**Mr Ritchie**—I might add it is not just the South-East Asia Division that provides material. They provide material in so far as it relates to the division. We have sitting at the table Peter Woolcott who is the Ambassador for People Smuggling Issues. We have other parts of the division dealing with trade matters and other issues with Indonesia. It covers the whole range of the department as well. PM&C, from my own experience of five years in that department, draws this from across the entire bureaucracy and then shapes it into a briefing note for the Prime Minister.

**Senator TROOD**—As you are sitting at the table, Mr Woolcott, can I ask you whether or not you were invited specifically to provide a brief to the Prime Minister's office ahead of this visit?

**Mr Woolcott**—As Dr Hammer said, the system is that we provide information. We provide views on what the Prime Minister might appropriately say and that would be cleared through and processed by Prime Minister and Cabinet. They put forward their own separate brief to the Prime Minister. Certainly our views were sought and our views were provided.

**Senator TROOD**—Do you have your own resources as Ambassador for People Smuggling Issues, Mr Woolcott, or do you work through the existing facilities within the department?

**Mr Woolcott**—When my job as Ambassador for People Smuggling Issues was made full time, I was also provided with three additional resources, one BB2 and two BB3s. James Wise might want to correct me on that in terms of their levels. Those positions have been filled although one is on a part-time basis.

**Senator TROOD**—Don't worry about the detail, Mr Wise. So you essentially have three staff?



**Mr Woolcott**—There is also an existing section which handles refugees and immigration issues. That consists of a section head and three officers. They do not work to me exclusively but they are there also as a resource.

**Senator TROOD**—This incident with the asylum seekers occurred at around the time that the Prime Minister was about to undertake this visit. Dr Hammer or Mr Ritchie, when did the department receive notice of the situation with the asylum seekers that were taken on board the boat?

**Mr Ritchie**—I will ask Mr Woolcott to answer that question.

**Senator TROOD**—Is that your problem, Mr Woolcott?

**Mr Woolcott**—Yes, Senator. Could you repeat the question?

**Senator TROOD**—When did you or the department receive advice on the problem that has arisen with the asylum seekers on board this boat?

**Mr Woolcott**—That would have been on the Saturday.

**Senator TROOD**—That was last Saturday?

**Mr Woolcott**—Yes, it was last Saturday, the day that the calls came into various Australian authorities that a vessel was in distress. We were advised immediately by the Australian Customs and Border Protection Service, and an operational meeting was held that day.

**Senator TROOD**—Did you have a particular responsibility in relation to that matter?

**Mr Woolcott**—We are very much part of the whole-of-government process that deals with these issues, and I attended that meeting.

**Senator TROOD**—A meeting took place on the Saturday, did it?

**Mr Woolcott**—It was called immediately after we received advice that distress calls had been made to various Australian authorities, yes.

**Senator TROOD**—So that was on the Saturday. That was an interagency meeting, was it?

**Mr Woolcott**—That was an interagency meeting chaired by the Australian Customs and Border Protection Service.

**Senator TROOD**—Was that an ad hoc agency meeting or was it part of an existing task force?

**Mr Woolcott**—No, that was an ad hoc agency meeting.

**Senator TROOD**—Is there any structure across agencies which is generally used to handle these kinds of events when they occur? I am asking if it is generally handled through an ad hoc arrangement of the kind you have referred to.

**Mr Woolcott**—There are a variety of structures. At the apex is the National Security Committee of Cabinet. Then there is the Border Protection Committee of Cabinet, chaired by Senator Evans. Beneath that there is a task force, which is chaired by the National Security Adviser, Duncan Lewis. There are daily operational meetings, which are chaired by the Australian Customs and Border Protection Service. There is also, generally once a week, what we call a stakeholders meeting, which is also chaired by the Australian Customs and Border

Protection Service. So quite an elaborate and comprehensive structure has been established to allow for a whole-of-government consideration of all these issues.

**Senator TROOD**—Were all of these agencies represented at the meeting on Saturday?

**Mr Woolcott**—All the key agencies were at the meeting on Saturday, yes.

**Senator TROOD**—Was any legal advice tendered at the meeting?

**Mr Woolcott**—The Attorney-General's Department was represented at the meeting and legal issues were discussed, but there was no formal tendering of legal advice at the meeting.

**Senator TROOD**—So the meeting did not have the benefit of any legal advice as to the status of this ship and the people on it?

**Mr Woolcott**—It had the benefit of a very experienced lawyer from the Attorney-General's Department, who was very familiar with these sorts of issues.

**Senator TROOD**—So you did have some legal advice.

**Mr Woolcott**—No, there was no written legal advice. A lawyer from the Attorney-General's Department was present. He was there to comment on the legal situation, but there was no formal, written legal advice provided at that time.

**Senator TROOD**—I understand your response. How long did the meeting go for?

**Mr Woolcott**—A few hours.

**Senator TROOD**—What was the result of the meeting—advice to the Prime Minister's office, to the minister?

**Mr Woolcott**—The Department of Prime Minister and Cabinet was represented at that meeting and they would have presumably provided advice to the Prime Minister's office, but you would need to ask them that question, not me.

**Senator TROOD**—What time of the day was the meeting convened?

**Mr Woolcott**—Don't hold me to this, but I think it was around about the middle of day.

**Senator TROOD**—Interfered with your lunching arrangements, no doubt.

**Mr Woolcott**—Not the first time it has happened since I have taken this job.

**Senator TROOD**—I imagine it is a hazard of your occupation. What did the Australian government then do after this meeting had concluded in relation to this ship?

**Mr Woolcott**—AMSA was also represented at the meeting and it was treated essentially as a search and rescue operation. AMSA were aware of the rough position of the vessel inside the Indonesian search and rescue zone. AMSA got in touch after the meeting with their Indonesian equivalent, Basarnas, to advise them of the vessel in distress. The questions that flow from that might best be directed to AMSA in terms of what they said.

**Mr Ritchie**—We are a very marginal player in that. That is really for the relevant authority.

**Senator TROOD**—That may be, but one cannot help but think the Department of Foreign Affairs and Trade, which is broadly responsible across this area, has something to contribute to the discussion. So I will persevere if I may.

**Mr Ritchie**—We certainly do, but we are not the operational people.

**Senator TROOD**—At that stage what was the position of the vessel in distress and the other vessel that subsequently became involved?

**Mr Woolcott**—When you say the other vessel?

**Senator TROOD**—The vessel in distress. What did you understand to be the position with regard that vessel?

**Mr Woolcott**—Essentially, the message had come through a number of sources that there was a vessel in distress. My recollection is that we had at that stage an indication of the number of passengers onboard. The decision was made to treat it as a straight safety of life at sea issue. As I understand it, AMSA put out broadcasts to commercial shipping nearby. It came to our knowledge that there was no suitable commercial vessel in the vicinity to pick up the passengers in distress. The nearest vessel was the HMAS *Armidale* and, as such, the HMAS *Armidale* was dispatched to the area where we understood the vessel was.

**Senator TROOD**—How long did it take for *Armidale* to get there?

**Mr Woolcott**—Those are some operational details that I am just not across. They are best put to AMSA and to the Australian Customs and Border Protection Service.

**Senator TROOD**—What instructions did the captain of *Armidale* have in relation to the vessel in distress?

**Mr Woolcott**—The primary instruction was to see if the vessel was where it was reported to be; to find the vessel. But, again, the exercise had been coordinated by Basarnas, the Indonesian search and rescue organisation. They were in close communication with AMSA. That was the communication channel. Basarnas had requested AMSA to assist in this regard. Even though they were coordinating, they made it clear that they had no suitable assets to send out for search and rescue purposes, and so had requested Australian government assistance through AMSA in the search and rescue.

**Senator TROOD**—What was the response to that request?

**Mr Woolcott**—It was a positive response.

**Senator TROOD**—At some juncture, the Prime Minister became involved in this matter, did he not?

**Mr Woolcott**—Yes, the Prime Minister did obviously become involved in that. He discussed this issue with the President of Indonesia, but you need to put those questions on timing to Prime Minister and Cabinet.

**Senator TROOD**—Are you not aware of that, Mr Woolcott?

**Mr Woolcott**—I am not aware of the exact time he became aware of this issue.

**Mr Ritchie**—It is a matter, really, for the Department of the Prime Minister and Cabinet.

**Senator TROOD**—Are you saying to the committee that, beyond the role you had at this interagency meeting, for the most part the department did not then have any role to play in the whole exercise—that the locus of activity, as it were, moved from the committee to the Prime Minister's office and the Office of National Security? Is that what you are saying?

**Mr Woolcott**—No, the search and rescue operation was very much coordinated, and continued to be coordinated throughout, by AMSA and by the Australian Customs and Border Protection Service. Obviously, DFAT was consulted on certain issues, but those related to policy, not to operational matters.

**Senator TROOD**—Which aspects of policy were you consulted about?

**Mr Woolcott**—There were legal aspects—the Department of Foreign Affairs and Trade legal area was brought into the discussions—and there were issues in relation to transferring the passengers from the *Armidale* to the *Oceanic Viking*. These were, again, largely operational matters, but they required some consultation with wider agencies.

**Senator TROOD**—So the *Armidale* arrived at the scene. The vessel in distress was in fact determined to be in distress by *Armidale*. Is that correct?

**Mr Woolcott**—Again, that is a question you should best put to the Australian Customs and Border Protection Service.

**Senator TROOD**—As far as you understand, that is the case?

**Mr Woolcott**—As far as I understand, it was unseaworthy.

**Senator TROOD**—So they were taken on board *Armidale*?

**Mr Woolcott**—No, they were not taken on board *Armidale*.

**Senator TROOD**—They were placed directly on—

**Mr Woolcott**—*Armidale* pulled alongside, but the passengers never came aboard *Armidale* except for the little girl who was suffering from dehydration. She was brought on board *Armidale*, with three accompanying adults, for medical treatment and then returned back to the vessel in distress.

**Senator TROOD**—Can you tell me how long it took before the vessel, which was unseaworthy and presumably sinking, then transferred its passengers to the *Oceanic Viking*?

**Mr Woolcott**—Again, these are operational questions best put to Customs and Border Protection. I am not sure of the exact timing. The *Oceanic Viking* was further back, near Christmas Island, and it took some time to get to where the vessel in distress and the HMAS *Armidale* were.

**Mr Ritchie**—Again, these are questions better put to the operational agencies, because we are not directly engaged in those issues.

**Senator TROOD**—I understand that, but I—

**Mr Woolcott**—I do not want to mislead you. I cannot give you the exact coordinates and I cannot give you the exact timing for that process.

**Mr Ritchie**—The same applies to the instructions that were given to the captain of the *Armidale* and other things. Those are matters for the Chief of the Defence Force and others.

**Senator TROOD**—I do not seek to explore that. In any event, was it Saturday or Sunday that the transfer took place? I do not need to know the precise times, but was it later—after your luncheon meeting?

**Mr Woolcott**—I believe the transfer took place on the Sunday, but please do not hold me to that.

**Senator TROOD**—But the view that you took, or the advice you received, was that this vessel in distress was in Indonesian waters. Is that right?

**Mr Woolcott**—No, it was not in Indonesian waters. It was in the Indonesian search and rescue zone.

**Senator TROOD**—Yes—not in its territorial waters.

**Mr Woolcott**—No.

**Senator TROOD**—But it was, at least, in an area of the ocean where Indonesia had responsibility for these people. Is that right?

**Mr Woolcott**—I can tell you that the *Armidale* made contact with the vessel 296 nautical miles north-north-west of Christmas Island and 120 nautical miles from Sumatra.

**Senator TROOD**—You had more information than you thought, Mr Woolcott.

**Mr Woolcott**—I checked my notes.

**Senator TROOD**—But they were in waters which meant that, under international law, Indonesia had responsibility?

**Mr Woolcott**—Indonesia had responsibility to coordinate.

**Senator TROOD**—You said that you were not aware when the Prime Minister first raised this matter with the Indonesian government. Did you as the department give any instructions? Did you make any contact with our ambassador or the embassy in Jakarta seeking the ambassador's involvement in this issue?

**Mr Woolcott**—The embassy was advised of the situation immediately at the conclusion of the meeting.

**Senator TROOD**—After your meeting on Saturday? Was the embassy asked to do anything?

**Mr Woolcott**—Not to that point. It was a search and rescue situation and the embassy needed to be aware of the situation, but at that point communications were being handled between AMSA and Basarnas.

**Senator TROOD**—I know you do not know when the Prime Minister rang. I imagine he may have made more than one call. Do you know whether he contacted the Indonesian government directly or the embassy in the first instance?

**Mr Woolcott**—The Prime Minister?

**Senator TROOD**—Yes.

**Mr Woolcott**—No, I do not know that.

**Senator TROOD**—The Prime Minister left Australia late on Monday afternoon, wasn't it?

**Mr Ritchie**—From recollection I think it was Monday evening.

**Senator TROOD**—What was the status of the vessel at that stage? It had sunk by then and the passengers had been taken on the *Oceanic Viking*. Is that right?

**Mr Woolcott**—As I understand it the passengers were on board the *Oceanic Viking* at that point.

**Senator TROOD**—How many representations did we make to the Indonesian government in relation to these passengers?

**Mr Woolcott**—Representations?

**Senator TROOD**—Representations in relation to taking care of them.

**Mr Woolcott**—As I have said, the issue was being handled as a safety of life at sea issue and it was being coordinated between AMSA and Basarnas. The embassy was in contact with other agencies as appropriate and advised them of the situation, but it was being treated as a SOLAS situation as a matter of keeping everyone in the picture.

**Senator TROOD**—Did the Indonesian government make any request of Australia in relation to the people on board the *Oceanic Viking*?

**Mr Woolcott**—Other than the advice by Basarnas that they were unable to provide an asset to pick up the passengers on the vessel in distress and to ask the Australian government whether they were able to do so.

**Senator TROOD**—So they requested our support for dealing with the situation.

**Mr Woolcott**—That is right

**Senator TROOD**—It was an operational matter, as I understand it, in regard to the initial urgency of dealing with the unseaworthy vessel.

**Mr Woolcott**—That is right.

**Senator TROOD**—Once that matter was resolved the question then became what was to happen to the people then on board the *Oceanic Viking*. Is that correct?

**Mr Woolcott**—That is correct.

**Senator TROOD**—My understanding is that the Prime Minister made a request of the Indonesian government that they be allowed to go to Indonesia. Is that correct?

**Mr Woolcott**—It is correct that the Australian government made a request that the survivors be disembarked from the Australian assisting ship and delivered to a place of safety, and the nearest place of safety was Indonesia.

**Senator TROOD**—Do you know when that request was made?

**Mr Woolcott**—I can take it on notice but I cannot give you the advice on that.

**Senator TROOD**—Perhaps you would do that for me, Mr Woolcott. Can you tell me what the reaction to that request was?

**Mr Woolcott**—As I said, that is really a matter between Basarnas and AMSA, the Australian organisation. They were ready to look at that, but it was not quite as simple as that—because it was an Australian Customs border protection vessel there were other steps that had to be gone through such as diplomatic clearances and processes. The advice we had

from Basarnas was that they were looking very closely at that issue, but clearly it was not their call alone, that diplomatic clearances had to be sought because of the nature of the vessel.

**Senator TROOD**—So they were stalling.

**Mr Woolcott**—No, they were not stalling. They have their systems and their laws. Australia cannot sail a customs vessel or a naval vessel into another country's territorial sea without proper clearances. It was not a matter of stalling.

**Senator TROOD**—Are you aware of whether or not they undertook to provide those clearances and the necessary authorities so that the vessel could go into Indonesian waters?

**Mr Woolcott**—At that point we were working through the embassy to follow up on that advice and to obtain the various clearances necessary.

**Senator TROOD**—In the meantime the *Oceanic Viking* was doing what? Was it at anchor or was it continuing in the Indonesian—I know there is a formal term for the area where it was; I have forgotten what it is. Did it remain in that zone of Indonesian jurisdiction?

**Mr Woolcott**—The Indonesian safety of life at sea area. As I understand it, yes; but again these are operational areas which I have no detailed visibility of.

**Senator TROOD**—Was this matter unresolved when the Prime Minister left Australia?

**Mr Woolcott**—When the Prime Minister left Australia this had yet to be resolved, in terms of diplomatic clearances had yet to be provided.

**Senator TROOD**—So the vessel was still at sea and the survivors, as you called them, were on the *Oceanic Viking* but it was not in port anywhere and the matter was unsettled. Is that right?

**Mr Woolcott**—Correct.

**Senator TROOD**—When was a decision made that the Indonesians would take them into port?

**Mr Woolcott**—The final decision was made during discussions between the Prime Minister and the President of Indonesia, but there had been discussions leading up to that point at the officials level and, of course, Mr Smith, our foreign minister, had also met with Mr Wirajuda that same morning.

**Senator TROOD**—So there were obviously active discussions about what would happen and eventually it was agreed that the ship would be allowed into port. What was the nature of that agreement?

**Mr Woolcott**—The nature of that agreement was—and this was stated by President Yudhoyono's spokesman—that for humanitarian reasons the vessel would come to the port of Merak and the people rescued at sea would be given temporary accommodation until the relevant international officials could handle the case. That was the basis of the decision.

**Senator TROOD**—What accommodation, if any, was agreed would be made available?

**Mr Woolcott**—These are all issues that are now being worked out by officials in Jakarta. There are a whole range of issues that need to be worked out: the *Oceanic Viking* is a large

vessel, so where it can berth; security issues; accommodation issues. There is a myriad of issues which are being discussed probably at this moment in Jakarta—it is four hours behind—in relation to facilitating the arrival of the vessel at the port of Merak.

**Senator TROOD**—When do you expect that to be?

**Mr Woolcott**—We would hope they would all be sorted out during the course of the day and the vessel could arrive today.

**Senator TROOD**—So the vessel will arrive later today?

**Mr Woolcott**—Yes, at some stage today in Indonesia.

**Senator TROOD**—Has the Indonesian government given the Australian government any indication of the accommodation which is going to be made available to these survivors?

**Mr Woolcott**—These are all matters for discussion. I cannot really pre-empt those discussions. Obviously, it is in Indonesia and the Indonesian government will make those decisions in close consultation with us.

**Mr Ritchie**—I assume that it would involve the international organisations, UNHCR, IOM and others.

**Mr Woolcott**—Mr Ritchie is correct. That also involves discussions with IOM, who will play a significant part in this. It will also, down the line, involve discussions with UNHCR.

**Senator TROOD**—Is the outline of the arrangement one that involves Indonesia taking responsibility for the survivors from the vessel and processing them, in conjunction with international agencies, as refugees? Is that part of the general agreement?

**Mr Woolcott**—My understanding is that Indonesia has agreed to take them for humanitarian reasons. They will be duly processed by both IOM and UNHCR; yes.

**Senator TROOD**—Has Australia accepted any particular responsibility for the people concerned?

**Mr Woolcott**—We obviously want to be as helpful as possible to Indonesia on this matter. We work very closely together as partners in these issues and we stand ready to provide Indonesia with all necessary assistance, but, again, these are all matters that will be discussed over the coming days and weeks as the situation further unfolds. I am sorry I cannot give you greater clarity at this point but it is still very much a moving situation.

**Senator TROOD**—Is it conceivable that as part of the agreement that has been reached that the Australian government will accept some responsibility for some of these refugees?

**Mr Ritchie**—Do you mean in terms of taking them?

**Senator TROOD**—Yes.

**Mr Ritchie**—As Mr Woolcott has said, that is a matter that has to go through the normal refugee processes, so I would be surprised. We do not know, though, at this point.

**Senator TROOD**—It would normally be, Mr Ritchie, that they would be assessed by an international organisation—

**Mr Ritchie**—I imagine so, but we are not involved in that process.



**Mr Woolcott**—At this stage, as Mr Ritchie says, we do not know whether they will claim protection. Until they arrive and get properly processed we do not know their situation or what their claims will be. But, as I said, we will work very closely with Indonesia to ensure an appropriate outcome.

**Senator TROOD**—Do you know the origin of the survivors?

**Mr Woolcott**—We believe they are Sri Lankan but they have not been formally interviewed or processed. We do not know whether they are all Sri Lankan but the belief is that they are.

**Senator TROOD**—Is this agreement—which is in the process of being negotiated, but the outlines of which are more or less clear—a one-off agreement in relation to this particular set of circumstances or is it intended to be part of a more comprehensive arrangement with the Indonesian government with regard to dealing with these matters?

**Mr Woolcott**—This framework that has been mentioned by the Prime Minister will be part of a much wider package of cooperative measures.

**Senator ABETZ**—Could you repeat that answer?

**Mr Woolcott**—The package that has been mentioned by the Prime Minister will be part of a much wider package of cooperative measures with Indonesia on people-smuggling issues. It is not confined to this one vessel.

**Senator ABETZ**—Was that Senator Trood's question?

**Senator TROOD**—My question was: is this a one-off arrangement in relation to this particular set of circumstances or have you agreed that if these circumstances were to be repeated then the Indonesian government would agree to act as it has done on this occasion?

**Mr Woolcott**—That is all to be discussed. The point I was simply trying to make is that this package is not a one-off package. It is a framework for future cooperation with Indonesia on people-smuggling issues. That matter that you just mentioned, about further safety of life at sea issues, will be subject to discussion with Indonesia. But I cannot go any further than that.

**Mr Ritchie**—I think what Mr Woolcott is trying to say is that this is a discreet exercise which we have been through. We were requested by the Indonesians to provide humanitarian assistance. We did so. We discussed with them where they would be offloaded in Indonesia. We will assist in any way we can with Indonesia's hosting of that. That was a discreet exercise that is finished, as far as I am aware. Again, it is a matter you would need to talk to the Department of the Prime Minister and Cabinet about. As far as I am aware, the wider framework he has been discussing is a broad framework of cooperation with Indonesia that involves a whole range of additional steps.

**Senator TROOD**—In relation to asylum seekers?

**Mr Woolcott**—No, in relation to people-smuggling issues generally.

**Mr Ritchie**—Indeed, more broadly.

**Mr Woolcott**—The idea is a very broad agreement covering a myriad of the issues that arise under people-smuggling issues. It will come in under the Lombok Treaty, which you

may recall specifically refers to people-smuggling and people-trafficking issues as one of the areas for future cooperation.

**Senator TROOD**—Will this replace an existing protocol or agreement between the two countries with regard to people-smuggling activities, or has there just not been anything in place?

**Mr Woolcott**—There has not been anything of a broad-ranging nature. I am sure there are separate agreements between agencies.

**Mr Ritchie**—Indeed.

**Mr Woolcott**—But you would need to discuss that with agencies rather than with me.

**Mr Ritchie**—I think Senator Evans outlined during hearings into the Department of Immigration and Citizenship and elsewhere, various agencies have very well-developed arrangements between the two countries, and there is a lot of cooperation between the two. I think this will bring together a number of those and look at some additional steps—as far as we are aware.

**Senator TROOD**—Do you have, as a result of this agreement that is in the process of being negotiated, confidence that the situation, should it arise again—and all the evidence we have is that there may well be more boats and they may well be in distress on fairly regular occasions—that the Prime Minister will not be required to intervene, as he has on this occasion in each situation?

**Mr Woolcott**—We have generally excellent cooperation with Indonesia across the full range of agencies. This was a very discreet situation. It was an unusual one. The framework package that we will sit down and discuss will look at the whole gamut of people-smuggling issues and try to pull that all together in a comprehensive framework. We have enormous confidence in the cooperation we have been getting from Indonesia in the past and will continue to get in the future. It is a genuinely excellent relationship. It is a partnership in dealing with what is a regional problem and requires regional solutions.

**Senator TROOD**—I am not sure that it will be as discreet as you presumably hope it might be, Mr Woolcott. There are more boats coming, it seems. They are often unseaworthy. They are potentially going to be imperilled across a large amount of water. There seems to me to be every prospect that we will be confronting this situation once again. Can you assure the committee that, were the situation to arise again, there will be as a result of this agreement arrangements in place that will address the situation that has arisen?

**Mr Woolcott**—I could assure the committee that it is one of the issues we will be looking to discuss with Indonesia at officials level.

**Senator TROOD**—I see. Are you confident the Indonesian government will accept what I understand to be its responsibilities in international law?

**Mr Woolcott**—I am confident that the Indonesian government will continue to work very closely with us on people-smuggling issues. Their cooperation has just been outstanding and I am very confident that it will continue to be so.

**Senator TROOD**—I see. That was not the question I asked, of course. When do you expect this agreement to be concluded?

**Mr Woolcott**—Again, there is no time line put on this. Obviously both President Yudhoyono and Prime Minister Rudd want the discussions to happen quickly. Indonesia is getting a new cabinet, which will be announced, we think, today. So obviously ministers are going to need to be in place and bring themselves up to speed on the issues and how they impact on their portfolios. But the wish of the leaders is that this framework agreement be put together relatively quickly, and that is our hope.

**Senator TROOD**—What would happen if another boat was in distress this afternoon or tomorrow, before the agreement was concluded? Would we require the Prime Minister to intervene once again to solve the problem?

**Mr Woolcott**—That is a hypothetical question. I cannot answer that.

**Mr Ritchie**—That is a hypothetical question. Actually, this did work under pretty normal arrangements. There was a distress situation in the Indonesia search and rescue area. The Indonesian authorities requested assistance because they did not have assets in the area, as we have assisted in the past in our search and rescue area with people like French yachtsmen and others. We provided it. There were discussions between the two governments. The people are being off-loaded in Indonesia. It seems pretty regular. We would presumably want to go down much the same path, but that is a hypothetical question.

**Senator TROOD**—Is funding being discussed as part of this agreement, or the costs involved in any aspect of it—the costs involved in Indonesia participating in search and rescue, the costs involved in Indonesia processing refugees or the costs involved in Indonesia housing refugees? Is there a consideration within this agreement about who will bear the costs or the expenses involved in these matters?

**Mr Woolcott**—Again, the package is to be negotiated, but obviously costs will come into those negotiations. We are genuine partners with Indonesia on these issues. We do not want to leave Indonesia with an unfair burden in the management of this regional problem; we want to play our part, so costs will be discussed, yes.

**Senator TROOD**—Can you tell me under which categories costs will be discussed? Are they in relation to processing or housing asylum seekers, search and rescue et cetera?

**Mr Woolcott**—You will be aware from the appearance of the Department of Immigration and Citizenship before Senate estimates two days ago that we do already contribute to processing through UNHCR in Indonesia, that we do contribute to detention facilities in Indonesia and that we do contribute to the costs of temporary housing. These are all areas that, again, we will look at to determine whether there are additional expenses that we might be prepared to pay. We will also look at whether there are other areas that would be helpful for both of us, in managing a regional solution to this problem, in which we should also contribute.

**Senator TROOD**—So it might involve intensified intelligence cooperation, for example, in relation to people-smuggling?

**Mr Woolcott**—It could indeed, but these are all things that we will need to discuss.

**Senator TROOD**—Has the Indonesian government made any requests of Australia with regard to costs?

**Mr Woolcott**—Not at this point. Obviously they have agreed to certain contributions we have made in the past. That has been something the Indonesian government has agreed to. They have not put their hand out and said, ‘Give us a greater contribution,’ but they understand that we want to pay our fair share of costs. We are very happy to sit down and discuss all this with them, and these are part of the discussions.

**Senator FIERRAVANTI-WELLS**—It is implicit in everything that has been in the media that the Indonesians are expecting us to pay the fair share, and that is what the Prime Minister is really going on about. He is expecting the Indonesians to do the heavy lifting, and we are going to foot the bill for it. That is the summary of what is in the press at the moment. Minister?

**Senator Stephens**—I know that you really pursued this with vigour with Senator Evans.

**Senator FIERRAVANTI-WELLS**—I did, and Senator Evans told me, and the officials at DIAC keep telling us, that the relationship with Indonesia is almost on an hourly basis. But it does not seem to be doing much, because the problem is still there and this government does not seem to be finding a solution to it. The Prime Minister is talking tough at the moment. The question we would like answered is: what price does that come at, and why are the Indonesians having to do the heavy lifting and solve what is clearly one of Australia’s problems?

**Senator Stephens**—I actually—

**Senator FIERRAVANTI-WELLS**—Don’t have an answer?

**Senator Stephens**—I would not dignify your question with a response, because—

**Senator FIERRAVANTI-WELLS**—I beg your pardon, Minister!

**Senator Stephens**—Senator, you are actually asking: what is the cost of a human life?

**Senator FIERRAVANTI-WELLS**—Oh, come on!

**Senator Stephens**—No, you are. Seriously, you are being particularly provocative in your questioning.

**Senator FIERRAVANTI-WELLS**—The question I am asking is: the Prime Minister—

**CHAIR**—Order! You have asked a question, Senator. You were entitled to ask it. You were listened to carefully and closely. When the minister responds—

**Senator FIERRAVANTI-WELLS**—Well, could you please direct her to answer the question.

**CHAIR**—Excuse me. You have asked a question. You were listened to closely and carefully. When the minister chooses to respond, she will be listened to closely and carefully. Please show her the respect that you expect. Minister, you have the floor.

**Senator Stephens**—Thank you. The officers at the table are trying to respond very reasonably and to provide the information on what is a developing situation. There is no suggestion that anyone is trying to avoid answering any questions. This is a detailed,

comprehensive framework that is being put in place. It is being developed at a diplomatic level and with the officers of the department with the Indonesian government. As it progresses, I am quite sure that the Minister for Foreign Affairs will keep everyone, the nation, informed.

**CHAIR**—Senator Fierravanti-Wells?

**Senator FIERRAVANTI-WELLS**—Mr Woolcott, you were going to—

**Mr Woolcott**—I was just going to say that there has been some talk about an Indonesia solution. I want to make the point that it is not an Indonesia solution; we are talking about a regional solution here. This is a regional problem. We work with countries such as Indonesia and Malaysia, and they clearly recognise that it is in their sovereign interests to work with us to address this problem. We similarly understand the regional dimensions of this problem. We obviously want to work very closely with them, and we need to share the burden of managing this problem. It is simply a partnership in addressing a regional problem. We set up the Bali regional framework, which also helps facilitate that. We cochair that with Indonesia. There is an enormous amount of activity that we do together as partners in a problem which cannot be addressed bilaterally; it must be addressed regionally if we are going to address it, and this is what we are doing.

**Senator FIERRAVANTI-WELLS**—At the regional level, you obviously spend a lot of time travelling around, talking to people. In fact, when I asked DIAC where you were housed, they raised their eyebrows and said that ‘housed’ was not the appropriate word because you spend most of your time on planes. So you obviously spend a lot of time talking to our regional neighbours about the issue. In those discussions, the reasons for the current surge of activity to Australia are discussed, I assume.

**Mr Woolcott**—No, not with me. They do not talk about that. We discuss it at a practical level: ‘How do we address the problem?’

**Senator ABETZ**—How can you address the problem if you do not know what the cause is? Surely you must be discussing the cause so you can then put measures in place to address it.

**Mr Woolcott**—One aspect of the cause is essentially a very strong focus on the people-smuggling syndicates. This is a criminal activity, and one of our primary goals in this is to work very closely with our partner countries in looking at how we can develop more intelligence on those syndicates and how we can attack those syndicates, because those syndicates are not only the facilitators for this criminal business but they are also the spruikers for it. They are the ones who are out there in the marketplaces of Kabul or in Pakistan. They are the ones in the camps in Sri Lanka who are saying: ‘Hey, have we got a deal for you! We can get you to Australia or to France or to Italy.’ So very much our focus is on those criminal syndicates. A lot of my conversations with my colleagues overseas are very practically focused. They are not about grand debates on policy issues; they are about how we address a particular problem.

**Senator ABETZ**—But we had those criminal syndicates in the early 2000s. They were alive and well then. We as an Australian people put measures in place that stopped the boats coming to Australia. The Prime Minister, in August 2008, changed the policies and all of a

sudden these same criminal people-smugglers sprang back into action. The criminal people-smugglers have always been there, they have always tried to ply their inhumane trade, but we actually stopped it for a while in this country. Haven't your discussions focused on why there was that hiatus in people smuggling to Australia for that period and why it has found a new life since August 2008? I dare say we will be told it is coincidental, but it very coincidentally lines up with Mr Rudd's change of policy.

**Mr Ritchie**—I need to say two things there. Firstly, I hope you do not expect us to debate the change of policy. It has absolutely nothing to do with us. It is a matter for you to take up with the government. Secondly—

**Senator ABETZ**—But has the information gathered by 'his Excellency the Ambassador' assisted in telling us, for example, that people smugglers were saying, 'Australian laws are that tough it ain't worth the risk anymore,' but now that there is a change in policy and the welcome mat has been put out, they are saying, 'Let's spring back into business'? I am not asking you—

**Mr Ritchie**—I am simply not going to comment on the policy aspects of it. You have already explored this at great length with the Department of Immigration and Citizenship.

**Senator ABETZ**—I am not asking you to comment on the policy—

**Mr Ritchie**—But it is impossible to comment on that without commenting on that policy.

**Senator ABETZ**—No.

**Mr Ritchie**—You are making assertions about that.

**Senator ABETZ**—Mr Ritchie, with great respect—

**CHAIR**—Senator Abetz, we are engaging in a little bit of round-the-circle debate here. If you have a question, put it to the official. The official, under the guidance of the minister, will determine the nature of his response.

**Senator ABETZ**—Thank you very much. I am not asking for a comment on policy. I am asking what information has been gathered. It might be right, wrong or indifferent, but has the ambassador, in his travels, heard and gleaned from these people smugglers and information sources the reason why they sprang back into life after August 2008 when there was that substantial quiet time when Australia was protected from these illegal boat arrivals?

**Mr Woolcott**—I would be happy to answer that. In my discussions with officials overseas, they have not raised with me the issue of the changes to Australian border protection control laws brought in by the Rudd government.

**Senator ABETZ**—Have you asked about them?

**Mr Woolcott**—What has been discussed in some detail are the push factors which are in existence at the moment.

**Senator ABETZ**—But have you asked about whether the change in Australian laws is right?

**Mr Woolcott**—No, I have not asked that question. It is not for us to ask.

**Senator ABETZ**—Of course, if you do not ask, you do not get the answer. That is very diplomatic and that is undoubtedly why you are so well suited to the role, Mr Woolcott. I will not pursue that any further, but, if the government is concerned as to the answers it might get, then of course it does not ask the questions and, as a result, you avoid the issues. I understand that—and, Mr Woolcott, you have a very important role to play and you do it exceptionally well—but we now know that the questions are not asked, and I therefore ponder rhetorically why that fundamental question is not asked.

**Senator FIERRAVANTI-WELLS**—Mr Ritchie, are you telling this committee that nobody on the international circuit, in diplomatic circles, has raised changes in policy in Australia? Is that what you are honestly telling this committee?

**Mr Ritchie**—No. I am actually not telling the committee anything. The Ambassador for People—

**Senator FIERRAVANTI-WELLS**—Well, I am asking you.

**CHAIR**—Order!

**Mr Ritchie**—Senator Fierravanti-Wells, you asked me whether I was telling you that. I am not telling you that. The Ambassador for People Smuggling Issues said the issue had never been raised with him in his discussions.

**Senator FIERRAVANTI-WELLS**—I am asking you the question. Since July, particularly when Minister Evans made his speech on the changes in direction in immigration and detention values in Australia, in diplomatic circles has our change of policy been raised with you, Mr Ritchie?

**Mr Ritchie**—With me, not at all.

**Senator FIERRAVANTI-WELLS**—With your department. Don't play cute.

**CHAIR**—Oi. Senator, please treat the witnesses with courtesy. Otherwise you will not have the call.

**Senator FIERRAVANTI-WELLS**—Don't refer to me as 'Oi'.

**CHAIR**—Treat the witnesses with courtesy, please.

**Mr Ritchie**—People often refer to me as many things, but cute is usually not one of them, I can assure you, Senator. My point is a very simple one. I personally do not know every angle of every conversation that has ever been had across the entire bureaucracy with every minister, with our department or whatever. So I simply have to take that question on notice. It has never been raised with me. Mr Woolcott, who is the ambassador for people smuggling, says it has never been raised with him. We are very happy to take that on notice.

**Senator FIERRAVANTI-WELLS**—Perhaps I will ask you this question. Are you aware of the questioning that has happened in other committees and questions that were asked by Senator Brandis in relation to a document called 'Strategic forecast for transnational criminal trends and threats'?

**Mr Ritchie**—No, Senator, I am not aware of that.

**Senator FIERRAVANTI-WELLS**—You are not aware of that questioning. All right. Can I just ask you then are you aware of the existence of a document entitled ‘Strategic forecast for transnational criminal trends and threats’ prepared by the Australian Federal Police in relation to Indonesian people smuggling, which was prepared in approximately September or October?

**Mr Ritchie**—I will ask the ambassador for people smuggling to respond.

**Senator FIERRAVANTI-WELLS**—No, Mr Ritchie, I am asking you.

**Mr Ritchie**—I am not aware of it but I will ask the ambassador for people smuggling to answer.

**Senator FIERRAVANTI-WELLS**—In that case you have not received a copy of it?

**Mr Ritchie**—I have not, no.

**Senator FIERRAVANTI-WELLS**—has your department received a copy of it?

**Mr Ritchie**—That is why I was asking the ambassador for people smuggling.

**Mr Woolcott**—I did have the benefit of reading Commissioner Negus’s testimony before the Senate estimates and noticed that the Department of Foreign Affairs and Trade was not one of the departments that received a copy of that report. I am aware of media reports about the report but I have certainly not read it. I can take it on notice whether we actually received a copy somewhere in our system but I have not seen it and I do know that Commissioner Negus omitted DFAT from the list of agencies and departments which did receive it.

**Senator FIERRAVANTI-WELLS**—Okay. I will wait await your answer.

**Senator ABETZ**—Following up on some of Senator Trood’s questions about the *Armidale*, we were told that the vessel that the *Armidale* went to assist was not in a fit position to get to port. Is that agreed?

**Mr Woolcott**—Yes. There will be a full report on this at some stage—

**Senator ABETZ**—So we are agreed that it was not fit to get to port. Do we know why it was not fit to get to port?

**Mr Woolcott**—With all due respect, I do not want to provide information which may not be fully accurate to the committee. Obviously these are questions which ought to be put to Australian Customs and Border Protection.

**Senator ABETZ**—But we have already made a decision, the Foreign Minister has already announced the ship was not fit to get to port, and that must have been based on something such as—

**Mr Woolcott**—The advice we received is that it was not seaworthy.

**Senator ABETZ**—Is that because it was about to blow up because of a petrol leak? Was it because it was taking in water? Surely there must be a generic description, without saying who was to blame.

**Mr Woolcott**—As I understand it, there were serious issues with the rudder, so they were not able to steer it. As I understand it, and again I stand to be corrected on all this, there was no crew on board.



**Senator ABETZ**—Ah. That is interesting. One wonders—

**Mr Woolcott**—Please don't take that as gospel.

**Senator ABETZ**—I accept that there will have to be a further report as to how the boat got to where it did without a crew et cetera, but can I ask whether you can confirm that there is a price per head or an incentive payment in relation to trying to disrupt people-smuggling activities in Indonesia?

**Mr Woolcott**—No. Again, I have seen media reports to that effect. There is no price per head. We have not actually sat down with the Indonesians yet to negotiate what this framework will look like and what forms our support will take. I am not aware of any consideration being given to a price per head.

**Senator ABETZ**—That is interesting, because this morning Mr Smith, the minister, was asked on ABC Radio National by Fran Kelly:

Can you confirm that there is a price per head, a price per asylum seeker, incentive payments being offered?

He did not say no. He said:

What was agreed between Australia and Indonesia, and what both President Yudhoyono and the Prime Minister and I have said, is that we have agreed that we have to do more ...

And then he just talked and talked. It is interesting that he did not give the specific no answer that you have been willing to give this morning. Thank you for that. Does Foreign Affairs have a disruption program in the campaign against people smugglers?

**Mr Woolcott**—Could you be a bit more detailed in that question? We are not an operational agency.

**Senator ABETZ**—Are you part of a disruption program in the campaign against people smugglers?

**Mr Woolcott**—We are not an operational agency, but our ambassadors at post—who are at the cutting edge of this issue—are responsible for coordinating a whole-of-government approach to the people-smuggling issue. In that sense, DFAT has a role to play, as a coordinator at post. But we are not the operational agencies and we—

**Senator ABETZ**—I did not say you were.

**Mr Ritchie**—We do not. The Department of Foreign Affairs and Trade does not disrupt them.

**Senator ABETZ**—You are not part of the campaign in any way, shape or form?

**Mr Ritchie**—Of course we are, but we disrupt them in a range of other ways.

**Senator ABETZ**—How?

**Mr Ritchie**—For example, by working with the relevant governments to ensure their agencies are active in this regard; by liaising with international organisations involved; and by making sure that people are aware, in Indonesia and elsewhere, about the penalties that apply for people-smuggling and other things. That is the kind of role that diplomats are engaged in.

**Senator ABETZ**—Does it include meeting with local police in different areas and local governors?

**Mr Ritchie**—Occasionally, yes. When I was Ambassador to Indonesia—

**Senator ABETZ**—What other details can you offer? Hopefully, I do not have to keep throwing out possible suggestions to you.

**Mr Ritchie**—There is not much more detail to offer. The job we have as diplomats, as the ambassador in Indonesia has, is, as Mr Woolcott said, to coordinate and be aware of the activities of the agencies.

**Senator ABETZ**—Does the ambassador do this?

**Mr Ritchie**—Yes. The ambassador in each case is responsible for all aspects of the relationship. Also, as diplomats, we talk to a very wide range of agencies in the various governments. We visit local areas and talk to the local authorities and police chiefs and do whatever else through normal diplomatic activity. When I was ambassador in Indonesia I frequently called on the chief of the Indonesian police and I often saw the head of Imigrasi and various other agencies. That is part of the job in implementing government policy.

**Senator ABETZ**—The Ambassador for People Smuggling, while travelling around the world, must have a very good understanding of the whole-of-government approach to people-smuggling.

**Mr Ritchie**—Indeed. That is correct.

**Senator ABETZ**—y questions to the ambassador, as the appropriate person to ask about the whole-of-government approach, so that we do not continually get pushed from one committee to the other. As the Ambassador for People Smuggling—interestingly named, might I add; I would have thought it would be the Ambassador against People Smuggling, but there you go!

**Mr Ritchie**—It is the Ambassador for People Smuggling Issues.

**Senator ABETZ**—I accept that, and I do fully accept that Mr Woolcott does everything he possibly can against people-smuggling, so it was a bit of a cheap shot. I accept that. Ambassador, from the whole-of-government approach, you are, I suppose, the best person to talk to us about the full range of disruption programs that you, in your diplomatic efforts, are able to offer Indonesia, Pakistan and other countries you meet with. What is the full suite of disruption activities?

**Mr Woolcott**—Let me just take Indonesia first. We have a very senior head of the police operation in our embassy in Jakarta and it is his responsibility to work with Indonesian police, with Satgas, which is a task force team that has been set up in Indonesia—some 145 officers in 12 locations—to work with them.

**Senator ABETZ**—Mr Woolcott—

**Mr Woolcott**—I will try to answer your question, Senator, but I need to lead into it first. It is his responsibility to manage that. I do not have any day-to-day operational control over what he does.

**Senator ABETZ**—Of course you do not. I am not suggesting that and that is why I sought to interrupt you. But you would have an understanding of the quality or type of disruption activities, and methinks it goes a little bit further from time to time than just pleasant chats over a glass of champagne. There might in fact be activities on the ground, discussions with local police officials and with local governors, gaining intelligence and also seeking to disrupt people smuggling.

**Mr Woolcott**—I can talk about the general principles behind their cooperation and, on the police side, that is obviously to go after the criminal syndicates. It is to exchange information, to exchange intelligence, to work out the best means of targeting a particular criminal syndicate. It is to build up prosecution cases in Indonesia and possibly cases for extradition to Australia. It is the full gamut of police cooperation and I have no visibility of the operations that they do. That is their business. But I do understand the general principles. When it comes to immigration, again, we have a very senior regional immigration officer in Jakarta. If you want the details of what he does, you need to speak to DIAC. I have visibility of the general principles upon which he acts.

**Senator ABETZ**—And does that include physical disruption?

**Mr Woolcott**—From immigration?

**Senator ABETZ**—No, from a whole-of-government approach. Are you aware that disruption is also about physically disrupting the people-smuggling syndicates and the asylum seekers who seek their assistance?

**Mr Woolcott**—We do not physically disrupt anybody. Indonesia, along with Malaysia and every other country, is a sovereign, independent country and we have no rights in that country to do anything ourselves. So we work with them and obviously we help them enforce their laws. In terms of information provision, we are keen to support their enforcement of their laws. We do that through capacity building. We do that through information and intelligence exchanges. We do that through funding assistance, for example, with detention facilities in Indonesia.

**Senator ABETZ**—I was going to get to funding assistance.

**Mr Woolcott**—So, yes, we do facilitate disruption activities in that way, but we have no operational capacity at law in these countries to do anything ourselves. We work with the Indonesian authorities to help them enforce their own laws.

**Senator ABETZ**—I would hate to be so crass as to suggest that money sometimes might speak in some of those countries.

**CHAIR**—Senator Abetz, that might be an appropriate time to take a break and resume questioning after morning tea.

**Senator ABETZ**—All right, and allow them to think about the answer.

**Proceedings suspended from 10.33 am to 10.49 am**

**CHAIR**—The committee will come to order. We are discussing budget supplementary estimates for the Department of Foreign Affairs and Trade. We are discussing Indonesia and boat people at the moment.

**Senator ABETZ**—Mr Woolcott, can I ask you are there any limits to our disruption activities that we are prepared to engage in or sponsor?

**Mr Woolcott**—I would like to start closing off this conversation about disruption activities, and let me explain why. I will try and answer some of your questions in a general way. We need to be conscious that what we are saying here today is in a public forum, that the media report it, and that people can log on to the parliamentary website and listen to these proceedings. We basically do not want to be in a position of providing too much information to criminal syndicates.

**Senator ABETZ**—Chances are that they are streaming it into Indonesia and Pakistan as we speak.

**Mr Woolcott**—Who knows.

**Senator ABETZ**—It is a fair comment.

**Senator FIERRAVANTI-WELLS**—It was raised in the immigration committee the other morning that the people smugglers are probably listening in, Ambassador.

**Mr Woolcott**—They do adjust their tactics to our tactics. That is quite clear. So I just have to be a bit careful in what I say and I would really rather not answer questions like that—other than to say that obviously in our disruption activities we are very conscious and in full conformity—

**Senator ABETZ**—All I asked was: are there any limits? I did not ask: what are the limits? In other words, is there a legal framework under which the various Australian agencies operate to ensure that certain lines are not stepped? That is sort of a general question and you do not need to tell me exactly what those lines are.

**Mr Ritchie**—If I might answer that, the answer is: yes, there. For example, some of the agencies are governed by legislation and other things. To add to Mr Woolcott's point, we do not really want to get into comment on the intelligence and law enforcement aspects.

**Senator ABETZ**—Mr Ritchie, with great respect, the legislation under which certain agencies operate is the generic. What I am talking about it in relation to people-smuggling, and in our quite proper attempts to disrupt what I want to know is: is there a legal framework—a whole-of-government approach—that says that there are certain lines that cannot be stepped over?

**Mr Woolcott**—As Mr Ritchie said, each agency has its own essential rules—

**Senator ABETZ**—So there is no whole-of-government approach in relation to our people-smuggling disruption activities and therefore the line might be different for DIAD, for Customs and for the Australian Federal Police, because they all operate under separate and different legislative regimes.

**Mr Ritchie**—That might be the case but you would need to ask each of them for a briefing on what their arrangements are.

**Senator ABETZ**—I am asking: is there a whole-of-government approach to this issue where there is one line irrespective of whether you are in Foreign Affairs, Customs—

**Mr Ritchie**—The answer is no. We have already made that clear.

**Senator ABETZ**—Right, so there is no legal framework.

**Mr Ritchie**—We have made it clear that there is no whole-of-government legal framework. Each of the individual agencies would be more than happy to brief you on the limits, and of course none of them are permitted to breach Australian law.

**Senator ABETZ**—Do ministers get detailed briefings as to the activities that are actually taking place on the ground?

**Mr Ritchie**—Of course, as in previous governments, ministers are briefed.

**Senator ABETZ**—How much does our disruption program cost?

**Mr Ritchie**—Given that we are not involved in it, that is something I simply cannot answer. You would have to ask each of the individual agencies.

**Senator ABETZ**—I accept that you cannot, Mr Ritchie, but we do have an ambassador here.

**Mr Ritchie**—I am sure he would not be in a position to answer that question either. It is up to individual agencies.

**Senator ABETZ**—Well, you having told him so, he will now be of that view, undoubtedly, Mr Ritchie.

**Mr Ritchie**—I am sure that it is his view.

**Senator ABETZ**—I am sure he could have answered for himself.

**Mr Ritchie**—I would be very happy for him to repeat that.

**Senator ABETZ**—Because as an ambassador representing the whole-of-government approach across the world, or within our region at least, I would have thought the odd question might be asked from time to time: ‘How serious is Australia in this disruption activity?’ ‘How many dollars and how many resources is Australia willing to poke into the disruption activities?’ I would have thought that would be a natural question to be asked, let’s say, by our Indonesians et cetera. It would be a bit embarrassing, I would have thought, if our ambassador would have to say: ‘Sorry, I do not know. You will have to ask Customs and Justice how much they spend. You will have to ask the Australian Federal Police and DIAC how much they spend.’ I have got a hunch, if I can use that term, that the ambassador might have an idea.

**Mr Woolcott**—I am sorry, I am not able to provide those figures.

**Senator ABETZ**—Well lead by Mr Ritchie.

**Mr Ritchie**—More than that, we simply do not have that idea. We are not involved in it. Each of the individual agencies has activities with its counterparts and we do not really want to go into the details of those here. We are not responsible for it. I am sure the relevant agencies would be more than happy to brief you on some of those details through other forums, such as the relevant parliamentary committee.

**Senator ABETZ**—Thank you for that assistance. Part of your role, Ambassador, undoubtedly is to tell the world community about Australia’s excellent humanitarian reputation and remind them of that?

**Mr Woolcott**—That would be only a small part of my role.

**Senator ABETZ**—All right, a small part.

**Mr Woolcott**—It is very much focused on trying to stop the flow of people who irregularly enter into Australia.

**Senator ABETZ**—Possibly, we should have a concern for the victims of people smuggling—that is, the people trying to come into Australia. What is the Australian government's answer or what is your answer, if you were to be asked: 'Is Australia treating these people in a more humanitarian way by ensuring that they will be housed in Indonesia as opposed to Nauru? Will their human rights and their personal needs be better looked after in Indonesia than they may have been in Nauru?'

**Mr Woolcott**—No-one asked me to make that comparison.

**Senator ABETZ**—But if they did? I am asking you for that comparison, so it is no longer hypothetical.

**Mr Woolcott**—I would not be drawn into making that comparison. What I would comment on is the way in which they might be housed in Indonesia. Our interest there, of course, is to make sure that they are housed decently, that the processes work in terms of protection and that—

**Senator ABETZ**—How do we ensure that?

**Mr Woolcott**—Again, these are questions that you should have put to DIAC rather than—

**Senator ABETZ**—But don't you have the whole-of-government approach?

**Mr Woolcott**—Sure, but I am not the agency which implements and I do not have the detail that you might require through your question.

**Senator ABETZ**—But do we have an officer on the ground that would do a daily check?

**Mr Woolcott**—We have a large immigration section in our embassy in Jakarta.

**Senator ABETZ**—That was not the question. Would we have an officer on the ground that would daily check on these people, for example?

**Mr Woolcott**—You would need to ask DIAC that question. Obviously, we would monitor the situation. We work very closely with Indonesian Imigrasi. We monitor the situation as closely as we can. I cannot answer those sorts of detailed questions. They need to go to the responsible agency.

**Senator ABETZ**—Is any of our aid money being used in disruption activities?

**Mr Woolcott**—No.

**Senator ABETZ**—What accountability controls and constraints are on those Indonesian agencies that are conducting these activities on the ground or, indeed, potentially on the water as well?

**Mr Woolcott**—They operate under their own command structure. They operate under their own laws. We are in regular contact with them. But as a sovereign country they are accountable to themselves.

**Senator ABETZ**—Is it of any concern, Minister, that these disruption activities are occurring in Indonesia, at the request of our government, and that there are no mechanisms in place to ensure nothing illegal or untoward is occurring in Indonesia?

**Senator Stephens**—Senator Abetz, that is not actually what the officer said to you. He said that he was not able to provide that information to you. I am very confident that the minister is well across these issues and is working very closely with the Indonesian government, as the Prime Minister and the Prime Minister's office have been, to address this and to put in place a robust framework for how this relationship will work in the future.

**Senator ABETZ**—So, is the ambassador telling us that he has no idea whether there are any mechanisms in place to ensure that nothing illegal or untoward is occurring in Indonesia?

**Senator Stephens**—I do not think that the ambassador said that at all.

**Senator ABETZ**—That is why I am asking: is he saying that? He will say either yes or no.

**Mr Woolcott**—We are dealing with a very effective democracy in Indonesia, in which the rule of law works very well.

**Senator ABETZ**—What? Can I—

**Mr Woolcott**—They have their own checks and balances. They are a sovereign country and they are a partner of ours in this endeavour to stop—

**Senator ABETZ**—For how long—

**CHAIR**—Senator Abetz, allow the official to answer your question, please.

**Mr Woolcott**—We have very close cooperation with them at a range of agency levels. We work intimately with them. In that sense, while there is no formal arrangement for monitoring what goes on, we are very conscious of what is happening in Indonesia. We work as partners on many of these issues. That works very well. The fact is that Indonesia, while it is not a signatory to the 1951 refugee convention—

**Senator ABETZ**—No, I was going to get to that.

**Mr Woolcott**—irregular migrants who have protection claims are referred to the United Nations High Commissioner for Refugees for assessment. This arrangement does provide an opportunity for people to have their protection claims assessed in Indonesia. Under a 2002 directive from their Director-General of Immigration—as I recall from questioning of DIAC, this was referred to as well—asylum seekers who are registered at the UNHCR must have their rights respected. No asylum seeker is to be deported and they must be referred to the UNHCR. Our understanding and our knowledge is that this directive is fully complied with by the Indonesian authorities. So there is a clear process of work here which demonstrates that Indonesia, while not a signatory to the refugee convention, does properly assess protection claims.

**Mr Ritchie**—If I might just add one point. Most of the camps, to the extent that there are camps, are actually run by the International Organisation for Migration, so their standards apply as well and are watched on a daily basis.

**Senator ABETZ**—Well, you would undoubtedly be aware of those standards, Mr Ritchie—

**Mr Ritchie**—The Department of Immigration and Citizenship are the people who manage those issues.

**Senator ABETZ**—Yes, but we have just been given this glowing endorsement. It is a pretty simple test for me: if I were in that unfortunate situation, would I prefer to be in one of those camps in Indonesia or the Australian run one in Nauru? I think I know where most Australians would prefer to be. Mr Woolcott, you described Indonesia as—what was it: a strong or vibrant democracy, where the rule of law applies?

**Mr Woolcott**—Yes, I did.

**Senator ABETZ**—That is interesting. I know it seems like ages ago, but only two years ago I was minister for fisheries and forestry in the Australian government. It will come as news to a lot of people that the rule of law applies in Indonesia in relation to those two areas. So, we do not do anything to monitor the activities in Indonesia, because we trust them, basically?

**Mr Woolcott**—That is not what I said, Senator.

**Senator ABETZ**—Then we are saying we do not have to monitor them, because they are a robust democracy and they apply the rule of law. So there is a need to monitor them despite them being a robust democracy?

**Mr Woolcott**—No, what I said was that there was no formal process for monitoring. Each individual agency, through the embassy, has its own relationship and, through those relationships, it has a good sense of what is going on in that country in this particular area.

**Senator ABETZ**—So every morning, somebody from DIAC knocks on the door to see how it is going. And every morning, somebody from the Australian Federal Police; somebody from Customs and Justice? Please! Surely—

**Mr Woolcott**—I suspect not. You would need to ask those questions to AFP and DIAC.

**Mr Ritchie**—I believe most of them actually do have daily, or many times daily—

**Senator ABETZ**—Each of them?

**Mr Ritchie**—Those agencies, absolutely.

**Senator ABETZ**—It might be high time to have a whole-of-government approach to this just to have the one person. I thought that was part of the ambassador's role as whole of government to try to assist in this. But allow me to bring this period of questioning to an end and, just in case there should be any misunderstanding as to my line of questioning, I would draw the committee's attention to the additional comments of one Senator John Faulkner in a committee report of 23 October 2002—he is now the Minister for Defence representing us at NATO—and all those questions basically came out of this report. It shows the duplicity under which the Labor Party went to the last election. They are now refusing to answer or deal with all the issues that Senator Faulkner so piously, pompously, and might I add hypocritically raised, because in two years of government they are not doing anything about the matters. Finally, can I ask the minister: do you believe that there is a judicial inquiry necessary into our disruption activities in Indonesia? Is it the government's view that there should be a judicial inquiry into our disruption activities into people smuggling in Indonesia?



**Senator Stephens**—No, it is not.

**Senator ABETZ**—What has changed, then, since Labor's policy of 2002 that there was such a need for a judicial inquiry, other than, of course, Labor is now in government?

**Senator Stephens**—I think a lot has changed and—

**Senator ABETZ**—Yes, we have got more boat people coming.

**Senator Stephens**—the Australian government is taking its international obligations very seriously. It is seeking to take a leadership role in the region; it is promoting a regional strategy and framework to deal with these issues, as the ambassador has outlined today, and will continue to be very constructive in that approach.

**Senator ABETZ**—It is a success story, isn't it? Since you changed the policy, over 40 boats, over 2,000 people arriving—it is a great success story. I hope we are not met with ongoing success but with real success. I hope that the government might just seek to swallow its pride and accept some of the Liberal approaches to these issues. Thank you, chair.

**Senator FIERRAVANTI-WELLS**—Can I just follow on from Senator Abetz's questions. It seems very hypocritical that the then shadow immigration minister, now Deputy Prime Minister, in April 2003 was saying that two boats arriving was policy not working. Forty-two boats now and a daily arrival—almost hourly arrival—what is that? It is all very well to pontificate in 2003—

**CHAIR**—Senator Fierravanti-Wells, do you have a question?

**Senator FIERRAVANTI-WELLS**—I do have a question. Minister, if that is policy not working, what is the current situation?

**Senator Stephens**—The current situation is that the global movement of refugees and asylum seekers is extraordinary—

**Senator FIERRAVANTI-WELLS**—Minister, that has always been the case.

**CHAIR**—Senator Fierravanti-Wells, please let the minister answer.

**Senator Stephens**—and there is an international focus on trying to deal with it in a much more humanitarian way.

**Senator FIERRAVANTI-WELLS**—Minister, in 2003 two boats were policy not working. So what the heck is this: utter, total mismanagement? Utter, total failure?

**CHAIR**—Again, is it a question?

**Senator FIERRAVANTI-WELLS**—Yes, it is.

**CHAIR**—What is the question?

**Senator FIERRAVANTI-WELLS**—I am asking the minister if in 2003 they were prepared to criticise the Howard government because two boats were arriving for 'policy not working', surely this is a catastrophic policy failure when we have got almost a daily arrival. Surely that is the utmost in hypocrisy?

**Senator Stephens**—Senator, throughout the estimates period you have been prosecuting this case in every committee that you have attended.

**Senator FIERRAVANTI-WELLS**—I have.

**Senator Stephens**—The government has asserted its position in response to each of those questions. The position remains the same: the government is very keen and committed to being engaged in a constructive process that takes a much more humanitarian approach than has been taken in the past and will continue to do that in conjunction with, and with the support of, our regional partners.

**Senator FIERRAVANTI-WELLS**—Apart from the Prime Minister waving his hands and talking tough, about the only thing that I have elicited about your overall policies in my ‘prosecution’, as you put it, is what has been described as dud advertising of volleyball nets in Sri Lanka, and now some plan to supposedly pay the Indonesians a hell of a lot of money to solve our problems. That has been the net gain from asking questions on what this government is doing in a concrete manner to solve the problems.

**Senator Stephens**—That is absolutely not true.

**Senator FIERRAVANTI-WELLS**—Well, why don’t you—

**Senator Stephens**—We have had an hour’s evidence from the ambassador this morning which has gone step by step through the international approach to this issue and has outlined many of the processes and strategies that have been put in place. I think, if you had actually listened to the evidence, you would see that things are happening.

**Senator FIERRAVANTI-WELLS**—I have been asking questions about this, not only in this committee but in other committees. As Mr Ritchie pointed out, a lot of these questions should have been asked in DIAC, and they were asked in DIAC. The reality is that we have this supposedly close relationship, which was described by Mr Metcalfe as almost an hourly one, and yet your government does not seem to be finding solutions—the problem is getting worse, not getting better. That is the issue, and the Australian public need to know: what are the concrete things that you are doing to stop this situation? It does not seem to be being stopped, because on the ground every day, almost hourly—

**CHAIR**—Is there a question there, Senator? You are asking a question and answering it yourself. Is there a question for an official?

**Senator FIERRAVANTI-WELLS**—I am asking the minister: what are the concrete results?

**CHAIR**—We have a question: what are the results?

**Senator FIERRAVANTI-WELLS**—She is pointing to them. We are not actually seeing them, Minister, because the concrete result is no boats.

**Senator Stephens**—I cannot respond to you any further than to say perhaps the best thing that you can do is to refer to the joint press release that the minister and the Vice Governor of West Sumatra have just made, in which the minister gives the most up-to-date response to this issue.

**Senator FIERRAVANTI-WELLS**—Thank you. I am going to ask the ambassador some practical questions about the Bali process. The Bali process started some years ago and then there was quite a lull. We have only had our third, I think, formal regional meeting since the

process began, clearly because there were not too many boats floating around. Having now got a much greater problem to deal with, Ambassador, can you tell me what concrete efforts are being undertaken to encourage our regional neighbours to enact legislation to criminalise people-smuggling activities?

**Mr Woolcott**—You are absolutely right: there was a hiatus between meetings at the ministerial level of the Bali process. But one of the early steps that Mr Smith made was to reconvene the third Bali regional ministerial conference, and he co-chaired that with his counterpart Dr Wirajuda in April this year. That was attended by some 40 countries and a range of international organisations. Essentially, it took a stocktake of Bali process activities and provided an opportunity to reassess the strategic aspects of trafficking and smuggling activities.

One of the major outcomes was to set up the ad-hoc working group process, which was to focus on irregular movements of Afghans, Sri Lankans and Rohingya. That took place in Bali in July. I co-chaired that with my Indonesian counterpart, Mr Rezlan. That was a much smaller group, which we hoped would—and I think we were successful in this—allow us to drill down into some of these issues.

The government representatives at that meeting were from Afghanistan, Australia, of course, Bangladesh, Myanmar, India, Indonesia, Malaysia, Maldives, New Zealand, Pakistan, Sri Lanka and Thailand. So it was really the core countries in our region for looking at this problem. There was official representation from UNHCR, IOM, UNODC and the ASEAN Secretariat. What we agreed out of that ad hoc working group was a series of other more technical working groups that would examine these issues. Two are directly relevant to your question. I can take you through some of the other bits of work we plan to do as well, but two are relevant to your question on law enforcement. One is the convening of an expert meeting at JCLEC in Semarang, which would bring together senior police officers from around the region from this core group to actually discuss how they work together in terms of prosecutions, in terms of information exchanges and how they can cooperate more closely. That is expected to take place in December at JCLEC. The other group, which the Thais have agreed to host, is an expert meeting on, more generally, law enforcement and mutual legal assistance. One of those aspects, as you correctly point to, is to try to harmonise regional rules in relation to people smuggling, because one of the problems we face—and we see this in extradition, for example—is the issue of dual criminality, where it is the same crime in both countries. For example, in Indonesia they have no law against people smuggling per se. What they have to do is bring charges, for example, of harbouring, which is the charge they tend to use in Indonesia in relation to people smuggling issues. In fact, the notorious Captain Bram was convicted on harbouring charges a couple of year ago.

So, obviously, one of the areas we are very keen to progress is the whole issue of harmonisation of laws. Considerable work is going into that both bilaterally—in bilateral discussions with both the Malaysians and the Indonesians—but also through the Bali process.

**Senator FIERRAVANTI-WELLS**—I hear everything that you say; I have read the communique. My question is, given the urgency of the situation, surely this must be one of the highest priorities, and what key performance indicators have been set as part of the Bali process? What are the timelines to achieving this? This is now an urgent imminent problem.

We are facing it daily. I appreciate that for six years there was a hiatus period, but we do need concrete action now. When are we actually going to see something concrete coming out of this?

**Mr Woolcott**—I agree with you that this is a problem that is a very high-priority issue: the harmonisation of laws and cooperation in relation to prosecutions. But diplomacy has its own speeds and whilst we have got general agreement as to the priority of this issue and we are talking to the Thais very actively about the timing of this meeting you are trying to gather together a whole range of countries who work at their own speeds. So we are pushing this hard. I think it is fair to say that members of the Bali process understand the importance of this issue. The whole idea of this more technical experts meeting is to sort of get down and try to look at those sorts of issues and try to work out some clear parameters.

But we do work bilaterally as well. For example, with Malaysia there is a lot of work being done with the Attorney-General's Department and their Malaysian equivalents in relation to, essentially, the harmonisation of laws. And we have talked to the Indonesian government a lot about this issue. It is an important priority issue. They now have a new parliament that has just been elected, so in a way we have to start doing our work again with the new senior figures in that parliament. It has certainly got high-level government support in Indonesia. It is a question of getting it through their parliament. Their parliament is new—it has just been re-elected—and a lot of work has to go into getting this outcome.

**Senator FIERRAVANTI-WELLS**—The other issue is the fact of being signatories to the refugee convention. Our neighbours are not signatories to that convention. What concrete work—again, high-priority work—is being done to encourage our neighbours to become signatories to that convention? I appreciate that Indonesia does work that falls within the parameters of the convention but the reality is the real commitment is signatory to the convention.

**Mr Woolcott**—You are absolutely right: Indonesia and Malaysia are not signatories to the convention. In South-East Asia and the Pacific those countries that are signatories include us, New Zealand, Cambodia, the Philippines, East Timor, Papua New Guinea, Fiji, Solomon Islands and Tuvalu. And Afghanistan is the only signatory in South Asia. As you know, we have for a long time been a very strong supporter of UNHCR and we actively encourage countries to sign up to the UN convention on refugees. But, for various reasons, many of the countries in South Asia and South-East Asia have chosen not to do so. But we encourage it.

**Senator FIERRAVANTI-WELLS**—But surely this is now becoming imminent. It is crucial. Those two issues that we have just discussed in the last few minutes are actually concrete potential achievements that really could greatly assist in terms of reducing this problem. I am asking what concrete parameters are in place as part of Australia's position, as one of the main proponents of this Bali process, to achieve some concrete results. In the end it is all very well to talk tough and thump the desk and say, 'We are going to do this,' but the reality is the concrete key performance indicators out of this Bali process. If we are investing a lot of time and effort into it, what are we going to get out of it, and when are we going to get something out of it?

**Mr Woolcott**—In terms of relationships with the UNHCR, obviously the signature of the convention is the most desirable. That is the outcome we would eventually want. That may take some time. It is a sovereign decision for these countries. So what we also work on, very strenuously, is to try to encourage UNHCR and these countries to develop their relationships with UNHCR so that even though countries may not be signatories to UNHCR they do provide effective protection. It is incremental. This is not something that you are going to achieve overnight. This is something you have to work towards. The other question you have raised is the legal aspects and cooperation on prosecutions. We are very conscious that this is a critical part of our attack on the criminal smuggling syndicates.

**Senator FIERRAVANTI-WELLS**—Which gets back to the question that I asked before: at what price? Because, ultimately, if we are going to have to depend on this arrangement, if I can put it that way, it is going to come at a price. I appreciate—and more so to you, Minister—at what price. Because it is clear that these two issues, in terms of the Bali process, are not going to resolve themselves quickly. So what concrete arrangements, and at what price will they come, for Indonesia to continue to do the heavy lifting for us in this area?

**Senator Stephens**—Ambassador Woolcott has outlined to you, Senator, the complexity of these negotiations and the issues. I think that we cannot actually answer that question definitively because of just how complex it is. And it is not necessarily just the monetary costs or contributions from Australia. There are also many other costs, including of course the strength of our diplomatic relationships, that we would be valuing. This is not a question that anyone can answer for you in dollars and cents.

**Senator FIERRAVANTI-WELLS**—This government is placing a lot of reliance on what I now refer to as the ‘Indonesian solution’. There have been recent press reports, which, Ambassador, you have seen, and in particular I refer to comments made in a recent article entitled ‘Voyage of the damned, going nowhere’. It stated:

Despite tough language from Jakarta for Australia’s benefit, officials admit they are unable to stem the flow of refugees through the country. Many of the asylum-seekers themselves admit the flow has increased as a result of the Rudd government’s softer measures on the problem.

That is the context in which I ask this question.

In addition, there was a recent article in relation to people smuggling entitled ‘Focus on smugglers “may upset Jakarta”’. It referred to certain comments made by Ms Hoffman from Murdoch University. She said, ‘Indonesians believe that these men have been treated too harshly.’ Are you aware of those comments made by Ms Hoffman?

**Mr Woolcott**—No, I am not, Senator.

**Senator FIERRAVANTI-WELLS**—I would appreciate it if you could take that on notice because recent articles in the *Age* on 15 October and the *Sydney Morning Herald* on 15 October paint a rather stark picture by Ms Hoffman. In effect, she says that the Indonesians, who do not see people-smuggling in quite the same light as we do, are perhaps, as she says, upset about the way that we treat them. Some of these she refers to as ‘mum and dad type smugglers’. My concern is: is this going to be one of the trade-offs that we are going to have to make with the Indonesians as the quid pro quo for them to take more of the heavy lifting? Does that mean they are going to impose on us or ask us to be less stringent in terms of how

we deal with these so called ‘mum and dad people smugglers’? If you could take that on notice, I would really appreciate that.

**Mr Woolcott**—Yes, Senator.

**Senator FIERRAVANTI-WELLS**—On the process of the UNHCR, I note the comments that Mr Ritchie made—and, yes, DIAC are the principal agency there—but clearly we give a lot of money to the IOM and UNHCR for the work that they do in those camps. Do you have some overview responsibility in relation to those activities in so far as the work that you do, Ambassador? I appreciate the day-to-day activity is principally DIAC’s responsibility but do you have any overview responsibility in relation that?

**Mr Woolcott**—It falls within the whole-of-government framework so clearly I am conscious and aware of what they do. I take part in discussions in various groups as to what they do. But, no, it is not my role to coordinate that. The overall responsibility for this falls to the subcommittee of cabinet and also to the group that Duncan Lewis chairs in the Department of Prime Minister and Cabinet.

**Senator FIERRAVANTI-WELLS**—Do you have an ongoing relationship with UNHCR? What sort of relationship is that?

**Mr Woolcott**—For example, I did visit Geneva at one stage with officers from DIAC to discuss UNHCR’s approach to issues in the region and more generally, so I am very conscious that UNHCR is part of the solution.

**Senator FISHER**—How much of your work is interaction at that high level?

**Mr Woolcott**—It is just at that high level.

**Senator FISHER**—How detailed is it? How frequent is it?

**Mr Woolcott**—It is not that frequent. For example, when I visit Malaysia or Indonesia, as a matter of course I talk to the senior UNHCR representative in those countries. In that sense I try and have a clear picture of what is going on. UNHCR needs to be part of any major solution to these issues. We are very conscious of that. But, no, I do not have much day-to-day involvement in these decisions.

**Senator FIERRAVANTI-WELLS**—Just getting back to the questions that Senator Abetz asked about approaches in relation to the new and inventive ways the people smugglers are finding, today there were reports about holes being drilled in the hull of another boat off Christmas Island. Clearly we are seeing a changing pattern. Again, in terms of a whole-of-government approach surely these are matters that we have got on the horizon in terms of what these people smugglers do. Are we ahead of this or are we just catching up in terms of tactics? I do not want to drill down to what specifically we are doing. At the broader governmental level, we can talk tough but what concrete actions and measures do we have in place to actually look at the broader disruption plan, if I can put it that way?

**Mr Woolcott**—As you say, the people-smuggling syndicates adjust their tactics to our responses, and we are in an arm wrestle with them, so that requires a continuous review of how we approach this issue. I do not want to go any further than that, because we are getting into operational areas, but I can confirm the fact that this is not easy, this is an arm wrestle,

and we are dealing with syndicates which are fairly nimble. They adjust, and things are very much market driven.

**Mr Ritchie**—If I could just add one thing. I know Mr Woolcott has taken this on notice and he will no doubt look at that, but I do not think we regard the people smugglers as ‘mum and dad’ people smugglers. They are largely serious criminal syndicates involving serious criminals, and it is a serious problem.

**Senator FIERRAVANTI-WELLS**—In fairness, Mr Ritchie, in that article Ms Hoffmann talks about them falling into three categories:

... the “mum and dad” smugglers who have other jobs (including fishing), organised syndicates that also run prostitution rackets and other illegal trades, and loose networks that spring up with spikes in demand.

The syndicates are certainly—

**Mr Ritchie**—I do not think we come across many ‘mum and dad’ people smugglers.

**Senator FIERRAVANTI-WELLS**—That is why I have asked if you could look into that—because that seems to have had some coverage recently and I would appreciate the ambassador’s comments. Just to conclude, when was the position of Ambassador for People Smuggling Issues instituted?

**Mr Ritchie**—June? We have had an ambassador for people-smuggling issues for a very long time, Senator. We had a full-time ambassador. It was then held jointly by one of our division heads but still as Ambassador for People Smuggling Issues, and then it was reinstated in, I think, June this year as a full-time position.

**Senator FIERRAVANTI-WELLS**—Yes. I would like a bit of detail on that. Mr Wise, do you have that information?

**Mr Wise**—Yes. Just to expand on that a little, the previous, full-time ambassador held the position in 2002-03. Then, as Mr Ritchie said, it was combined with the responsibilities of the head of our International Organisations and Legal Division, and reinstated as a full-time position when Mr Woolcott took it up on 8 June this year.

**Senator FIERRAVANTI-WELLS**—Yes. Why did it go from being part-time to virtually nonexistent, Mr Wise?

**Mr Wise**—I do not have the answer to that question. But, clearly, the government made a decision in the middle of this year that that they wanted to lift the effort on people-smuggling, and the appointment of a full-time Ambassador for People Smuggling Issues was part of the response.

**Senator FIERRAVANTI-WELLS**—Okay. Where can I find the budget and the salaries—the actual framework—for Mr Woolcott’s organisation? How many staff does he have?

**Mr Wise**—The government provided DFAT with \$9.7 million over two years to strengthen international cooperation in preventing and disrupting maritime people-smuggling.

**Senator FIERRAVANTI-WELLS**—And is that structure similar to what it has been in the past? In the past, there was an ambassador; did he have staff—

**Mr Wise**—They were staff working on people-smuggling issues, but the \$9.7 million includes additional staff working on that issue, since June.

**Senator FIERRAVANTI-WELLS**—Are there key parameters for his role?

**Mr Ritchie**—Perhaps Mr Woolcott could answer.

**Mr Woolcott**—The only thing in addition to people-smuggling issues that I am also responsible for in the Department of Foreign Affairs and Trade is people-trafficking issues, which are quite different. Attorney-General's is the lead department on those issues, but obviously Foreign Affairs has an important role to play in terms of confronting trafficking.

**Senator FIERRAVANTI-WELLS**—Thank you.

**CHAIR**—Thank you, Senator. We are dealing with outcome 1. Are there further questions on this program?

**Senator TROOD**—I still have some questions, not many.

**CHAIR**—Senator Trood.

**Senator TROOD**—Mr Woolcott, you and indeed the minister have spoken frequently about the need for a regional solution to this problem. Is it your intention that the agreement that is being discussed and negotiated with Indonesia becomes the precedent or the format for a regional agreement in relation to the matters that are now the substance of negotiations?

**Mr Woolcott**—I think each country has to be treated differently. Each country has its own approach to people-smuggling issues and its own way of doing things. For example, with Malaysia, earlier this year, on 26 and 27 August, we held the inaugural Australia-Malaysia working group on people-smuggling and trafficking in persons. That was led, again, by Duncan Lewis, the National Security Adviser. That was a very interesting meeting in that we sat down with the Malaysians—and there has been an enormous acceleration of cooperation with the Malaysians on this issue. Malaysia is in an interesting position of being a destination country for many irregular migrants, particularly the Rohingya but also some Sri Lankans, as well as being a transit country.

We sat down on a whole-of-government basis with the Malaysians at a senior level and worked through a whole range of these issues. We agreed on a program of work to facilitate information sharing, to expand engagement between law enforcement and maritime agencies, to build capacity in border management, to cooperate on the stabilisation and management of displaced populations in the region and to consider options to harmonise people-smuggling and related laws. There will be a number of more technical meetings in the remainder of 2009 and another working group in February 2010 at whole-of-government level.

One of the complexities of this whole issue is that it brings in a whole range of government departments and agencies. It is very important that, in dealing with other governments, we both take this whole-of-government approach and we try to avoid any stovepiping. Each country is different. With Malaysia we have that model working. With Indonesia we have excellent cooperation, but we are now looking to put in a framework, and obviously that will be dependent on how our discussions with the Indonesians go. So it varies. I think the approach at this stage is probably to keep going down the bilateral path with countries, but possibly through the Bali process at some stage you could look for some overarching concept.



**Senator TROOD**—When you were having your discussions with the Malaysians in August, did you press them on the matter of the criminalisation of people-smuggling?

**Mr Woolcott**—That was discussed. Again, Attorney-General's are the experts on this, but Malaysia does have some laws against people-smuggling. They apply in relation to people-smuggling into Malaysia; they do not apply to people-smuggling out of Malaysia. But they have harbouring laws as well. Malaysia, again, is a slightly different situation to Indonesia in terms of its laws. So there is a lot of work to be done there with the Malaysians.

**Senator TROOD**—I see. Do you have another date for a meeting?

**Mr Woolcott**—Yes, February 2010 is the next whole-of-government meeting, but there will be meetings on illegal immigration cooperation and information sharing before the end of this year with the Malaysians.

**Senator TROOD**—Finally—I think this might liberate you!—is this agreement with the Indonesian government, when concluded, an agreement which, in your view, would require the approval of the parliament's treaties committee?

**Mr Woolcott**—At this stage, I do not know what status the agreement will have. I am sorry; I cannot answer that question at this stage. That is all for negotiation. At this stage, the agreement is to have a framework. What shape or how formal that framework is is yet to be discussed with the Indonesians.

**Senator TROOD**—You might have mentioned this earlier, but remind me: do you have any expectation of when it might be concluded?

**Mr Woolcott**—I think leaders want it done quickly, but beyond that, again, I cannot put a time line on it.

**Senator TROOD**—'Quickly' has a movable feast meaning in diplomacy in my experience. I think I have finished with you, Mr Woolcott; thank you.

**CHAIR**—Do we have further questions on South-East Asia?

**Senator TROOD**—I have further questions on Indonesia.

**CHAIR**—We may as well finish off South-East Asia.

**Senator TROOD**—Dr Hammer, I want to ask you whether or not we are making any progress on our prisoner exchange agreement with Indonesia.

**Dr Hammer**—That is something, I must admit, which I do not have in my brief.

**Mr Ritchie**—One of our other colleagues might be able to answer that.

**Ms Richards**—Senator, I am afraid we will not be able to help you very much with this because prisoner transfer agreements are managed by the Attorney-General's Department, so they have the main carriage on that.

**Senator TROOD**—They may have the responsibility for negotiating, but can you tell me what you know about progress, if anything?

**Ms Richards**—Again, I am sorry; I do not think there is very much we can tell you about that. I will just check if I do have any information.

**Mr Ritchie**—Otherwise we will take it on notice and get back to you.

**Ms Richards**—No, other than simply reiterating what I said about Attorney-General's being the lead agency, we do not have any further information, but we would be happy to take any question that you have on notice.

**Senator TROOD**—Are you familiar with the Prime Minister's statement that 'the Australian Government must dedicate maximum resources to the early negotiation of a bilateral prisoner exchange agreement with Indonesia'?

**Ms Richards**—I am not intimately familiar with that statement, no.

**Senator TROOD**—Can you tell me whether or not you are aware that maximum resources have been dedicated to this issue?

**Ms Richards**—What resources are being dedicated to it would be a question for the Attorney-General's Department.

**Senator TROOD**—So no resources from the Department of Foreign Affairs and Trade have been dedicated to it; is that what you are saying?

**Ms Richards**—I am speculating here and just speaking in general terms. When negotiations are held in other countries, posts do have a supporting and coordinating role, so there may have been, at some stage, involvement by our mission in Jakarta, but I do not have any details of that.

**Senator TROOD**—Can I take it that, since Dr Hammer knows nothing about it and you know nothing about it—

**Dr Hammer**—I have found some material in my pack.

**Senator TROOD**—Perhaps you could inform the committee, Dr Hammer.

**Dr Hammer**—This is actually a briefing note prepared for the Attorney-General's Department, but it is here for my information and offers the assurance that the work that AGD is doing with the Indonesian government is at a very high priority in relation to this matter.

**Mr Ritchie**—I think, Senator, if it is all right, the actual resources are something you would need to ask the Attorney-General's Department. My experience from the Jakarta end of negotiating the prisoner exchange agreement was that the embassy did become involved in facilitating visits and discussions and so forth but that in fact it was the dedicated specialist team from the Attorney-General's Department that undertook the negotiations directly.

**Senator TROOD**—All right. There are plenty of other things on this agenda, so we will move on to other matters. Just in relation to Indonesia, Dr Hammer—since you are there—can you tell me whether or not the Australian government has received any assurances from the Indonesian government that it will cooperate with the Australian Federal Police investigation with regard to the Balibo Five?

**Dr Hammer**—I think that is also something for—

**Mr Ritchie**—Yes. My colleague will come and speak about that.

**Ms Richards**—Again, the investigations carried out by the AFP are something which they do as an operational matter, and we are not informed of the details of those.

**Senator TROOD**—Can you tell me whether or not you have had any reaction from the Indonesian government as to the proposal that this investigation should take place?

**Dr Hammer**—There was an initial reaction which involved largely a process of bringing the Indonesian government up to speed with what had happened. What had happened was that the AFP had announced that they intended to conduct an investigation. There was a conversation between Foreign Minister Smith and Indonesia's ambassador on the matter on 9 September, and Mr Smith also spoke shortly afterwards with Foreign Minister Wirajuda. Also, it was part of a conversation, I understand, that took place between Prime Minister Rudd and President Yudhoyono on 13 September.

**Senator TROOD**—Did these discussions take place before or after the AFP had made its announcement of its intention?

**Dr Hammer**—These discussions took place afterwards.

**Senator TROOD**—I see. So the AFP did not contact the department and say, 'Look, we're thinking of doing this and we want you to tell the Indonesians so that they're aware of what we're planning to do'?

**Dr Hammer**—We knew that the AFP were considering the matter. The AFP had been considering the matter for some time. My recollection is that we were not given any very specific warning in relation to when the AFP was going to make a decision and then make an announcement.

**Ms Richards**—That might be a question which we should best take on notice to make sure we get the details to your question exactly correct.

**Senator TROOD**—The Indonesian government, as I understand it, has not been very pleased about this. Is that a fair characterisation? If it is not, perhaps you could give me your words for their reaction.

**Dr Hammer**—There may have been some surprise—that is probably the right word—in parts of the Indonesian government. Certainly the Indonesian government was interested to know more about what had happened. My understanding is that the assurances which were provided in the conversations which I referred to earlier, including at ministerial level, were sufficient to allay any concerns that Indonesia had about the process. They understand that the decisions made by the Australian Federal Police are decisions for the police alone, not for the rest of the Australian government. This is not a meaningful development in terms of the overall relationship between the Australian government and the Indonesian government, which remains very good.

**Senator TROOD**—That is true—it is indeed a matter for the Australian Federal Police as to whom they investigate and whom they choose to think about prosecuting et cetera, but it is a matter for the department of foreign affairs as to how our relations with Indonesia are managed, at least in part. I would have thought that this is a matter which is of great sensitivity. In light of that, there might have been a better scheme put in place to deal with the issue rather than, to use your words: you caught the Indonesian government by surprise. At least some of the press reports suggest that they were very unhappy about it.

**Dr Hammer**—I would not describe this as a matter of major sensitivity between Australia and Indonesia. It is there. Yes, you are right—there was some initial surprise, but I think that has been taken care of at this stage.

**Senator TROOD**—Similarly, in relation to the possible return of the remains of the Balibo 5, what is the—

**Mr Ritchie**—My colleague Greg Moriarty would know something about that.

**Senator TROOD**—It is a related matter. As you are aware, one of the relatives of the Balibo 5 has said it is about time the remains were returned to Australia. What action has the department taken, if any, to facilitate that request?

**Mr Moriarty**—Soon after the New South Wales Deputy Coroner recommended in the Peters inquiry that that happen, the government of the day committed to facilitating the repatriation of the remains. The department informed the families of that commitment immediately after the Deputy Coroner handed down her findings. The current government has reiterated its commitment to do that. At the moment we do not have the agreement of all of the families to proceed to seek the repatriation.

**Senator TROOD**—I see. How many do you have? How many of the families or friends—whichever is concerned—have agreed to repatriation?

**Mr Moriarty**—I am conscious of my obligations under the Privacy Act. I would like to say that there is no—

**Senator TROOD**—I do not want names; just give me numbers.

**Mr Moriarty**—Certainly I am aware that one family has not agreed.

**Senator TROOD**—Is that family standing in opposition and, as far as you are concerned, is that an impediment to any further progress on this matter in relation to the other families' requests?

**Mr Moriarty**—Our role, I think, is to proceed when the families reach a consensus. We do not see a role for ourselves in trying to help them arrive at a decision. It is important, I think, to respect their privacy and to allow them time to—

**Senator TROOD**—Short of there being any consensus or agreement, there has been no international approach made in relation to this matter—is that what you are saying?

**Mr Moriarty**—That is correct, Senator. We have not taken that forward. I think that it is important, given that the Deputy Coroner found that the remains were buried in a single grave site, that there needs to be a consensus before the government could seek to repatriate.

**Senator TROOD**—So you have made no representations in regard to the matter?

**Mr Moriarty**—We have made no request to the Indonesian government.

**Senator TROOD**—And their remains are in Jakarta—is that right?

**Mr Moriarty**—That Deputy Coroner's findings were that they were buried in a single grave in Jakarta.

**Senator TROOD**—Thank you. I think that answers my questions there. I do not have any further questions about Indonesia, but I have previously asked questions about the Asia-

Pacific community and I know that that has generally been managed by the South-East Asian people. Is that you, Dr Hammer?

**Dr Hammer**—It is.

**Senator TROOD**—You might eventually be an ambassador for people-smuggling, Dr Hammer, if your predecessor's rise in this field, or career path, is to be followed. Firstly, in relation to Mr Richard Woolcott's report, tell me whether that report, or a version of it, is to be released to the public.

**Dr Hammer**—As you know, so far that report has not been made public. It is not a matter that I have had any high-level discussions about since I have taken up the job, so perhaps the best answer I could make at this time is that I do not believe that any further consideration has been given as to whether to make that report public.

**Senator TROOD**—So as far as you know it is not to be made public, or any part of it or any version of it or anything of that kind—

**Dr Hammer**—That is correct, Senator.

**Senator TROOD**—My understanding is that the next stage in this process is the conference that is to take place in December—is that correct?

**Dr Hammer**—That is correct.

**Senator TROOD**—When I last spoke with Ambassador Woolcott about this he did not have any dates or venues or anything of that kind. Have all of these matters now been settled?

**Dr Hammer**—The preparations for the conference are fairly well advanced. There are a number of things which are still to be determined and announced. But what I can say is that the conference will be held in Sydney from 3-5 December and we expect well over a hundred participants from around the region. Senator, I do not want to say any more, if that is all right, about the arrangements for the conference because there have not been any announcements made, for example, at ministerial level and in other ways and I am a bit concerned not to pre-empt that process through revealing those kinds of considerations in this place.

The other point that I would like to make is that whilst I and my division have a lot to do with preparing for this conference and with the APC initiative as a whole, it really is a prime ministerial initiative and the big decisions, as it were, are made through policy advice provided by the Department of the Prime Minister and Cabinet.

**Senator TROOD**—But DFAT has been funding this exercise to the extent of \$500,000; is that not correct?

**Dr Hammer**—That is correct.

**Senator TROOD**—So you at least have an interest in relation to the expenditure involved.

**Dr Hammer**—We do.

**Senator TROOD**—Says he warily! At what level is that expenditure at the moment?

**Dr Hammer**—In relation to the conference itself or—

**Senator TROOD**—No, how much have we spent on this exercise already?

**Dr Hammer**—Are you after the total cumulative cost of what we might call the APC initiative?

**Senator TROOD**—Indeed.

**Dr Hammer**—At this stage our estimate is that the total cumulative cost of the APC initiative currently is at around \$513,000.

**Senator TROOD**—Does that cover the expenses relating to Mr Woolcott's journeying around the Pacific and elsewhere?

**Dr Hammer**—It does.

**Senator TROOD**—And the departmental support that he had while he was undertaking that activity and his consultancy expenses?

**Dr Hammer**—The amount that I have given you includes what we call special envoy costs, including travel, and it also includes the 1½-track conference. With respect to Mr Woolcott it is not inclusive of what we call indirect costs, such as time spent by staff in my division in support of him or in support of the initiative as a whole. It is simply very difficult to quantify that.

**Senator TROOD**—I have asked questions on this matter previously, and the figure that I was previously given was in the vicinity of half a million dollars.

**Mr Ritchie**—That is correct.

**Senator TROOD**—I understood that that figure not only related to Mr Woolcott's consultancy expenses and his travel expenses—

**Dr Hammer**—That is right.

**Senator TROOD**—but also included an allocation—and I realise the difficulty of doing this—for the costs of departmental support. Are you telling me now that that is in fact not correct and that the \$513,000 does not include some allocation for departmental support?

**Mr Ritchie**—I will ask the chief finance officer to say something about that, but I think what Dr Hammer was saying is that it does not include the routine work that is being done in all our embassies. We have not quantified all of that work.

**Senator TROOD**—There was an officer of the department—

**Mr Ritchie**—There was—

**Senator TROOD**—who accompanied Mr Woolcott.

**Mr Ritchie**—Indeed.

**Senator TROOD**—That figure does not include the costs for that officer; is that right?

**Ms Thorpe**—The funding you are referring to, in terms of the figure you originally identified of \$546,000, was only funding we received in 2008-09. We only received one year's worth of funding from the government. We have absorbed the cost since that time. When we have been citing how much we have been spending, obviously part of the costs we have been talking about were specific costs relating to the contract and also to the conference.

During 2008-09 we did receive funding for staffing, and the funding was used for that, but this financial year the department is absorbing all costs.

**Senator TROOD**—I think that has always been part of my difficulty with this issue—that the Prime Minister keeps tossing off these initiatives and expects the department to undertake them without providing the funds necessary to support the activity. You are telling me that some money was available in 2008-09, but you are now having to absorb the costs in relation to the further funding on this matter. Does that mean that you are having to absorb the costs in relation to the conference?

**Ms Thorpe**—That is correct.

**Senator TROOD**—So this is a burden on DFAT; is that correct?

**Mr Ritchie**—That is correct.

**Senator TROOD**—Can either of you tell me what the estimated cost of the conference is?

**Ms Thorpe**—I think that is still being finalised. As we said earlier, we are still finalising it. We have made some allowance for the budget, but that is still being worked through.

**Senator TROOD**—What allowance have you made?

**Dr Hammer**—I do not have that number; we will have to take that on notice. As my colleague said, we do not have an estimate of how much all this will cost.

**Senator TROOD**—Ms Thorpe just told me that she had an allowance.

**Ms Thorpe**—No, I said we are working with the division and we have to manage this through our current budget. They are working through what the costing is, and the department will be providing funding.

**Senator TROOD**—I thought you were suggesting to me that you have got an indicative figure of the likely cost.

**Ms Thorpe**—No. Obviously, I am having to manage the budget to make sure. Obviously, we manage the budget in such a way that we can accommodate these sorts of activities. But we have not actually allocated specifically; we are still finalising the costs as we work through this.

**Senator TROOD**—I know you are diligent managers of your modest budget so I would be surprised if you had not made some kind of attempt to try and quantify what the likely expenditure is going to be for this conference. So perhaps you could take on notice whether or not somewhere in the bowels of the Casey Building there might not be some indicative figure of what is involved.

**Mr Ritchie**—We will take it on notice.

**Senator TROOD**—But that does not really satisfy my query because I still have not been given an answer to my question with regard to the other costs involved in this exercise beyond the costs related to Mr Woolcott's consultancy and his expenditure in relation to travel, accommodation et cetera. I still would like to know, please, how much the additional costs were that related to departmental expenditures; for example, for the officer who accompanied

Mr Woolcott on his travels and any other kind of administrative support that he was given during the course of his inquiries.

**Dr Hammer**—We will take that on notice to make sure that we get it as accurate as we can. But what we have done is we have calculated as much of the costs as we can easily do. There are things like consumption of photocopier time. We have actually exercised best endeavours in terms of trying to come to that type of number.

**Senator TROOD**—All I ask for, Dr Hammer, is your best endeavours, but obviously there is a figure there somewhere and all I want is your best endeavours as to the figure. I appreciate the complications of trying to precisely and accurately determine this figure. What I would like from you is what your expectation is about that cost. In relation to the conference, I know you are looking at a figure but can you tell me whether or not the Australian government intends to pay for all of the costs in relation to the conference—for example, the cost of attendees from around the region?

**Dr Hammer**—Yes. The intention is to pay for most of them. There are some attendees for which we would not pay the costs. Essentially that runs to the costs for senior officials from developed country governments.

**Senator TROOD**—I see.

**Dr Hammer**—For example, we are interested in having senior officials from the United States come but we do not expect that it is reasonable to offer to pay their way.

**Senator TROOD**—So you reckon that even with their trillion-dollar budget deficit they can find a few bucks to get across the Pacific?

**Mr Ritchie**—I do not think there would be much expectation that we would pay for that.

**Senator TROOD**—Dr Hammer, in relation to the invitees, is this a conference for officials of governments, regional politicians, academics? Is it a first-track conference? It is a second-track conference? How would you characterise the level at which these attendees are being invited?

**Dr Hammer**—The conference has been characterised as a 1½-track conference. What does that mean? In effect, it means that there will be a mixture of government representatives and there will also be representatives from think tanks, academia and probably some prominent commentators as well. So it will be a mixture of government and non-government people whom the government judged would make a good contribution to the discussions we expect to take place in the conference.

**Senator TROOD**—How many people are we talking about?

**Dr Hammer**—The numbers are not finalised at this stage but there will be well over 100 people there, I believe.

**Senator TROOD**—How many of those people are coming from overseas?

**Dr Hammer**—The majority of them.

**Senator TROOD**—So nearly 100 of the people coming are from overseas. What proportion of the costs of those 100 is Australia paying for? Presumably, if the Canadians are



coming you are not going to pay their fares and if the Americans are coming you are not going to pay theirs. What about the Japanese, for example? Are you going to pay their fares?

**Dr Hammer**—No, we would not pay the fares for Japanese government officials. But, to answer the first element of your question—which is, what percentage or how much?—the Australian government will be paying for the majority of people coming from overseas to attend the conference.

**Senator TROOD**—Not just the majority, I suspect, but the greater majority. Isn't that fair?

**Dr Hammer**—I think that is fair.

**Senator TROOD**—And they will be coming to Australia business class or first class?

**Dr Hammer**—Those details have not yet been fully worked out. There may be some differences.

**Senator TROOD**—But you will not be bringing anybody to Australia for an international conference sponsored by the Australian Prime Minister and putting them in cattle class, will you?

**Mr Ritchie**—I would not necessarily rule that entirely out.

**Senator TROOD**—Is that, Mr Ritchie, because the department is in such financial straits that it cannot possibly run to that kind of cost?

**Mr Ritchie**—Certainly not. It is because we are very responsible financial managers.

**Senator TROOD**—I know that, but you can only do so much with the money that is available.

**Mr Ritchie**—It depends. To some extent I think Dr Hammer would say this as well: for these sorts of conferences it depends as some very prominent think-tank people might have a certain expectation and others might have an expectation that they are perfectly happy as they always travel economy. It depends on the people.

**Senator TROOD**—I suppose you would hope that the academics would take that line.

**Mr Ritchie**—I understand, and your knowledge is better than mine, that academics always travel economy.

**Senator TROOD**—We used to be forced to do so, whenever it was. But the reality is that most of these people who are going to come are going to come as a matter of prestige and as a matter of appropriateness. They are going to come to Australia for an international conference sponsored by the Prime Minister and they will be paid at least business-class fares or perhaps first-class fares, where those are available. Presumably, you are going to pay for their accommodation as well, Dr Hammer?

**Dr Hammer**—That is correct.

**Senator TROOD**—And where are you planning to accommodate these people?

**Dr Hammer**—This is where I do not want to go into any great detail here, but in a good hotel in Sydney.

**Senator TROOD**—'In a good hotel'—so we are talking at least four-star, aren't we?

**Dr Hammer**—We are.

**Senator TROOD**—And reservations have been made already, I assume.

**Dr Hammer**—Yes.

**Senator TROOD**—Where have the reservations been made?

**Dr Hammer**—In a good hotel in Sydney.

**Senator TROOD**—This is not a matter of national security, is it?

**Dr Hammer**—No. But it gets into an area where I feel a bit sensitive personally about revealing the details of a conference being hosted by a Prime Minister before they are official.

**Mr Ritchie**—I think what Dr Hammer is trying to say is that the Prime Minister is yet to make an announcement about it, he will, and we do not want to pre-empt that.

**Senator TROOD**—I am sure there are lots of things about which the Prime Minister has yet to make announcements. In fact, we all sit on the edge of our chairs wondering what is going to happen next. But I do not think this is a matter which even Mr Lewis might regard as being a matter of national security, something that cannot be revealed to the committee.

**Senator Stephens**—Senator Trood, please respect the officer's concern about this. There perhaps are some sensitivities around this. I think that he has given you a fair indication of the accommodation arrangements without actually naming the facilities.

**Senator TROOD**—I think, Minister, you are absolutely right: there are sensitivities and no issues of security as far as I can see.

**Senator Stephens**—Well, let us not assume that that is the case.

**Senator TROOD**—Is the conference intended to be at the unnamed hotel, Dr Hammer?

**Dr Hammer**—No, the conference will be at another location.

**Senator TROOD**—At the Sydney conference centre?

**Dr Hammer**—These details will be made public quite soon. From my point of view, if it is all right to say this, as a matter of protocol I think it is better to allow the Prime Minister and others to make the decision about how they want to publicly announce the arrangements for this conference.

**Senator TROOD**—So it will not be at the hotel; it will be at another venue in downtown Sydney somewhere? Could we at least say that?

**Dr Hammer**—It is in Sydney.

**Senator TROOD**—We are not going to some country club outside Sydney—for example, Bowral or Campden or somewhere like that?

**Dr Hammer**—No.

**Senator TROOD**—Are you planning to provide a cavalcade of Commonwealth cars to get the people from the hotel to the venue or will a short walk get them there?

**Dr Hammer**—I think it is fair enough to go so far as to say that transport will be provided and it will be by water.

**Senator TROOD**—I hope you will not put them on Sydney ferries, because that could lead to a great international embarrassment.

**Senator STEPHENS**—Now, now, Senator Trood!

**Senator TROOD**—We have the travel and accommodation expenses. Are we having a conference dinner?

**Dr Hammer**—There will be a conference dinner.

**Senator TROOD**—At which all participants will be expected or at least invited to attend?

**Dr Hammer**—Certainly.

**Senator TROOD**—Will that be a conference dinner with others involved or will it just be for the conference participants?

**Dr Hammer**—That is a matter that is under consideration. It may be that there will be a wider number of invitees to the conference dinner than are actually invited to participate in the conference proper, but that has not yet been decided.

**Senator TROOD**—But the picture that is emerging here is that the department of foreign affairs has to stump up the funds for this conference and yet many of the decisions which are being made about the conference and the expenses involved in it are not in your hands. Is that a fair statement?

**Dr Hammer**—A steering committee meets regularly to oversee conference arrangements and make decisions. That is chaired in our department by the Acting Secretary, Gillian Bird. Representatives from the Department of the Prime Minister and Cabinet and some representatives from ministerial offices also attend. We have quite a say in the decision-making process but, in the end, you are right: the key decisions are not made within the Department of Foreign Affairs and Trade.

**Senator TROOD**—Have you requested any supplementation for the costs that will be involved in this?

**Ms Thorpe**—I have not formally requested supplementation, but I should point out that quite often the department pays for quite a few of these sorts of conferences. It is part of our base funding. Obviously, this particular conference is not an ongoing event. But it is not unusual for DFAT to absorb these sorts of costs. We did get some initial funding, as I said, in 2008-09. We undertake a number of activities which we also pay for. It is part of our outcomes that, in the past, we have also absorbed.

**Senator TROOD**—I do not doubt that is the case. I am sure there are occasions when this occurs. But this conference has been asked of the department with almost no notice. It was a conference that was conceived, as I recall the evidence which officials gave previously, after Mr Woolcott's report had been provided to the Prime Minister, after the Prime Minister had considered the matter and after the Prime Minister decided that, since this whole idea was basically dead in the water, he needed to do something to revive it. And this is his enterprise to try to revive the conference. This is expenditure, it seems to me, which you were not expecting and you are now being asked to pay for without any kind of additional funding.

Again, it puts considerable pressure on the resources of the department. However, let me continue. Mr Ritchie, do you wish to comment on that?

**Mr Ritchie**—No.

**Senator TROOD**—Dr Hammer, has the agenda for the conference yet been settled?

**Dr Hammer**—The agenda, as is often the case with conferences with an academic component or fully academic conferences, is almost finalised but it is not completely finalised.

**Senator TROOD**—Will the agenda be released when an announcement is made about it?

**Dr Hammer**—I am not sure. That is a decision that will be made at a ministerial level in conjunction with the Department of the Prime Minister and Cabinet. But, certainly, I would expect so. It will become public fairly soon.

**Senator TROOD**—Is it likely the Prime Minister will address the conference?

**Dr Hammer**—I believe it is likely.

**Senator TROOD**—Will other participants be invited to address the conference in a formal fashion—in other words, will there be a request for representatives of other countries to make formal presentations or formal speeches to the conference? In other words, has the format of the conference been determined or will it be a free-ranging discussion about the Prime Minister's brilliant idea?

**Dr Hammer**—The format and the agenda for the conference are very close to finalisation.

**Senator TROOD**—Will the information about that be available?

**Dr Hammer**—It will be.

**Senator TROOD**—Can you tell us when this announcement might be made?

**Dr Hammer**—I cannot, but I would expect that the materials and the matters that you are talking about will become public very soon.

**Senator TROOD**—In relation to the preparation of the conference, you said that there is a steering group, that Ms Bird chairs the steering group and there are participants from other places. Is anybody outside any of the agencies of government involved in arranging the conference?

**Dr Hammer**—Yes. The Prime Minister's special envoy, Mr Richard Woolcott, whom you referred to earlier, will be the host of the conference.

**Senator TROOD**—Has a contract or a consultancy of some kind been given to Mr Woolcott for his further involvement in this process?

**Dr Hammer**—Yes, it has been.

**Senator TROOD**—When was that negotiated and settled?

**Mr Wise**—That contract was entered into on 18 September. It expires on 31 December and we have an option to extend the contract for a further three-month period if required.

**Senator TROOD**—What are the conditions of payment under that contract?

**Mr Wise**—The total payment will be \$75,000, including GST, plus travel and associated costs.

**Senator TROOD**—That is \$75,000 relating to all the work that he will do from 18 September? Is that correct?

**Mr Wise**—That is right. The contract was entered into on 18 September. I suspect it may cover some work that Mr Woolcott undertook between the end of June and September, when his earlier contract ran out, but I am not sure.

**Senator TROOD**—Did you say that includes travel?

**Mr Wise**—No, it does not include travel. Travel and associated costs will come on top of that.

**Senator TROOD**—Can you tell us how much of the \$75,000—does the contract provide for periodic payments?

**Mr Wise**—I am not sure of the terms of the contract, whether it is done on a periodic basis or at the end of the contract. But the value of the contract is \$75,000.

**Senator TROOD**—Can you tell me whether or not any expenditure has so far been incurred in relation to travel or other matters outside the contract, beyond \$75,000?

**Mr Wise**—Dr Hammer can probably say better than me whether Mr Woolcott has been travelling in the last few months.

**Dr Hammer**—Mr Woolcott has been travelling and conducting some business in relation to this matter. I do not have the exact figures here with me but, yes, I expect he will already have expenses accumulated relating to the preparation of this conference.

**Senator TROOD**—Do you have those figures somewhere?

**Ms Thorpe**—No.

**Senator TROOD**—Perhaps you could take that question on notice and see whether you can give me an answer.

**Senator FERGUSON**—When did Mr Woolcott's previous contract expire?

**Mr Wise**—It expired on 30 June.

**Senator FERGUSON**—So he has been working between 30 June and 18 September without a contract?

**Mr Wise**—I am not sure. He would not have been working without a contract. It is just that the other one was signed on 18 September for additional work.

**Senator FERGUSON**—You said that the one he signed on 18 September covered work that he had done prior to the contract being signed.

**Mr Wise**—I said it may have. I just do not know at all. You do not think so, Ann?

**Ms Thorpe**—I doubt it. We are usually very, very careful in making sure about contracts.

**Senator FERGUSON**—So he had another contract between 30 June and 18 September?

**Dr Hammer**—Not with us.

**Mr Wise**—He would have produced his report and then once the government made decisions about how they wanted to take the initiative forward we entered into a second contract with Mr Woolcott at that stage in September.

**Senator FERGUSON**—This includes travel around Australia perhaps or international travel as well?

**Dr Hammer**—I do not have the details of exactly what the special envoy may have done which he might choose to bill. Let me give you an example. He recently took a holiday where he travelled to the United States.

**Senator FERGUSON**—I assume he is not charging the department for that.

**Dr Hammer**—Certainly not. But while he was over there along with our Ambassador to the United States he met some very senior Americans and the subject of the conference was discussed. So in the case of the special envoy—I am sure you are likely to know him—he does a lot of private activity which mixes in with services which he also provides to the government.

**Senator TROOD**—So he would not have charged the costs of the travel.

**Dr Hammer**—He did not charge the cost of the travel.

**Senator TROOD**—He may have charged the department for some hours of work related to the APC activity. Is that possible?

**Dr Hammer**—That is right. We can take the question on notice as to whether he has in fact asked for any compensation but it might take a little while to answer because these things could still be in the works.

**Senator FERGUSON**—I think it would be a good idea to get it on notice.

**Senator TROOD**—Let me ask you to provide me with such information as you have. Perhaps you would also provide me with such information as you have about Mr Woolcott's travel in relation to this matter—whatever travel you are aware of, including any trips that he has done. Is he undertaking these trips independently? That is to say, is he making decisions about where he needs to go to facilitate the conference or is he taking trips as a result of advice that you, Dr Hammer, the Prime Minister or anyone else gives him?

**Dr Hammer**—The first thing I would like to say that while he may have done some travel it is certainly very little since his last contract expired. The travel I have in mind in seeking to answer your questions as clearly and accurately as I can is in fact the travel that he undertook to the United States which was a holiday but where he has mixed in such circles that when he takes a holiday he winds up with our Ambassador to the United States for a couple of days. He was in New York as well. He mixes and meets with people where inevitably business of this type comes up, so in that instance there was not any instruction or consideration given to Mr Woolcott, and he takes opportunities in other places. But to my recollection—and this is where we will have to take the question on notice—I do not think he has undertaken any other travel yet which has been undertaken purely for the purpose of preparations for this conference or in relation to the Asia-Pacific community initiative, and were he to do so he would need to seek agreement that this was appropriate.

**Senator TROOD**—So any travel he might choose to undertake would require the approval of the department. Is that right?

**Senator FERGUSON**—Senator Trood, I am wondering if in this question on notice we might get provided to the committee the details of all costs associated with salary and any ancillary payments related to travel or any other expenses for Mr Woolcott from the time of his first contract. If we can get it from the start I think we will know where we are.

**Dr Hammer**—We can do that for you but I can put on the record now I asked my staff to develop a cost up to the current moment and their estimate was \$410,000.

**Senator FERGUSON**—For salary plus travel.

**Dr Hammer**—That is right. That is the accumulated total cost for the special envoy up to this time.

**Senator TROOD**—That does not include his \$75,000 contract from September—or does it?

**Dr Hammer**—No, it does not, because the second contract has not yet been paid.

**Senator FERGUSON**—So that is actually up to half a million?

**Senator TROOD**—Yes. So there have been no payments in relation to the second contract?

**Mr Ritchie**—I think we have taken that on notice—

**Senator TROOD**—But you don't think so?

**Mr Ritchie**—to look at the terms of the contract, yes.

**Senator TROOD**—Have you received any requests for approval for travel by Mr Woolcott which would be related to the APC matter?

**Dr Hammer**—There is consideration being given to some future travel, but no final decision has been made except in one case.

**Senator TROOD**—What case is that?

**Dr Hammer**—Mr Woolcott will go to the East Asia Summit meeting which is about to take place.

**Senator TROOD**—And that is in?

**Dr Hammer**—Thailand.

**Senator FERGUSON**—Have any of his requests ever been knocked back?

**Dr Hammer**—None of his requests have been knocked back in the period that I have had responsibility for this matter, which is a relatively brief period, but I cannot recall him actually making any requests in that period. Secondly, the way that Mr Woolcott tends to operate is that he does not come and ask; he actually has a discussion with people about whether it would be a good idea or not for him to do something.

**Mr Ritchie**—I think that is fair. It just developed in close consultation with him.

**Senator FERGUSON**—We understand Mr Woolcott's position, but half a million dollars is a lot of money, too.

**Dr Hammer**—It is the all-up cost; it is not just his—

**Senator FERGUSON**—The all-up cost—it is a lot of money.

**Senator TROOD**—He travels business, doesn't he, or first class? And he is entitled to do that under his contract with you, when he makes requests for travel. I do not mean this is necessarily related specifically to Mr Woolcott, but officers in his position would be entitled to travel at a particular level.

**Senator FERGUSON**—First class, or not?

**Mr Wise**—The arrangements, as I recall them, for Mr Woolcott are that he travels at the SES conditions for airline travel, which are business class, except that Mr Woolcott asked—and you will understand why we agreed, given his age—if he could travel first class on the trans-Pacific routes, and that is written into his contract.

**Senator TROOD**—I see.

**Mr Wise**—But for all other travel he travels as senior public servants travel, at business class.

**Senator TROOD**—So we are talking about the trans-Pacific, east-west—not necessarily going to the States?

**Mr Wise**—Yes, to the States—it is a very long flight.

**Senator TROOD**—It is. Are there any other people who have contracts in relation to the conference—any other consultancies that have been let by the department with regard to the conference?

**Dr Hammer**—In respect to consultancies, there are some contracts which relate to arrangements for the conference. But there is no-one contracted, if you like, for the types of activities that Mr Woolcott is involved in. There will be a website associated with the conference, which will have a number of the things that you have asked about on it. So we have a contract with a company to develop that website. That is an example.

**Senator TROOD**—You have got a contract for web design? I am sure you can add something, Mr Wise, but just let me ask Dr Hammer: when do you expect the website to go up?

**Dr Hammer**—We would like it to go up quite soon, but—

**Mr Ritchie**—It will depend on the announcements.

**Dr Hammer**—It depends on announcements, and it also depends on the accumulation of content for the website, the web design, and so forth. So I cannot say at this stage when it will go up.

**Senator TROOD**—I see. What is the size of that contract, Mr Wise?

**Mr Wise**—I do not have details on the contracts, but I imagine that, as is normal with conferences, there will be contracts with the venue provider and with the accommodation provider and so on in due course.



**Senator TROOD**—This presumably will be in the figure that you will find for me in due course?

**Mr Wise**—When it is finalised, yes.

**Dr Hammer**—I mentioned a number earlier on, which was the total cumulative cost of the initiative so far, which was \$513,000. That includes all of the contracts we have just discussed that we have signed so far. So that is in that number.

**Senator TROOD**—So that includes Mr Woolcott's most recent contract?

**Dr Hammer**—No, it does not include Mr Woolcott's most recent contract.

**Senator TROOD**—I did not think it did. Just in relation to the contracts, there are no contracts with any academics or universities all anything like that to provide academic content to the conference?

**Dr Hammer**—No, there are no contracts of that type at this time, and there are no plans to have such contracts.

**Senator TROOD**—Has any country to whom an invitation has been extended declined to attend the conference?

**Dr Hammer**—The state of play with invitations and invitations to countries is still fluid, so it is hard to say. We have not had responses in some cases. I would be very surprised if any government declined to accept the invitation and send some officials.

**Senator TROOD**—You have not been advised of any country that has declined to attend the conference?

**Dr Hammer**—I have not been advised.

**Senator TROOD**—Has the department or the Australian government been advised?

**Dr Hammer**—No, to my knowledge nobody has said they will not come.

**Senator TROOD**—Nobody has said they are not coming? So they are all too happy to take advantage of the Prime Minister's largesse. What about countries like Taiwan, Burma et cetera? Are you extending invitations to them?

**Dr Hammer**—I do not at this stage want to get into specifics of which countries have been invited and which countries have not been invited. There is still a final determination to be made in relation to that matter.

**Senator TROOD**—I see. The invitation list is yet to be finalised?

**Dr Hammer**—That is correct.

**Senator TROOD**—I see. Is the APC conference on the agenda or is the Australian government seeking to put it on the agenda for the East Asia summit?

**Dr Hammer**—My understanding is that the Prime Minister does intend to briefly refer to the APC initiative at least at the East Asia summit and quite likely to the conference.

**Senator TROOD**—What position is he putting?

**Dr Hammer**—I am afraid I do not have access to that material. That is something that gets worked up between the Prime Minister's department and his office and what have you and can change quite late.

**Senator TROOD**—I see. I have one final question. We have seen in the last few weeks since the election of the Japanese Prime Minister that the new Japanese government has a proposal with regard to the 'regional architecture'. How does that fit in with the Prime Minister's concept of an APC?

**Dr Hammer**—There is not very much definition available as to the proposal by the new Japanese Prime Minister and the new Japanese government. There are some mixed indications of exactly what has been proposed. To that extent, it is difficult to work out how the embryonic Japanese proposal would intermesh or interact with what the Prime Minister has been calling for. But I would say that what the Prime Minister has been seeking through this conference and more broadly is a discussion within the region about the future architecture for the region. At that level, inputs from all relevant quarters are welcome. We will be very much looking forward to the elements that the Japanese delegation to this conference bring to the discussion.

**Senator TROOD**—Have you sought as a matter of policy common cause with the new Japanese government in relation to this matter?

**Dr Hammer**—There have been discussions at various levels with the Japanese government and the Japanese bureaucracy about what is being proposed. There is I suppose a sense in which, at the very least, we want to keep one another informed of what is developing within our respective governments. I think the conference itself should be a very good opportunity to work through some of these issues.

**Proceedings suspended from 12.37 pm to 1.40 pm**

**CHAIR**—The committee will come to order. We will resume examination of the Department of Foreign Affairs and Trade in the supplementary budget estimates process. Senator Ludlam has indicated that he wants to have a discussion, sequentially, on Burma and Tibet.

**Senator LUDLAM**—I have a couple of questions on Australia's efforts on Burma in particular. I appreciated the opportunity to meet with our Ambassador to Burma while she was here on a break and noted her huge regret, and ours, that she was not present when the regime finally allocated a small amount of time to meet with Aung San Suu Kyi. I am just wondering how much you can tell us about what was discussed with our consular representative in Rangoon.

**Dr Hammer**—As you know, the meeting took place between our charge d'affaires in Rangoon and Aung San Suu Kyi on 9 October. The UK ambassador and US deputy ambassador were present. The meeting was organised on Aung San Suu Kyi's behalf by the Burmese authorities and Burmese officials were present. The meeting was quite heavily focused on a discussion of the sanctions imposed on Burma by the US, the EU and Australia. I do not want to say much more about it simply because there is a concern that further information might jeopardise the opportunities for progress that could come out of the

meeting. I do note that this is the first time that we have been able to meet with Aung San Suu Kyi since February 2003.

**Senator LUDLAM**—Thank you. I gather that the topic did stay pretty strictly along the lines that you have outlined—around sanctions. Australia's sanctions regime differs quite considerably to those of the US and the EU. I think there are some broad equivalents in terms of financial sanctions but in terms of trade and direct foreign investment, ours are considerably weaker. Is Australia's sanctions regime under review, given the recent developments?

**Dr Hammer**—There is an ongoing process, in any case, under which Australian sanctions are, if you like, reconsidered and reviewed. I think I can go so far as to say that there has been a review of a kind taking place within the government, but not connected to the advent of the meeting with Aung San Suu Kyi, which of course now will inform the further consideration that is taking place within the government.

**Senator LUDLAM**—That is helpful. I note that there is one Australian company—I will just see if you are aware of this one; it is known as Twinza Oil Ltd, with investors from the Clough family—that is predicted to earn the dictatorship an estimated US\$2½ billion, which is enough income to fund a quarter of Burma's military for a decade. Is the review that you mentioned, which was underway before the latest round of dialogue, considering winding our policy back? I understand that our policy is to neither support nor discourage investment in Burma.

**Dr Hammer**—That is correct.

**Senator LUDLAM**—I would like to know whether that posture is under review.

**Dr Hammer**—The review that is taking place involves consideration by more than one agency. It does not have advice just from the Department of Foreign Affairs and Trade flowing into it. We do not have full visibility of what is being considered, but I think at one stage the advice that I had received was that there was a real interest in, if you like, having a look at the whole package of sanctions that we had in place against Burma and reconsidering. I would not want to give a misleading impression by saying that, because I have no sense of whether there is any appetite in that process for really making very many changes to the sanctions arrangements that we have in place as we speak. But I do know that people have been looking pretty closely at the whole set-up.

**Senator LUDLAM**—You would be aware, obviously, that the United States policy review on Burma was announced in late September. There is a three-pillared policy direction. One is for the United States to retain its level of sanctions, the second is to increase humanitarian assistance—and I note that Australia has made an increase also—and the third was the commencement of high-level dialogue with the regime. Firstly I will ask when we might see the results of the Australian government's review and whether our thinking is broadly aligned with that of the United States.

**Dr Hammer**—In respect of when and if the results of the internal government consideration of our sanctions will be known, I cannot answer that. I do not know. I would add that in the circumstances in relation to Burma, particularly because of the meeting that is

taking place with Aung San Suu Kyi, the situation is not static, so reconsideration of issues will be taking place.

Of course, another factor for the government, as you mentioned, is that we are always very interested in the directions which the United States is taking. We have a pretty good idea of what has come out of the US policy review, but we do not know how the Burmese regime is going to respond to where the US wants to take this. I think all I can say is that we will certainly be talking very regularly with the US administration to make sure that we are fully informed of the directions which they want to take, and I would be surprised if that did not have some implications for the outcome of our own considerations.

**Senator LUDLAM**—The Australian government recently changed our foreign policy in regard to global arms embargo support, which was welcomed unanimously, I think nearly two months ago now. Can you tell us what this has meant in practice and on the ground for our policy and diplomatic efforts?

**Dr Hammer**—I do not think that is something which I cover in my division.

**Senator LUDLAM**—Okay. Who would that be?

**Dr Hammer**—I think it is ISD. Could you repeat the question for me, please?

**Senator LUDLAM**—Australia has maintained a unilateral arms embargo on Burma for quite some period of time. We recently shifted in support of a global arms embargo, which is quite a significant policy shift. I am wondering what that means in terms of changed diplomatic effort or posture.

**Ms Richards**—I am not quite sure if this answers your question, but we have had a ban on defence exports to Burma since 1991. As far as I am aware that continues to be the case.

**Senator LUDLAM**—No, I am sorry—that is not at all what I am asking. I am aware of that and we are very supportive of that. The foreign minister announced—and I can find the date for you, if that is helpful—that Australia would henceforth support a global, universal arms embargo on the Burmese regime, which is a shift. That is a policy that we have not formally held, and I am wondering what that means. Having made that policy shift, what does it mean for the department and what does it mean for our diplomatic efforts in this area?

**Dr Hammer**—What that would mean—and I am sorry it took me a while to absorb the question—is that we have been making representations in relation to that, to encourage any countries which continue to have an arms trade with or which continue to supply arms to Burma to stop doing that.

**Senator LUDLAM**—I hope I am not quoting figures out of context, but I believe the two largest exporters of arms into Burma are Russia and China. Can you describe for us what representations we have made to those two countries in that regard?

**Dr Hammer**—I will have to take that on notice. I do not have that information with me, but I am sure we have a good answer to the question. I cannot verify, either, whether those are the two biggest arms exporters to Burma, but they are certainly major arms exporters.

**Senator LUDLAM**—It is probably a little bit lazy of me to put it that way. If you could provide for us figures on who those are and just in order of size of weapons exports what representations the Australian government has either made or plans on making.

**Dr Hammer**—We will do our best on that. Obviously some defence arrangements and contracts are kept pretty quiet, so I do not know how definitive the numbers which we are able to come up with are.

**Senator LUDLAM**—That is okay.

**Dr Hammer**—Certainly on the representations and so forth we will come back to you.

**Senator LUDLAM**—I would greatly appreciate that. Just to wind up on Burma, can you tell us what information gathering the government is undertaking on human rights abuses in Burma, past and present. What do we actually do to inform ourselves?

**Dr Hammer**—I will see what I have here, Senator. If it is okay, I might take that one on notice too.

**Senator LUDLAM**—My last one is the Secretary-General's friends group. Can you tell us what, if anything, the Australian ambassador in New York has done in the context of the S-G's friends group?

**Dr Hammer**—You are primarily interested in what our ambassador has been doing in relation to the friends of Burma.

**Senator LUDLAM**—That group appears to have been dormant for a period of time and I am just wondering whether the Australian government has made any moves to put some life into it.

**Dr Hammer**—I understand that the UN Secretary-General's Group of Friends on Burma has been active and it last met on 23 September at ministerial level, and that Foreign Minister Smith was present. The UN Secretary-General, who of course paid a visit to Burma earlier in the year, requested that the group of friends work together on three fronts: to urge Burma to work with the UN on creating an inclusive process of dialogue and create the conditions necessary for credible elections; to uphold the UN's role in Burma; and to signal a willingness to help the Burmese people address their political, humanitarian and development needs, especially the Millennium Development Goals.

**Senator LUDLAM**—That is good. I am not what sort of record of that meeting has made its way into the public domain, so could you provide for us anything that you are able to—I realise that the minutes may not be—but particularly what role the Australian ambassador has played in that group. You said the Foreign Minister was there.

**Dr Hammer**—The Foreign Minister was there for that meeting because it was a ministerial level meeting. I do not have the details here. I do know there is a record of that discussion but I am not sure what its level of classification is, whether it is confidential or not to the group. But what we can do is provide you with whatever we are able to on what has been happening in that group, including engagement by our ambassador to the UN in that.

**Senator LUDLAM**—I would really appreciate that. Including if they have published any forward program of work or if there is any sense of where the group will take those matters.

**Dr Hammer**—Certainly.

**Senator LUDLAM**—I realise this is a question that would be better put to AusAID but I just want to find out whether you have got any awareness of or any involvement in propositions to move a fraction of Australia's aid budget up into cross-border support on the Thai-Burma border. As I say, I realise that this is directed to AusAID, but has your department been engaged in providing any advice to government on the practicalities of doing?

**Dr Hammer**—If it is okay, I might take that one on notice too. I think we do have some involvement but I would just like to make sure that I have got it right.

**Senator LUDLAM**—I am aware that there will be sensitivities that have been expressed already around consent of other nations, consent of Thailand, consent of the regime itself and so on. So I suspect it is something you will have to be engaged with, because it is not strictly an aid question. I am really seeking the degree of your involvement in any timetabling that is attached to that is far as decision-making processes go.

**Dr Hammer**—To the best extent we can we will get an answer to you.

**Senator LUDLAM**—Thank you very much. With the consent of the chair, I will move to Tibet.

**CHAIR**—Right.

**Senator LUDLAM**—Good afternoon, Mr Fletcher. I am wondering whether I could start off with a general question to frame the situation: what is your understanding of the current security environment in Tibet? Since the violence last year, you could paint a picture for us of your understanding of the present security environment in Tibet.

**Mr Fletcher**—I have to say we do not have a thorough and detailed knowledge of the current situation. However, the reports we have received are that the Chinese authorities have maintained a fairly stringent control of security so that if someone visits to Lhasa, there is an obvious security presence. From the Chinese point of view, they are satisfied that they have things well under control.

**Senator LUDLAM**—Is it your understanding that the Chinese government has made quite a major effort to close the border and to stop the flow of refugees making their way into Nepal and Bhutan?

**Mr Fletcher**—I have no specific information on that, I am afraid, but I know in general that the Chinese government has always paid a lot of attention to the security of its borders in both directions.

**Senator LUDLAM**—Can you tell us, in the context of the Australia-China human rights dialogue, when the last meeting was and when the next one is scheduled for?

**Mr Fletcher**—Last meeting was on 10 February in Canberra. The next meeting will take place next year in China. We have not yet begun to consider the timing of that.

**Senator LUDLAM**—Okay, so there is no timing and no agenda for the next one.

**Mr Fletcher**—No. The agenda I expect would be very similar to this year's dialogue, which is basically the full range of subjects of interest to us.

**Senator LUDLAM**—Without wanting to get into hypotheticals, because the meeting has not been scheduled yet, can you tell us in a broad sense what those issues and concerns are?

**Mr Fletcher**—Every time the dialogue takes place, we cover the full range of civil and political rights, economic and social rights, ethnic minorities, religious groups, treatment of women and children, homosexual rights—sometimes there is an emphasis more on one topic than another, depending on the developments—labour rights, you name it. To a certain extent all of them get covered, but, depending on the situation, we can put greater emphasis on one topic rather than another.

**Senator LUDLAM**—Are there any formal reporting outcomes or minutes or anything from those meetings, or do we just have to trust that that is the conversation that takes place?

**Mr Fletcher**—There is an ongoing discussion between the department and NGOs, and I think there also has been contact with the parliamentary committee in relation to the dialogue.

**Senator LUDLAM**—Sorry, which committee?

**Mr Fletcher**—The foreign affairs—

**Senator LUDLAM**—This one?

**Mr Fletcher**—Yes. But since the February dialogue, I am not sure there has been a formal briefing. We are open to briefing the committee following those meetings.

**Senator LUDLAM**—Great, maybe we should just ask you more. What have been, to your mind, the measurable outcomes of the meeting in February?

**Mr Fletcher**—One outcome is simply to place on record the views of the Australian government and the Australian community about issues of concern in China. We should not understate the importance of that as an outcome. Then you say, ‘What actually happened as a result of that meeting?’ That is a much more difficult question to answer. We feel it is worthwhile to engage in a conversation with the Chinese authorities about these issues and, over time, to brief them on what we think are the problems and that that will improve their understanding, both of our position and also, possibly, influence the way that they go about managing those issues.

**Senator LUDLAM**—The title of that is as a dialogue, so I am presuming it is not just Australia sitting there lecturing the Chinese government about the human rights obligations.

**Mr Fletcher**—No, lectures pass in both directions.

**Senator LUDLAM**—All right. Within the limits of whatever confidentiality you need to observe, what have the Chinese government put to us?

**Mr Fletcher**—They tend to raise human rights issues relating to the treatment of the Indigenous population in Australia, incidents of racism, even housing affordability at one point—issues that are reflected in the Australian media of concern to the Australian community. That is part of the objective of this exercise, to get China to recognise that these subjects are legitimate topics for countries to talk about. We welcome the opportunity to respond when they raise those issues. On our side of the table, we have people from the departments who deal with those issues to talk about our own Indigenous policies and the efforts being made by the government.

**Senator LUDLAM**—Did the department provide advice to either the Prime Minister or his department on the advisability of meeting with His Holiness the Dalai Lama later this year?

**Mr Fletcher**—No.

**Senator LUDLAM**—Was advice sought?

**Mr Fletcher**—Not that I am aware of.

**Senator LUDLAM**—Is that something you could check for us, whether the views of the department or your branch were in sought in that regard?

**Mr Fletcher**—Yes.

**Senator LUDLAM**—Do the Chinese object in those dialogues to the stance taken by Australia on what they term, I think, the ‘territorial integrity of China’. Are we asked to back off on issues such as autonomy for Tibet?

**Mr Fletcher**—Could I take that on notice?

**Senator LUDLAM**—Of course. Those representations are made very strongly in press; I am just wondering whether they are made through diplomatic channels as well.

**Mr Fletcher**—China certainly expresses its position on Tibet and those issues if the subject comes up in the meeting. But our position on the territorial integrity of China is quite clear, and the Chinese accept that.

**Senator LUDLAM**—I understand mainstream political opinion within Tibet and in the exile community is also respecting the territorial integrity of China and that they are not seeking independence, they are seeking autonomy within the bounds of the Chinese Constitution. So I wonder if you have a view on why dialogue between representatives of His Holiness the Dalai Lama and the Chinese government have broken down in the past 12 to 18 months.

**Mr Fletcher**—Frankly, I think there is a very large gap between the two groups that you mentioned in relation to what each side is asking for. China is firmly of the view that the so-called ‘middle way’ being pursued by Tibetan groups abroad is in fact a disguised form of independence. We do not have a view on that; it is not our affair.

**Senator LUDLAM**—Okay. What role do you see that Australia can play, either diplomatically or otherwise, in moving that situation forward because it has reached a very serious impasse? The reason for the very first question that I put to you was that the security environment in Tibet has deteriorated significantly since last year.

**Mr Fletcher**—We have encouraged China to continue the dialogue with the Dalai Lama, but frankly I do not think there is a lot that other countries like Australia can do to help the two groups pursue that dialogue.

**Senator LUDLAM**—Do you coordinate with, for example, the United States Department of State on issues such as this? Do you have any kind of bilateral or multilateral dialogue on the status of Tibet?

**Mr Fletcher**—We stay in touch with other like-minded governments in a general way on these issues, but there is no formal exchange on it.



**Senator LUDLAM**—Has there been an exchange on the question of Tibet in the last 12 months or so?

**Mr Fletcher**—Not that I am aware of.

**Senator LUDLAM**—In representations to the Australian government, does China ever put cooperation on the Tibet question or a particular Australian position on the Tibet question as a condition for cooperation on other issues—trade or economic, for example?

**Mr Fletcher**—No.

**Senator LUDLAM**—Okay, so that is not done; they treat that as a separate issue.

**Mr Fletcher**—The Chinese would not put things so bluntly, but they do talk about the interests of the relationship as a whole, and not just in relation to one particular thing, but in a general sense. From their point of view, these things all form part of a seamless whole.

**Senator LUDLAM**—Just to change tack to a degree, am I able to put questions to you that relate to China more generally?

**Mr Fletcher**—Yes.

**Senator LUDLAM**—When you are asked by the public to investigate the cause of specific political prisoners, which I know does happen from time to time, can you tell us what processes and channels you follow to pursue those, whether they be allegations or whatever they may be? What do you do?

**Mr Fletcher**—We generally take up such matters directly with the Ministry of Foreign Affairs of China and ask questions or make representations about individual cases to the area that deals with Australia in the Ministry of Foreign Affairs and they then contact other areas of the government in China to seek responses or information.

**Senator LUDLAM**—I will put one particular case to you, if I may. Can you tell us the status of an environmental activist whose name I am probably going to mangle. Sun Xiaodi was sentenced in July, I think of this year, to two years of re-education through labour. His daughter, Sun Dunbai, also known as Sun Haiyan, was sentenced to 1½ years of re-education through labour. These are two environmental activists who raised very serious concerns about radioactive contamination at Chinese uranium mines. They have not been heard from since their imprisonment, and I am wondering whether you have made any representations or whether you are aware of the status of either of those individuals.

**Mr Fletcher**—I am afraid I will have to take that on notice.

**Senator LUDLAM**—I would greatly appreciate that. Are you familiar with those cases? Have you heard of them?

**Mr Fletcher**—No.

**Senator LUDLAM**—No? That may well be my pronunciation. If you are able to provide us with that information with some urgency, I would greatly appreciate it.

**Mr Fletcher**—Okay.

**Senator LUDLAM**—Thank you. Lastly, I want to return briefly to where I was before. Will the department be reporting back to parliament on the 12th round of the Australia-China

human rights dialogue, or did you indicate that you were seeking an invitation from the committee or from the parliament to present findings?

**Mr Fletcher**—As I mentioned before, we are happy to provide a briefing on the outcomes of the dialogue.

**Senator LUDLAM**—Okay, but you do not have a scheduled to present your findings. You would be happy to provide that if asked?

**Mr Fletcher**—Yes.

**Senator LUDLAM**—Thank you. That is all I have.

**CHAIR**—Senator Trood, why don't you work through North Asia and South-East Asia together?

**Senator TROOD**—Thank you, Chair. Mr Fletcher, since you are there, in relation to the Australia-China human rights dialogue, has there ever been any discussion with the Chinese about the possibility that there might be a more formal public statement about the discussions that take place in the dialogue?

**Mr Fletcher**—At the conclusion of the dialogue, there is usually a joint press conference.

**Senator TROOD**—I am familiar with that.

**Mr Fletcher**—Are you talking about a written statement?

**Senator TROOD**—Yes, I know that is there, but have you ever had any discussion about a more formal report, for example, on the dialogue beyond the press conference that is given? A report to the respective legislatures, for example, or something of that kind that might provide a more fulsome account of the conduct of the dialogue?

**Mr Fletcher**—If it were a formal report, it would not be more fulsome. You would need an extra day to negotiate it.

**Senator TROOD**—I can see the hazard involved in that proposition, Mr Fletcher, but my question really is: have you explored with the Chinese the possibility of giving a more fulsome public account of the nature of the dialogue, which in my view would provide greater confidence in the value of the dialogue—at least from an Australian perspective.

**Mr Fletcher**—I am afraid there is a bit of a paradox here, and that is that the more scrutiny and openness that is given to this discussion the less useful it will be. The reason for that is that China does not really like talking about these things in public.

**Senator TROOD**—I understand that.

**Mr Fletcher**—If you have the discussion in public, the result is that the discussion is fairly brief and you can probably guess what will be said by reading *China Daily*. What we can do which others cannot is have a confidential, thorough discussion of these issues in a context where the Chinese are prepared to be a bit more frank and to listen to us be a bit more frank. NGOs cannot do that; they have a different role. The media cannot do that either. We think that it is worth while to keep that as it is. Certainly it would be good to do it in public, but, really, it would turn it into quite a different discussion altogether.

**Senator TROOD**—I was not suggesting that the dialogue itself should take place in public, because I am very sensitive to the concerns you raise. I was thinking about a more complete account of the content of the dialogue, which, in the department's inimitable fashion, would no doubt ensure that many of the sensitivities were preserved but would nevertheless be a fuller account of the topics, perhaps.

**Mr Fletcher**—What I am really talking about is that there is a continuum between a confidential discussion and an open discussion, and I do not think that to move even a little bit along that line would reveal very much.

**Senator TROOD**—No.

**Mr Fletcher**—To answer your question simply: no, we have not had that discussion with the Chinese.

**Senator TROOD**—Maybe next time you prepare for the dialogue you might like to consider whether or not that is something that deserves some consideration.

**Mr Fletcher**—Okay. We will do so.

**Senator TROOD**—I do not put it any more strongly than that, at least at this stage. I am a member of the Human Rights Subcommittee. I am not sure that we have had you give evidence. Senator Forshaw, you are a member of the Human Rights Subcommittee, aren't you? At least, you are the chair of the joint committee. I do not think we have had the report on the human rights dialogue with China this year, have we?

**Senator FORSHAW**—It does not readily spring to mind. It is chaired by another member.

**Senator TROOD**—So we might next time. We might seek that in the not too distant future. Mr Fletcher, you are our man in China, aren't you?

**Mr Fletcher**—Yes.

**Senator TROOD**—I want to ask about the Pacific Islands Forum and the vice minister from China who was anticipated to attend. He was invited and, as I understand it, he was coming but in the end he did not come. Is that correct?

**Mr Fletcher**—Yes. We expected that he would come. He was not actually confirmed as coming.

**Senator TROOD**—Am I right in saying that he did not come?

**Mr Fletcher**—He did not come. Someone else, the ambassador for the Pacific Islands, attended in his place.

**Senator TROOD**—Right. Did the Chinese offer an explanation as to why the vice minister was unable to come?

**Mr Fletcher**—No.

**Senator TROOD**—They did not provide an explanation?

**Mr Fletcher**—They did not provide an explanation.

**Senator TROOD**—Did the embassy in Beijing provide the department with an explanation as to why the Chinese vice minister was not coming?

**Mr Fletcher**—No. Because they had never confirmed formally that he would come they did not have to tell us why he was not coming.

**Senator TROOD**—I see. And you did not press them?

**Mr Fletcher**—No.

**Senator TROOD**—You thought it better not to?

**Mr Fletcher**—I think we knew why.

**Senator TROOD**—What did we know about why?

**Mr Fletcher**—We knew that because the Chinese were upset with us over the Rebiya Kadeer visit they would therefore downgrade their representation.

**Senator TROOD**—So they snubbed the meeting because of their concerns over the Rebiya Kadeer visit?

**Mr Fletcher**—We believe that is why the vice minister did not come.

**Senator TROOD**—So they downgraded their representation.

**Mr Fletcher**—Yes, that could be one conclusion.

**Senator TROOD**—The vice minister position is rather senior, isn't it?

**Mr Fletcher**—It is a deputy secretary. I will not comment on how senior that is.

**Senator TROOD**—It is very senior! My understanding, Mr Fletcher, is that it is quite a senior position—

**Mr Fletcher**—Yes.

**Senator TROOD**—within the structure of China and that an ambassador for the Pacific Islands, I think you said, is relatively lowly compared to the vice minister.

**Mr Fletcher**—I think he is lower down but probably only one rung.

**Senator TROOD**—It was a reduction in the representation. Is that right?

**Mr Fletcher**—Yes.

**Senator TROOD**—When he came, was there any discussion at all with him about the Kadeer matter?

**Mr Fletcher**—I do not think so, no.

**Senator TROOD**—There wasn't?

**Mr Ritchie**—Not to my knowledge.

**Senator TROOD**—So the interaction work was confined mainly to Pacific islands issues?

**Mr Ritchie**—Yes.

**Mr Fletcher**—The person who came was their No. 1 man on the Pacific. He does not deal with—

**Senator TROOD**—This is a difficult issue. It has, over time, been a difficult issue for Australia—the way in which China has engaged in the Pacific, because China has, as they say, contested international space with Taiwan. What do you understand, as a result of their

participation in the forum or based on any other assessments you have made, to be China's current view on its engagement with the Pacific?

**Mr Fletcher**—China has long treated the Pacific with some interest. It has a significant number of sovereign states in the UN, and China pays attention to that sort of thing. China gives priority to its interactions with countries in the Pacific.

**Mr Ritchie**—I might add to that. I think our sense at the moment is that the rivalry which undoubtedly exists—some Pacific countries recognise Taiwan and some recognise China—is actually somewhat diminished at the moment because of better cross-strait relations. We are finding it slightly easier to deal with this as an issue than we have in the past.

**Senator TROOD**—I see. I wanted to ask you, Mr Fletcher, about the plight of Stern Hu and his colleagues. Perhaps you can give the committee an update about their situation?

**Mr Ritchie**—Our colleague Mr Moriarty might also speak on that matter.

**Mr Moriarty**—The Australian government is continuing to take a close interest in Mr Stern Hu's welfare. You may be aware that on 11 August Mr Hu was formally arrested on suspicion of violating commercial secrets and taking bribes, as an individual not employed by the state. This is an individual criminal investigation which is continuing in accordance with Chinese law. It is a complex case and we have emphasised to the Chinese authorities the need for the case to be handled expeditiously and that it would be best handled in a measured way. We are continuing to put very high priority on providing consular assistance to Mr Hu and to his family. Our consular officers are visiting him regularly, at least monthly, and they are in regular contact with his family.

**Senator TROOD**—At this stage, Mr Moriarty, do you have some indication as to when the trial might be scheduled for him and his colleagues?

**Mr Moriarty**—No, I think the information we have is that the investigation is ongoing. I think it is quite normal in China for these investigations to be extended, so I cannot speculate when it might come to trial.

**Senator TROOD**—Can you tell me whether the nature of these matters is such that this could drag out over a long period of time or are they usually, in the context of the Chinese justice system, dealt with expeditiously?

**Mr Moriarty**—I think it varies widely.

**Mr Fletcher**—We do not have any indication of how long it might take.

**Senator TROOD**—Can you tell me from your notes, Mr Moriarty, when we first saw Mr Hu?

**Mr Moriarty**—The first consular visit occurred on 10 July.

**Senator TROOD**—How long was that after his arrest?

**Mr Moriarty**—He was formally detained on the 6th. That is in accordance with our consular agreement.

**Senator TROOD**—The limitations of the consular agreement are essentially that access is given on a monthly basis, is that right?

**Mr Moriarty**—That is correct.

**Senator TROOD**—The access is given on a monthly basis to the Australian authorities. Does that apply to family access, or is that official access from the Australian government?

**Mr Moriarty**—It is for access by consular officials. The relevant article, article 11, of the agreement provides that access should be given within two days of the initial notification of the detention—so that is within five days of the person's detention. It also provides that consular access should occur at least once a month thereafter.

**Senator TROOD**—Has that happened? Have you been given access at least once a month?

**Mr Moriarty**—Yes we have.

**Senator TROOD**—How long do these visits last?

**Mr Moriarty**—They do vary. For the last visit, which occurred on 20 October, the duration was around 40 minutes.

**Senator TROOD**—I see. Are you able to decide the length of the visit or are you obliged by Chinese authorities to restrict your access?

**Mr Moriarty**—I think the visit does vary somewhat in length of time, with the focus being primarily on the welfare of the consular client, Mr Hu. My understanding is that most visits have been less than an hour, but I would need to check that.

**Senator TROOD**—What is his condition—his state of health?

**Mr Moriarty**—There are some privacy considerations, but I think it is fair to say that he has appeared to our consular officials to be generally well.

**Senator TROOD**—Has he appeared to your consular officials to be well taken care of?

**Mr Moriarty**—He has expressed to us no concerns about those particular aspects of his detention. We understand that his basic needs are being taken care of. We have been able to pass some letters from his family to him. He has expressed appreciation for that.

**Senator TROOD**—Has he been able to see members of his family?

**Mr Moriarty**—I do not think he has. I am certainly not aware of any contact with his family.

**Senator TROOD**—The consular agreement does not apply to that aspect of his needs, does it?

**Mr Moriarty**—That is correct.

**Senator TROOD**—What about his lawyers? What do you know of his contacts with his lawyers?

**Mr Moriarty**—He certainly has legal representation and his lawyers have visited him on two occasions. The first occasion was 18 August and there was a second visit on 17 September.

**Senator TROOD**—Was his legal representation organised by his employer, Rio, or by the Australian government or independently of either?

**Mr Moriarty**—I do not know. It certainly was not organised by the Australian government. My understanding is that that is a matter between him and his lawyers, but the Chinese authorities have facilitated access for his lawyers.

**Senator TROOD**—I see. As I understand it, the charges originally were not entirely clear, were they? There was some suggestion in general terms about the offences he was deemed to have committed, but it was only subsequently that the particular charges were clarified. Is that correct?

**Mr Moriarty**—I think that is the case. When he was formally arrested the charges became clear. But the exact circumstances he will face will not become clear until the investigation is finished. Until that time, it is not possible to be precise about those exact charges.

**Senator TROOD**—So we are not clear about a possible trial date, and neither are we clear about when the investigation will be completed; is that correct? Presumably the investigation will be completed before the trial but you have been given no assurances or understanding about when the investigation might be complete either, I gather?

**Mr Moriarty**—That is the case, but we do know that the investigation has been extended and that this is in accordance with Chinese law and is quite normal.

**Senator TROOD**—What representations have the Australian government made, beyond its requests for consular contact, in relation to Mr Hu's case?

**Mr Fletcher**—Our representations have been twofold. One is to encourage the Chinese authorities to pursue the investigation as quickly as possible to resolve the matter. We have also drawn to their attention the significant interest in the case in Australia and elsewhere and urged the Chinese, because of that, to move as quickly as they can to resolve it.

**Senator TROOD**—Where have these representations been made? Have they been made in Beijing? Have they been made to the ambassador here?

**Mr Fletcher**—In Beijing, in Canberra and on other occasions where we have had opportunity to discuss the matter.

**Senator TROOD**—Has the Prime Minister or the foreign minister, or perhaps both, made representations along these lines?

**Mr Fletcher**—Yes, they have.

**Senator TROOD**—When, most recently, were representations made?

**Mr Fletcher**—The most recent representations were made on 20 October.

**Senator TROOD**—To whom?

**Mr Fletcher**—In Beijing, by the deputy head of mission to the foreign ministry.

**Senator TROOD**—And when they were made, were we given any new information about the progress that was being made in relation to his case?

**Mr Fletcher**—I would prefer not to go into the detail of what the Chinese government has told us about the case.

**Senator TROOD**—Why would that be?

**Mr Fletcher**—Because I do not have their clearance to do so.

**Senator TROOD**—Has the Prime Minister made representations to anybody about the matter?

**Mr Fletcher**—He has discussed the case, yes.

**Senator TROOD**—When did he last discuss the case with somebody?

**Mr Fletcher**—I will have to take that on notice.

**Senator TROOD**—I am particularly interested to know whether or not he might have seen Mr Hu Jintao and spoken to him about the subject and any other contacts he might have had on the matter, and similarly in relation to the foreign minister: could you please take on notice any representation that the foreign minister may have made on the matter. Is the Australian government in contact with Rio Tinto about the case on a regular basis?

**Mr Moriarty**—Yes. Officers from the consular division have discussed the case with Rio Tinto. Mr Hu's welfare is of ongoing concern to the company.

**Senator TROOD**—And the other employees who were arrested simultaneously—they are not Australian citizens, are they?

**Mr Moriarty**—No, they are not, but I understand from the company that their welfare remains an issue for the company as well. But Mr Hu is our consular client.

**Senator TROOD**—When you see Mr Hu, do you see him alone? Or is it a requirement of the arrangements that a Chinese official be there at any level?

**Mr Moriarty**—It is normal practice that there are officials in the room, but they have not sought to interfere with the flow of the discussion, to the best of my knowledge.

**Senator TROOD**—Are they officials from the justice system, or the penal system? Do you know where they come from?

**Mr Moriarty**—I think it is from a range of Chinese law and order authorities. I would need to take that on notice.

**Senator TROOD**—If you can find that out, I will be grateful. I do not need it immediately. I realise the agreement under which you are operating restricts access to a single visit a month. Have you made representation to the Chinese government about increasing those representations?

**Mr Moriarty**—We have sought access more frequently than once a month. The pattern of access we have had is that we have been able to see Mr Hu more than once a month.

**Senator TROOD**—Those requests have been declined essentially?

**Mr Moriarty**—No, I would not say that. I think we have been able to see Mr Hu in a shorter time frame than that strictly set out in the agreement.

**Senator TROOD**—You have given me some dates which all seem to follow a rhythmic monthly meeting, as it were. Are you saying that the Chinese have actually allowed more frequent consular access?



**Mr Moriarty**—Five visits have occurred: 10 July, 7 August, 4 September, 28 September and 20 October.

**Senator TROOD**—I see. Do you have to give notice of these visits? Presumably you give notice of them, but is there a protocol as to how the visits are scheduled?

**Mr Moriarty**—The consular agreement provides for consular visits at least once a month. Following the initial visit we sought and obtained more frequent visits.

**Senator TROOD**—How much notice do you have to give before you are allowed to have a visit?

**Mr Moriarty**—I would need to take that on notice.

**Senator TROOD**—Would you do that please. Do you know whether the Prime Minister intends to discuss this topic with Hu Jintao at the East Asia Summit, if indeed he is attending?

**Mr Moriarty**—I am not aware.

**Senator TROOD**—Do you know, Mr Fletcher?

**Mr Fletcher**—No.

**Senator TROOD**—As far as you know you have not briefed him or you have not encouraged the Prime Minister to do this? It is not, as far as you know, part of his intentions?

**Mr Fletcher**—No. We brief the Prime Minister's department on the full range of issues to do with China ahead of such events. It is not our position to dictate which matters get raised or not.

**Senator TROOD**—Is the Prime Minister intending to meet the Dalai Lama when he visits Australia later in the year?

**Mr Fletcher**—I think the answer is no.

**Senator TROOD**—A decision has been made about that?

**Mr Fletcher**—I saw a press report to that effect.

**Senator TROOD**—I missed that. Why is that?

**Mr Fletcher**—I am sorry; you would have to ask the Prime Minister's department.

**Senator TROOD**—When is the Dalai Lama coming?

**Mr Fletcher**—In early December.

**Senator TROOD**—It is not at the same time as the Asia-Pacific community meeting, is it?

**Mr Fletcher**—I think that is also in early December, yes.

**Senator TROOD**—I know it is indeed. Are the visits simultaneous? Perhaps you can clarify that further, Dr Hammer.

**Dr Hammer**—I can tell you when the Asia-Pacific community conference is on.

**Senator TROOD**—You gave me those dates earlier.

**Dr Hammer**—That is 3 to 5 December, but I have no knowledge of when the Dalai Lama is visiting.

**Senator TROOD**—Can you triangulate that matter, Mr Fletcher? Are they simultaneous?

**Mr Fletcher**—I believe he will be in Australia on the third.

**Senator TROOD**—I want to move on. I am still in North Asia. Can I go to questions about Japan?

**CHAIR**—You may.

**Senator TROOD**—There was an election in Japan and a new government has come to office. There are several matters that have been on the agenda, of course, with the Japanese government, one of which is trade, and we will no doubt explore that to some extent later this evening when we examine trade issues. Have you explored with the new government in Japan its views in relation to whaling?

**Mr Fletcher**—I might ask my colleague from the international legal division to answer the question. They cover this issue.

**Ms Adler**—Yes, we have had some contact with the new Japanese government through our post, through our informal contacts at officials levels and also through some IWC meetings that we have had.

**Senator TROOD**—What has been the reaction of the new Japanese government to our concerns on international whaling?

**Ms Adler**—As you may be aware, there have been some ongoing discussions since the 61st meeting of the International Whaling Commission. There was a meeting of an IWC support group which was established during IWC61. It recently met in Santiago and there were 12 countries participating, one of which was Japan, and we engaged with Japanese officials in that meeting. I think there is a general view that it is still early days with the new Japanese government, but we want to engage with the Japanese government in a constructive way to try and bring an end to the issue of unilateral special permit, or scientific, whaling and of course to maintain the moratorium on commercial whaling.

**Senator TROOD**—At this early stage—and I appreciate it is an early stage—has the new government appeared any more cooperative with us on this issue than was the previous government?

**Ms Adler**—My colleagues who are experts on Japan could perhaps comment more generally, but I would say that my understanding is that there is an inclination to reform and to look at issues. Our sense at the support group meeting was that the officials were prepared to engage in a constructive way and to have a discussion of the issues.

**Senator TROOD**—Mr Fletcher, is that an accurate perception or assessment, in your view, of the new Japanese government's view of whaling?

**Mr Fletcher**—I must say I was delighted to hear such an optimistic view about the prospects for change!

**Senator TROOD**—I am too; I am sure all of us are—all of us who care about whales.

**Ms Adler**—I think, generally speaking, the change of government represents a view in Japan that they want things to be different. Whether that translates into what we would regard as progress on this issue or any other issue of concern to us I think is still too soon to tell.

**Senator TROOD**—I see. It is unusual for a lawyer—I presume you are a lawyer, Ms Adler—to be more optimistic on these issues. Perhaps you can explain to me, in light of this eagerly anticipated possible change of mind, where the government’s intention with regard to the International Court of Justice lies?

**Ms Richards**—The government continues to keep under active consideration the option of international legal action.

**Senator TROOD**—What is the nature of our active consideration? Are we doing anything? Are the papers on the table or are we getting briefs prepared? Disaggregate ‘active consideration’ for me.

**Ms Richards**—The priority at the moment is the diplomatic efforts, and there has been a great deal of activity on that. In terms of international legal action, the government has had external legal advice and that would be considered and a decision made at an appropriate time.

**Senator TROOD**—I know that you have told the committee previously that you had legal advice. Has there been any more recent legal advice than the legal advice you told us about on the last occasion we met?

**Ms Richards**—I understand the most recent advice was provided by the Solicitor-General and the head of the Office of International Law on 6 November 2008.

**Senator TROOD**—So in at least two estimates when we have canvassed that there has not been any new legal advice?

**Ms Richards**—I am not aware that there has been any additional legal advice since that time.

**Senator TROOD**—No. So we are on the diplomatic track, is that right?

**Ms Richards**—The diplomatic track is very active at the moment.

**Senator TROOD**—Right. There seems to be a different view amongst members of the department as to whether or not the diplomatic track is likely to succeed, and, oddly, a lawyer is more optimistic than an officer. That is interesting. Are there any formal discussions scheduled to take this matter further, Ms Adler?

**Ms Adler**—The support group of the IWC—the 12-country group that I just mentioned before—is scheduled to meet in December. It will report to the 33-member International Whaling Commission Small Working Group and that will take place, I believe, in February or March next year. The support group is reporting to the chair of the IWC and that report will be considered in the context of the Small Working Group and then ultimately by IWC 62 at Agadir in Morocco in the middle of next year.

**Senator TROOD**—The support group is not meeting in Sydney in December, is it?

**Ms Adler**—Not to my knowledge.

**Senator TROOD**—So where is it meeting?

**Ms Adler**—I think it is meeting in Seattle.

**Senator TROOD**—I see. And how large a membership does the support—

**Ms Adler**—There are 12 members. The members are Antigua and Barbuda, Australia, Brazil, Cameroon, Germany, Iceland, Japan, Mexico, New Zealand, St Kitts and Nevis, Sweden and the United States. And the IWC Chair, Cristian Maquieira, also attends.

**Senator TROOD**—How many members of the support group would you say share our position on this issue?

**Ms Adler**—Roughly half. I would say that the support group is broadly representative of the broad range of views within the IWC on whaling issues.

**Senator TROOD**—Is it your anticipation that there is likely to be more progress within the support group than at a bilateral level? Or are we working on both fronts?

**Ms Adler**—We regularly ask our post to make representations on matters to do with the IWC, but we see this as a very important part of the process going ahead. There are a number of pro-conservation countries in the IWC support group. We have been very pleased with the pro-conservation stance that has been taken by countries such as Mexico and Brazil, both of which are members of the support group. We continue to work with ‘like-minded’ such as the United States and New Zealand, and Germany has also been very pro-conservation as well. I think that we are making progress with the like-minded in terms of building support for pro conservation positions in the IWC.

**Senator TROOD**—That is almost the most optimistic report I have had about this for some time. There have been some media reports about the captain of the *Sea Shepherd* seeking an Australian visa and that this has been denied to him. Is that accurate?

**Ms Adler**—I understand that Paul Watson, the captain of the *Sea Shepherd*, has had his visa issued just in the last few days.

**Senator TROOD**—I see. So a visa has been issued?

**Ms Adler**—That is my understanding.

**Senator TROOD**—Did the Australian government receive any representations from the Japanese government on that subject?

**Ms Adler**—Not that I am aware of. I would be happy to check that, but I do not believe so in relation to his—

**Senator TROOD**—Perhaps you would do that. Has he been given a visa for limited purposes—for a single visit—to visit Australia?

**Ms Adler**—I am not sure of the specifics of his visa. I would have to check that with DIAC. What I am aware of is that he applied, and was subsequently granted, a visa.

**Senator TROOD**—Do you know how many requests for visas he has previously made?

**Ms Adler**—I am aware that he would have applied in previous years but I do not have exact details on the number of requests.

**Senator TROOD**—Has he been denied visas?

**Mr Ritchie**—You will have to take that up with DIAC, Senator. We do not issue visas.

**Senator TROOD**—I understand. You are responsible for passports but not visas. Mr Watson has been given a visa. Has Mr Hammarstedt—the first officer, I think, of the *Sea Shepherd*—requested a visa, do you know?

**Ms Adler**—Yes, he has requested a visa and, again, my understanding is he has recently been granted the visa, Senator.

**CHAIR**—If there are no more questions on South-East Asia, we will move on to the Americas, USA and South America.

**Senator TROOD**—Mr Tweddell, it is good to see you. I just have one question about the United States. It relates to the appointment of Mr Beazley as the new ambassador—an appointment I think we all applaud. Some of us were interested to see that the new ambassador takes the view that Australia's relationship with the United States is set to change as a result of his appointment and I am just wondering what that could possibly mean.

**Mr Tweddell**—So do I, Senator! I have not had a chance to speak yet with Mr Beazley about his time there. We have been in touch by email but I am hoping that as early as next week I will be talking with him about his future role in that position. So I cannot throw any light on that.

**Senator TROOD**—You might ask him what he meant when he made that public statement.

**Senator FERGUSON**—You will probably get a lengthy answer.

**Senator FORSHAW**—When was the statement made, do you know?

**Senator TROOD**—At the time of his appointment, I think.

**Senator FORSHAW**—What are you quoting from?

**Senator FERGUSON**—It was widely quoted.

**Senator TROOD**—It was from the ABC—a reliable source, Senator. It was from an ABC news report. Perhaps you could tell us, Mr Tweddell, on what terms Mr Beazley has been appointed ambassador?

**Mr Tweddell**—I need to defer on that one to my colleague Mr Wise.

**Mr Wise**—Senator, Mr Beazley is planning to take up the position in early February. He will be appointed under the provisions of the Public Service Act and becomes a public servant. He will then, through a section 24(1) determination under the Public Service Act, be appointed to the United States.

**Senator TROOD**—You advised me earlier, in relation to ambassadorial appointment, about an SES level. At what SES level is he appointed?

**Mr Wise**—He is appointed at the SES band 3 level.

**Senator TROOD**—That is the most senior, as I understand it. Is that right?

**Mr Wise**—That is right.

**Senator TROOD**—What conditions are attached to SES band 3 level?

**Mr Wise**—The salary is \$226,173. He would also be entitled to superannuation arrangements and to participate in the SES executive vehicle scheme.

**Senator TROOD**—The normal conditions apply in relation to home visits and things of that kind?

**Mr Wise**—Yes, the normal conditions that apply to other heads of mission. It is no different for Mr Beazley as it would be for a DFAT officer who is appointed to that position.

**Senator TROOD**—So early February—

**Mr Wise**—That is when he is planning to take up his position.

**Senator TROOD**—In Washington?

**Mr Wise**—Yes.

**Senator FERGUSON**—How many officers do we have at the band 3 level?

**Mr Wise**—I would have to take that on notice and get back to you.

**Senator FERGUSON**—A ballpark figure—do you have any idea? Is it 10 or 20?

**Mr Wise**—We have five deputy secretaries here in Canberra and we would have probably another, at a rough guess, eight overseas.

**Senator FERGUSON**—Who are currently heads of mission?

**Mr Wise**—Yes, that is right. They would all the heads of mission at our larger posts.

**Senator TROOD**—I do not have any further questions on the Americas.. We will wait with great interest to see what happens.

**CHAIR**—We will now move on to the subject of Europe.

**Senator TROOD**—I would like to resume on my continuing interest in the Holy See, if I could. Please tell me how Mr Fischer is settling in. As I understand it, he has occupied his residence in downtown Rome. Has he occupied the chancery yet?

**Mr Maude**—On property matters, I will defer to Peter Davin, if I may.

**Mr Davin**—No, he has not occupied the new chancery office as yet.

**Senator TROOD**—Why is that?

**Mr Davin**—They are currently being refurbished and fitted out for the embassy operation. We do not expect that to be finished until early in the new year; March/April next year.

**Senator TROOD**—It is taking rather longer than we anticipated, isn't it?

**Mr Davin**—No. The fit-outs of chanceries are complex. There is quite a lot of work involved. Security and other elements of embassy operations would have to be included.

**Senator TROOD**—How much progress have we made? You are saying early in the new year?

**Mr Davin**—I am saying by about March/April of next year we expect to have the works finished.

**Senator TROOD**—Is the budget the same as it was originally intended for these works?

**Mr Davin**—I think at the last hearing I suggested it was around \$3 million. There has been an increase in that budget.

**Senator TROOD**—Has there? Tell me about that.

**Mr Davin**—This is still in assessment stage but the early indications are that we will have to do some work to reinforce elements of that building to take—

**Senator TROOD**—A whole building?

**Mr Davin**—Not the whole building. The floor we are going to occupy is going to require some reinforcement to take the equipment for the operations we will be working out of there.

**Senator TROOD**—Have we assessed how much that is going to cost?

**Mr Davin**—Current indications are that we will have to meet about \$500,000 in additional costs.

**Senator TROOD**—So the \$3 million has become \$3.5 million?

**Mr Davin**—That is the current estimate, yes.

**Senator TROOD**—Is that within the existing expenditure proposals?

**Mr Davin**—It is within the budget parameters that were set for opening the mission, yes.

**Senator TROOD**—They are getting narrower, aren't they? How much has been spent on the fit-out already?

**Mr Davin**—We are completing the design stage at the moment, so none of the construction or the main expenditure has occurred yet. It has all been preliminary work.

**Senator TROOD**—But I assume that we are paying rent on the premises already, are we?

**Mr Davin**—Yes, that is correct. We have taken possession of the apartment.

**Senator TROOD**—Right. Perhaps you could just remind me again what the euro figure was?

**Mr Davin**—€7,100 per month is the rent on the new chancellery.

**Senator FORSHAW**—Has this work gone to tender?

**Mr Davin**—No, it hasn't. It is still in development stage.

**Senator FORSHAW**—I am trying to remember. I am a member of the Parliamentary Standing Committee on Public Works. I do not think this has come to the committee yet.

**Mr Davin**—It will not come to the committee for full consideration. You will be advised; it is well under the \$15 million threshold for public works consideration.

**Senator FORSHAW**—It is under?

**Mr Davin**—Yes, the project should be about \$3.5 million. It is not construction—there is an element of construction in it—but fit-out of an existing building.

**Senator FORSHAW**—We look at fit-outs, but I appreciate the threshold amount and I know Senator Ferguson is aware of all this as well. It does not mean that we do not have an interest, whether or not we officially look at it.

**Mr Davin**—We will be writing to the Public Works Committee with the details.

**Senator FORSHAW**—I am sure you will, thank you.

**Senator TROOD**—The \$3.5 million includes structural changes to the premises as well as the installation and acquisition of the equipment, does it?

**Mr Davin**—That is correct.

**Senator TROOD**—It involves everything relating to the premises?

**Mr Davin**—That is right. It is a small office. We are only talking 300 square metres in size, but every embassy has a standard requirement for its fit-out, and that can be complex. There is equipment that needs to go into it and we need to make sure that the structural capabilities of the building are adequate. There are security features which need to be incorporated which bring with them substantial weight.

**Senator TROOD**—Is this on a ground floor?

**Mr Davin**—No, it is on a second floor. It is an apartment building that we are occupying.

**Senator TROOD**—Right. What is happening to the residents?

**Mr Davin**—It has been used as an office previously.

**Senator TROOD**—What is going to happen to the residents on floor 1 while we are banging away there inside?

**Mr Davin**—Originally it was an apartment complex which has been converted into office use and we are taking up probably about half of the building to set up our new office.

**Senator TROOD**—Did we know about these problems when we first seized upon the premises?

**Mr Davin**—Rome is not a city with modern high-rise or contemporary buildings that we can access. All of the sites we visited were of a similar age and a similar style. We had hoped that this reinforcement work would not be required, but the latest advice we have had from our security people about the installations we need to put in is that some reinforcement, some engineering works, will be required. In my judgment that would be required in just about any building we took in Rome, where no modern buildings are available.

**Senator TROOD**—Is this born of the particular weaknesses of this building or is this born of the—

**Mr Davin**—I think it is more our particular specifications that are the problem, not so much a failure in the building itself.

**Senator TROOD**—Did we not look at the premises with a view to understanding what we had to do to make these acceptable as an Australian mission?

**Mr Davin**—Of course we are aware of the requirements we have for missions, but there are various engineering and security solutions to apply. The current advice I have is that the best solution is to apply this reinforcement to achieve the end we want.

**Senator TROOD**—What is involved? What sort of activity are we talking about?

**Mr Davin**—It is installing some steel reinforcement beams into the building, retro-fitting.



**Senator TROOD**—I think we had better keep hold of it for a long while, if we are going to do those sorts of things to the building.

**Senator FORSHAW**—I assume you have to put heavy safes and things like that in. Is the sort of equipment, such as security, that you will be putting in heavy?

**Mr Davin**—It is less equipment than the sort of intruder resistant features we put into buildings which involve substantial weight. The latest assessment I have is that we will have to do this reinforcement work.

**Senator FERGUSON**—My question is probably for Mr Ritchie. In relation to the establishment of a new mission, which is virtually what has happened in the Vatican, does the establishment of a new post like this come upon recommendation of the department or those within the department or is this essentially just a government decision?

**Mr Ritchie**—I think I mentioned in a previous estimates hearing that it can be either, but in the end it has to be a government decision, otherwise we would not be setting up an embassy. We have recommended other embassies in the past, but that depends on a range of factors, including budgets and all sorts of things. On this occasion the appointment of a permanent resident ambassador to the Holy See was a decision that was just taken by the government. That is perfectly normal.

**Senator FERGUSON**—It would appear that for the past 20 or 30 years at least we have had adequate representation to the Vatican from another post. At the time it was announced there were some who might have suggested it was a populist reaction to the visit of His Holiness to Australia. Do you as a department at any stage evaluate the performance or the effectiveness of posts and report to the government?

**Mr Ritchie**—Absolutely. We have an annual exercise which we call PER, post evaluation report. Senior managers of the department sit down with the relevant division head and we evaluate the performance of the post over the past 12 months. We do that for every post and take some time to work through what they have done, their policy priorities and a number of other issues. We do that annually.

**Senator FERGUSON**—It is therefore quite conceivable that the \$3.5 million that we are spending in Rome could possibly come at the end of the incumbent's tenure, if nothing has started already, before the place is ready to be inhabited. It is quite possible that with your evaluations you could make a recommendation to the government that the post is one that we could dispense with and the resources could be better spent elsewhere.

**Mr Ritchie**—As a result of our evaluation we would not make that decision. That is a decision for the government and we would not recommend it as part of that. As far as we are aware, the government has made the decision and intend it to be a permanent fixture, and we expect that when Mr Fischer's term of office ends the government will consider a replacement for him.

**Senator FERGUSON**—But it is true we have had lots of other posts around the world that have been permanent for a long time that various governments have decided to withdraw.

**Mr Ritchie**—Sure, that is absolutely—

**Senator FERGUSON**—And this be another case.

**Mr Ritchie**—It could be, but there is no indication of that at all; on the contrary, it has only just been established.

**Senator TROOD**—Mr Davin, in light of the fact that he cannot get into his proposed premises, where is Mr Fischer conducting business?

**Mr Davin**—We have a chancellery for the Holy See in Rome. We have had one for many years. It is a small office which does not have the usual communications and other security features. He is operating out of that office on a temporary basis until the new chancellery is ready.

**Senator TROOD**—Are we paying rent for that office too?

**Mr Davin**—Yes, we are.

**Senator TROOD**—What is the rent for that office?

**Mr Davin**—It is €2,500 per month. This is a longstanding arrangement we have had.

**Senator FERGUSON**—How large is it?

**Mr Davin**—It is about 100 square metres. It is a small office just across the river from the Vatican.

**Senator TROOD**—We were told at a previous meeting and in answers to questions that we have asked, including one that was a question in writing to the Minister for Foreign Affairs from Ms Bishop, about Mr Fischer's role in relation to the Holy See. It is described as 'pursuing vigorously Australia's foreign, trade and security objectives with the Vatican at senior levels'—and no-one doubts that Mr Fischer would pursue his role vigorously. We have been told that he is involved in food security, climate change, disarmament, arms control and various challenges of that kind, all of which relates to the Vatican. Can someone explain to me why it was that Mr Fischer found himself in Tripoli at Mr Gaddafi's 40th anniversary celebrations?

**Mr Maude**—I think that may be a question for my colleague.

**Mr Ritchie**—I will hand over to my colleague Deborah Stokes, who handles Libya, to comment.

**Senator TROOD**—I hope, Ms Stokes, that Mr Fischer went to Tripoli with the sanction of somebody in the Australian government.

**Ms Stokes**—Yes, he did. I can confirm that he represented the Australian government at the commemoration of the 40th anniversary of the Libyan republic.

**Senator TROOD**—How long did he go for?

**Ms Stokes**—I do not know that I have the details to hand on how long he was there.

**Senator TROOD**—Did you send him there, Ms Stokes?

**Ms Stokes**—The Department of Foreign Affairs and Trade did, yes.

**Senator TROOD**—Why did they do that?

**Ms Stokes**—We judged that it was appropriate to have Australian representation at the ceremony. We were also looking at the availability of our head of mission, who is accredited from Cairo, and there were a range—

**Senator TROOD**—That would seem to be the natural and cheapest route to take to Tripoli.

**Ms Stokes**—Yes, that is right.

**Senator TROOD**—My geography is poor in some respects, but getting there from Cairo is a bit easier, isn't it?

**Ms Stokes**—I do not have the facts, but in terms of flights around Africa I think you might be surprised how much it costs to go from one country to another. Oddly enough, sometimes it is cheaper to go from Europe, but that is a general observation that I have seen. My recollection is that it was going to be quite difficult for our head of mission in Cairo to attend, and it would have been very difficult for the post in Cairo with other absences. We judged that this met our needs all round, and Mr Fischer was available at that time.

**Senator FERGUSON**—It wouldn't have been because Mr Fischer has more spare time on his hands than most of the other ambassadors, would it?

**Ms Stokes**—No, Senator, that is not the reason.

**Senator FORSHAW**—Was it a consideration that Mr Fischer had, in a previous occupation as minister for trade, had a number of associations with and visits to that region and was somewhat knowledgeable of that?

**Ms Stokes**—That is certainly a factor, but it was one factor. I might say, in general, that we often deal with these sorts of judgments when there is an event on and we have very busy posts and we are trying to make the right call about who should go to a particular event or conference. It is the case that sometimes we bring in people from other posts.

**Senator TROOD**—So he was responding to an invitation that the Australian government had received—

**Ms Stokes**—Yes.

**Senator TROOD**—to send somebody to help celebrate with Mr Gaddafi, is that right?

**Ms Stokes**—That is right.

**Senator TROOD**—And decisions were made about where that could be best done.

**Ms Stokes**—That is right.

**Senator TROOD**—When was he asked to go? How much notice was he given of this request?

**Ms Stokes**—I do not have that detail. It was not a very long time in advance but it was with reasonable notice.

**Senator TROOD**—Was he expected to pay for this out of his mission budget?

**Ms Stokes**—My recollection is that my division paid for it.

**Senator TROOD**—So the bills have been sent to you and you have paid them?

**Ms Stokes**—My recollection is—I do not have the precise figure—that the amount was quite modest in terms of the airfare.

**Senator TROOD**—How modest was that?

**Ms Stokes**—In the order of \$1,000 or \$2,000. It was quite modest.

**Senator TROOD**—\$1,000 or \$2,000!

**Ms Stokes**—I think you will find that for these sorts of—

**Senator TROOD**—He wasn't flying Ryanair or something like that, was he?

**Ms Stokes**—I can give you the precise details for that.

**Senator TROOD**—You did not send him budget class, did you?

**Ms Stokes**—I do not know what class it was.

**Senator TROOD**—How long did he stay there?

**Ms Stokes**—You asked that question earlier and I do not have that detail in front of me.

**Senator TROOD**—Did he just go to celebrate?

**Ms Stokes**—He was there and there were a range of functions connected with the celebrations. He also took the opportunity to attend a performance of an Australian band, the Rats of Tobruk at a commemoration service at the war cemetery in Tobruk.

**Senator TROOD**—A band?

**Ms Stokes**—An Australian band.

**Senator TROOD**—So he participated in the celebrations and he went to hear the band. Did he—

**Ms Stokes**—It is a Melbourne band. You might be aware, Senator, that there is quite a lot of Australian interest in the Tobruk battlefields.

**Senator TROOD**—Was he commanded or requested to undertake any other business on behalf of the Australian government while he was there?

**Ms Stokes**—He took the opportunity to meet Australian business representatives in Libya.

**Senator TROOD**—Was that in connection with his responsibilities to the Holy See?

**Ms Stokes**—No, it was not.

**Senator TROOD**—Did he do anything in relation to the Australian government's bid for a seat on the United Nations Security Council?

**Ms Stokes**—I am not aware that he did so.

**Senator TROOD**—So he was not asked, when he went to Libya, to make representations to the Libyan government on that subject?

**Ms Stokes**—I do not believe so, Senator.

**Senator TROOD**—Do we have the Libyan vote tied up?

**Ms Stokes**—As you know, we do not provide those sorts of details publicly.

**Senator TROOD**—Are we hopeful about getting the Libyan vote?

**Mr Ritchie**—We are hopeful about getting all the votes, Senator.

**Senator TROOD**—I know. Are we specifically hopeful about getting the Libyan vote?

**Senator FORSHAW**—The way you are going we probably will not!

**Senator TROOD**—Did Mr Fischer go directly to and from Libya?

**Ms Stokes**—That is my understanding; yes.

**Senator TROOD**—You left it to him to make the arrangements. Is that right?

**Ms Stokes**—No, the arrangements were made in close consultation with my division and with the branch and the section involved. I had visibility of many of those arrangements but a lot of details were left to the section to manage.

**Senator TROOD**—So essentially he did not do any business, as it were, any diplomatic business, there?

**Ms Stokes**—I would say that the prime reason he went there was diplomatic business, which was to represent Australia at the—

**Senator TROOD**—Well, to have a good time and be there at the celebrations that were on.

**Ms Stokes**—To represent the Australian government at those ceremonies, yes.

**Senator TROOD**—Did he meet Mr Gaddafi?

**Ms Stokes**—I do not know the answer to that. He may have seen him—you are familiar with the nature of these sorts of functions—and may have shaken his hand, but I do not know if they had a discussion.

**Senator TROOD**—I am also familiar with Mr Fisher to some extent. I know he is very comprehensive in his reporting of these activities. Have you received a cable from him about his ventures in Tripoli?

**Ms Stokes**—We have received a report. I do not recall whether it was by cable.

**Mr Ritchie**—It was, yes. We received a cable.

**Senator TROOD**—Has he given you a fulsome account of who he saw and what happened there?

**Ms Stokes**—I believe he did.

**Senator FERGUSON**—I am somewhat confused by the fact that the ambassador to the Vatican would meet Australian businessmen in Libya and for what purpose and to whom he would report. What is the purpose of the ambassador to the Vatican meeting with Australian businessmen in Libya who presumably conduct any other negotiations through their representative ambassador, who I understand is in Cairo?

**Ms Stokes**—I do not know that I would over-exaggerate the nature of the interaction. I dare say you would appreciate that Libya is a difficult operating environment. I would expect that the business representatives would have welcomed the opportunity to meet with Mr Fisher.

**Senator FERGUSON**—But it would have to have been more of a social occasion than real business.

**Ms Stokes**—I do not have the detail. Australia's consul-general, the Austrade representative, Mr Yates, was accompanying Mr Fisher and no doubt did the introductions to the Australian businesspeople.

**Senator FERGUSON**—I have listened carefully to what you said were Mr Fisher's duties in the Vatican. I just find it hard to believe—having visited a number of other posts overseas where people are working their butts off where they are almost understaffed with some of the cutbacks that have taken place—that, in a representative area which you could walk around in a good morning, Mr Fisher can find enough work to do of a diplomatic nature within the Vatican itself without having some other additional responsibilities. I mean it is all right to talk about climate change. I am not sure who you talk to in the Vatican about climate change. They probably have a divine line. I am just concerned that we have a diplomatic representative in a place the size of the Holy See and you are talking about global initiatives. The Vatican itself has no parliament, or no government as such in the way we normally see them. I wonder how he could find enough to even keep himself occupied.

**Senator FORSHAW**—I imagine you could ask that same question of all the other countries that have representation at the Vatican, and there are many of them.

**Senator FERGUSON**—I do not think Libya does.

**Senator FORSHAW**—Are you talking about what Mr Fisher, or Ambassador Fisher, does in the Vatican?

**Senator FERGUSON**—I am really asking the officers at the table. I am not wanting to have a debate with you, Senator Forshaw.

**Mr Ritchie**—In fact Libya does have a mission in the Vatican.

**Senator FERGUSON**—In the Vatican?

**Mr Ritchie**—Yes, there are 70 missions accredited.

**Senator FORSHAW**—Yes, quite a number of Arab countries.

**Senator FERGUSON**—My question is directed to the officers of the department. We will have a debate in the parliament about this, Senator Forshaw.

**Senator FORSHAW**—No, we will not.

**Senator TROOD**—On this theme, perhaps I can ask Mr Maude what Mr Fisher has been doing, apart from visiting Tripoli.

**Senator FORSHAW**—That is called public diplomacy, Senator Trood.

**Senator FERGUSON**—Hang on! The question is for them, not for you.

**Mr Maude**—I would be happy to answer both those questions. On the question of Senator Ferguson, I think Mr Fischer has more than enough to do and he is very active. We can talk a bit about that. On the question of the Vatican having no role, that is not quite correct. The Vatican, as we have discussed before, is in effect a mini-state and it participates as a member or an observer in a surprisingly large number of international organisations, including things

like the Preparatory Commission for the Nuclear Test Ban Treaty, the FAO, the IAEA, the ILO, the UNHCR, the UN Commission on Sustainable Development—you get the picture. They are actually involved in their own right as players in these organisations.

**Senator FERGUSON**—There are not too many votes in their parliament, though.

**Mr Maude**—They also participate in a range of regional organisations such as the Arab League, the Organisation of American States, the African Union. They do play a prominent role, as we have discussed before, on a range of issues that are directly of interest to us. Their influence extends well beyond that of a traditional state's diplomatic resources. They are the world's largest supplier of health care and education. So there is more than enough for Mr Fischer to do and more than enough Australian interest engaged in what he is doing. In terms of Mr Fischer's role, he has been, as you would expect, very active. He is making his mark, and that is not just the judgment of the department. The head of the very large and influential Catholic charity Caritas Internationalis was here in Australia recently and she said, I believe at a Press Club function:

Tim Fischer has become a landmark. He has made an enormous difference. He is a huge champion for Australia and he is a great ally for those of us in any aspect of poverty and development around the world.

In terms more specifically of what Mr Fischer does, let me try and group this into a range of functions to make sense of it. As with any new head of mission, he has been very busy establishing his contacts and his networks. He has been getting to know and meet senior people in the Vatican curia, in the papal household and in the Vatican government and diplomatic network as well as with his fellow heads of mission. He has engaged with those people and reported on issues of policy interest to us, including issues like interfaith dialogue, religious freedoms and other human rights issues. The post hosted a visit by the Prime Minister in July, and Mr Fischer has been active in various public diplomacy events. He organised a special Mass for the victims of the Victorian bushfires and he has made a number of public appearances.

**Senator FERGUSON**—Mr Maude, all I can say is how on earth did we manage for the past 30 years without a permanent representative at the Vatican.

**Mr Maude**—we covered this at previous estimates and I think Mr Ritchie made the point that we have previous arrangements that worked reasonably well and we have an arrangement now that works better.

**Senator TROOD**—Are his conditions of appointment the same as other heads of mission in relation to travel and things of that kind?

**Mr Wise**—Exactly the same.

**Senator TROOD**—Has he travelled apart from being in Tripoli? Has he been back to Australia at all?

**Mr Wise**—He has been back privately on leave. I do not know that he has had any official travel since he took up the position but he did come back privately.

**Senator TROOD**—If he undertakes travel privately, he is obliged to pay for that himself, is he?

**Mr Wise**—That is right.

**Senator TROOD**—Is there any restriction on the frequency with which he is able to do that, or is that a matter of his discretion?

**Mr Wise**—The restrictions are, first of all, that he needs to have the leave accrued to take the leave. The other one is that any head of mission leaving their post needs to get approval from Canberra to do so so that we can ensure that the proper arrangements are in place to keep the office functioning well.

**Senator TROOD**—Is that Ms Stokes's responsibility, to give him permission to go?

**Mr Wise**—For all heads of mission the requests come in for people to go on leave and the replies go out from my division, the management division, in association with the relevant geographic division. So for Mr Fischer it would be my division and Mr Maude's division.

**Senator TROOD**—Has he had any private leave at all?

**Mr Wise**—He has had some but I do not have the details, obviously, with me.

**Senator TROOD**—Can you tell me how long he has been away from his post since he took up that post?

**Mr Wise**—Not very long at all because he has had some private leave. He has only been in the position for a relatively short time.

**Senator TROOD**—I understand that. But because he has been in the position for only a relatively short time, if he has had some leave then it could be a high proportion of the time he is supposed to have been at his post.

**Mr Wise**—Most of the time he has been at the post.

**Senator FORSHAW**—You would be given, or provided with, a purpose for a request for leave.

**Mr Wise**—People are entitled to their rec leave.

**Senator FORSHAW**—I suppose, for instance, if you attended an ordination ceremony in Australia for someone—

**Mr Wise**—In those cases it depends. If it is an official event that they would be attending then they would seek approval to attend in an official capacity. As far as leave is concerned, heads of mission seek approval to be absent from the post on leave and we assess that to see whether we have the right resources in the post to cover those absences.

**Senator FORSHAW**—But if they are returning to Australia for official reasons then you would know—

**Mr Wise**—All heads of mission are to notify Canberra if they are absent from their post.

**Mr Ritchie**—I think he has been extremely diligent. For example, I know for a fact that he did not—

**Senator FORSHAW**—I am not—



**Mr Ritchie**—No, no, I am just saying I know for a fact that he did not return when I know one of his properties in northern Victoria was under severe danger during the recent bushfires. He stayed at his post as a result of that. So he has been very diligent.

**Senator TROOD**—As one would expect.

**Mr Ritchie**—As you would expect from Mr Fischer, yes.

**Senator TROOD**—From all heads of mission, but particularly Mr Fischer. When he is away from his post, who assumes his responsibilities at that post? Is that taken by our ambassador in Rome?

**Mr Wise**—No, there is a deputy who takes over from him when he is away.

**Senator TROOD**—What level is that person?

**Mr Wise**—It is a BB3 officer.

**Senator TROOD**—All of the personnel are working out of this rather modest existing office at the moment. Is that right?

**Mr Wise**—That is right.

**Senator TROOD**—Do they use any facilities from the embassy in Rome?

**Mr Wise**—The administration of our embassy to the Holy See is undertaken by the administrative staff at our embassy to Italy.

**Senator TROOD**—How does that work, Mr Wise? Does it mean that they cross town from time to time or are they interconnected by—

**Mr Wise**—Basically it means that the administrative functions which have to be undertaken for the embassy to operate are undertaken under the stewardship of the senior administrative officer at our embassy to Italy. It is obviously a much more efficient way to deal with embassies which are in the same city. We have the same arrangement in Geneva, where we have the WTO and UN missions, and in New York for our consulate-general. We just have one administrative cell supporting both missions. It is the same in Paris for the OECD and the embassy to France.

**Senator TROOD**—Thank you. I have concluded my questions.

**CHAIR**—That concludes Europe. Now we go down to South and West Asia, the Middle East, Africa.

**Senator TROOD**—Ms Stokes, perhaps I could begin by asking you about the situation concerning the difficulties we are having in our relationship with India on matters of education and the position we have reached in relation to that issue.

**Ms Stokes**—It has been a difficult issue and the government is still working its way through a number of measures. The government has taken a number of steps to change some of the policies and programs relating to students. It has introduced amendments to the Education Services for Overseas Students Act into the parliament to require all institutes currently registered on the Commonwealth Register of Institutions and Courses for Overseas Students, called CRICOS, to reregister under new, tighter criteria by 31 December 2010. In this legislation it will also introduce new processes to ensure greater transparency and

accountability of international education providers including the use of education agents. Obviously these are within DEEWR's responsibility but DFAT has been following these changes quite closely because of the impact it has been having on our relations with India and on the people-to-people links. A range of other actions has been taken and it is probably best if DEEWR deals with those. DIAC is also closely involved and they have also been taking a number of measures to ensure the integrity of the visa issuing processes.

It is also the case that not only has the Commonwealth government given this issue a very high priority, the state governments have also been closely involved. They are obviously responsible for policing, and also they are responsible for the institutions in the VET sector, vocational education and training. The Commonwealth has been working very closely with state governments on this issue. Mr Brumby recently visited India. Students were obviously a major focus of that visit and he had a range of very useful discussions there.

I should also say that since the student issue has emerged, we have had, I believe, six Australian Commonwealth ministers visit India as well as the Premier of Victoria. In all those visits student issues, and all of the many issues relating to this area, were discussed in official meetings but also with the media. Quite a lot of media work has been done to project a more positive image of Australia compared to the media coverage that we have received in India recently on these student issues on the violence.

**Senator TROOD**—There has been quite comprehensive coverage, hasn't there, in the Indian media about this issue—

**Ms Stokes**—Yes.

**Senator TROOD**—and generally, I think it is fair to say, the coverage has not been favourable to Australia.

**Ms Stokes**—That is certainly the case. There has been a lot of negative media. There has also been some more balanced media in the mix. We have helped in some measure. We have had a number of media visits here from India that the department has hosted and we believe that has helped contribute a more balanced message about Australia in the Indian media.

**Senator TROOD**—Has the government decided that this is an issue of sufficiently large moment that it requires a strategic approach? Has there been a coordinated interagency whole-of-government approach to this issue?

**Ms Stokes**—Yes, it has. A taskforce was convened in the Department of Prime Minister and Cabinet. It was convened at the outset I think at least weekly, and possibly even more frequently than that, and continued for several months. That involved every Commonwealth agency that was relevant. It also involved every state and territory government by phone link. So there was very detailed interaction between the layers of government and agencies here in Canberra.

**Senator TROOD**—And did this taskforce agree on a strategic approach to the question? What are the elements of our policy to try and address this difficulty?

**Ms Stokes**—I will provide you with some information but at the outset I just wanted to mention that DFAT is not responsible for the quality of education in Australia. We obviously have a very keen interest in having this problem addressed and fixed. We have been very

conscious of the impact on our image in India and of course DFAT has a very close interest in that. The government has taken a strategic approach and has taken a range of measures to deal with the areas that the Commonwealth has responsibility for, and has worked with the state governments. The state governments are also taking steps to strengthen the systems for which they are responsible. There is also a COAG process, which I did not mention earlier, and that process is still underway. There is expected to be a report to COAG later this year, and that is in addition to the amendments to the legislation that DEWR has put forward to the ESOS Act.

**Senator TROOD**—Have you thought about or decided on a comprehensive publicity campaign in India? I must say that, from where I sit and in my view on this matter, the response seems to be extraordinarily ad hoc. I would have hoped that it would have been strategic, but it seems to me to be lurching from one conceived idea to another and anything other than strategic.

**Ms Stokes**—I am sorry if you have that view, Senator. That has not been the case. The issue has been difficult. That is certainly the case and there is no denying that. But the government, all the agencies involved and the ministers have been determined to get the heart of the problems. We believe that we are in the process of doing that and addressing some of the underlying issues. They include matters relating to quality in the VET sector and also in relation to the regulation of agents in India and the way in which they work. So we have also been cooperating with the Indian government. The Indian government is introducing its own legislation to improve the way in which they regulate agents.

The issue is multifaceted so there is not just one step that can be taken; multiple steps have to be taken to address the underlying problems. In terms of our image, my colleague Greg Moriarty from our public diplomacy area and I have been working together—his division and my division—together with other government departments that have an interest in our image in India, to develop a plan of attack to address our image. Greg might be able to speak in a bit more detail about that.

**Mr Moriarty**—Through our public diplomacy interdepartmental committee we have worked on a whole-of-government effort to address the impact of this negative publicity on Australia's reputation. The focus of the strategy has been to highlight longstanding links with India and also demonstrate our multicultural diversity to show that Australia is a socially cohesive nation in which people of diverse backgrounds live together harmoniously. In our public diplomacy approach we have also tried to demonstrate that the government is taking the issue seriously, as indeed it is. We have also outlined through public diplomacy messages some of the specific safety messages and measures which are being introduced at different levels of government, including in the states.

We have increased our public diplomacy budget for our post in New Delhi. We have expanded links with the Indian media and we are reactivating the parliamentary exchange program. DFAT has also coordinated whole-of-government messages on this issue for the use of Commonwealth ministers who are travelling, and we have also provided those to state and territory agencies.

Our high commission in New Delhi have played a pivotal role in this strategy, including through increasing and enhancing their liaison with the Indian media on a range of issues involved. They have also increased their public diplomacy budget.

We have also been working with the Indian media directly in Canberra to promote understanding of Australia's cultural diversity. And through our media visits program, shortly after the attacks on students, we hosted an international media visit by seven Indian journalists, from 23 June to 1 July, to promote a more balanced view of Australia. We believe that extensive, positive coverage was obtained in print and television media as a result of this program. A second media visit has recently been concluded from 6 to 13 October. We have three further international media visits envisaged in 2009-10.

**Senator TROOD**—What is the increase in the public diplomacy budget?

**Mr Moriarty**—We have doubled New Delhi's public diplomacy budget to \$107,000.

**Senator TROOD**—What can you do with that?

**Ms Stokes**—You can do a lot more in India than you can do here with \$107,000.

**Senator TROOD**—Is that from existing allocations to nominal allocations to that post or does that come from the general allocations to output 1? Is that what it is? Does it come from your budget?

**Mr Moriarty**—Within the public diplomacy budget we have focused on India. We have said it needs attention and we have doubled the post budget.

**Senator TROOD**—How have we tried to measure whether or not there has been a change in attitude towards Australia in the light of all this? Ms Stokes, you said you thought that we had begun to change the perceptions. How do we know that?

**Ms Stokes**—What I said was that we had helped introduce a more balanced reporting in the media. It was universally bad when this issue broke. Then, as a result of the very hard work our post did, day in, day out, and also the media visits we brought down here—and the media we bring are very carefully selected; they are targeted—we believe that we have injected more balance in some parts of the media. I would add here that a particular area where our efforts need to go is into some particular cable networks in India, not the print media. When Mr Smith was in India last week he had a large number of interviews with cable networks, with the very express purpose of getting out the Australian point of view on the nature of Australian society, the safety of Indian students in Australia, how welcome they are and that the quality of education is high.

**Senator TROOD**—Have you commissioned any surveys, as difficult as I recognise that would be, in India? Have you, in any way, tried to measure the attitudes towards Australia in the light of this matter? Have we ever conducted any continuing survey in India about perceptions that might exist about Australia? In other words, do we have anything to benchmark the perceptions against?

**Mr Moriarty**—Certainly, a number of Australian government organisations, including Tourism Australia and Austrade, do pay close attention to how we are viewed in India. We have received very extensive reporting from our post on the extent to which key opinion makers, key commentators have been receptive to this message. Our post has certainly

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reported that extensive, positive coverage was obtained in print and television media as a result of our enhanced media visits program. Our post does keep a very extensive grasp on the range of opinion in India on this matter. But I am not aware of any specific statistics that have been collected by DFAT on changed perceptions.

**Senator STEPHENS**—Beyond the efforts of this department, the Deputy Prime Minister has of course been leading quite a significant effort to restore confidence in Indian students and within the educational framework. There has been a major investment both in vocational education and higher education opportunities. In fact, the department has placed someone in the high commission in New Delhi to help support rebuilding confidence in the education system, because that of course is a major export for Australia.

**CHAIR**—Thank you, Mr Moriarty.

**Proceedings suspended from 3.47 pm to 4.03 pm**

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**Australian Agency for International Development (AusAID)**

**CHAIR**—I welcome to the table Senator Ursula Stephens, representing the Minister for Foreign Affairs, and Mr Peter Baxter, Acting Director General, Australian Agency for International Development. The committee will examine budgetary supplementary estimates for AusAID. Topics nominated by senators will be considered in the order set out in the agenda. Answers to questions on notice are to be returned by 11 December 2009. Senators should provide their written questions on notice to the secretariat by the close of business on Thursday, 27 October. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has copies of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which I now incorporate into *Hansard*. Copies are available on each table.

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
  - (1) If:
    - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
    - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
  - (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
  - (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
  - (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

- (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
- (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
- (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
- (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(Extract, Senate Standing Orders, pp 124-125)

**CHAIR**—Officers who are called upon for the first time to answer a question should state their name and position for the *Hansard* record and witnesses should speak clearly into the microphone. Please make sure that all mobile phones are turned off. Minister, do you or an officer wish to make an opening statement?

**Senator Stephens**—No, thank you.

**CHAIR**—In that case, we will go straight to questions. Senator Payne.

**Senator PAYNE**—Thank you very much, Chair, and thank you, Minister. Nobody should take this the wrong way, but what progress have we made on appointing a permanent director-general of AusAID, please?

**Mr Baxter**—At the time that I was appointed, the government made public remarks to the effect that a selection process would be run in due course, and I believe that is still the case.

**Senator PAYNE**—Is it underway?

**Mr Baxter**—I am not aware of it being underway. It would not be run by AusAID, of course. It would be run by other areas of government, so it is really a matter for government to decide.

**Senator PAYNE**—Minister, are you aware of whether the selection process for the director-general is underway?

**Senator Stephens**—No, I am not, but I can certainly take that on notice and get back to you.

**Senator PAYNE**—Thank you, Minister. Mr Baxter, when did you become acting director-general?

**Mr Baxter**—On 3 July.

**Senator PAYNE**—That is a reasonable effluxion of time, about 3½ months, Minister, so I think the committee would appreciate advice, if the selection process is not underway, as to why that is the case and when it is intended to commence the process.

**Senator Stephens**—I will pursue that for you.

**Senator PAYNE**—Thank you very much. Chair, somewhat predictably, I wanted to start in the area of Pacific Partnerships for Development. That will be no surprise to any of the well-prepared officers, I am sure. We were told in budget estimates that PPDs were expected to be signed with Tonga, Tuvalu and Nauru by the PIF meeting in August and that thoughts were in train about potential arrangements with the Cook Islands and Niue. When I look at the website, I understand that we have existing partnerships with PNG, Samoa, Solomon Islands, Kiribati, Vanuatu, Nauru, Tuvalu and Tonga. They are listed on the website, although the website tells me that implementation schedules have been completed only for PNG. When will implementation schedules for other PPDs be finalised and available on the website—specifically, Samoa, the Solomons, Kiribati, Vanuatu, Nauru, Tuvalu and Tonga?

**Mr Baxter**—Senator, as you say, we have issued the five implementation schedules for the PNG partnership. With Samoa, we are at a very advanced stage in our discussions with the Samoan government on the five implementation strategies and we are just awaiting formal Samoan government endorsement. As you would understand, the Samoan government has been dealing with the crisis—

**Senator PAYNE**—Of course.

**Mr Baxter**—that has resulted from the tsunami, so of course we are being understanding about the time it is taking for the Samoan government to come back to us. But we expect that that will happen in the near future. Our latest discussions with the Samoan government were in the second half of July, and we think at those discussions we got very close to finalising the details of the partnership, so I expect that that will happen as soon as the Samoan government is out of the woods in terms of its response to the tsunami.

As far as the Solomons go, our latest talks were on 8 September. We endorsed a couple of the important strategies there, particularly improved economic infrastructure and economic and fiscal challenges. Those two were endorsed. So, again, we are hoping to finalise the other schedules quite soon.

As you mentioned, we signed partnerships with Tuvalu, Tonga and Nauru in August of this year, and we are progressing our discussions with them. Tonga, similarly to Samoa, has been affected by the tsunami, but, again, we are aggressively pursuing the finalisation of those strategies.

**Senator PAYNE**—Okay. Can you also indicate, Mr Baxter, what progress has been made towards finalising the funding amounts that are associated with each of the partnerships, where that is relevant. Can we confirm any funding amounts under any of the partnerships?

**Mr Baxter**—What we are doing is finalising the schedules and then, once we have identified what the priorities of our partners are, we will make funding allocations to those. Of course, in the case of PNG, we have got published figures in terms of the size of the program. It will obviously fit within that program, and we will have a priority set of activities that are now agreed in accordance with the schedules.

**Senator PAYNE**—Okay. So, in terms of the development of the process, that component of it is obviously some way off, considering the amount of time—for a range of reasons—it is taking to finalise the implementation schedules.



**Mr Baxter**—Yes. These are very important negotiations, as you would understand, Senator. We want to get the partnerships right. There is no issue with the allocation of funding to the implementation strategies; it is just a question of getting those implementation strategies agreed.

**Senator PAYNE**—Okay. Taking the Nauru partnership as an example, item 4.4 says:

In addition to the joint review of progress, the performance of Australia's contribution through the development cooperation program to our joint development objectives, implementation strategies, outcomes and targets will be reported and reviewed through the production of an Annual Program Performance Report.

Who is responsible for producing that report, for example?

**Mr Baxter**—I will ask my colleague Mr Tranter to take that question.

**Mr Tranter**—The reporting on progress for the Partnerships for Development is something that will be undertaken jointly between officials, with the intention of reporting to ministers on an annual basis. So the reference that you have indicated there would be subject to that process. There would be an annual review of progress against the separate commitments on the Nauru side and the Australian side of the partnership, as well as a broader discussion of development progress in Nauru, which would be informed by products such as the *Tracking development and governance in the Pacific* report and Nauru's own reporting against its national development plan.

**Senator PAYNE**—So officials, effectively—and I do not mean this critically; I am just trying to clarify it—report on their own progress and then there is a comparison done between those two parties' reportings.

**Mr Tranter**—There would be reporting on progress against respective commitments. So, in the case of Nauru, if there were particular commitments to effect a policy change, for example with respect to state owned enterprise reform, there would be a discussion about that at the annual partnerships talks and we would note progress against that commitment. We would also note progress with Australian financing to assist the government of Nauru to effect those policy changes.

**Senator PAYNE**—Thanks. I appreciate that clarification. Can I ask a specific question about the Tuvalu partnership. Its outcomes and its priorities do not seem to me to include any specifics around health or education. Why is that?

**Mr Tranter**—The partnership for Tuvalu is primarily framed around Australia's contributions to the Tuvalu Trust Fund, which is a longstanding funding mechanism for Tuvalu. It is split into two parts, one of which makes a contribution to consolidated revenue for Nauru. Essentially, it is a mechanism for us to be able to finance the government of Tuvalu's own national development efforts—which include education and health, obviously.

**Senator PAYNE**—Sure.

**Mr Tranter**—The partnership is framed predominantly around the contribution to the trust fund but will also be supplemented by technical advice to assist the government of Tuvalu with public finance reforms or, again, issues around state owned enterprises or other high-priority actions, for example climate change. If there were a desire by the government of

Tuvalu to draw on specific expertise in health or education, that is something that we could source on behalf of government—either directly, through one of our mechanisms such as the Pacific Technical Assistance Mechanism; or the government of Tuvalu could draw on the trust fund to be able to source that expertise itself.

**Senator PAYNE**—Is it envisaged that, as the Partnerships for Development develop, there will be further exploration of areas to be included? I understand the way you have characterised the Tuvalu partnership today, and I believe I understand the way that relationship works. But, in terms of the MDGs and where the priorities are for Australia in achieving the MDGs and in our relationships in the Pacific, it seems to me that it does not matter where you turn, health and education need to be and should be priorities. So how will we develop the partnerships? Is there any scope for developing around the focuses of the MDGs as well?

**Mr Tranter**—As far as I can recollect, across all of the partnerships there is a focus on health and education as core areas that require priority attention to accelerate progress under the MDGs. There is scope under the partnerships, as I think we have discussed previously, to expand the areas of focus. If you take the example of Tonga or Vanuatu, and I think also for PNG, there are areas for attention in future generations of the partnership—law and justice, for example, in Tonga, and climate change and agricultural market development. So there is a process in train for the scope of the partnerships to be expanded over time and to be confirmed through annual partnership discussions, and to engage ministers on decisions about expanded focus of the partnership.

The partnership of Tuvalu has a different character, given the special nature of our engagement with that country. As you know, it is a small Pacific island state with a population of 10,000. There has been a longstanding arrangement for development partners to finance through the Tuvalu Trust Fund. We are one of the founding donors, with New Zealand and others. That is the reason that there is not a specific focus on other sectoral areas. Their financing is primarily through that mechanism, supplemented by other technical assistance.

**Mr Baxter**—I will add to that. There will be a component of our discussions with Tuvalu that have a performance linked element in the partnership, emphasising the mutual responsibility on both sides. So, in return for our assistance to the consolidated investment fund, we will be looking to halve performance linked measures to promote the necessary economic reforms that we think Tuvalu, and the Tuvalu government, recognises it needs to implement. That will include improved implementation of health and education services. So, as part of that funding package, we will have expectations of further reforms from Tuvalu in those important sectors that you have mentioned.

**Senator PAYNE**—I am asking these reasonably specific questions around a number of the partnerships in order to gain a better understanding of how priorities are decided and identified, how they are included and what level of priority they are achieving, so I will ask a similar question around the Tonga partnership. Under priority outcome 2, you have two sub-dot points in relation to the reduced prevalence of non-communicable disease risk factors—a two per cent decrease in the prevalence of smokers by 2015 and a two per cent decrease in the overall prevalence of obesity by 2015. If I might say, they seem to be relatively low objectives. If you did the maths you would be looking at quite a considerable period of time

before there was any appreciable decrease in obesity and tobacco use. Even based on my basic mathematics, it would take a couple of hundred years. I understand we do it together and I understand this is a partnership, but why are we setting the benchmarks that low?

**Mr Tranter**—Those indicators of performance have been drawn from Tonga's own health reform plan and represent the targets of the government of Tonga. It has been a common feature across the partnerships that, in line with the focus on mutual accountability, mutual responsibility and strengthening the leadership role of Pacific island countries in our development relationship, we are able to recognise those plans and work towards targets that countries themselves have set. In the initial stages of implementing Pacific Partnerships for Development, we have also been cognisant of the need to set realistic targets to win confidence in working this way—hence, the selection of performance indicators such as that. Through annual partnership talks and reporting on progress, there is an opportunity for us to engage with lifting the level of ambition of the targets and also an opportunity for us to revise the financial commitments that we might be able to make. So those indicators are not set in stone but will be under discussion as part of the policy dialogue we have with other development partners as well.

**Senator PAYNE**—In the partnership process, what capacity is there for Australia to say: 'Two per cent by 2015—that is, in more than half a decade—is not that high a target. Let's talk about how we might shift that'? What capacity is there for Australia to do that in this process and have we tried?

**Mr Tranter**—I think in the case of Tonga we have adopted that benchmark because it is there in the health plan. There are examples where there are far more ambitious targets for our work. You would be familiar with the malaria program in Vanuatu and the Solomon Islands, which has set quite ambitious targets with respect to eradicating malaria in those countries, with very specific resourcing for addressing that particular disease burden. In other partnerships there are ambitions in other areas around utilities and infrastructure investment, which are already demonstrating quite dramatic changes in terms of the level and coverage of service delivery. I think the case of the utilities reform and the penetration of telecommunications services in Vanuatu, for example, is a good case in point. Typically, though, in the social sectors where we are dealing with behavioural change, as we are with diabetes and obesity in Tonga, these are long-term problems where we need to have a sense of realism about what can be achieved within certain periods, and the partnerships seek to do that through engaging with the targets that the government of Tonga has set itself and backing those plans.

**Senator PAYNE**—Okay. That gives me some idea I suppose, but I am still not persuaded of the extent to which Australia is setting any benchmarks or targets itself. I understand we have performance requirements of our own in terms of aid delivery, but these are not appearing to me like particularly negotiated processes. It looks to me almost like putting together a sandwich, if you like: this comes from this side, that comes from that side, and you just put it together. Have I got the wrong end of the stick there?

**Mr Baxter**—The partnerships are set up as a dynamic process. One of the reasons that the government has decided to establish this framework is to provide us the opportunity to engage in a dialogue within a structured and agreed set of principles. You are certainly right in saying

that the partnerships should and do provide for us the opportunity to bring to the table our ideas on what issues should be addressed under the partnership, and we do that, but it is a process of mutual agreement in the true spirit of the partnership that we seek to create. There is no sense that we do not have a negotiation on what the targets should be, and if we feel throughout the life of the partnership agreements that things need to be adjusted then we will certainly do that.

**Senator PAYNE**—I may come back to that. Can you just let me know where we are up to with the development of partnerships with Niue and the Cooks?

**Mr Baxter**—We are looking to discuss what kind of collaborative development arrangements we can put in place with the Cooks and Niue, and we will do that through the course of 2010. As you know, both of those countries have particular and special constitutional relationships with New Zealand, so that is something that we will do in close consultation with our New Zealand colleagues. Initial discussions that we have had with the New Zealand government include New Zealand's own processes with those countries. So we want to make sure that we certainly do not duplicate anything that the New Zealanders are doing and that we complement their effort. The New Zealanders have a road map agreement with Niue, for instance, and we are looking at what we can do to support that rather than replace it. That is a process that we will take through. I think it is still an open question, given that special constitutional relationship between the Cooks and New Zealand, and Niue and New Zealand, whether the partnerships would be of the same character as those with countries in the region that do not have that special relationship. The same applies in the case of Micronesia because of some of the countries there and their special relationship with the United States.

**Senator PAYNE**—Are you flagging a PPD with Micronesia as well?

**Mr Baxter**—We are looking at what kind of collaborative arrangement we might put in place. In my view, at this stage, it would be that we are probably looking at a narrower range of activities, given that there is another major donor partner working in that space. We are going to be sensible and consult widely. Our ambition is, certainly by the time we get to the next Pacific Islands Forum in Vanuatu in 2010, that we are well advanced in those discussions, if not finalised.

**Senator PAYNE**—With Niue, the Cook Islands and Micronesia?

**Mr Baxter**—Yes.

**Senator PAYNE**—I will go to a couple of questions about measuring achievement under the PPDs. I do have to rely largely on the PNG documents because they are the most comprehensive available to me. There is an emphasis on measurement of progress apparent in all of this that looks to me like it will require quite a reasonable focus and possibly, therefore, some substantial resources. How will measurement activities be conducted and, in the first instance, by whom? Is AusAID measuring contractors or local country officials measuring? What sorts of resources do you think you will have to apply to that?

**Mr Tranter**—The focus of measurement is really about the achievement of development results. So the orientation of the partnerships is at the level of development outcomes. Also, what sort of change might be effected with respect to coverage of a particular service or

prevalence of a particular disease. You are right to suggest that there is a strong focus on measurement of performance and reporting on that, and that is the basis to inform policy dialogue between governments and the broader group of development partners about progress against the Millennium Development Goals, but also a country's own development ambitions. The partnerships signal an interest and commitment to invest more heavily in statistics and data on development indicators and governance indicators. It is a feature across many of the partnerships that there is a commitment between the partners to strengthening national statistics functions and be able to improve the quality of data that is brought forward to inform consideration of progress has against partnership targets. But, given that many of the partnership targets are drawn from national development plans, the orientation of that focus on performance measurement is really about giving Pacific island countries a better basis on which to be able to measure their own progress against reforms and commitments that they have set themselves and to be able to better inform policy by Pacific governments themselves about key areas of development.

**Senator PAYNE**—How much do you think it will cost to do all of that?

**Mr Tranter**—As you would be aware, the quality of statistics is mixed across the Pacific. That is not unique to the Pacific as a region, when you look across the statistics globally, but it is fair to say that statistics are improving slowly. The regional institutions such as the SPC, the forum secretariat and the IMS Pacific Financial Technical Assistance Centre are investing more in this area. We are willing to support them further to do that. We are also committing resources at a country level to be able to back products such as a population census and household income expenditure surveys, but also to be able to get behind some regular and robust economic statistics reporting. I could not give you a figure, but across many of our programs there are quite significant investments in statistics to be able to support these products, but there is also support to the regional institutions to be able to support this important work across the region.

**Senator PAYNE**—Do you think you could provide me with an indicative number on notice?

**Mr Tranter**—Certainly. Something to be aware of is that the recent SPC ministerial council meeting in Tonga considered a road map, or a benchmarking study, on statistics in the region which provided some guidance for ministers on a way forward for strengthening statistics. That will be considered by a Forum Economic Ministers Meeting, which will meet in Rarotonga next week. That will provide a path for development partners such as us, but also New Zealand, the World Bank, ADB and the IMF itself, to be able to support stronger stats in the region.

**Senator PAYNE**—In the process of putting these partnerships together, and we are up to—

**Mr Baxter**—Eight.

**Senator PAYNE**—You might not necessarily have this information available here this afternoon, Mr Baxter, but can you give the committee advice about what are the total costs that have been involved in concluding each partnership agreement so far? It is not about the value of the partnership but the cost of producing them.

**Mr Baxter**—I understand. We are certainly very happy to provide that to you. We do not have it with us, because obviously it varies by country and by the cost of travel and accommodation et cetera.

**Senator PAYNE**—Of course, I understand that.

**Mr Baxter**—We are happy to do it.

**Senator PAYNE**—Thank you very much; I appreciate that. Mr Tranter has explained to me for example why the partnerships are different in each country in terms of priorities and in terms of focuses and so on. Taking countries where perhaps transparency in government is not as strong as we would like it to be and where we have seen historically a lack of political will in addressing that, where there has not been a great deal of reform, but where we are still pursuing these engagements, how is it expected that this almost-new form of aid engagement will make a practical difference in overcoming those sorts of obstacles to reform?

**Mr Baxter**—I think the key element of the partnerships is the emphasis on mutual responsibility in them. Just as our partner countries are making demands upon Australia in the sense of highlighting priorities for which they would seek funding from us, we, in turn, are expecting better performance in some key areas. Of course transparency and corruption are issues that you are fully aware of and we can now address those issues through that framework in the context of the stronger emphasis on mutual responsibility. We are not being pollyanna-ish about this in the sense that we understand that this is a process that we have entered into. The partnership itself has specific objectives that will change over time in the course of the partnership, but it does give us a much better basis, we believe, for the dialogue and for raising some of the more difficult and sensitive questions within the context of partnerships as we develop them over time.

**Senator PAYNE**—So, Mr Baxter, would that be the difference that you would point to, between previous approaches on these issues and the current approach, that provides a better platform, in your view, for addressing these issues?

**Mr Baxter**—That is the aspiration that we have for the partnerships as they develop. As you know and as you have noted earlier, many of these partnerships are at a very early stage so we will have to see actually how the implementation goes. But our ambition is certainly to use these partnerships to help speed up reform, to help speed up transparency and, most of all, to help improve the performance of Pacific island countries in meeting the MDGs.

**Senator PAYNE**—Which of course is everybody's desired outcome. In terms of speeding things up, I suspect though the thing that is not being sped up is a capacity to make an assessment of the results of a partnership or the effectiveness of a partnership. Even if you take the PNG one, and the Samoan one, which was signed in August last year, we are now a year down the track and it seems to me that we would be looking at another year, if not longer, before we get any capacity to really assess results or effectiveness in PNG, for example. But what this has at stake is a very significant volume of Australia's aid contributions into the Pacific, into the area. Effectively, we have done eight at once. We have a number of implementation schedules almost there and some much further off. Does that volume of engagement—eight simultaneously—make it harder to really pursue a proper assessment of results or effectiveness?

**Mr Baxter**—I do not think it does. Before the partnerships, as you know, we had a very high level of engagement with Pacific island countries, so we have changed the form of that engagement rather than the intensity of the engagement.

**Senator PAYNE**—Yes, I understand that.

**Mr Baxter**—Yes, there are some new elements to the partnership in terms of responsibilities on both sides but we do not necessarily see that as being something that will create significant extra burdens on our side because we have always had a view to try to measure the outcome of the performance of our programs in the region. This time we are trying through the partnership process to have joint ownership of that measurement process so that both we as donors and our partner countries as recipients have that joint responsibility for producing results.

**Senator PAYNE**—Now that you have created the eight partnerships you are going to have people like me asking where the outcomes and the results are and where the effectiveness can be seen, and you are going to keep fobbing me off. I can see this coming for some extended period of time and you are telling me to be patient across, at this stage, eight different iterations of partnerships. Happily, it will not just be me asking. It will be the NGO community and all sorts of other stakeholders who will really want to see some answers.

**Mr Baxter**—Obviously I take issue with AusAID fobbing anyone off on the performance of our program.

**Senator PAYNE**—Mr Baxter, I have been fobbed off by experts in AusAID.

**Mr Baxter**—We welcome the scrutiny and that is part of the process. We want to have a program that focuses on achieving results and is able to demonstrate those or otherwise so that we are able to adjust the programs if we are not producing results. Yes, we have taken on a big agenda in terms of concluding the eight partnerships to date but there is no lack of confidence on our side that we will be able to use those partnerships to drive better and more measurable outcomes.

**Senator PAYNE**—I think I will get that quote out, frame it and bring it to every estimates meeting on that for the rest of my days. I want to acknowledge that just arrived in the gallery we have the members of the CDI professional skills development course for parliamentarians from the Pacific with whom I met recently with my colleague Senator Kate Lundy. This is the estimates process in action, ladies and gentlemen, so for good or for worse you are about to see how it happens. Apparently there will be no fobbing off, so that is all good. I want to go specifically to PNG for a moment, Mr Baxter. Can you tell us what date the implementation schedules under the PNG partnership were signed?

**Mr Baxter**—I will just defer to my colleague Margaret Callan on that question. While she is finding the place, the implementation strategies were approved at the Australia-PNG ministerial forum in June of this year.

**Senator PAYNE**—I am just wondering when they were signed.

**Mr Baxter**—That is the time that they were agreed. At the ministerial forum it was also agreed that we would include additional schedules on HIV-AIDS, higher education and law

and justice. Those schedules will be considered in the 2010 Australia-Papua New Guinea ministerial forum.

**Senator PAYNE**—I might come back to that when I have the date. Can you tell me the date that the schedules were signed, Ms Callan? I have the approval from June 2009.

**Ms Callan**—10 June as far as I know.

**Senator PAYNE**—When we last discussed the assessments in June Mr Dawson indicated that the assessment would be done annually. Does that mean you would be looking to make the first assessment of the PNG partnership by June 2010?

**Mr Baxter**—Yes. We want to present that assessment at the next Australia-Papua New Guinea Ministerial Forum.

**Senator PAYNE**—So you will complete the assessment before the ministerial forum.

**Mr Baxter**—We will complete it before and present it to ministers as part of that discussion. As well as that, we will develop new schedules in the three areas I mentioned, and we would formally include those under the partnership agreement at that time.

**Senator PAYNE**—I understand that the assessment material will be made public after it has been presented. But will the assessment material be made public to the extent that it is material that we will be able to discuss here in the estimates process?

**Ms Callan**—We would have to agree that with the Papua New Guinea government, but I would expect so.

**Senator PAYNE**—If that is not the case—if you end up with advice to the contrary on that—could you let the committee know.

**Mr Baxter**—Yes.

**Senator PAYNE**—In schedule 1, the transport infrastructure schedule, it says, with respect to road repairs and maintenance, that the level intended to achieve is a condition described as 'good'. What is the definition of 'good'? It tells us that it comes from the PNG government's Road Asset Maintenance System but there is no further information. How will we identify whether we have met that level of achievement?

**Ms Callan**—I will have to get you the details. That will be defined clearly in PNG documentation but I do not have that with me.

**Senator PAYNE**—I would appreciate that. Again, I am asking specific question so that I can get an understanding of the level of detail that is included in the context of the whole partnership process and where we are going to make our assessments. The same schedule says:

The strategic oversight for the management and implementation of this Schedule will be the Transport Sector Coordination Monitoring and Implementation Committee (TSCMIC).

That is a PNG body. Do we know how that is comprised, who the members of that committee are and whether they are also obliged to take into account the effectiveness of actions that are undertaken by the Papua New Guinea government under the partnership?



**Ms Callan**—That committee is a joint committee of the Papua New Guinea government and Australia. Australia is a member of that committee. So that works collaboratively.

**Senator PAYNE**—Can you tell us who the members are?

**Ms Callan**—I do not have that detail either.

**Senator PAYNE**—Can you provide that?

**Ms Callan**—Yes.

**Senator PAYNE**—The second half of my question was whether—and I hesitate to use the term ‘two-way street’, because it was never meant to be a pun—that is a dual process. Is the committee also making observations about the performance of the PNG government under the partnership as well as Australia’s delivery?

**Ms Callan**—Yes, the committee would be overseeing the partnership. The partnership has commitments by both governments so it will be overseeing both, yes.

**Senator PAYNE**—Mr Baxter, you said, when I asked the first couple of questions about this, that at the ministerial forum the parliamentary secretary and the Papua New Guinea Minister for National Planning and District Development—I think it was at the ministerial, but I might be wrong—had agreed that HIV would be included as a priority area for the partnership. When does that start to be a priority area for the partnership given that it was not in the first iteration? Is that the date you gave me before of 2010?

**Mr Baxter**—That is right. The schedule for HIV-AIDS will be signed at the Australia-Papua New Guinea Ministerial Forum next year. So obviously our job over the next several months is to work with Papua New Guinea in all the three areas that I mentioned: HIV-AIDS, higher education, and law and justice.

**Senator PAYNE**—So notwithstanding that implementation schedule 3—

**Mr Baxter**—Improved health outcomes.

**Senator PAYNE**—Yes. That refers, in a number of references, to the growing problem of HIV in PNG and that it ‘has become the leading cause of deaths in some Highland hospitals’. Notwithstanding those references in this current implementation schedule, there is no particular activity or impact attached to that until we get to the conclusion of the next schedules in 2010. Is that correct?

**Ms Callan**—The strengthening of the health sector, which is part of the focus of schedule 3, would also include its capacity to respond to HIV-AIDS patients in the system.

**Senator PAYNE**—Where is that indicated?

**Ms Callan**—It is part of the broader strengthening of the health system.

**Senator PAYNE**—I am just wondering if you can point me to that in the schedule.

**Ms Callan**—The schedule refers to funding for the minimum priority areas, which are defined on page 3 of the schedule: funding the operation of rural health facilities, funding integrated health patrols and funding district drug distribution. So those rural health facilities would include some services for people suffering from HIV-AIDS.

**Senator PAYNE**—What is the resource allocation for that area?

**Ms Callan**—There is not a specific resource allocation for that. You will notice through reading this schedule that the PNG government is developing a new resourcing framework for the health system. The details of resourcing for the system will be concluded through that framework, so work on that is advancing.

**Senator PAYNE**—When will that be?

**Ms Callan**—Our expectation is that that new resourcing framework will be finalised in the next few months, I think—I am not exactly sure.

**Senator PAYNE**—I would appreciate some more accurate advice on that on notice.

**Mr Baxter**—We will get you that.

**Senator PAYNE**—I was somewhat surprised to see the health minister in Papua New Guinea, Sasa Zibe, refer to his own health system—and I quote from the *Sydney Morning Herald* and I assume therefore from the health minister—as ‘bloody useless’, which was reported in a story on maternal health and mortality issues in September. That is a reported assessment made by the Papua New Guinea health minister. Is that an assessment with which AusAID agrees?

**Mr Baxter**—We recognise that there are significant challenges in the PNG health system that need to be addressed and obviously that is why it is one of the high-priority schedules that we have concluded under the partnership and we are going to extend through the inclusion of the HIV-AIDS schedule in the coming year. But, as you are probably aware, there are very significant challenges in terms of service delivery, including at the subnational level. That is certainly an area that we want to focus—and we are focusing—considerable effort on to try to make improvements.

**Senator PAYNE**—How close are we able to get to that in the partnership and in partnership with the Papua New Guinea government to assist in that process, to make a really constructive difference in that regard? Given that the base from which we start is a very significant contribution from Australia—hundreds of millions of dollars over an extended period of time—how close can we get to making a real difference through this new construct of the partnerships?

**Ms Callan**—I think that through the partnerships we can target specific areas. With PNG we can agree on the basic changes that are needed in Papua New Guinea to improve its health system and we can work with them on directing funding to the basic changes that are needed. A health system, as you know, is a very complex system and it helps to narrow the focus of attention to some of the basics that need to be dealt with before the whole system can improve and to direct funding to those basic needs. The partnership will be very useful to focus that. I think it puts in place a baseline for where we are starting from, and we can track progress over time.

**Mr Baxter**—We are trying to focus our health activities in PNG at a number of levels: obviously, at the central agency level in Port Moresby. But, specifically, we are looking at building capacity throughout the system. At the moment we are implementing a \$70 million program over five years for capacity-building in the service centre, to assist the PNG Department of Health and provincial governments to strengthen management and service

delivery across the health centre. That is supporting health patrols, immunisation, budgeting and planning and, hopefully, contributing to improvements in safe motherhood and in maternal, child and sexual health. We realise that this is not an easy task—it is an enormous task—but it is one that has to be pursued at the national, provincial and district level if we are going to make any progress. The partnership will allow us, and indeed is allowing us, to do that.

**Senator PAYNE**—In terms of measuring the effectiveness of that—I think you said \$70 million over five years?

**Mr Baxter**—Yes.

**Senator PAYNE**—For health patrols, and there was a second example over that, which sounded to me, in terms of tangible—

**Mr Baxter**—Immunisation rates.

**Senator PAYNE**—Immunisation. So we can actually talk numbers there; we can talk people, we can talk presence on the ground.

**Mr Baxter**—Absolutely. We know at the moment—

**Senator PAYNE**—When can I ask a question about outcomes that will give me some idea of what you think you have achieved in that process?

**Mr Baxter**—We know we have a long way to go, but we know that we have made some progress, so I can tell you that so far Australian assistance in the health sector has supported PNG to immunise over 900,000 children nationally against measles and other childhood illnesses. In six provinces we have reached over 95 per cent of the children, so we are tracking this very closely. We want to be able to provide to our government, and to the public, a demonstration that what we are doing is having an impact.

**Senator PAYNE**—Did you see the article in the *Sydney Morning Herald* on 7 September?

**Mr Baxter**—I did, yes.

**Senator PAYNE**—I want to make these observations and ask this question in the most constructive way that I am able to, but—as a legislator and a member of government for a period of time, although not in a position of great responsibility; as a taxpayer in this country; and as a person with a passionate interest in the policy areas that we are discussing, which I know Senator Stephens and very many of my other colleagues share—I must say that I think that particular story, and the photographic representation in that particular story, was possibly the most chilling reminder of how fundamentally this has failed over such an extended period of time. This is not a remote highlands hospital; it is not an aid post; it is Port Moresby hospital. The letters to the editor that were generated after this story appeared are perhaps even more telling. If we cannot come to a point where we can make the partnerships themselves work, particularly this one—and I go back to the fact that this is the only material with which I have to work because it is the only one at this point with publicly available implementation schedules—and this is not addressed by our two countries, then we will have fundamentally failed generations of Papua New Guinean women and children in a way for which there is no excuse. I know I provide myself with reasonable standards to meet in making those observations, but it is an international disgrace.

**Mr Baxter**—I do not think anyone would take issue with you in terms of the enormity of the challenge that we face. Clearly, the development of the partnership arrangements is one approach with which we are trying to achieve better outcomes. Another part of this is the Cairns Compact on Strengthening Development Coordination, which was agreed by Pacific Island Forum leaders in August this year. That is really a recognition that the things we have been doing in the region until now have not produced results that either donor governments or partner governments in the region would like to see and we cannot keep doing what we have been doing.

**Senator PAYNE**—Correct.

**Mr Baxter**—We have to address this in a different way. We have to develop different approaches which do put a stronger emphasis on mutual responsibility and measurable results. That is what we are trying to do with this. I do not take issue with anything you have said in terms of the enormity of the problems and the human cost of those problems. It clearly is very disturbing. Successive Australian governments, as you know, for decades have tried to address these questions. We are now looking at a new approach. We are hopeful that that will bring about some results, but we also know that, given the enormity of the challenge, this is not going to be something that will be turned around quickly. But we certainly recognise the need to continue and intensify our efforts.

**Senator PAYNE**—All I can say, Mr Baxter, is that it had better work. In relation to schedule 4 and the public service, which pertains in part to the question I asked earlier around transparency and those sorts of issues, can you indicate to the committee what amount and proportion of the funding that is allocated to technical assistance under that particular schedule will flow to contractors and what work will be undertaken by Australian government officials and NGOs?

**Ms Callan**—Was your question about the percentage of program expenditure on technical assistance?

**Senator PAYNE**—What amount and proportion of the funding that is allocated to technical assistance under implementation schedule 4, which is entitled ‘An effective and efficient public service’, will flow to contractors, what work will be undertaken by officials of the Australian government and what work will be undertaken by NGOs? If you cannot answer it now, perhaps you could take it on notice, but I would appreciate some information now.

**Mr Baxter**—We will work at getting that to you by the end of our session.

**Senator PAYNE**—In terms of the overall funding levels in that particular area, will there be a significant difference in the Australian funding for the PNG public sector under this partnership approach as compared to prior to the partnership?

**Ms Callan**—I have the budget numbers here. What we are expecting overall, certainly for the 2009-10 financial year, is an increase of between \$3 million and \$4 million in the spending on the public service.

**Senator PAYNE**—Thank you, that is helpful. Are we now at the point where you can advise me what the total value of this partnership with PNG is in this financial year or will be in the next?

**Ms Callan**—I can tell you that we have indicative numbers for the proportion of the program which will be covered by partnership schedules this year. For 2009-10 it amounts to 74 per cent of the total aid program in PNG.

**Senator PAYNE**—What is that in dollar terms?

**Ms Callan**—It is around \$360 million. I will have to revise that number. I would prefer to give you that number separately to make sure I give you an accurate number.

**Senator PAYNE**—Thank you; that would be helpful. I would like to move to questions on Africa. Given the nature of the discussions that we had in the last estimates around the direction of the program for Africa, Mr Baxter, is it possible to provide the committee with an update on where specifically our aid funding for Africa is intended to be directed?

**Mr Baxter**—We have been working hard over the last several months to identify and develop specific projects in Africa that the government can implement. As you know, this year the government announced a significant increase in the overall budget, and we expect that in this financial year at least 30 countries in Africa will benefit from Australian assistance. That is an increase of four countries from the last two financial years. I will ask my colleague, Mr Isbister, to outline some of the activities that we have programmed so far.

**Mr Isbister**—As Mr Baxter said, in the current year we expect to be providing humanitarian development assistance in up to 30 countries in Africa. The key focus areas of that work are going to be around child and maternal health, food security and agriculture, water and sanitation, as well as providing targeted technical assistance to specific countries to support some of their capacity building and human resource needs. Finally, the government is committed to a substantial scale-up of the scholarship program in Africa that will bring it to 1,000 scholarships by 2012-13.

**Senator PAYNE**—I think Mr Baxter said four additional countries will bring it to 30. Which are the four additional countries?

**Mr Isbister**—The four additional countries are Burkina Faso, the Gambia, Liberia and the Seychelles, and that is through a combination of our growing scholarship program in Africa and technical assistance programs.

**Senator PAYNE**—Are there some countries whose primary receipts from Australia will be in the form of scholarships, and that is all?

**Mr Baxter**—That may be the case. The mixture of countries that will be engaged in the program will change over time because we have established an Australia-Africa Partnership Facility which enables us to respond to specific requests from specific countries. Some of those are relatively short-term in their nature; they may be for particular technical assistance with drafting legislation or addressing particular policy problems, others will be longer-term programs. At the moment, while there are a number of proposals before government, we are getting pretty close to having proposals either under development or before government for approval which would account for the vast bulk of the new funding that has come online. We expect that those announcements will be made in the coming months.

**Senator PAYNE**—I think in June I was told we were expecting announcements in the coming months as well. Do you have any idea how soon those months will actually come?

For example, if the date of return of answers to questions on notice is 11 December, I think, or something like that, are you likely to be able to clarify for the committee which countries will receive funding, the composition of the funding, the quantity of the funding and what it is for in each case?

**Mr Baxter**—That is really a matter of the government deciding on the timing of any announcements that they make, following advice that we provide, as you would understand, Senator.

**Senator PAYNE**—I do.

**Mr Baxter**—So there have already been some announcements by government of specific activities that we are going to undertake and, as I say, we have been working very hard with both bilateral partners and regional organisations in Africa to identify projects, and going through a very careful and methodical process to ensure that we are allocating funds in the right areas. So I cannot give you an assurance that by 11 December announcements will be made. That is an issue for the government to decide.

**Senator PAYNE**—Then perhaps I could seek your assistance with a question which I will therefore place on notice in this process. For the 30 countries you have identified, including the four new countries, to the extent that announcements have been made by the deadline for the return of answers, I would like information on which countries will receive funding, how much each will receive, the composition of that funding, the purpose of that funding in each case, specific programs where relevant and so on.

**Mr Baxter**—Certainly. We are happy to do that. I can also provide you with some details, if you are interested, on just what we have been doing in terms of working up the program, who we have been engaging with in Africa and what other Australian government agencies have also been engaging in Africa as part of the development of ODA eligible proposals.

**Senator PAYNE**—Will that give me more specificity around particular countries than I received on the previous occasion, Mr Baxter?

**Mr Baxter**—Well, for example, the minister has announced that we are going to undertake water and sanitation activities in Malawi and Mozambique. We have been conducting design work in both of those countries as recently as this month. That design work and our discussions with those two governments may lead us to make other announcements as we finalise those particular processes.

**Senator PAYNE**—What sort of quantum of funding do you expect would be attached to that?

**Mr Baxter**—There is \$25 million of funding allocated for water and sanitation programs this financial year—

**Senator PAYNE**—Across Africa?

**Mr Baxter**—across Africa, yes—but we are obviously not going to spread ourselves too thinly. We will concentrate that on particular countries where we have identified needs that we are able to meet and partner governments that are happy to work with us. So I think that gives you some indication of the quantum. I am not in a position to tell you specifically, because we have not actually finalised those arrangements with our partner governments in Africa.

**Senator PAYNE**—How long do you expect the finalisation of those arrangements to take?

**Mr Baxter**—It is difficult for me to put a precise time on it, but the design work that we have been doing is well advanced and so I would not expect that it would take very long. It may be early in the new year, that sort of time frame.

**Senator PAYNE**—Happily, we will back here in February!

**Mr Baxter**—Indeed, and I hope to be able to provide you with that information then. But we have identified the improvement in small-town water supplies in both Mozambique and Malawi as an area where we may be able to do a lot, given our expertise in water and sanitation from other programs around the world. So we are looking at where we can add that value. And we have been working with agencies like the CSIRO, ACR and others to develop partnerships that we can build on in future years.

**Senator PAYNE**—All right. If you can provide me with that sort of information in response to that question across those countries, that would be very helpful.

**Mr Baxter**—Certainly.

**Senator PAYNE**—I did have some other specific questions, though, on Zimbabwe. I am interested in the minister's most recent statement, from September this year, announcing further assistance to Zimbabwe. It is good to note that we think we are in a position where that contribution can now be made. What does 'humanitarian plus' mean? That is the characterisation in the media statement.

**Mr Isbister**—I think what is meant by 'humanitarian plus' is that up until now many countries have restricted their assistance to Zimbabwe to humanitarian assistance, particularly food distributions and access to water in response to the cholera epidemic. In terms of humanitarian plus, with the announcement of the inclusive government, which occurred in February this year, the emphasis is on looking at ways that the Australian government, with other donors, can help in rebuilding critical basic services in Zimbabwe. Some examples of that are assistance in reconstruction and the rehabilitation of water pipes, bore holes et cetera. In addition, there is the provision of incentive payments to public health workers to try and get the basic health system back up and functioning. Another example would be in the education sector by providing some assistance particularly to procure and distribute textbooks and materials into schools in Zimbabwe. So, in many ways, it is trying to look at ways of assisting and supporting—through this window of opportunity, I guess, with the inclusive government—the recovery efforts in Zimbabwe, particularly in areas of basic services.

**Senator PAYNE**—Thank you, Mr Isbister. The same media statement refers to carefully considering 'working directly with select Zimbabwean government ministries and agencies to help build capacity to support the restoration of essential services'. Where is that consideration up to? Is that something that Australia is doing in isolation, or is that a reviewed or renewed approach of other donors? How is that actually going to work?

**Mr Isbister**—There is a very coordinated donor effort in Zimbabwe. There is a regular weekly donor coordination mechanism in Zimbabwe to look at ways of supporting both humanitarian and humanitarian plus assistance. In terms of this issue of targeted technical assistance to ministries, it is something which has certainly been looked at. Some donors,

including Australia to some extent, have looked at ways of placing technical support, whether that is in areas of public financial management in terms of the education ministries, to look at ways of supporting their capacity to again get these basic services up and running. There is a meeting next week of donors to look at the status of the situation in Zimbabwe and how to look at what is appropriate at this time in terms of additional humanitarian or development assistance into the future.

**Senator PAYNE**—That meeting will inform Australia's further approaches?

**Mr Isbister**—It will. I guess Australia will be looking at how we influence and input into that, but we will also obviously be listening to and engaging with other donors about where they are at at this stage.

**Senator PAYNE**—Does this process include discussions with Zimbabwean officials and representatives about a more direct working relationship in the aid sector?

**Mr Isbister**—The World Bank in Zimbabwe, as part of its responsibility, has a role in looking at what appropriate technical assistance and support can be provided to Zimbabwean ministries at this time. The donor group looks at what is appropriate, what sort of targeted assistance can be offered or is appropriate at this time. So, yes, Australia is on the ground and in discussion with other donors around this area.

**Senator PAYNE**—What criteria do you apply to determine what constitutes an acceptable Zimbabwean government ministry, agency or official with which Australia is going to deal?

**Mr Isbister**—I think the minister has made it clear in his statements that he sees with the announcement of the inclusive government opportunity to support reform efforts within Zimbabwe. There are certainly ministries that are focused on how to look at the recovery efforts and the return to basic services, and the Minister for Finance, Tendai Biti, has certainly been very engaged with donors and other ministries to look at ways that support can be provided to health, education and other sectors in Zimbabwe at this time. To be honest, it remains a fragile environment in Zimbabwe. The reason donors have to coordinate their efforts closely is to ensure that we moderate them according to the political situation environment in Zimbabwe and that is going to continue to be an ongoing thing, I think, into the future.

**Senator PAYNE**—Thank you, I appreciate that information.

**Senator JOHNSTON**—Okay, Afghanistan, AusAID and the World Bank. Mr Baxter, *Oxfam Smart development in practice: field report from Afghanistan* released earlier this month raises serious concerns about the poor return on foreign aid into Afghanistan. I do not know whether you have read the document.

**Mr Baxter**—I am aware of it, Senator.

**Senator JOHNSTON**—It focused on the US aid, but I suspect many of the observations made were relevant to what we are doing. On page 6 it says:

Many contractors are widely regarded as inefficient, absorbing a huge volume of funds in consultant costs and profits while providing work that is of variable quality, relevance, and impact, and all done with very little transparency ...



On page 14 of the recent United Nations General Assembly Security Council report of the Secretary-General entitled *The situation in Afghanistan and its implications for international peace and security* it stated:

The ongoing insecurity continues to adversely affect the humanitarian situation, causing temporary displacement and limiting access to those in need ... The security situation hinders independent verification of needs and the delivery of assistance in conflict-affected areas.

We are planning by 2013 to spend \$814.1 million, I believe, and accordingly, my questions are, firstly, have our seven AusAID personnel been put in place in Kabul yet?

**Mr Baxter**—We are in the process of deploying additional staffing resources to Kabul. We have a councillor level AusAID officer who will arrive early next month, or commence duties early next month, and we are looking at providing six technical advisers to key ministries in Kabul. We are going through the recruitment process for those people at the moment.

**Senator JOHNSTON**—When do you anticipate those six brave people will be able to go into service?

**Mr Baxter**—My understanding is that as soon as we can recruit them we would like to deploy them.

**Senator JOHNSTON**—Have we recruited any?

**Mr Baxter**—We did recruit one but that contractor pulled out after the recruitment process was concluded. As you can understand, and as I think you noted, it is a very difficult environment in which to find the right people to operate and we are going through that process.

**Senator JOHNSTON**—Are we looking for volunteers from within our organisation here in Australia or around the world, or are we seeking to find outside assistance in terms of people who have different skills but are able to turn those skills to AusAID's objectives but with other advantages, if you follow me?

**Mr Baxter**—We are looking for people who have particular technical skills that will be of use in strengthening the capacity of the particularly important development ministries of the Afghanistan government.

**Senator JOHNSTON**—What are those particular skills?

**Mr Baxter**—Rural development, water and energy. I will ask my colleague Catherine Walker to help out here.

**Ms Walker**—Yes, we are focusing our assistance on several key ministries in Kabul, including rural and regional development, agriculture, health and education. So we are looking for people with technical skills and with skills in capacity development—that is, they have some background and experience in working within a government environment to build the skills and capacity of Afghan public servants. We are not restricting our search for those individuals to within Australia; we can look internationally for people with those skill sets. As Mr Baxter said, we were close to providing an agricultural expert through UNAMA for the Ministry of Agriculture. Unfortunately that arrangement fell through quite recently. We now have another request made to us by the Ministry of Agriculture for some particular expertise in dryland farming, and we expect that we could probably find that expert within Australia.

We have also had a request from the Ministry of Agriculture to provide a gender adviser, and that is a position that we would seek—

**Senator JOHNSTON**—A what?

**Ms Walker**—A gender adviser.

**Senator JOHNSTON**—What does that mean?

**Ms Walker**—I think it is directed at looking at the way the Ministry of Agriculture includes issues affecting women in agriculture and rural development in its various programs. There are a high percentage of women who are involved in some way in agriculture and rural development.

**Senator JOHNSTON**—Is it anticipated that such a person would in fact be a woman?

**Ms Walker**—It may not be a woman.

**Senator JOHNSTON**—All right. Have we advertised?

**Ms Walker**—The two positions that I mentioned, the dryland farming specialist and the gender adviser, will be advertised shortly, probably within the next couple of weeks.

**Senator JOHNSTON**—The AusAID position in Kabul is the senior position. What are we seeking to stand up there in Kabul? Do we have any technical advice and assistance in how we plan the office, its management, the accommodation and the security for the personnel? I take it it will be a base for the seven officers.

**Mr Baxter**—What we are planning to do initially with the deployment of our councillor-level position is that, for the first few weeks while the government works out permanent embassy accommodation, he will be co-located in the British embassy with the British aid agency, DFID. There are appropriate security and other measures in place to ensure his safety.

**Senator JOHNSTON**—Have we got that person?

**Mr Baxter**—Yes, absolutely.

**Senator JOHNSTON**—Have we contracted with him to go there? If so, for how long?

**Mr Baxter**—This is an AusAID officer who has been posted from AusAID in Canberra to Kabul to represent the agency.

**Senator JOHNSTON**—Goodness! There's a contrast!

**Mr Baxter**—It is a contrast. It is a tough working environment. The reason we are doing this is that it is important that we be able to influence not only the central ministries in Kabul, because Afghanistan has a centralised government system. So, in order to get things moving within the central agencies, we need to have a more senior level of representation on the aid side in Kabul. Also, all of the multilateral agencies have senior representation in Kabul, as do our other donor partners: the Dutch, the Americans, the British et cetera. So this will enable us to play a much stronger role in the donor coordination efforts that are underway at the moment.

**Senator JOHNSTON**—Very good. When do you anticipate that he will be in Kabul?

**Mr Baxter**—He has arrived and will commence duty shortly, probably in the next couple of days.

**Senator JOHNSTON**—Where is he living—broadly? I do not want his address, but I trust it is in an embassy. Is it?

**Mr Baxter**—Yes, he is in secure accommodation. We work very closely with our portfolio colleagues in DFAT and with the Department of Defence to ensure that the security procedures and arrangements that apply to AusAID officers are as stringent as for any other government employees.

**Senator JOHNSTON**—Bear in mind that we do not have any ADF as such in Kabul.

**Mr Baxter**—There are ADF officers in Kabul.

**Senator JOHNSTON**—There are a couple of them.

**Mr Baxter**—We rely for close personal protection—if that is the nature of your question—on the same contracting arrangements that apply to DFAT started in the embassy in Kabul.

**Senator JOHNSTON**—Okay, I am familiar with that. Is this man taking his family with him?

**Mr Baxter**—No.

**Senator JOHNSTON**—When do you think we will have our six technical assistants and experts in place, and can you tell me about the other four?

**Ms Walker**—We have had discussions with the ministries that I have outlined to you about the kinds of assistance that they want. I think that the lengthy period to sort out the election outcome has meant that ministries are focused on issues other than pulling through offers of technical assistance from donors like us. But we are confident that we could have had perhaps two of these specialists in place in Kabul before the end of the year and the remainder in the very early part of next year—January or February.

**Senator JOHNSTON**—Very good. How long do we anticipate having them in place for?

**Ms Walker**—I am not familiar with the kind of contract we will put in place with these individuals. We are using our development assistance facility for Afghanistan—that is, our bilateral facility based in Kabul—to undertake these discussions with the various Afghan government ministries and then to search out the technical specialists and have contract negotiations with them. Clearly, we have an interest in people being prepared to commit for a reasonable period of time—and I would say a reasonable period of time is at least 12 months and possibly longer if we can. I am reflecting the view we have had from Afghan ministry representatives, who say that, if building capacity is the main purpose why you are there, then you do need to have individuals who are prepared to commit for a reasonable period of time. Having said that, it is a tough environment, as you know, and people make their own decisions about whether they are prepared to stick it out.

**Senator JOHNSTON**—And we are providing interpreters for them?

**Ms Walker**—We are hopeful that we may be able to source some people who have language ability. The agricultural specialist who unfortunately has not been able to take up the

post we had hoped with UNAMA and the minister of agriculture did in fact have superior language ability. So we do not rule out—

**Senator JOHNSTON**—He was a Pashto speaker?

**Ms Walker**—He was a Pashto speaker. We do not rule out that we can find individuals, but if we cannot find those individuals with language ability to operate effectively in the ministry then interpretation is a requirement.

**Senator JOHNSTON**—So agriculture is the two technicians. I take it health, education and the others are on the agenda.

**Ms Walker**—Yes.

**Senator JOHNSTON**—We are set to almost double our official development assistance funding in the next four to five years in Afghanistan. What is the basis for that increase? What is the plan? As I think of things confronting those six technicians and the senior AusAID position in Kabul, I will come back to them as we move on. There are a couple of other issues I think we need to explore there, in the nature of vehicles, transport and other things.

**Ms Walker**—We do, indeed, intend to increase the level of assistance for Afghanistan. At the broad level, we would have to say that this is in recognition of the scale of the development challenge we are dealing with. As we have had more experience, albeit from a distance, in operating in Afghanistan, we realise that there are a range of programs that we could usefully contribute to that are being implemented by others. There are some very large national programs which are having an impact and which could clearly absorb more donor funding if that were available. We also recognise that there are some programs, which are more bilateral in nature, that we can introduce or extend, and they would also have an impact. I can think, as examples, of a scholarship program, public sector training, and an extension of the Malaysia-Australia Education Quality Improvement Program.

**Senator JOHNSTON**—Do you mean as model?

**Ms Walker**—Yes, as a model. As well as providing support for large-scale national programs that others are implementing, or that we are implementing in concert with other donors, there are some specific bilateral activities that we have identified, and will continue to identify, that can absorb more aid assistance. We also have a particular challenge, in Oruzgan Province, of looking at what we can do to build the capacity of the provincial administration. This was laid out in the Prime Minister's April statement and we have been working hard—including through fielding a mission for several weeks in Afghanistan—to look at the state of the provincial administration in Oruzgan and what kinds of assistance we might be able to provide in that difficult environment to raise the standard of that administration.

**Senator JOHNSTON**—So am I given to understand that whereas previously we would simply by and large empower the world Bank through our funding mechanisms that have been established over some long period of time, we are now looking to actually be a little more hands-on on the ground? Is that where we are headed here?

**Ms Walker**—I think that is a reasonable assessment; however, I would make the point that we would want to continue our support for programs that have proven to be effective and that have been delivered through the World Bank; through the United Nations in, for example, our

mine action program; through the World Food Program, for food security; and through the ICRC for health assistance in parts of the south of Afghanistan. I would expect that those sorts of multilateral partners would continue to be a feature of our program but we are also looking, as I have said, at some specific bilateral activities.

**Senator JOHNSTON**—We have had a man on the ground at Tarin Kowt. I think I met him. He is a very young man doing quite remarkable things. I was very impressed to see him there. How many people do we have in-country, as of now?

**Mr Baxter**—In Tarin Kowt, specifically?

**Senator JOHNSTON**—Let's talk about in-country and then I am happy to come back to Oruzgan Province, which I think is our centre of effort.

**Mr Baxter**—We have our recently-arrived counsellor in Kabul and two in Tarin Kowt.

**Senator JOHNSTON**—Two in Tarin Kowt! How long have they been there?

**Mr Baxter**—One of the officers is, I understand, on her second rotation over there, and one is on the first rotation.

**Senator JOHNSTON**—Very good, indeed. How are we going to get our people around this country? I have only been there for two days, but I have got to tell you it is virtually impossible to go anywhere, very far, very quickly, to do much that does not involve an enormous amount of circuitous travel in very perilous regions. What is the plan?

**Mr Baxter**—We work very closely with our colleagues in the ADF when we go outside of Kamp Holland in Tarin Kowt, or with our security contractors when we are moving around Kabul. So there is clearly a restraint that the security situation applies to our freedom of movement. We work with the ADF and use their assessments of the security situation to make decisions as to when we can or cannot get off base and go out and do things on the ground.

**Senator JOHNSTON**—Can you tell me—if not now, then on notice—how much has been undertaken from Tarin Kowt in terms of villages visited in, say, the last 12 months? We have not had any casualties of AusAID personnel, thankfully, but I want to know how busy we are. Are we just hunkered down inside the town—that was the impression, I must say, I got—because it is very dangerous? There was a meeting of people supervised by one AusAID officer when I was there. It was quite a large meeting but I would like to get a feel for how adventurous we are in getting 'outside the wire'—I think that is the expression the ADF use. If you could give me that today it would be lovely. If you cannot I would appreciate your taking it on notice, because I think we are going to have to get a feel, over the coming years, as to how engaged we really are, out and about, if we are going to increase our civilian contribution.

**Mr Baxter**—I think there are a couple of points I can make there. The first one is that you are absolutely right, in that the concentration of effort is within base. Largely, we bring people in—the contractors and our partners who are representatives of the central government agencies in Oruzgan Province. I was there in August and met with them. I understand exactly what you mean about freedom of—

**Senator JOHNSTON**—You have been to Tarin Kowt?

**Mr Baxter**—Absolutely.

**Senator JOHNSTON**—I am very impressed and pleased to hear that.

**Mr Baxter**—Our officers there face a very challenging environment, as do our Dutch and American civilian colleagues who are on the ground there. When we make visits—and when our Dutch or American civilian colleagues make visits—off-base, we pool information and we share in the task of what monitoring we can of projects that we have funded, but I am certainly not portraying to you that we have freedom of movement.

**Senator JOHNSTON**—No.

**Mr Baxter**—Far from it. We are working with the ADF to look at how we can improve our access around the province in a prudent way that takes account of the security threat. I think in earlier hearings this week the Chief of the Defence Force made clear that the ADF take their responsibility for providing security for Australia's civilian contingent in Tarin Kowt very seriously, and we are very happy with that. We also work very closely with the MRTF work section, which is on the ground, which I am sure you have met. And we are looking at ways in which we can increase that, because we have capability within AusAID in areas that are very useful to the ADF officers who are undertaking some very good projects there in terms of construction of infrastructure—schools, health clinics and the like. We can apply our expertise to those projects and I think we are improving the way in which we are coordinating the provision of AusAID assistance into those ADF-led projects.

**Senator JOHNSTON**—Have you considered the use of a non-military-painted military vehicle? For instance, the Bushmaster is the standard vehicle of choice. We have seen wheels blown off it but the occupants have survived. But it is a military-style vehicle. Repainted it would be a civilian-style vehicle with all the advantages. Can I suggest you give some consideration to having AusAID—if we are going to increase our role—doing things that are not confused with a military exercise? Do you follow me?

**Mr Baxter**—I follow you, and you understand that one of the restrictions in terms of moving off-base and going out to projects is that we do require, for very good reason, very significant security presence. That does not, on occasion, lend itself to having an easy conversation with members of the local population—because of the security that attends. So, yes, we are mindful of those factors and we are looking, in line with the Prime Minister's statement in April, at how we can be more effective as a civilian presence on the ground. But we will always err on the side of caution in terms of the way in which we deploy our people outside of Kamp Holland and elsewhere in Afghanistan.

**Senator JOHNSTON**—I take it that you have read General McChrystal's report to the President recently, setting out what is required in terms of the duality of the effort there on the civilian side of the ledger.

**Mr Baxter**—Yes.

**Senator JOHNSTON**—I say no more!

**Senator TROOD**—You may have just answered my question, Mr Baxter, but should I take it that your people never go outside without some kind of ADF support?

**Mr Baxter**—That is right.

**Senator TROOD**—And it is a considerable degree of support—is that right?

**Mr Baxter**—It is a level of security that the ADF, as security professionals, judge to be appropriate, given the threat that is involved there. Yes.

**Senator TROOD**—But you cannot go without their assistance.

**Mr Baxter**—No. We have very strict guidelines on the security parameters within which our officers operate on the ground. The same applies to DFAT, the AFP and other civilian agencies that are represented there.

**Senator TROOD**—Okay. Thank you.

**Senator JOHNSTON**—I think that is all I need to talk about with respect to the minister's announcement of 18 August. I want to talk now about our World Bank situation. We have got a legal agreement with the World Bank on the activities that we fund via them. They have an office in Kabul. Is the committee able to see the legal agreement we have on their performance and the disbursement of our funds?

**Ms Walker**—I will take that on notice, Senator. I do not believe that there will be any difficulty. We will be able to come back to you within this session to confirm that.

**Senator JOHNSTON**—Thank you, Ms Walker. As you may recall, last estimates we dealt a little bit with the World Bank. I was looking to be comforted on how we know that we are getting value for money on the ground in the country we are seeking to improve. Do we know where the funds are located? I take it that, in trustee talk, the corpus of the fund is located somewhere and then disbursed electronically or, ultimately, physically into the country. Where is the collective corpus of our concerned countries and contributor countries held? Is it held in London, Paris or Washington? Where is it held? Do we know?

**Ms Walker**—The funds that we provide to the Afghanistan Reconstruction Trust Fund, which were some \$21 million in total last year, are paid to a World Bank account in Washington.

**Senator JOHNSTON**—Is that an account that stands alone to our credit or are they trustees for us? What is the precise nature of the relationship?

**Ms Walker**—It is a trust fund account.

**Senator JOHNSTON**—So do we pay into a common fund which the Dutch, the Canadians, the Americans et cetera also pay into?

**Ms Walker**—That is correct.

**Senator JOHNSTON**—Do we know the total accumulated value of that fund?

**Ms Walker**—Yes, we will have that information for you within this session.

**Senator JOHNSTON**—I am interested in knowing whether we are paying out of the corpus of the fund or out of the interest generated from the fund, and what sort of hit the fund has taken, were it to be invested, in the last 12 months, for example. Is there risk to our money?

**Ms Walker**—I do not believe there is risk to our money. I believe that the funds that would be coming into the Afghanistan Reconstruction Trust Fund are disbursed fairly quickly, given

the range of programs that the trust fund is supporting. It supports, for example, the major national health intervention, the major education intervention, the microfinance program and the recurrent costs of a range of workers in the Afghan government. So I would be surprised if funds were held over in the trust fund, but that is a level of detail that I am not able to provide you with during this session. I can certainly—

**Senator JOHNSTON**—It is not often that I am happy for things to be taken on notice, but I will agree with you there.

**Ms Walker**—We will take that on notice.

**Senator JOHNSTON**—I am really looking for you to tell me about the cost effectiveness analysis that we have done on the fund. I take it that it is in American dollars. My brief experience in Afghanistan was that there is an enormous weight in favour of US dollars in achieving value. On that basis, I am looking for you to tell me that you have made an assessment that the turnaround of the funds methodology that we have seen roll out in the last several years is the best method of achieving our objectives. I actually think that may not be the case, given that I think we would be very surprised by how much we could acquire and contribute on interest only, if you follow me. For instance, one American dollar will buy wages for a week. That is the sort of analysis that needs to be made. If we are just sending money there based upon our value assessment, I think the whole structure of this thing needs to be analysed properly with our partners. The logistics are terrible, but the value of an American dollar is extreme. It is probably one of the most significant discrepancies in relative currency values in the world. I want to know whether we have made an assessment as to the style of operation of this fund, if you follow me.

**Mr Baxter**—There are a couple of points there. A recent evaluation of the trust fund was conducted by an external scrutineer, a Norwegian consultancy called Scanteam. They found that the Australian funded community based development programs that had been financed through the trust fund had produced very good results. Contributions by donors to the trust fund have increased quite significantly over the last year or so in recognition of the effectiveness of some of the programs that are being run through the trust fund. There is an element of donors voting with their feet, if you like, by increasing contributions to that trust fund.

**Senator JOHNSTON**—Yes and no. I think it is a convenience—people see it as a simple transaction. The ongoing management of a fund that really does achieve outcomes is a complex and skilled business.

**Mr Baxter**—Indeed.

**Senator JOHNSTON**—I do not think that Scanteam had anybody in-country. That is the sort of thing that worries me about the oversight of these matters. I have spent a little bit of time having a look at what we are talking about. There is not much of an alternative model option, but I think we need to take a lead, have a look and make some evaluations on a financial basis of whether or not the payment of the actual money or the interest generated by the money is going to give us the long-term security and outcomes we seek. I am not sure we have approached it from an open-minded perspective because we have gone with the convenient option, as all of our partners have, to simply write a cheque.



**Mr Baxter**—I do not necessarily agree with that.

**Senator JOHNSTON**—I am happy for you to haggle with me: I am pleased to engage you.

**Mr Baxter**—First, we are not just writing a cheque, we are looking at the most effective ways of delivering assistance in what is a war zone. The World Bank has particular comparative advantages as a donor coordination mechanism in those circumstances. Ms Walker—

**Senator JOHNSTON**—That is exactly the point I made: it coordinates the donors.

**Mr Baxter**—Yes.

**Senator JOHNSTON**—I am interested in coordinating the outcomes, if you follow me.

**Mr Baxter**—Yes, and it implements some programs that we think are making a very significant difference on the ground in Afghanistan, such as the National Solidarity Program, which is getting into villages, addressing the needs of particular local communities in a way that is led by Afghans; the decisions are made by Afghans, and the programs that result from those decisions are implemented by Afghans. I think there is very broad recognition that this is a program that is working under the World Bank trust fund system.

**Senator JOHNSTON**—We think it is working.

**Mr Baxter**—We see it working because in those areas where it is being implemented there is a high degree of recognition that the coalition presence in Afghanistan, in the broad, is providing benefits to the local population.

**Senator JOHNSTON**—How do you know that?

**Mr Baxter**—Because of the monitoring that is undertaken and the feedback—

**Senator JOHNSTON**—By whom?

**Mr Baxter**—The bank itself has a large team of in-country program managers who supervise projects.

**Senator JOHNSTON**—I can tell you that is: the Afghan Chief Audit Officer.

**Mr Baxter**—That is right.

**Senator JOHNSTON**—With great respect to him, whoever he made be, the fundamental issues that we have been hearing about, particularly from Dr Anthony Cordesman, who I am sure you are aware was here recently, is that there are question marks hanging over these avenues. I do not want to be too critical because this is a young country that we have to be very flexible with and we want to encourage. But 10 kilometres outside Kabul the Taliban have a taxing booth. I am interested in what we are planning to do to walk our way through this large sum of money that has been deposited—it is only \$800 million for us, but it is a hell of a lot more when you combine it with our partners—to see that we are not funding the enemy.

**Mr Baxter**—We have not been made aware of particular problems that would come at the concerns that you are raising; that is, that funding that we have provided under the Afghan Reconstruction Trust Fund is being siphoned off in any way. Yes, I am aware Anthony

Cordesman's comments that a significant proportion of aid is siphoned off, but we are as careful as we can be in the circumstances to ensure that the aid that Australia provides actually gets to those areas. We do have to rely often and obviously on third parties to do monitoring for us because of the security situation. It is really a best endeavours effort that we are providing. We are happy to look at ideas that come at the proposition that aid can be delivered in more effective ways, and we are constantly looking at what we can do within this very difficult environment. The trust fund is one element of our program there, the most significant element, and from the monitoring information that we have seen we do think it is having results. We know that there are concerns about other bilateral donor programs and some other multilateral donor programs, but we think in this case that the trust fund is operating in as effective a way as it can in the circumstances.

**Senator JOHNSTON**—You and I are at one on so many of those issues that it is not an argument, it is simply an exchange of concerns.

**Mr Baxter**—Yes.

**Senator JOHNSTON**—I mentioned that, from my understanding, no Scanteam member from Norway actually went to the country, no World Bank auditors have gone on mission to Afghanistan and visited in person areas where we are told our funds are being spent. In terms of PricewaterhouseCoopers's activities, who is auditing them as to the outcomes in Afghanistan?

**Mr Baxter**—Could you be more specific?

**Senator JOHNSTON**—They are auditors and I am sure we can remember the famous Arthur Andersen audit firm fiasco. Who is auditing the auditor? I know that sounds a pedantic question, but it is a lot of money.

**Mr Baxter**—I do not know the answer to that question. I know, as you do, that the monitoring agent is PricewaterhouseCoopers. They monitor the funds in particular for the Afghan government's operating costs and they conduct site visits. I will find out what the arrangement is to look at what PricewaterhouseCoopers arrangements are, if any.

**Senator JOHNSTON**—Thank you. Who is our representative from Treasury on the World Bank's executive board?

**Ms Walker**—Dr Jim Hagan.

**Senator JOHNSTON**—Who are the members of the Independent Evaluation Group/office established by the World Bank board in conjunction with their then president, President Wolfensohn – I think and Wolfowitz now—and how often do they report? Is it possible for us to review the results of their activities? In other words, I think we need to look at our annual report and talk about the new frontier of our aid because this is going to be there for some considerable time, if I may take the liberty of suggesting things for your annual report. Does World Bank President Wolfowitz, who I think is the president although I am not sure—

**Mr Baxter**—It is Robert Zoellick.

**Senator JOHNSTON**—Sorry, my information is old. Does World Bank President Zoellick have a current role in the selection of members or in any way with the establishment or activities of the Independent Evaluation Group?

**Mr Baxter**—I will ask my colleague, Mr Tinning, to answer that.

**Mr Tinning**—The head of the Independent Evaluation Group is appointed by the World Bank board not by the World Bank president. It is a genuinely independent position and he also reports directly to the World Bank board.

**Senator JOHNSTON**—Remember the board has fiduciary obligations, as does the president. I do not think there is necessarily a great deal of difference, just more people who are liable. Let us analyse what we are saying. The board has appointed the Independent Evaluation Group to deal with its own activities and that is fine, as a governance measure I think it is great. I would like to know who is on it so that I can look at what track records we have on offer in terms of commercial history. As you can see, I am reasonably determined that we do this absolutely as properly as a committee such as ours can do by way of oversight of you, and beyond, as to where we put the money, if you are with me.

**Mr Tinning**—Yes, sure.

**Senator JOHNSTON**—I do not expect you to answer those questions now if you want to take on notice. They will be on the record and you have plenty of time to come back to us. I am sure we will talk about this at almost every estimates hearing.

**Mr Tinning**—The Independent Evaluation Group is quite a large unit and we can give you the details, the name of the head and the names of the staff. They also report very regularly. They have a major annual report that provides an overview of the World Bank and they produce regular reports through the year, all of which are on the public record.

**Senator JOHNSTON**—So you can direct me to their website references.

**Mr Tinning**—Absolutely.

**Senator JOHNSTON**—Thank you very much.

**CHAIR**—We now turn to *Family planning and the aid program: guiding principles*.

**Senator BOSWELL**—Regarding family planning and the aid program, the guiding principals were issued in August 2009. How many requests for funding have been received by AusAID that include a family planning component?

**Mr Baxter**—Is that since the guidelines were issued?

**Senator BOSWELL**—Yes.

**Mr Baxter**—I am not aware of any funding requests having been received as yet.

**Senator BOSWELL**—There has been no funding for family planning and you said there have been no requests.

**Mr Baxter**—In the period since the guidelines were issued, yes.

**Senator BOSWELL**—Were there any requests prior to that?

**Mr Baxter**—I will ask my colleague Mr Davies but I am not aware of anything outside what was already in our program funds.

**Mr Davies**—I confirm what Mr Baxter said. There have been no requests since the release of the revised family planning guidelines.

**Senator BOSWELL**—And no requests before that?

**Mr Davies**—No new requests, that is correct.

**Senator BOSWELL**—No requests at all?

**Mr Davies**—We are providing ongoing support for activities that were approved prior to the release of the guidelines.

**Senator BOSWELL**—How many of these have been approved?

**Mr Davies**—I am not aware that any new activities have been approved since 19 August.

**Senator BOSWELL**—How many family-planning programs have you approved before or after?

**Mr Davies**—In the 2008-09 financial year, there was somewhere in the vicinity of \$8 million in funding for activities that are broadly in the family-planning category, including ongoing support for the United Nations Population Fund, the International Planned Parenthood Foundation and activities of, I think four, non-government organisations in five countries in the region.

**Senator BOSWELL**—Could you provide details of each of these requests, including the nature of the family-planning activity, the amount of funding requested, the body requesting the funding, the country or countries in which the activity is to take place and the status of the request.

**Mr Davies**—As indicated, these are not new requests. These are programs that were approved—

**Senator BOSWELL**—I understand that but I am asking for details of all the family planning components that you have granted AusAID money to.

**Mr Davies**—We can certainly provide that. I believe that information has previously been provided in response to questions on notice. If there are any gaps in that information we will check and get back to you.

**Senator BOSWELL**—I do not recall ever receiving any information but I am not saying I did not.

**Mr Baxter**—Maybe I could just reiterate the information that we have put on the public record. Australia is providing \$171.4 million over four years, 2008 to 2011, to support women and children health initiatives in five countries: Indonesia, Bangladesh, Nepal, Pakistan and the Philippines. Family planning activities are an important component of those initiatives.

Australia is also providing \$125.1 million between 2008 and 2011 to support broader health system strengthening in the Pacific island region, Indonesia, East Timor, Vietnam and Cambodia and assisting family planning by supporting better access to services through improved nurse training, facilities, supply chains and health financing.

This year Australia has provided a total of \$10 million in core funding to two international agencies, namely \$7 million to the UN Population Fund and, as Mr Davies said, \$3 million to the International Planned Parenthood Federation. Those two organisations provide a range of family planning services in over 150 countries. We will also provide funding this year to a

total of \$549,983 to three non-government organisations to undertake family planning activities in five countries.

**Senator BOSWELL**—What are those?

**Mr Baxter**—Those non-government organisations are the Adventist Development and Relief Agency, Marie Stopes International Australia and Sexual Health and Family Planning Australia.

**Senator BOSWELL**—I repeat, can you break those amounts of money down into what is going into East Timor for what programs and all those other countries that you are providing aid for under family planning? Could you be specific in what that money is going to?

**Mr Baxter**—In the context of some of the South-East Asian countries, I will ask Mr Maude to provide some details. But anything that we cannot provide you today we are happy to provide you on notice.

**Mr Maude**—In terms of East Timor, we are part of a major multi-donor effort to improve health outcomes particularly for women and children. As you probably are aware, the maternal mortality rate is extremely high in East Timor. Many births are not attended by skilled midwives, and contraceptive prevalence is very low. We are working through a number of measures to try to address these problems. One of the measures we are taking is supporting the construction of maternity clinics at 14 community health outposts as part of the health sector strategic plan. We are also training midwives at the University of Timor-Leste and have been providing sexual reproduction health training for nurses through Marie Stopes International.

**Senator BOSWELL**—How in the name of goodness can you provide funds to Marie Stopes in East Timor, which has a complete ban on abortions? Marie Stopes provides abortions.

**Mr Baxter**—We do not provide money for Marie Stopes in East Timor to carry out abortion services because it is not in accordance with the law of the country. That is a fundamental principle of our family planning guidelines.

**Senator BOSWELL**—I am very glad to hear that. How much money have you given Marie Stopes and how does that organisation spend that money?

**Mr Maude**—Senator, we have provided about \$150,000 in 2007-08 to Marie Stopes to establish a reproductive health centre in Dili with outreach into rural areas.

**Senator BOSWELL**—What does reproductive health relate to?

**Mr Maude**—This is a centre where people can come to get information, advice and access to contraception but, as Mr Baxter says, entirely consistent with the policies and provisions of the government of Timor-Leste.

**Senator BOSWELL**—By what means do you monitor what Marie Stopes does? Do you just give them \$150,000 and say, 'That is not for abortions,' and take it that they will not go there, or is there some form of monitoring or auditing of that \$150,000?

**Mr Baxter**—The first thing is that, with any funding we provide, a condition of that funding is that the NGO receiving that funding must comply with our guidelines. One of the

guidelines is that they must act in accordance with the laws of the country in which they are operating.

**Senator BOSWELL**—I understand that, but how do you monitor that? Marie Stopes is a worldwide abortion provider. How do you monitor that the \$150,000 that is provided to them is not used for abortions? I know you can tell me that you can tell them they are not to do it, but how do you monitor it? Is there any way you monitor that \$150,000?

**Mr Maude**—We are represented in Dili. We have a team of A based and locally based people. One of their major tasks is to monitor and evaluate the activities of the partners we work with. They would be in communication with Marie Stopes. They would be going into the field and seeing their operations. Marie Stopes would be obliged to report to us on the use of the money consistent with the original work plan that they would have provided, which is of course to be consistent both with Timor-Leste policy and with Australian government policy.

**Senator BOSWELL**—You have provided global figures that you have given to or placed in a number of countries. What I would like you to do, now or on notice, is to give me the name of the country, the name of the organisation that the money is going to and what that organisation is doing with that money. Do you understand what I am asking for?

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

**Senator BOSWELL**—You have quoted a number of amounts of money that are going out to a number of family planning and aid programs. I want to know the amounts of money split up into what country it is going to, what NGO it is going to and what service the NGO is providing.

**Mr Baxter**—We are very happy to do that.

**Senator BOSWELL**—What measures will be in place to ensure that Australian overseas aid is not used to fund sex-selection abortions in Vietnam or any other place?

**Mr Baxter**—The guiding principles that you referred to earlier state that the prevention of unwanted pregnancies through family planning is the highest priority. So every attempt will be made to minimise the need for any terminations in funding activities under the guiding principles. Sex-selective abortion is explicitly prohibited in Vietnam. Therefore, one of the guiding principles that I have already mentioned—that those recipients of Australian funding must comply with the law of the countries they are operating in—would apply in those cases, obviously. As with Mr Maude's answer on East Timor, we have representation in both Hanoi and Ho Chi Minh City, and part of the responsibility of AusAID officers in countries is to monitor the implementation of our programs.

**Senator BOSWELL**—Could you point me to the provision in the revised guiding principles that will ensure that sex-selection abortions are not funded by AusAID? Can you tell me where to look in the new planning aid program guiding principles?

**Mr Baxter**—As I mentioned, the guidelines are very specific that the recipients of our funding are to operate in accordance with the laws of the country. If the laws of the country, as they do in the countries you have mentioned and in many other countries, prohibit sex-selective abortions—

**Senator BOSWELL**—What if they do not?

**Mr Baxter**—I am not aware of anywhere that does allow sex-selective abortions as a legal method of family planning.

**Senator BOSWELL**—Surely you have that written in your guidelines somewhere?

**Mr Baxter**—It is covered—

**Senator BOSWELL**—I know it might be implied, but—

**Mr Davies**—In the revised guidelines under the last bullet point, the first dash point indicates that Australia may provide:

... the same range of reproductive health and family planning services for women in developing countries as are supported for women in Australia, subject to the national laws of the relevant nation concerned

**Senator BOSWELL**—What page is that on?

**Mr Davies**—Page 3 of the revised guidelines.

**Senator BOSWELL**—Could you just read them again. I was being interrupted by the chairman, who is trying to wind me up.

**Mr Davies**—It says:

Australia's assistance should actively work towards improving the quality of care in family planning and reproductive health programs by (but not limited to):

- providing the same range of reproductive health and family planning services for women in developing countries as are supported for women in Australia, subject to the national laws of the relevant nation concerned.

**Senator BOSWELL**—But I would not imagine that sex-selection abortions would be allowed in Australia.

**Mr Davies**—Neither in Australia nor in the countries that you have referred to.

**Senator BOSWELL**—What countries are they allowed in?

**Mr Davies**—To my knowledge, sex-selection abortions are prohibited in all countries.

**Senator BOSWELL**—To quote from the design principles:

Are there any partner government policies which limit the ability of women and men to make free and informed choices about timing of childbirth and family size? If yes, how will these be addressed to ensure the activity provides a voluntary approach to family planning?

**Mr Davies**—Would you mind repeating that?

**Senator BOSWELL**—Design principle 1 asks:

Are there any partner government policies which limit the ability of women and men to make free and informed choices about timing of childbirth and family size? If yes, how will these be addressed to ensure the activity provides a voluntary approach to family planning?

**Mr Davies**—This is a point which is unchanged from the previous version of the guidelines.

**Senator BOSWELL**—So you are saying this has not been changed?

**Mr Davies**—That is correct.

**Senator BOSWELL**—So what does that mean? If it has not been changed, what was it before?

**Mr Davies**—It is essentially asking organisations to verify that they are not operating in an environment where coercive practices prevail.

**Senator BOSWELL**—So we are taking them at their word? We are not monitoring it?

**Mr Davies**—As Mr Baxter has said, we have staff stationed in a range of countries in the region and we are certainly able to independently check statements that are made in response to these questions.

**Senator BOSWELL**—Which countries that are possible places where AusAID funding for family planning activities may be requested have government policies which limit the ability of women and men to make free and informed choices about timing of childbirth and family size?

**Mr Davies**—As is well known, China and Vietnam are frequently mentioned as countries that have, at this stage, target-driven population policies in place, at least in some parts of the country.

**Senator BOSWELL**—How much money have we got going into Vietnam?

**Mr Davies**—At this stage, in terms of non-government organisations, I am only aware of one activity, which is a small activity of the Adventist Development and Relief Agency which Mr Baxter mentioned, and I will ask Mr—

**Senator BOSWELL**—When you say ‘Adventist’, is that the Seventh-day Adventists?

**Mr Davies**—I am not sure.

**Mr Baxter**—I presume so, yes.

**Senator BOSWELL**—Well, they would be pretty safe. No Marie Stopes in Vietnam?

**Mr Davies**—I believe they operate in Vietnam, but we are not supporting any work by Marie Stopes in Vietnam.

**Senator BOSWELL**—How does AusAID consider a foreign agency providing abortion services in a country which has government policies which limit the ability of women and men to make free and informed choices about timing of childbirth and family size? How could you effectively ensure that its services provided a voluntary approach to family planning?

**Mr Baxter**—Senator, if you are talking about a foreign country operating in a third country then obviously that is not something that we have any jurisdiction or control over, and as a general principle the government does not support any sort of coercive approach to family planning activities.

**Senator BOSWELL**—But I think what this means is you have got an agency—and it could be Marie Stopes—providing abortion services in a country—and it could be Vietnam—that has government policies which limit the ability of women and men to make free and informed choices about timing of childbirth and family size. How could you effectively



ensure that the services provided by Marie Stopes included a voluntary approach to family planning?

**Mr Baxter**—We would not support that sort of activity. But, if it was taking place in a third country, Australia would have very limited capability to do much about it.

**Senator BOSWELL**—No, what it means is: if you give money to a foreign agency, how can you make sure that this money is not used to coerce people into having an abortion or limiting the size of their family? If you are giving money to someone, how do you ensure that the people you are giving it to are not using it—

**Mr Baxter**—As part of the contractual agreements between AusAID and any NGO or other body that would receive our funding, they would be required to adhere to the guiding principles that we have established. We would monitor their activities and their activity reports, the design of their program—we would look at that as part of making the decision on funding, and if it did not adhere to those guiding principles we would not fund it.

**Senator BOSWELL**—Thank you very much.

**CHAIR**—Thank you, Senator Boswell. Senator Payne.

**Senator PAYNE**—Chair, I indicate that I have questions in relation to the following items: responsiveness and accountability funding, the debt-to-health swap with Indonesia, child and maternal health, microfinance, the Mine Action Strategy, disaster risk reduction, AusAID statistical summary series, Football Federation Australia, Burma, multilateral strategies, the Responsibility to Protect Fund, the reduction of violence against women and the Enterprise Challenge Fund. My capacity to ask questions about these items appears, in the time frame available to me, to have been slightly impacted by matters Afghanistan and others, so a large proportion of those will obviously have to be placed on notice, unfortunately. I make the observation that I appreciate that these are constrained estimates because they are supplementary, but I think 2½ hours is perhaps not an adequate time for the examination of AusAID estimates, given the very significant issues that are now before both the organisation and therefore the committee into the future. I would just make that observation. And I know that there are others of our colleagues who have not even been able to be here today who would have further questions. Perhaps I could just pick out a couple of those items and spend the next 10 minutes—

**CHAIR**—You may ask what you will until 6.30 pm, Senator Payne.

**Senator PAYNE**—Thank you.

**Mr Baxter**—Senator Payne, I have some of the supplementary information on the PNG program that you asked about. Would you like me to put that on the record?

**Senator PAYNE**—Yes, please, Mr Baxter. I do not think I will go back to it, but yes.

**Mr Baxter**—You asked about the definition of ‘good condition’ in terms of the work we are doing on priority national roads in PNG. The definition of road conditions in PNG comes from the PNG Department of Works and is recorded in their asset management program. To date, the definition of ‘good’ has been ‘a sealed road with minimal potholes’. In order to improve the definition, a new classification has been developed. The proposed new definition

is 'trafficable by two-wheel-drive vehicles in all weather conditions with an average travel speed greater than 70 kilometres per hour or at design speed'.

**Senator PAYNE**—Two-wheeled vehicles with an average speed—

**Mr Baxter**—No, two-wheel-drive vehicles.

**Senator PAYNE**—I was thinking of a lot of bicycles or motorcycles.

**Mr Baxter**—The Transport Sector Coordination, Monitoring and Implementation Committee is chaired by the Secretary of the Department of Transport and includes the heads or nominated delegates of the following PNG government agencies: Department of Transport; Department of Works; Department of National Planning and Monitoring; Department of Treasury; PNG Ports Corporation; the Civil Aviation Authority; National Maritime Safety Authority; National Roads Authority; National Road Safety Council; and the senior AusAID officer in Port Moresby. The Minister-Counsellor is also part of that committee. The committee provides strategic oversight for the management and implementation of the transport schedule under the partnership and is responsible for looking at the performance of both the government of PNG and the government of Australia in the transport sector.

You also asked about the funding under the partnership for development, the proportion of technical assistance. Total allocation under schedule 4 of the partnership is \$77.6 million and the total technical assistance allocation is 79.9 per cent of that, which is \$62 million. There is no NGO funding. The Australian government officials account for 50.8 per cent and contractors 49.2 per cent, respectively \$31.5 million and \$30.5 million.

**Senator PAYNE**—Thank you. I will not go back to those issues now, but we may have to pursue some of those on notice. I want to ask a very brief question around the Australian bid for the FIFA World Cup in 2018 or 2022. It is not a matter on which I have been able to find any information on the AusAID website, but the CEO of the Football Federation of Australia visited the parliament in September this year and briefed members and senators about the FIFA World Cup bid. At the time, mention was made of a partnership between the FFA and AusAID in relation to the development of sporting facilities in remote areas as part of the campaign in support of the World Cup bid. Can you provide us with any further information on that?

**Mr Baxter**—I will ask my colleague Margaret Callan to take you through that.

**Ms Callan**—Senator, you may be aware that the Prime Minister announced at the Pacific Islands Forum a partnership agreement between the Australian government, Football Federation of Australia and the Oceania Football Confederation.

**Senator PAYNE**—Yes. Is any further information available? I am aware of that announcement, but I have not been able to find any further information about what is entailed, what AusAID is intending to do, what your level of engagement is, who is paying for what.

**Ms Callan**—The Australian government contribution to that program is \$4 million over three years from 2009-10 to 2011-12. Because it is a partnership agreement, there are contributions by all parties to the partnership—that is the Oceania Football Confederation, the Football Federation of Australia and the Australian Sports Outreach Program, which is an AusAID-Australian Sports Commission program.

**Senator PAYNE**—In which countries will AusAID be engaged in this partnership?

**Ms Callan**—The Australian Sports Commission and the Oceania Football Confederation are working with local football authorities in Samoa, Tonga, Solomon Islands and Vanuatu, and there is an intention to eventually extend the program to Papua New Guinea—perhaps by year 3.

**Senator PAYNE**—Is it envisaged that any funding other than the \$4 million over three years will be required?

**Ms Callan**—The partnership agreement refers to a review of the partnership as it progresses, with a view to identifying whether the partners wish to extend the partnership. It says Football Federation Australia will convene a meeting, no later than 30 June 2011, for the specific purpose of considering an extension to the current term of the partnership.

**Senator PAYNE**—Will AusAID be involved in the development of specific sporting facilities, or is it a more cerebral partnership than that?

**Ms Callan**—AusAID's contribution to the partnership is the expertise in sports development which comes from the Australian Sports Outreach Program. We will be contributing the expertise and experience of community development principles and processes which are part of the Australian Sports Outreach Program.

**Senator PAYNE**—So it is more an intellectual contribution than a physical contribution? That is the contrast I was trying to draw.

**Ms Callan**—Yes, I think that is a reasonable characterisation.

**Senator PAYNE**—I want to deal with a couple of quick questions in the microfinance area. I was advised at, I think, the last estimates that the government had made a commitment to doubling funding for microfinance to around \$20 million by 2013. But I could not locate that figure in the budget figures, nor could I locate any particular statements about it. Has the government made any particular statements about that commitment since then?

**Ms De Lacy**—No, there have not been any public statements made about that. It is an internal ambition for the aid program to increase its proportion of spending on microfinance activities. It has not been a public pledge.

**Senator PAYNE**—I think you indicated at the time that a draft policy framework on microfinance was in development which you expected to be released for comment in July, with the final document to be released around the end of the year. Where is that process up to?

**Ms De Lacy**—It went out for public consultation on 18 September. It was put on the website. We also invited most of the major microfinance groups to contribute their comments. So it was not just put out on the website and left there. Public comments closed on 12 October, although there are still a few coming in. So far, we have received 17 different comments on the draft strategy, and we still hope to have it finalised by the end of the year.

**Senator PAYNE**—How would you characterise the document's role in terms of AusAID's work around microfinance?

**Ms De Lacy**—The purpose of the strategy is to guide the development of new programs and the priorities the government will put towards microfinance activities. It includes a

performance framework so that we can be held accountable for the sorts of things we are trying to achieve with our microfinance spending.

**Senator PAYNE**—Does that mean we would then see more information on microfinance in the budget papers?

**Ms De Lacy**—It is not clear exactly where the detail of microfinance expenditure will sit but as part of reporting on the performance of our efforts in microfinance we would want to make clear how much we were spending. We have yet not worked out exactly how information on the reporting of the strategy will occur but certainly the expenditure, where it occurs as well as the results of that expenditure will be part of it.

**Senator PAYNE**—How will, for example, this committee be able to review that sort of spending? As you would appreciate given you have had 17 submissions on it there is quite a deal of interest at community level about the value of microfinance, some of which I share and some of which I do not. That is not to say that I am not interested in reviewing Australia's activities in the area. When it is not in the PBS and not part of that formal process it is harder to do that, so how do you expect it will be reviewable, for example, by a committee such as this?

**Mr Baxter**—I would expect that as we develop initiatives and they are approved by government we will announce them publicly and provide details of those particular activities and that will give you the visibility you need to then question on the performance of those.

**Senator PAYNE**—Chair, I assume you may have a view about the time.

**Mr Baxter**—I want to add a piece of information that Senator Johnston asked for. He asked about total contributions to the Afghan reconstruction task force. Those contributions amount to \$3 billion at the moment. In the last year, which is March 2008 to March 2009 in the Afghan financial calendar, donor contributions amounted to just over US\$626 million and there were disbursements in that period of US\$564 million.

**CHAIR**—Because of time constraints, that concludes our examination of AusAID at this stage. I thank the officers and officials for attending and being of assistance to the committee. We are not going to take an evening break at this stage. We are going to keep working through, and so we will go on to DFAT general straightaway. Senator Trood will have the floor and continue the questioning. We will then go to Austrade and DFAT trade but I am advised that the questioning is not anticipated to take a great deal of time. We will see as we go.

[6.34 pm]

**CHAIR**—I welcome representatives from the South and West Asia, Middle East and Africa division of the Department of Foreign Affairs and Trade.

**Senator TROOD**—My questioning takes in Sri Lanka, so it would be helpful if Ms Stokes could come back to the table.

**Mr Wise**—Senator Trood asked a couple of questions this morning and I can table answers while we are waiting for Ms Stokes to come to the table.

**Senator TROOD**—Ms Stokes, these questions are about Sri Lanka. I want to know whether or not the Australian government can give me a best estimate of the number of people who are in camps in north-east Sri Lanka as a result of the completion of the war against the LTTE.

**Ms Stokes**—The information I have is that there are around 250,000 people in the camps.

**Senator TROOD**—How many camps are they in?

**Ms Stokes**—I do not have that information here but we can get that for you.

**Senator TROOD**—What information do you have about the access to those camps by aid people and by the international press?

**Ms Stokes**—I do not think I have information about the media, but my understanding is that aid groups do have access to the camps and are working in the camps.

**Senator TROOD**—Do you have any knowledge about the regularity of the access, the frequency with which they are entitled to go in there and the period of time they are allowed to remain?

**Ms Stokes**—I do not have precise information but I believe the access is reasonably regular.

**Senator TROOD**—Reasonably regular? Well, it could be regular if it was once a month or once a week.

**Ms Stokes**—They are delivering aid so my clear understanding is that, if it is not constant, they have regular access to the people in the camps. It was not always so, but the Sri Lankan government has given access.

**Senator TROOD**—Have any Australian government officials been into the camps?

**Ms Stokes**—Yes, they have.

**Senator TROOD**—When was the last visit? Can you tell me that?

**Ms Stokes**—I may need to take that on notice. I can probably find out about that pretty quickly and get back to you pretty quickly.

**Senator TROOD**—I am interested in the assessment of the official as to the state of these camps and the conditions under which people are living.

**Ms Stokes**—The conditions are difficult and I do not think there is any doubt about that. The message we are giving to the Sri Lankan government very frequently is that they need to do what they have promised, which is to have people out of the camps by the end of the year.

**Senator TROOD**—The end of 2009?

**Ms Stokes**—That is right.

**Senator TROOD**—'Difficult' is a word that conjures up all sorts of possibilities. What does 'difficult' mean in these circumstances?

**Ms Stokes**—It is difficult living conditions in terms of water, sanitation, the monsoon rains—

**Senator TROOD**—They are about to come, aren't they?

**Ms Stokes**—They are either about to come or have arrived.

**Senator TROOD**—So whatever ‘difficult’ means, it is likely to get worse. Is that what you are saying?

**Ms Stokes**—We are worried about the conditions in the rains.

**Senator TROOD**—Do people have cover and accommodation in the camps?

**Ms Stokes**—They do have and I believe it is rudimentary.

**Senator TROOD**—Does that mean tents?

**Ms Stokes**—I do not have that information here.

**Senator TROOD**—Have you received a report from your officer?

**Ms Stokes**—Yes, we have.

**Senator TROOD**—Has that person not reported in some detail about the state of the camps?

**Ms Stokes**—They may well have. I do not have that information with me right now.

**Senator TROOD**—Take that question on notice, would you, because I would like to have that information. It seems to me, Ms Stokes, that there is a lot of conflicting information about the state of these camps. But there is a consistent theme coming through about the state of the camps, which is, that ‘difficult’ vastly understates the situation, I suspect. I would like from an official who has been there and visited the area—and whose credentials, I think, are probably impeccable—some account of what you assess the circumstances to be like.

**Ms Stokes**—AusAID is also well placed to answer that question. A lot of Australian humanitarian assistance has been delivered to the camps via international organisations. If my memory serves me correctly, it is an AusAID officer who has visited the camps. But we can get that information. It is obviously of great interest to the high commission as well and to ourselves here in DFAT.

**Senator TROOD**—You have pressed the Sri Lankan government to have these people resettled by the end of the year. I assume you mean out of the camps. Is that right?

**Ms Stokes**—That is right. I should correct what I said. The Sri Lankan government is committed to resettle over 80 per cent of civilians from the camps by the end of the year.

**Senator TROOD**—Are you confident that that can be achieved?

**Ms Stokes**—We are pressing them hard to do that. We think it is very important.

**Senator TROOD**—My understanding is that it is a very slow rate of processing, if that is the appropriate word.

**Ms Stokes**—It is.

**Senator TROOD**—Since we are now towards the end of October, by the end of December processing 250,000-280,000 or whatever the number might be by the next few months or so would seem to be almost impossible task considering the progress that has been made already. Wouldn't you say that is rather beyond reasonable expectation?

**Ms Stokes**—There is no doubt progress has been slow; I completely agree. The Sri Lankan government, though aware of the problem that the monsoon will bring, has announced that it wants to speed up the resettlement. So it itself has announced that it wants to speed up the resettlement process. There is no doubt that the international community is willing to support them in doing that.

**Senator TROOD**—You have made representations along those lines, have you, the Australian government?

**Ms Stokes**—Yes.

**Senator TROOD**—Through the high commission in Colombo to the government and through the high commissioner here?

**Ms Stokes**—That is right, and also through many public statements the foreign minister has made, including a statement to parliament a month ago.

**Senator TROOD**—Are the most recent of these representations daily representations, or weekly? How frequently are you pressing the Sri Lankan government?

**Ms Stokes**—It is certainly frequently.

**Senator TROOD**—I see. And at every level, you are saying.

**Ms Stokes**—It is at every level. Our high commissioner has raised the matter with ministers and with secretaries. She has raised it with the Minister for Human Rights and Disaster Management, the Minister for Foreign Affairs, the secretary of the presidential secretariat, the secretary of the Ministry of Foreign Affairs, the secretary of the Ministry of Disaster Management and Human Rights, the senior adviser to the President and the secretary of the Justice Ministry. We are in frequent contact with the high commissioner here in Canberra, and also the Foreign Minister has spoken on numerous occasions with his counterpart.

**Senator TROOD**—Has the Prime Minister had a role to play in these representations?

**Ms Stokes**—I do not have information on that with me.

**Senator TROOD**—As far as you are aware, the Prime Minister has not intervened. Is that right?

**Ms Stokes**—I do not have information on it.

**Senator TROOD**—So he may have but you do not know about it.

**Ms Stokes**—He may have and I just do not have information on that here.

**Senator TROOD**—If he did, you do not know about it.

**Ms Stokes**—Yes.

**Senator TROOD**—You may have heard some in the Tamil community expressing deep alarm about the activities taking place in the camps. Have you received any representations from the Tamil community about the state of affairs in these camps?

**Ms Stokes**—We are certainly have. The foreign minister met with 16 members of the Australian Tamil community a month ago to hear their concerns firsthand and also to convey to them what the Australian government has been doing.

**Senator TROOD**—I see. I have received representations from the Tamil community, perhaps as many members of the parliament have, and some of them are very alarmed about the policy intention of the Sri Lankan government in these matters. They in fact make suggestions along the lines that there is very little intention to release people. Certainly, processing them by the end of the year seems to be the last thing on the government's mind, according to these representations that I have received. Even more serious charges, which would perhaps attract international law sanctions, have been suggested in relation to the Sri Lankan government. Have you investigated any of these kinds of claims that the Tamil community have made?

**Ms Stokes**—I am not exactly sure about your question. Do you mean on the legal options or other aspects?

**Senator TROOD**—You will know, I think, that the Tamil community have made charges in relation to the Sri Lankan government's policies, which, were they to be true, would amount to significant breaches of international law. My question is: have you undertaken any kind of investigation of that likelihood?

**Ms Stokes**—I do not think that I am able to answer your question—it is too general. I can say that we are deeply concerned about the situation in the camps and this concern is shared by many other countries. So there is a great deal of pressure on Sri Lanka to see progress in relation to these camps. So the period ahead of us is obviously a very important one.

**Senator TROOD**—There has been a lot of pressure on the Sri Lankan government for a long period of time, even prior to the end of the conflict, none of which seems to have made a great deal of difference. I wonder whether or not you within the department and members of the international community have contemplated anything more than representations to the Sri Lankan government. Have there been any discussions about more serious sanctions, for example, against the Sri Lankan government, or do you think that it is not justified?

**Ms Stokes**—I am not aware of discussions in a formal sense about sanctions. I do know that there is very close coordination amongst the missions in Colombo about the best approach to take to the issues, and from our perspective it is very important to continue to engage with the Sri Lankan government.

**Senator TROOD**—That may well be true. Is it the view of the department that the status of Tamils in Sri Lanka now is a major cause of the number of boat people and asylum seekers leaving Sri Lanka?

**Ms Stokes**—We certainly see it as definitely one of the factors. There has been all of the very long conflict; there have been a lot of displaced people; and there are Sri Lankans who do not see a future for themselves and their families in Sri Lanka. There is no doubt about that.

**Senator TROOD**—What, if anything, has the Australian government done to try to offer assistance to the Sri Lankan government? You have made representations. You have pressed



them to improve conditions. Beyond volleyball activities, have you made any practical offers of assistance which you think might, for example, speed up the processing and resettlement of Tamils? Have you done anything in those kinds of practical terms?

**Ms Stokes**—Yes, we have. Last month the foreign minister announced a number of additional measures to support the resettlement of the internally displaced persons. A further \$1 million through the IOM, the International Organisation for Migration, for de-mining efforts—actually I do not have the detail of what the \$5 million is for, but the \$5 million was to support the resettlement of IDPs, including for demining.

**Senator TROOD**—Was that money available directly to the Sri Lankan government?

**Ms Stokes**—No, it will be delivered through international organisations including UNHCR and the IOM. We have a little bit more detail here. Through this funding, Australia will provide assistance for continuing the process of documenting internally displaced people to facilitate their return to their homes, and food and water for travel and reintegration and assistance to families hosting displaced people.

**Senator TROOD**—As to the number of Sri Lankans who have left, do you—and I know you are not the primary department responsible for this—keep statistics on the numbers of Sri Lankans who have arrived as asylum seekers and the number of Sri Lankans who have been granted asylum over a period of time? I appreciate that this is primarily a responsibility for the department of immigration, but do you have any of these statistics?

**Ms Stokes**—No, I am sorry, I do not have those with me.

**Senator TROOD**—You have received representations from the Tamil community. Have you received representations from the international aid community, the NGO community, about conditions in camps?

**Ms Stokes**—We may have received those. I do not have that information here.

**Senator TROOD**—Perhaps you would look through your files and tell me whether or not the NGO community has been in touch with the department about that.

**Ms Stokes**—Yes.

**Senator TROOD**—Chair, I think that is as much as I wish to ask about that.

**CHAIR**—Do we have further stuff on South Asia? Since we do not, we will turn now to the Pacific.

**Senator FERGUSON**—Sorry, Chair—before Ms Stokes goes, I just have a couple of questions on Africa.

**CHAIR**—Ms Stokes, if you could return—Senator Ferguson has a couple of questions for you on Africa.

**Senator FERGUSON**—I have a couple of very brief questions on Africa. I will preface them by saying that I have nothing but praise for the work of the your mission in Nairobi, who arranged a very good program for me at reasonably short notice a couple of weeks ago, and the work they are doing there in difficult times because of the drought in particular. One of the people I saw while I was there was the head of the Kenyan Red Cross, and I think on that day the Australian government had given \$25,000 to the Kenyan Red Cross to purchase

seed, prior to the short rainy season, which they would hope would have started already, I would say. When it comes to amounts—whether \$25,000 or \$100, 000—being given as additional amounts to a government like Kenya's, is that something that your post requests from the government? I understand it was not through AusAID; I understand it was a direct grant to the Kenyan Red Cross in order to provide seed for these people in the drought stricken areas because they simply did not have any seed left. I just want to know what the process was: who makes the decision, who makes the request, et cetera.

**Ms Stokes**—I do not have the information on that. AusAID would be able to give you precision on that.

**Mr Ritchie**—You were saying, Senator, that you did not believe it was through AusAID?

**Senator FERGUSON**—I did not know; that was the point.

**Mr Ritchie**—We would need to check with AusAID whether it was AusAID funding. It could well be as part of the humanitarian assistance program or through AusAID funding. The only other program we have is one which is called the Direct Aid Program, which is administered by the high commission, and we have strict guidelines about how that is to be spent. But we would need to just check what the source was.

**Senator FERGUSON**—Because of the size of the aid—it was not an enormous amount—I was wondering whether or not they had the ability to be able to make smaller grants to people like Red Cross without it going through the whole process of AusAID having to—

**Mr Ritchie**—That is correct. Senator, we have a program called the Direct Aid Program, DAP, which is money provided by AusAID but under which not all but a large number of our missions are actually allocated a certain amount of funding and are permitted to spend it within certain guidelines that we set—directly.

**Senator FERGUSON**—Is there an upper limit as to the amounts that they can—

**Mr Ritchie**—Yes, there is, Senator.

**Senator FERGUSON**—How high is it?

**Mr Ritchie**—I would need to get the guidelines for you. We have just recently adjusted it. I think the upper limit was of the order of about \$30,000 or \$40,000. We specify what it has to be used for. Obviously it has to be eligible to be counted as ODA, as well, but they are small grants for small, particular purposes and we make good use of that practice around the world.

**Senator FERGUSON**—How many posts do we have in Africa? We have South Africa, Harare, Nairobi, Cairo and Nigeria—

**Mr Ritchie**—Pretoria, Harare, Port Louis—which is Mauritius—Nairobi, Cairo, Abuja and Accra.

**Senator FERGUSON**—They are ticked in times like these in East Africa. They are under a bit of stress, I would say.

**Mr Ritchie**—Absolutely.

**Senator FERGUSON**—I just wanted to know the process. I was not quite sure whether they had that sort of discretion.

**Ms Stokes**—I might just add, Senator, that in some places where there are AusAID staff, they have also what they call ‘small grants schemes’ which are usually on a slightly larger scale than DAP. They can fund larger activities, though they are still relatively small. That is managed by the AusAID staff.

**Senator FERGUSON**—Do we have any involvement at all through the mission with organisations like, say, the Kenya Wildlife Service where, because of the conditions, there is an upsurge in poaching ivory and those sorts of things? Do we have an involvement with those?

**Mr Ritchie**—I am not sure whether we have a financial arrangement with them. I had a posting in Nairobi myself and during that time we were in contact with people like the Kenya Wildlife Service and others.

**Senator FERGUSON**—I hope the traffic was not as bad when you were there.

**Mr Ritchie**—It was pretty bad. In fact I am going to be in Nairobi on Sunday, Senator, so I will ask them directly for you.

**Senator FERGUSON**—I hope the High Commissioner is off her crutches.

**Mr Ritchie**—I hope so too. I heard that that had happened.

**Senator TROOD**—I have a question about Afghanistan. I am just pushed to know the number of diplomatic staff that we have in Kabul.

**Mr Wise**—As I think we mentioned before, we prefer not to give numbers of staff for individual missions. We can give them on a regional basis, for reasons which, I think, you understand.

**Senator TROOD**—I thought you had actually done that in places. Can you tell me how many locally-engaged staff there are in Afghanistan?

**Mr Wise**—We can get that information for you, Senator.

**Senator TROOD**—You can at least tell me that, can you?

**Mr Wise**—Definitely.

**Senator TROOD**—But you are reluctant on the subject of A-based staff—is that right?

**Mr Wise**—That is right.

**Senator TROOD**—Thank you. That is all I have on this subject.

**CHAIR**—That now takes us to the Pacific.

**Senator TROOD**—I do not have anything I want to press on that. I will put questions on notice.

**Senator FERGUSON**—I have a couple of questions. I think it would not be right for us not to question you on the current position in Fiji and whether you think there is any likelihood of improvement in the future.

**Mr Rowe**—The situation in Fiji remains of great concern not only to Australia but to all the Pacific Island Forum members as well as the international community at large, because of the simple reality that currently Commodore Bainimarama is becoming more entrenched and

is totally fixated on his own timetable for what he calls an eventual return to democracy, namely elections to be held in 2014. As you would be aware from previous hearings, the very strong position of Australia and of all forum Pacific island countries as well as the international community is that there must be a very early return to democracy and the rule of law through the holding of early elections. But at the moment the commodore remains very fixed in his position despite representations that have been made to him from many quarters to engage in dialogue with the political players in Fiji and to show some flexibility.

At the Cairns Pacific Islands Forum in August Forum leaders reiterated their very strong principled stand, but equally they indicated a willingness to engage in dialogue with the military regime through in particular the forum mechanisms which have been established, the ministerial contact group of which Australia is a member and also through the joint working group, which is a Suva-based group of forum representatives, but so far there has not been any willingness or indication shown by the commodore to take up those offers. So it is a very stark situation because this is in a context where through the actions of the military regime the economy of Fiji is in very dire straits and where, as you would be aware from previous testimony, the human rights situation in Fiji is of really great concern: no freedom of the press, emergency regulations, restriction of movement and more broadly. In that situation and that reality Australia, together with the forum members and the international community, is maintaining this very strong principled stand, but at the same time we are looking for ways to seek to bring a more flexible, realistic and responsive approach from Commodore Bainimarama returning Fiji to democracy.

**Senator FERGUSON**—There is one other area. I have just been to a CPA conference where Fiji was discussed and pessimistic views were expressed from every quarter just about. The fact that they have been suspended from the Commonwealth, is there a concern strategically in particular about approaches and offers from other countries, particularly the Chinese and others that are perhaps moving into if not a vacuum that might exist but certainly what they might see as an opportunity to have more influence in the Pacific through Fiji's suspension from the Commonwealth. Is that a concern to you and your colleagues and to the government?

**Mr Rowe**—I was going to mention the suspension from the Commonwealth and also Fiji's suspension from the Pacific Islands Forum, which indicates the strength of the broad international position on the current regime and its policies. The fact is obviously there are other countries that interact with Fiji and we are very much aware of that. While we certainly follow that as closely as we can, the point is that countries that have been referred to as possibly getting closer to Fiji taking advantage of the situation are countries that we and others talk to about the importance of maintaining a very strong stance of pushing the message that Fiji has to return to democracy. While some of these countries have, according to media reports, aid programs and projects, the reality is that there is no hard evidence of any closer alignment with these countries by the regime. But it is an aspect of the general situation that we look at very closely and we will continue to do so. I think there is a very broad acknowledgement by many countries of the unacceptable situation in Fiji and in a sense that can provide a little tempering of enthusiasm to get too close to the regime.

**Senator FERGUSON**—Mind you, there is one particular country that, seeing it is not democratic itself, is not very concerned about whether Fiji is democratic either.

**Mr Rowe**—I understand that, but the particular country you are referring to is one that we have regular dialogue with in many different fora. We engage with that country in relation to the situation in Fiji. In terms of any aid or development assistance activity in relation to that country or more broadly in the region, that is something that can be very beneficial provided it is transparent, fully accountable and supports sustainable development. Equally we make the point that there is a real need to recognise fully the international community's principled position on Fiji and not to act contrary to that situation and entrench support for the regime.

**Senator FERGUSON**—Would it be fair to say that, in your judgment, you are somewhat pessimistic about any return to democracy before 2014? I do not want to put words in your mouth.

**Mr Rowe**—I think it is going to be a challenge because of the situation I described at the beginning—the attitude of the head of the military regime there who, as I said, is locked into his own road map and is fixated on the 2014 date. As I mentioned, there is a very broad body of international opinion, including regional opinion, that we hope will register and we are looking with others who have the same interest in registering that message at ways to try to bring the matter forward. There is no doubt that it is a challenge, that is true, but we cannot not be active. We cannot just accept that because that would be giving up on the broadly acceptable, principled approach.

**CHAIR**—We now turn to international organisations and legal issues. Are there any questions? As there are not, we go on to national security, nuclear disarmament and nonproliferation.

**Senator LUDLAM**—I thought we might see Mr Carlson. Does he have an away pass for some reason?

**Mr Ritchie**—He is travelling overseas at the moment.

**Senator LUDLAM**—Hopefully it is for the cause of nonproliferation. There are some questions I was going to ask him, but I am happy to put them to the officers who are here tonight. They are partly around the alleged Burmese nuclear weapons endeavours that are underway at the moment. This was in the press a month or so ago as a result of some research that came into the public domain from Professor Des Ball of the ANU. At the outset, could you provide us with your view of that research and its relevance to the security environment in the region and tell us if there is anything in particular that you are doing with that research.

**Ms Rawson**—I think that Senator Faulkner answered some questions from you in the Senate—

**Senator LUDLAM**—That is correct, yes.

**Ms Rawson**—a month or so ago in regard to the reports that there have been of possible nuclear activities in Burma. I do not really have much to add to his responses to you on that occasion about any new reports or evidence. At the time, the reports that had been in the media were acknowledged but, as Mr Smith has also said in the past, we and others do not have any evidence to confirm the veracity of those reports. That said, it is clearly something

that we, and other members of the international community, need to keep as close a watch on as is possible in the circumstances of a country that is not an open and transparent society. Certainly, we and others will make the best efforts possible to keep abreast of developments.

**Senator LUDLAM**—Was ASNO asked to provide a briefing to the foreign minister or the defence minister when that news became available?

**Ms Rawson**—My recollection is that we, as the department, would have provided some information. I cannot remember the exact format of that, but certainly the minister was provided with information on the reports through various means.

**Senator LUDLAM**—This is not some attempt at entrapment, but the minister at the time said he had been briefed by ASNO—that there was some feedback or information that was required.

**Ms Rawson**—When I say ‘the department’, ASNO of course is part of the department. My division and ASNO, working with geographic areas too, would work together to put the information up to the minister. I cannot remember the exact circumstances but I would be very surprised if ASNO were not a part of that. We like to think we work pretty seamlessly on those issues.

**Senator LUDLAM**—I would hope so. That is really a core part of the brief of that—do I refer to them as a branch or an agency? What is ASNO exactly?

**Ms Rawson**—It is an office but in many ways it functions as a division. It is an integral part of the department.

**Senator LUDLAM**—Have you read Professor Ball’s report yourself, Ms Rawson?

**Ms Rawson**—I have not read all of the report but I certainly read the detailed accounts in the media, and officers in my division, and I think from ASNO too, invited Professor Ball into the department to talk to them about that.

**Senator LUDLAM**—Did that occur?

**Ms Rawson**—I was not involved in that briefing but I understand that it was a very detailed and good discussion of the issues.

**Senator LUDLAM**—That is helpful to know; I was not aware that that had occurred. Can you tell us what surveillance or intelligence gathering ASNO is doing on this specific matter? Obviously, the global community is aware that the Burmese government—I should not really refer to them as that—or the Burmese regime has had a nuclear program, which they have declared, with Russian government support, for quite some time. I suppose what we did not know from the work that Professor Ball has done was that the North Koreans appear to be helping the Burmese regime construct a clandestine facility not far from the new capital, that Russian technicians have been observed coming in and out of that area—so there is a degree of collaboration going on there—and that the Burmese program appears to be an extension of the North Korean program, in that the equipment will be interoperable and the material they will be producing will be compatible and so on. My question is: is there anything that ASNO or any other part of the department is doing to verify those claims, or have you just let them rest?

**Ms Rawson**—I understand, in regard to the Russian cooperation, that in 2007 an agreement was signed concerning the construction of a research reactor, but no construction work at all has been undertaken. We have no reason to doubt that that is the case. In regard to the reports of North Korean involvement, we and, I think, others have no evidence of construction of clandestine reactors. I think there is at least evidence of North Korean interaction with Burma, but exactly what that comprises in nuclear or other areas, conventional or arms or other things—again going back to the nature of both regimes, Burma and the DPRK—I do not know because it is very hard to establish the facts of the situation.

**Senator LUDLAM**—Are you doing anything to establish those facts? I acknowledge that you have not read the report, but it is based on extensive research done by Professor Ball and one or two of the researchers on the Thai-Burma border interviewing two informants who were not aware of the existence of the other and told virtually identical stories about a clandestine facility that is under construction and has been under construction for a period of time and on which North Korea is assisting the Burmese regime to create a plutonium production facility in a very large underground complex in Burma. You said you have no evidence of that, but would that research qualify as evidence or not? If we are to take the word of these two informants as having any value at all then you would have to go a little bit further than saying we have no knowledge of whether North Korea is assisting the Burmese or not.

**Ms Rawson**—As far as I am aware—and my colleagues might have more detail—those allegations have been made by those two people and others in the past. To my knowledge—and I stand to be corrected—they have not provided any evidence in the form of photos of facilities or such things.

**Senator LUDLAM**—No, just very precise descriptions that match those of the other informant, but both of the informants does not know that the other exists. Their descriptions include the location of the facility, its scale, the timetable of construction, the kind of equipment that is being imported, the kind of personnel who have been sighted there. I must admit to being rather taken aback by the response of the foreign minister who said: ‘We knew all that before’ because clearly there is new information in this research. I am paraphrasing him and probably should not do that.

**Ms Rawson**—I think the minister was very precise about not having any evidence, one way or another. I accept that you said that these two different people made similar claims. Even if they do not know each other that does not mean to say they are not drawing off the same information base or what they would regard as an information base about which we have no knowledge.

**Senator LUDLAM**—They claim to have worked in or around the facility. I take your point.

**Dr Shaw**—I was at the interdepartmental meeting that Jennifer referred to where Professor Ball briefed us on the work he has been doing. I know he has been consulting for relevant agencies and they are assessing the information that has been provided. Similarly the IAEA, International Atomic Energy Agency, is aware of those open source reports and has been looking into that issue as well.

**Senator LUDLAM**—For how long are you acting director-general?

**Dr Shaw**—While John is away. He will be back on Friday next week, I think.

**Senator LUDLAM**—I do not know whether you will need to take this on notice, but I would dearly like to know what ASNO or any other arm of the department plans to do with the information that was made available by the professor. Are we assisting that research in any way? Are we doing anything to attempt to verify those sources or is it sitting on the table?

**Ms Rawson**—As Dr Shaw said, there were other agencies involved in that meeting and they will be looking at that information. I would not want to go further in this forum on the exact nature of what other agencies might do with regard to it, but I can assure you that the information, while we would want to have more available to have confidence in it as an evidentiary base, is certainly taken seriously. It would obviously be of enormous concern if Burma were embarking on clandestine nuclear activities in contravention of its obligations under the nuclear non-proliferation treaty. Certainly the DPRK has a history in that regard in terms of its own proliferation activities, so we and others in the international community certainly have cause to be concerned about the DPRK's alleged involvement in this. So I would underline that this is not dismissed out of hand at all.

**Senator LUDLAM**—I understand that Mr Carlson is not here, so I do not want to tie us up for too long. I would just ask you to provide to the committee on notice any information at all, without giving away any national security secrets, as to what the government plans to do with this research by way of corroborating the evidence that has been put on the table. I read it with a degree of seriousness. Perhaps I misread the statement of the foreign affairs minister or Minister Faulkner when he took those questions in the Senate. If there is anything else you are able to provide us with by way of further actions, I would greatly appreciate it.

I have a couple more questions that we can probably knock off very rapidly. In the economics committee hearing yesterday, I asked whether we know—we do know, but I could not ascertain it yesterday—what happens to the uranium that Australia sells to China. Where is it currently enriched? I know we have only just begun exports. Is it enriched at Chinese enrichment facilities or does it go through third parties?

**Dr Shaw**—It would be enriched at Chinese enrichment facilities. So far we have had one shipment. That went to a CANDU fuel fabrication plant. The second shipment is in transit at the moment.

**Senator LUDLAM**—CANDU use non-enriched fuel—so that sets that aside. Is that correct?

**Dr Shaw**—That is correct.

**Senator LUDLAM**—So none of Australia's exports of uranium to China have been through an enrichment process yet.

**Dr Shaw**—That is my understanding.

**Senator LUDLAM**—Do we know what the future holds? Not that much of the Chinese nuclear power fleet are CANDU models, as far as I am aware. Do we know at which plants the uranium is intended to be enriched?



**Dr Shaw**—Yes.

**Senator LUDLAM**—Can you provide us with that information? It has been very difficult to pin down.

**Dr Shaw**—We will be able to give you that information.

**Senator LUDLAM**—Now or on notice?

**Dr Shaw**—I would have to confirm it. I have a couple of enrichment facilities listed, but I just need to confirm it and then I will certainly provide those to you.

**Senator LUDLAM**—That is wonderful, in whatever detail you are able. Briefly, what efforts is ASNO undertaking in advance of the NPT 2010? What role will you play formally or informally in the lead up to that very, very important meeting?

**Ms Rawson**—ASNO will be part of the overall Australian government effort in regard to the NPT review conference. The government considers it to be probably the key non-proliferation disarmament event next year. ASNO, in cooperation with my division and other agencies, will be providing briefing to the government on the review conference, engaging in advocacy of positions bilaterally and multilaterally. The review conference has been one of the issues that has already featured strongly in the deliberations in the UN General Assembly First Committee. Our delegation there has mentioned the review conference in at least a couple of the statements that it has so far delivered. As you know, the Security Council recently passed a resolution on a range of non-proliferation and disarmament issues, which the government strongly welcomed. The review conference was, again, one of the key features of that resolution. So it certainly will be a focus for the government and therefore for the department over the next six months.

**Senator LUDLAM**—For ASNO. You are obviously well aware this is an area of foreign defence and diplomacy that has been paralysed for decades and it is finally moving. Can you tell me whether ASNO is bringing in more expertise or skilling up, or has there been any refreshing of staff? Is anything occurring within ASNO to meet the fact that this area is actually now moving at last?

**Ms Rawson**—In regard to ASNO—and I will ask Dr Shaw if he wants to add anything—the office is very well placed with Mr Carlson as the director-general, who has a very strong reputation internationally on non-proliferation and disarmament issues. Certainly, in terms of the department's ability to progress the government's agenda in regard to the review conference and other non-proliferation and disarmament issues, ASNO, led by Mr Carlson, will be a very important part of that. I am not aware of any plans to recruit further staff, but Dr Shaw is looking as though he is going to tell me it is.

**Senator LUDLAM**—Maybe there is some good news!

**Dr Shaw**—No, we are not looking into it, but Jennifer's division will be taking the lead in preparing for the NPT review conference. We in ASNO will provide technical support to Jennifer's division.

**Senator LUDLAM**—I will be advocating for a larger role for ASNO and certainly a greater degree of resourcing, given that this area is finally shifting. Finally, has ASNO been requested by the Western Australian government to provide briefings or information or any

kind of support, formally or informally, regarding safeguard to non-proliferation measures, given that there is a proposition to introduce uranium mining in Western Australia?

**Dr Shaw**—There was a meeting of government regulators held in Western Australia. I can provide you with the details. I do not have them with me.

**Senator LUDLAM**—I am aware of that.

**Dr Shaw**—I had an officer there who actually presented some information with regard to nuclear security arrangements which are appropriate for uranium mines, as well as information on how safeguards work, in particular to uranium mining, including additional protocol.

**Senator LUDLAM**—Are you in regular contact with the relevant departments in the Western Australian government or was that a one-off event?

**Dr Shaw**—That was certainly a one-off event. I believe, though, there may be an annual conference, but I can find the information for you.

**Senator LUDLAM**—Has ASNO issued a response, either to the public or a response to the government or to the relevant minister, on the recent JSCOT report into nuclear and non-proliferation disarmament?

**Ms Rawson**—My division is taking the lead on preparing a response. We are still in the drafting stage, but it is being done very much in consultation with ASNO.

**Senator LUDLAM**—When will we see that?

**Ms Rawson**—I am hoping it will be in the next few months or even earlier than that but, in the end, government will obviously need to consider and take a decision on the response. So it will be a matter for government when it is tabled.

**Senator LUDLAM**—Thank you for your time.

**CHAIR**—We now turn to program 1.3. Senator Trood.

**Senator TROOD**—Ms Sachs, are you the new commissioner-general for Australia's exhibition at the Shanghai World Expo?

**Ms Sachs**—That is correct. I took over on Monday.

**Senator TROOD**—You have taken over from Mr Tesh, who has been dispatched to Berlin?

**Ms Sachs**—To Germany, that is right.

**Senator TROOD**—We have got to raise a whole lot of money for this exhibition, and I just want to know what sort of progress we are making.

**Ms Sachs**—We have made quite significant progress. We estimate that we are almost at the \$10 million mark that we have raised from sponsorship.

**Senator TROOD**—I understood we were at the \$10 million mark back in May. Have we made any progress since May?

**Ms Sachs**—That is the figure that we are still at at present.

**Senator TROOD**—I see. Do we have any prospects of looking towards getting the extra \$12 million that we need?

**Ms Sachs**—We still have corporate sponsorship packages available, and we are particularly receptive to approaches that would diversify the sectoral spread of sponsors to help profile the depth of Australian capabilities.

**Senator TROOD**—That sounds like something that has come from the website. I am sure you are open to the right opportunities, but have you had any?

**Ms Sachs**—We have just recently taken on board the University of Sydney. Our primary focus will be to focus on servicing existing sponsors, but as I said we are very receptive to new sponsorship. Where we are able to do that within the context of what I said before, we will continue to do that.

**Senator TROOD**—What happens if you do not achieve the \$22 million objective?

**Ms Sachs**—We are well financed at present. We have no concerns about budgets at this stage.

**Senator TROOD**—Tell me how progress is going in relation to the various contracts—the pavilion and things of that kind.

**Ms Sachs**—It is actually going extremely well. We are on track in terms of the construction itself. We are working very closely with the authorities in China, and the contractor in Shanghai is doing a particularly good job in ensuring that the construction is on target.

**Senator TROOD**—It is on time and budget, is it?

**Ms Sachs**—On time and on budget.

**Senator TROOD**—That is very reassuring. What about the preparation of the cultural programs, the staffing and things of that kind? Are they on track as well?

**Ms Sachs**—Yes, most definitely. We have contracted out to some expert agencies in order to do this. We have been conducting some recruitment exercises recently, and we will be doing some further recruitment to ensure that we have expert staff available to fill the various components of the expo—including guides, technical staff, chefs and service people.

**Senator TROOD**—That is all very good. I am glad you have taken over the reins and you have guided the ship in the right direction. I will ask some more questions in February.

**CHAIR**—We now turn to outcome 2: programs 2.1 and 2.3—consular service.

**Senator TROOD**—I have a question for Mr Moriarty. Mr Moriarty, has Mr Gray in Mauritius come to your attention?

**Mr Moriarty**—Yes, Senator.

**Senator TROOD**—Can you briefly explain to me what his circumstances are?

**Mr Moriarty**—Mr Gray was arrested in Mauritius in August 2005 on suspicion of heroin trafficking. The man was detained by Mauritian authorities until his release on bail on 11 December 2006. He was charged with an offence relating to the importation of heroin on 30

July 2008. On 20 February 2009, the prosecution withdrew that charge and the man currently faces one charge of conspiracy to import drugs.

**Senator TROOD**—So he is still awaiting trial on that one charge; is that right?

**Mr Moriarty**—That is correct. It is also the case that the man's lawyers have lodged an abuse of process claim against the public prosecutor, on 20 February 2009. This claim by his lawyers is also before the court.

**Senator TROOD**—Why has this taken four years to resolve? Can you explain that to me? I accept that drug trafficking charges are serious, but I understood that the primary one was withdrawn.

**Mr Moriarty**—All we have been told by the man's lawyers is that these sorts of delays are common in Mauritian court cases.

**Senator TROOD**—Has he—or his family or friends—asked the department to get in contact with him and provide him with any particular services?

**Mr Moriarty**—Senator, we have been providing him with extensive consular support since the time of his arrest. We have also spoken to the man's lawyer, on 31 July this year, and to the man and his lawyer, together, on 28 September this year to determine if there was anything the Australian government could do, given the delays in his case. At that meeting, the lawyer reiterated that it would be inappropriate for the Australian government to intervene in the process as the case continued to be heard before the court and there were no grounds for the Australian government to intervene.

**Senator TROOD**—Do you know when he is coming to trial?

**Mr Moriarty**—The next court hearing is on 20 November this year.

**Senator TROOD**—That is not his trial date, as you understand it? It is part of the preliminaries.

**Mr Moriarty**—The trial is ongoing, and the next court hearing is 20 November.

**Senator TROOD**—I see. What is the position regarding his passport?

**Mr Moriarty**—The Australian Passports Act 2005 provides powers to the Minister for Foreign Affairs to support law enforcement, both in Australia and overseas, and the minister has exercised this power on numerous occasions. The former Minister for Foreign Affairs cancelled the man's passport at the report of a competent authority, in accordance with section 13 of the Australian Passports Act. That act provides that the minister may cancel an Australian passport and refuse to issue a further passport to a person in certain circumstances. Senators are probably aware that individuals affected by passport refusal or cancellation decisions may seek a review of the minister's decision by the Administrative Appeals Tribunal.

**Senator TROOD**—Has he sought a review, or has he asked for his passport to be reinstated?

**Mr Moriarty**—Not to the best of my knowledge.

**Senator TROOD**—What constitutes a ‘competent authority’ in these circumstances? Is that an government agency? Is it a foreign government agency?

**Mr Nash**—A competent authority, as determined under the act, is somebody that the minister designates as an appropriate authority to make a recommendation for the cancellation of a passport, under several categories. In this case we are talking about the category of criminal activity. There are other categories, including terrorist activity, child sex crimes and the like.

**Senator TROOD**—Once a passport is cancelled, is it only reinstated if the holder of the passport requests it to be so and the reason for it being cancelled in the first place no longer pertains? Is that right?

**Mr Nash**—That is correct. Or if the competent authority withdraws the recommendation that the document be withheld.

**Senator TROOD**—All right. So we are waiting until the end of November for another hearing for Mr Gray. What state of health is he in, Mr Moriarty?

**Mr Moriarty**—There have been no particular health issues reported by the consular officers in their contact with him. We have had quite extensive contact with him. Clearly the man is frustrated with the circumstances he finds himself in, and that is very understandable, but he has not sought from us—at least at the last meeting—any particular assistance. He is on bail, so he—

**Senator TROOD**—He is not in detention.

**Mr Moriarty**—No. But he is certainly not allowed to leave the country.

**Senator TROOD**—Is he restricted as to where he can travel?

**Mr Moriarty**—He is required to report once a week to police.

**Senator TROOD**—Thank you.

**CHAIR**—That concludes our discussion on DFAT general. We now turn to DFAT trade. Could I ask for the DFAT trade and the Austrade officers to come forward, and we will hear the DFAT trade programs and Austrade general together.

I welcome officers of Austrade—Mr Yuile and your team. We will open up with bilateral, regional and multilateral trade negotiations. Senator Trood is first on the list.

**Senator TROOD**—I wanted to explore the position with regard to the China free trade negotiations. As I understand it, the last negotiating round was some time ago—last year, in fact. Is that right?

**Ms Adams**—Yes, that is correct.

**Senator TROOD**—In December?

**Ms Adams**—The last formal round, yes.

**Senator TROOD**—And we have been a bit stalled since then, haven’t we? When is the next round going to take place?

**Ms Adams**—The next round has not been formally scheduled yet. We are still in the process of having informal discussions, both at the political level and the negotiator level, to agree on our way forward.

**Senator TROOD**—What specifically are the obstructions? What are the hurdles we are trying to overcome before we can get another date for another round of negotiation?

**Ms Adams**—The main difficulty is basically the market access negotiations—both services and goods, including agriculture—where we have somewhat different expectations of the kinds of outcomes that we are aiming to achieve in this agreement. I think it is fair to say that China has not concluded a free trade agreement with a country that has Australia's extensive interests across so many agriculture products, as well as services and resources interests. Australia has very high expectations and standards that we set for ourselves on FTA outcomes, so it is a question of coming to some kind of shared view about where we might end up in this agreement.

**Senator TROOD**—I thought Mr Crean had negotiated a breakthrough on this recently?

**Ms Adams**—It is true that we have had renewed political commitments, from both governments, to the negotiations. I think the problem is that—as we would see it—the Chinese negotiators have not yet manifested this political commitment to the process by demonstrating flexibility on areas where they might be able to move their positions. It is true that at the political level there has been renewed commitment to the process, but at the detailed level in the negotiations we are still really in a difficult position on the market access issues.

**Senator TROOD**—Are these talks hostage to the parlous state of our diplomatic relationship?

**Ms Adams**—That is a loaded question. The negotiations are hostage to their own issues. It is really about the market access issues in terms of Australia's high ambition and the willingness of China to open its markets in the areas that we are interested in at the moment.

**Senator HEFFERNAN**—Isn't that a sham, though?

**CHAIR**—Order! I beg your pardon, Senator Trood has the call. He will have his time for questions and he will not be interrupted. It does not work like that here.

**Senator TROOD**—I am happy to yield to Senator Heffernan.

**Senator HEFFERNAN**—I ask a very generous question. Isn't the tariff placed on fertiliser by China last year just a massive roadblock in what would be an opportunity for a free trade agreement—a 150 per cent tariff?

**Ms Adams**—There are high tariffs on many products that are very difficult to deal with in terms of Australia's ambitions for the kinds of outcomes that we would like to get. Frankly, that is why it is such a complex and difficult negotiation.

**Senator TROOD**—When is the next engagement of the officials? Is there a date set for that?

**Ms Adams**—I led a small team of my senior negotiators to Beijing from 7 to 8 September, and we had very friendly and open discussions about each side's expectations and suggestions

for what we might do next in the negotiations to progress. We are each considering the positions that we put then, and there are ongoing discussions both through the embassies and when the ministers meet at various meetings. I do not have the next meeting date as such scheduled at this point.

**Senator TROOD**—Okay. I will await developments and no doubt ask you similar questions next time we meet. Thank you. I would like to ask a question about the Japan free trade agreement. I am particularly interested in the attitude of the new Japanese government to trade negotiations and whether or not you have discerned any greater willingness to proceed with negotiations. The rhetoric around the election would suggest that the prospects have dimmed rather than improved, but perhaps you can give us an account of what has happened.

**Ms Adams**—Yes, we too are very interested to discern the attitudes of the new government as they affect the FTA negotiations. I think that in general I would echo the sentiments expressed by Mr Fletcher this morning that, while various messages have been put forward both in the election campaign and subsequently, it is too soon to tell how that is going to translate into some very direct policies that we are interested in. I would add that Mr Crean is planning to make a visit to Tokyo as soon as he can to test those questions at ministerial level and also that we are planning our next formal round of negotiations with Japan in the middle of November. That will be a very direct test.

**Senator TROOD**—Thank you very much. I want to also ask a question about the ASEAN free trade agreement. Are we close to having the agreement come into place yet? Have the ratifications taken place where necessary?

**Mr Mugliston**—Yes. In fact, just yesterday, on instructions from the Minister for Trade, Mr Crean, we instructed our posts in the ASEAN member countries and New Zealand to formally notify AANZFTA parties of Australia's ratification of AANZFTA. The situation at the moment is that ASEAN economic ministers are actually meeting today in Thailand, and this is one of the issues that they are discussing. We have Singapore and Burma who have notified. Some other countries are close to having completed their internal processes.

**Senator TROOD**—There are only two?

**Mr Mugliston**—We have some other ASEAN countries that are very focused on two things at the moment. One is to complete their internal domestic processes for ratification. The other is a very technical exercise relating to the tariff schedules. That is the transposition of the harmonised—you will recall that we had this discussion last time.

**Senator TROOD**—Yes.

**Mr Mugliston**—It has not changed in terms of the transposition from HS2002 to HS2007. There is some technical work that needs to be done there, because it will be the HS2007 tariff that will apply but we negotiated on the basis of HS2002.

**Senator TROOD**—I see. As I understand it, when the ratification took place—that is to say, when the agreement went through the treaties committee—there was some disquiet about the national interest assessment that took place. Have you done any subsequent economic analysis of the impact of the ASEAN FTA or not?

**Mr Mugliston**—We have in fact had two parliamentary committees submit their reports, one on the so-called AANZFTA—the ASEAN-Australia-New Zealand Free Trade Agreement—and the other in respect of the inquiry into Australia’s relationship with ASEAN. The government has responded to the first committee’s report, that of JSCOT. I do not recall any specific recommendation relating to the—

**Senator TROOD**—I cannot refer you to a recommendation, and I am not suggesting that one of the recommendations was with regard to the national interest assessment. The national interest assessment, as you know, accompanies the documents that come before JSCOT, in any event. My understanding was that the committee, or at least some members of the committee, were disquieted by the analysis and the nature of the national interest assessment and that a suggestion was made that the department might wish to undertake a more comprehensive analysis of its economic impact. But from what you are telling me that obviously has not happened. Is that right?

**Mr Mugliston**—We continually review how we do these things. It is a work in progress.

**Senator TROOD**—All right. There is a fund—is it \$20 million?—that has been made available, or set aside in any event, for assistance to ASEAN countries to help with exports into Australia, as I understand it. Is that correct?

**Mr Mugliston**—No. What you are referring to, I think, is the Economic Cooperation Work Program.

**Senator TROOD**—And that is \$20 million?

**Mr Mugliston**—No, it was estimated that the cost would be of the order of up to \$25 million for five years after entry into force. The Australian government has as part of the package announced that it is prepared to contribute up to \$20 million.

**Senator TROOD**—I see.

**Mr Mugliston**—I should explain that the focus there is very much on supporting ASEAN countries, particularly the developing ASEAN member countries, to support implementation of the FTA.

**Senator TROOD**—I see. Has that money been expended as yet? Have decisions been made as to how it will be expended?

**Mr Mugliston**—No. In fact, it will not be expended until after the entry into force of the agreement. Perhaps I should have made it clear in my earlier intervention that we are very focused on seeing if we can have this FTA enter into force on 1 January 2010. That is the focus. So that is the expectation following entry into force. But there is very detailed work going on at the moment in this area.

**Senator TROOD**—Good. I think that completes my questioning at this stage, Mr Mugliston. Thank you very much.

**Senator HEFFERNAN**—I have a couple of questions. I mentioned earlier that there has been a serious global cartel at work in the fertiliser market. China, for sovereign protection reasons, imposed a 150 per cent tariff on the export of fertiliser out of China. At the same time, we have a proposed development in Western Australia for a two-million-tonne-a-year



fertiliser plant from coal liquefaction in which there is Indian capital. Bear in mind that that is sovereign money, so it is the Indian government, as it was the Chinese government. It is sovereign money buying our sovereign wealth. In the arrangements for the coal liquefaction plant there is an agreement that only 10 per cent of the production of the mine can be sold in Australia.

So we have the dilemma where a country with which we are negotiating a free trade agreement is prepared, at the stroke of a pensioner, to prevent us from importing their fertiliser in a very competitive global cartel and then another country comes in with other sovereign funds and decides that we cannot participate in our own sovereign wealth. Do you have a policy to deal with that?

**Mr Ritchie**—I am considering whether we have anyone here who is capable of answering that question; otherwise, I will need to take it on notice.

**Senator ABETZ**—You could volunteer.

**Mr Ritchie**—We will give it a go, but, as you will appreciate, we are not the industry.

**Senator HEFFERNAN**—No, it is a coal matter.

**Senator FIERRAVANTI-WELLS**—Not everyone knows about fertiliser.

**Senator HEFFERNAN**—Bear in mind that I chaired the fertiliser inquiry.

**Mr Ritchie**—We certainly accept that.

**Mr Tighe**—I am not really sure that I can answer your question other than to make the observation that, if there were Indian investment in Australia, that may have been subject to consideration by the Foreign Investment Review Board, which of course is in another portfolio. I cannot add much more than that. I hope that helps you.

**Senator HEFFERNAN**—That does not help me at all. We face a dilemma if we are prepared to let foreign sovereign funds buy our sovereign wealth and then exclude us from access to our sovereign wealth. Canada faces the same problem, and I have been over there. How do we deal with it? If ever there was a need for Australia to have competition, it is in the fertiliser market—85 per cent of the world's rock phosphate is controlled by five entities. It is a global cartel.

**Mr Tighe**—The FIRB, as I understand it, can put conditions on incoming foreign investment into Australia, which could include ensuring that the product of that investment is distributed in a competitive way.

**Senator HEFFERNAN**—Why wasn't it done in this case?

**Mr Tighe**—I cannot answer you. It would be a matter for another portfolio.

**Mr Ritchie**—It would be a matter for Treasury.

**Senator HEFFERNAN**—Can we come back with a very detailed answer, because this is the tip of a very big iceberg?

**Senator Stephens**—That is a matter for Treasury, so you could put—

**Senator HEFFERNAN**—It is a matter in the national interest. I would have thought that trade people would have given that consideration in negotiating an agreement.

**Senator Stephens**—That is right. I am just saying that you had the opportunity to craft some questions on notice for the other committee. That was my point.

**Senator HEFFERNAN**—But surely the free trade agreement with China that is being negotiated would have to include incidents like a 150 per cent tariff.

**Mr Ritchie**—Certainly.

**Senator HEFFERNAN**—So, as a policy question for the government, how do we deal with that? We cannot get access to their fertiliser then we have blokes coming out here to buy our assets and we cannot get access to them. You go away and have a think about that.

**Mr Ritchie**—We will because we only deal with only one small part of that exercise.

**Senator HEFFERNAN**—Perhaps you ought to join up all the dots.

**Mr Ritchie**—Of course. I understand, Senator.

**Senator FORSHAW**—Could you give us a brief update on the discussions regarding the free trade agreement with Korea?

**Ms Adams**—The Korean negotiations started this year. As you know we had the second round in August-September in Seoul. We exchanged initial goods market access offers before that round. The next round is scheduled for 30 November to 4 December in Canberra and we will be continuing the goods market access negotiations there as well as hoping to exchange our first services offers, so proceeding apace.

**Senator FORSHAW**—Are you able to give any indication of a likely time frame for completion? I appreciate that is not an easy question.

**Ms Adams**—No, it is not an easy question. You are never quite sure how negotiations are going to proceed. We have certainly started well and there is strong political interest—as well as industry interest, I might add—in both countries to get a comprehensive high-quality agreement and to do it in very good time.

**Senator FORSHAW**—That is why I ask. As I understand it if there is a positive attitude on the part of both countries and both governments and you are proceeding, it is more likely to happen than not.

**Ms Adams**—Yes, I think that is a very good assessment.

**Senator FORSHAW**—And it is not likely to take an inordinate amount of time. Is that a reasonable assumption?

**Ms Adams**—That is certainly my hope and at this stage my expectation. Of course, there are always difficult things in these negotiations that have to get crunched but I think what we have seen from the Korean side is an ability to conclude agreements. I am sure you will have seen the release of the Korea-EU agreement just this week, so we remain very confident.

**Senator FORSHAW**—Because I understand Korea is negotiating with a number of other countries.

**Ms Adams**—Yes, they are.

**Senator FORSHAW**—But we are in there as a priority.

**Ms Adams**—Most certainly.

**Senator FORSHAW**—We are not at the end of the queue.

**Ms Adams**—No, given that Korea has now concluded the negotiations with the EU their main negotiations that are currently underway would be with Australia and New Zealand and they are intending to start some other negotiations. But the Australian negotiation would be a high priority.

**Senator HEFFERNAN**—What proportion of the negotiations would involve agriculture?

**Ms Adams**—With Korea? There are different ways I could answer that in terms of the goods market access negotiations. From Australia's perspective agriculture takes up a very large part of it because it is that part of our trade that is high value, high volume and faces high barriers. But the negotiations cover a very large number of issues across all the services, issues in investment et cetera.

**Senator HEFFERNAN**—What proportion of the issues would biosecurity be?

**Ms Adams**—We make it very clear that we do not negotiate on biosecurity standards in free trade agreements. What we would commonly do in free trade agreements is set up processes for discussion of those issues at a bilateral level or they may already exist but we do not negotiate on individual SPS issues.

**Senator HEFFERNAN**—So the free trade agreement negotiations do not have contingency clauses for an outbreak of foot-and-mouth or BSE or whatever?

**Ms Adams**—The free trade agreement is basically that the texts of those agreements are about the commitments that we make on all sorts of areas from telecommunications to IP et cetera. We do not deal with very specific biosecurity issues.

**Senator HEFFERNAN**—So there are no default on contract clauses?

**Ms Adams**—No. I hope I have understood.

**Senator HEFFERNAN**—I do not think you know what I am talking about. I will wait till Austrade.

**CHAIR**—Trade development policy coordination and APEC? No. Okay. That concludes the DFAT trade area.

**Austrade**

**CHAIR**—We will now turn to Austrade. We will deal with Austrade outcome 1, Advance Australia's trade and investment interests through information, advice and services to businesses, industry and governments. Could I get at the outset a status report on the EMDG and, in particular, Mr Yuile, on the \$50 million that the government put in in the May budget. Could you give me a comment on the impact of those funds, on the number of companies that will benefit from the additional funding and the like?

**Mr Yuile**—I will ask Mr Chesterfield, who is in charge of that program, to respond to that question.

**Senator HEFFERNAN**—Do it without reading it! It is a Dorothy Dix.

**CHAIR**—Just answer the question and ignore Senator Heffernan.

**Senator FORSHAW**—There is nothing about the EMDG that is necessarily a Dorothy Dix question! You have been coming to these estimates for a while. You should know that.

**CHAIR**—Order!

**Mr Chesterfield**—I just want to clarify: the government put \$50 million extra into the EMDG scheme for the last financial year. Were you referring to that or to the election commitment for the 2009-10 year, which was a \$50 million commitment as well?

**CHAIR**—The latter—sorry; the former.

**Mr Chesterfield**—As a result of the government's addition of \$50 million last year, there were 1,611 exporters that received their full grant entitlement, whereas they previously faced the prospect of about 42c in the dollar. That commitment was obviously very well received by exporters. The injection of funds was specifically designed to enhance the promotion costs both last year and this year for those changes.

**CHAIR**—Thank you.

**Senator TROOD**—Could I follow that up?

**CHAIR**—Yes, you may.

**Senator TROOD**—All this money was spent before 30 June, was it?

**Mr Chesterfield**—Sorry?

**Senator TROOD**—All of the money was spent before 30 June?

**Mr Chesterfield**—The majority of the money was spent before 30 June. We spent about \$194 million last year. We had \$5.9 million worth of carryover that we anticipate will be spent on claims—

**Senator TROOD**—How much was the carryover?

**Mr Chesterfield**—It was \$5.9 million. That will be spent on claims related to that financial year.

**Senator TROOD**—That were still to be processed?

**Mr Chesterfield**—That were still to be finalised, yes.

**Senator TROOD**—Does that relate to claims for which there were commitments prior to 30 June?

**Mr Chesterfield**—No. That was an estimated value of those claims left over at the end of the financial year that we had not yet finalised, and a commitment only occurs at the point at which we finalise those claims.

**Senator TROOD**—Am I correct in saying that under the legislation there is a five per cent administration charge?

**Mr Chesterfield**—There is a five per cent cap on the amount of administration that Austrade can take from its—

**Senator TROOD**—So there is a cap. What are you saying? Are you saying that it is not necessarily taken out on each occasion?

**Mr Chesterfield**—No, it is not. In fact, last year we spent about 4.1 per cent of the total appropriation of 200.4.

**Senator TROOD**—On administration?

**Mr Chesterfield**—On administration, yes.

**Senator TROOD**—Were the additional funds that were tipped into the last financial year subject to the administrative cap or subject to the administrative fee?

**Mr Chesterfield**—Yes. We spent a little bit of that money in that financial year, but obviously because the commitment was only made very late in the year we did not have the opportunity or in fact the need to spend that money so we just spent what we needed.

**Senator TROOD**—I see. The only funds remaining that are left into the new financial year are \$5.9 million. Is that correct?

**Mr Chesterfield**—That is correct, as I understand it.

**Senator TROOD**—Any administrative fees to which Austrade was entitled were spent?

**Mr Chesterfield**—Correct.

**Senator TROOD**—In the last financial year?

**Mr Chesterfield**—Correct.

**Senator TROOD**—That is a correct understanding of the situation? Okay. Just quickly, and categories might be satisfactory: what categories is the administration usually spent on? I mean categories of expenditure.

**Mr Chesterfield**—About 75 per cent of the expenditure is staffing. Then, obviously, there are things that are related to staffing, like office accommodation. There is a small amount of travel—about \$300,000 of the total expenditure—and that is to travel largely to visit claims in Australia and perhaps one overseas trip a year to check out claims overseas.

**Senator TROOD**—They are spread across the agency. Is that right?

**Mr Chesterfield**—No. That is specific to staff that work with me on the EMDG scheme.

**Senator TROOD**—I see. How many staff is that?

**Mr Chesterfield**—I would have to check that precisely, but I think it is around about 60 at the moment.

**Mr Yuile**—Senator, that administration fee is for EMDG only.

**Senator TROOD**—Yes. That was suggested and clarified for me. Thanks, Mr Yuile. Since I am here, I may as well ask this question. It does not relate to the EMDG scheme. Austrade, as I understand it, advertised for an investigation officer. Is that right, Mr Yuile?

**Mr Yuile**—It could be. An investigation officer? It sounds—

**Senator TROOD**—It was apparently to check on claims in relation to the possible defrauding of the scheme.

**Mr Yuile**—Of the EMDG? Yes. I thought you were asking a non-EMDG question.

**Senator TROOD**—No. I misled you again. As Senator Forshaw said, it is a dangerous area.

**Mr Yuile**—No. I may have misheard you.

**Senator FORSHAW**—I never said that.

**Senator TROOD**—You did not say that, but I am paraphrasing it.

**Mr Yuile**—We have a small unit within Mr Chesterfield's division.

**Senator TROOD**—Was this a new position or were you advertising a position in relation to that fraud unit?

**Mr Yuile**—I imagine so. I am not familiar with the specific position.

**Senator TROOD**—Mr Chesterfield perhaps could tell me. It is one of your 60 people?

**Mr Chesterfield**—Yes. There is a unit of around about five people that focus on what we call special investigations. They comprise, obviously, a small percentage of claims that we regard might be fraudulent as well as the more difficult claims that we get in that need more detailed assessment. The unit do a range of checking that is associated with those specific tasks but also with some of the broader, more complex tasks associated with the assessment of claims.

**Senator TROOD**—Is this a new position or is it just replacing an existing position?

**Mr Chesterfield**—No. This is a replacement.

**Senator TROOD**—So you have an establishment of, what, five or so in this area?

**Mr Chesterfield**—Yes.

**Senator TROOD**—This is just a replacement for somebody who left?

**Mr Chesterfield**—It is a replacement, yes.

**Senator TROOD**—Does it reflect a different focus in the activities of the unit? Or do the objectives of the mission, as it were, remain unchanged?

**Mr Chesterfield**—No. I may stand corrected, but I believe this unit has existed since around about 1994 or 1995. The focus of the activities of the unit has remained pretty much the same.

**Senator TROOD**—Thank you. That is all from me, Chair.

**CHAIR**—Thank you. We might now turn to EFIC.

**Senator ABETZ**—There is something on Austrade still?

**CHAIR**—We are on Austrade.

**Senator ABETZ**—Yes. If I may?

**CHAIR**—Yes.

**Senator ABETZ**—EFIC is part of Austrade?

**Mr Yuile**—No, Senator, it is not.

**CHAIR**—I beg your pardon.

**Mr Yuile**—EFIC is not part of Austrade. It stands alone.

**Senator ABETZ**—So we would be moving onto another area. May I ask briefly on Austrade?

**CHAIR**—Yes.

**Senator ABETZ**—I understand Austrade made a submission to the review of the national innovation system. Is that correct?

**Mr Yuile**—I would need to check that.

**Senator ABETZ**—Nobody can help us? It is a fairly discrete and special area, so I am not critical if there is nobody to help in this area.

**Mr Yuile**—I am sorry: I do not recall, Senator. But I can take that on notice.

**Senator ABETZ**—All right. In that case, if we do not have anybody here, I will rattle off a few quick questions. One, did Austrade make a submission to the review of the national innovation system? Dr Terry Cutler reported and that report was entitled *Venturous Australia*. Recommendation 9.1 stated certain matters, which I will not detail at the moment. I understand Austrade put in a response to that recommendation and it related to the competitive innovation grants program. The Austrade response was that Austrade supported recommendation 9.1 of the report on the review of the national innovation system. I was wondering if you could confirm that. Then could you confirm whether Austrade gave reasoning and rationale further and beyond that as to why it supported, if it indeed did, recommendation 9.1 of the report on the review of the national innovation system? Could you confirm whether, in their support of that, they were supportive of the former Commercial Ready program, which was instrumental for many companies to obtain the necessary matching funds so as to secure longer term equity investments? Did Austrade also reference a company called Prima BioMed, which is a company that I think Dr Ian Frazer is involved with and that is responsible for developing a ovarian cancer vaccine? Did it then have to scrap that as a result of the abolition of Commercial Ready at the time? That gives you a flavour. If you could come back to me on notice, given nobody is here—

**Mr Yuile**—Senator, thank you. I am certainly aware of the Cutler review and of the conclusion of the Commercial Ready scheme. I think the recent announcement of a replacement scheme or a scheme relating to innovation—

**Senator ABETZ**—I was going to say hardly a replacement, but I accept that nuancing.

**Mr Yuile**—Sorry, a new program. I was not aware of this line of questioning, so I am apologising that we do not have that very specific detail, but we will follow that up.

**Senator ABETZ**—I accept that and I look forward to the answers. Thank you.

**CHAIR**—That concludes our discussions on programs 1.1 and 1.2, outcome 1. We are now back to dealing with the outstanding matters under DFAT trade programs. I have some questions on BSE and the recent announcement by the minister. Which industry bodies, health authorities and health bodies were consulted in reviewing Australia's BSE policy?

**Mr Yeend**—In taking the decision the government has recently made to change the policy on BSE, a key consideration was that for a number of years there have been concerns from industry groups about the policy that has been in place. Certainly when the decision was taken to review this policy it was because of those concerns. A key part of the review was to consult again with the major industry groups and other stakeholders in the health industry. So, as part of the process of conducting this review, all of the major peak industry associations were consulted. I can give you a list of them if you would like: the Red Meat Advisory Council, Meat and Livestock Australia, the Cattle Council of Australia, the Australian Meat Industry Council, the Australian Lot Feeders Association, the NFF, Australian Dairy Farmers and the Red Meat Market Access Committee. There are also a number of medical and health groups that were consulted by the Department of Health and Ageing, including the Red Cross, the Royal College of Pathologists, the Society of Blood Transfusion, the Haematology Society, the Bone Marrow Donor Registry, the Cord Blood Bank network and the National Blood Authority.

**CHAIR**—What has been the response of the industry bodies that you outlined to the changes announced by the government?

**Mr Yeend**—The overwhelming response from those bodies to the proposed approach that the government has now taken has been one of very strong support for the proposed policy change. There was concern particularly from industry groups. As I said, they have had concerns for a number of years that there were real problems with the existing policy and the way it would be administered in that it would require that, should there be an outbreak of BSE in Australia, all beef would need to be removed from the shelves. That would be an extremely costly undertaking, an expensive undertaking. Also, they had noted that over a number of years there was a need to review the science—the science has moved on—and that as such it made sense to conduct a review. Indeed, when that review was made by an eminent expert in this area and it was assessed that it would be possible to change the policy while keeping the level of risk of any outbreak at an extraordinarily low level of risk, based on that finding by the expert, there was strong support for the proposed change of policy.

**CHAIR**—What exactly is the increased level of risk of the change of policy? Have you been able to identify that?



**Mr Yeend**—I might ask my colleague to give you a little bit more detail on what the report has found in that regard.

**Ms McCarthy**—I will just refer you to Professor Matthews' report which indicates that an estimate of the absolute risk to Australians from UK beef imports—and the UK was the most affected country by BSE—is quantified in his table 4 and found to be 40 million times less than the risk from road accidents.

**CHAIR**—It is 40 million times less than the risk from a road accident.

**Senator COLBECK**—I would like the number again because I think the number is wrong.

**CHAIR**—Ms McCarthy, could you give the number again please?

**Ms McCarthy**—My report indicates that it is 40 million times. I will read it:

An estimate of the absolute risk is found to be 40 million times less than the risk from road accidents.

**CHAIR**—How will Australia's BSE testing and assessment requirements compare to international standards and other countries' regimes?

**Mr Yeend**—The proposed changes will still see Australia have extremely thorough and robust risk assessment procedures. A number of factors will be taken into account in assessing any application from another country to import. Factors taken into account will be the animal health surveillance procedures, and the feeding and slaughter practices in those countries. Those procedures that we are putting in place are similar in many respects to what is done by most other countries in testing for BSE. Certainly, we will ensure that the particular circumstances in Australia are also adequately taken into account to ensure that public health and safety issues are properly considered. Basically, our procedures will still be extremely rigorous and aimed at minimising the risk. That is the approach that reflects international practice in a number of other countries as well.

**CHAIR**—Thank you. We have seen reporting that our exports of beef to Korea and Japan will be affected. Where do these two countries stand on that issue?

**Mr Yeend**—Both of those countries have procedures in place that are very closely or similarly aligned to international standards and are therefore similar to the arrangements that Australia is putting in place.

**CHAIR**—Finally, from my perspective, I am advised that for the past eight years New Zealand has had a similar BSE policy to the one proposed to be implemented now by the government. What has been their experience of their policy for the last eight years?

**Mr Yeend**—My understanding is that New Zealand has indeed had a policy approach similar to the one that has now been adopted by the government and that its export trade has not been impacted at all. I think that is because the kinds of measures that New Zealand has in place and that we have now decided to put in place will still result in an extraordinarily low level of risk of BSE outbreak, as has been indicated by my colleague, but as is set out more clearly in the expert report.

**CHAIR**—Thank you for those concise answers to my questions. Are there further questions on BSE?

**Senator HEFFERNAN**—Thank you very much. Those are very good dorothy dixers. What will be the method of changing the procedures? Will it be by regulation? I am informed that the people who were subject to the very confidential negotiations were told that it was thought that it could be done by cabinet decision, bypassing the parliament. How will you actually do this—by regulation or—

**Mr Yeend**—Firstly, just to correct one of your assertions that the process was—

**Senator HEFFERNAN**—I cannot hear you, mate.

**Mr Yeend**—Sorry, Senator, I think you said that there was some kind of confidential or clandestine process. I think I have already set out that there was extensive consultation with the industry.

**Senator HEFFERNAN**—I will take you to that so you know the score, including in relation to RMAC. This all happened in a very short period recently, and obviously it has been going on for years. Obviously, with the ‘meat off the shelves’ problem, the industry had a choice between mandatory removal of SRMs and the option that you have now taken, which is to reduce Australia’s standards. I will ask you: how many countries in the world that are major—not like New Zealand—beef exporters are BSE and foot and mouth free?

**Mr Yeend**—At the moment the level of risk in various countries is—

**Senator HEFFERNAN**—No, I am asking you: how many countries have the status that Australia has, being BSE and foot and mouth free?

**Mr Yeend**—I think I would have to take that on notice.

**Senator HEFFERNAN**—There are about three. Do you understand the complexity of the ‘food off the shelves’ policy?

**Mr Yeend**—I understand that this would be a requirement if there were an outbreak, under the previous policy.

**Senator HEFFERNAN**—Yes. Do you understand what would have overcome that policy? Do you understand that AMIC, which is one of the groups that you have signed up and told not to talk to us because you knew they would object—that is information from Mr Justin Toohey of RMAC; he said, ‘We didn’t want to talk to you because we thought you might object to what we were doing’—is controlled largely by foreign entities? They include Swift, based in Brazil; Cargill, based in the USA, who have already said they are bringing in meat to Australia to offset any opposition that Japan and Korea will have in the event of another positive over there; and Nippon in Rangers Valley. There are a range of people who dominate the processing market here. They are absolutely of the view that this was the cheaper option for them, because with the other option over 50 per cent—we will give the precise details in the inquiry which you will face shortly—of the meat already has mandatory removal of SRMs. Do you know what an SRM is?

**Mr Yeend**—Specified risk material.

**Senator HEFFERNAN**—Do you know what that is, though—what part of the animals?

**Ms McCarthy**—Brain and spinal cord—those sorts of things.

**Mr Yeend**—The parts that need to be removed to—

**Senator HEFFERNAN**—Okay. So you would be aware that if the industry took the policy to remove it mandatorily—it is already over 50 per cent removed anyhow, because all the meat that goes to America in various exports has it removed mandatorily—the ‘meat off the shelves’ thing would be irrelevant. If we had got a positive then and we had mandatory removal of SRMs then there would be no need to take any meat off the shelves. Are you aware of that?

**Ms McCarthy**—No, I am not.

**Senator HEFFERNAN**—I cannot hear you.

**Ms McCarthy**—I am not aware of that.

**Senator HEFFERNAN**—There you go, and you are the blokes that are running the show. So there was a decision and an argument amongst the industry—

**Mr Yeend**—Excuse us, Senator.

**Senator HEFFERNAN**—No, let us get it on the record.

**Mr Yeend**—Senator, I think it is fair to say you have just said we are the ones running the show.

**Senator HEFFERNAN**—This was driven out of trade. It was a whole-of-government decision driven out of trade. Health is not an issue, as with that stuff before. Health is not an issue. Animal health is an infinitesimal issue. This is about reducing Australia’s status with its herd, a status unique on the planet, to the level of all the countries that have problems for the purposes of export. That is what it is all about. You guys know that. Your stuff says that you were approached by the industry. You have said you were approached by the industry to do this.

**Mr Yeend**—Yes.

**Senator HEFFERNAN**—Yet the industry says in a press release today that you were approached by Japan and the US to do it. We will deal with that in a different forum. AMIC, the processors, decided that it was cheaper for them to convince the industry of what you have decided to do, and that is fair enough, because I do not think you blokes know much about it. There is no-one in the parliament or the government who lives and/or makes a living in the bush—not a soul. So you have decided to do that. The industry says that it would cost them \$200 million, and they did not want to do that. The people who would have been affected by it that process all this thought they might be put out of business. They said it would cost the industry \$200 million.

**CHAIR**—Do you have a question?

**Senator HEFFERNAN**—I have a question.

**CHAIR**—Good. Can you ask it? We do not need the context. Just ask the question.

**Senator HEFFERNAN**—No, I am sorry. We have to get the context.

**CHAIR**—We do not. All you do is—

**Senator HEFFERNAN**—You are not interested in the context because you know nothing about the bush.

**CHAIR**—Why don't you ask the question? If you have not got a question, we will give it to someone else. Ask the question.

**Senator COLBECK**—You've asked—

**CHAIR**—Shut up!

**Senator ABETZ**—Come on, Chair.

**CHAIR**—Ask the witness a question.

**Senator HEFFERNAN**—I will ask the witness a question, but I am not going to ask a question with you jumping down my neck.

**CHAIR**—If you do not want to ask a question, we will give it to someone else.

**Senator HEFFERNAN**—I am going to ask a question. You might learn something if you shut up too.

**CHAIR**—Why don't you ask a question?

**Senator HEFFERNAN**—If I could go back to the problem that the industry faced. Already 50 per cent of SRM are removed. They say there was a \$200 million account that would be brought to the business to remove the problem we have all got. It is a serious problem, there is no question about that. If we have got a reactor, it will cost \$4 million in the first week and \$7 million all up to remove all of the meat and destroy it. Did you do a cost-benefit analysis on that solution versus AMIC's solution? Bear in mind that Cargill's in America, the US and Japan are driving this, AMIC have decided that the cheapest solution for the industry as a processor was to lower the standards so that anyone who has had BSE reactors can bring their beef in. Did you do a cost-benefit analysis on that?

**Mr Yeend**—As I pointed out, the process of consultation was with a wide range of the peak industry bodies—and I have listed them all—

**Senator HEFFERNAN**—I appreciate that.

**Mr Yeend**—It was not just AMIC. I do not know that I would agree with your assertions with regard to AMIC, but perhaps it is an issue better directed to the department of agriculture. In terms of a cost-benefit analysis, the review process, as I said, was done by an eminent scientist who was an expert in this area.

**Senator HEFFERNAN**—On human health?

**Mr Yeend**—Yes.

**Senator HEFFERNAN**—Yes, I had a long yarn to him. He was asked to assemble on a very narrow basis. He was a retired guy from here. He was to gather up what was on the database and put it into a report and report, and he did precisely that. This is not a human health issue. I am talking about trade here. You are Trade. I am not interested in the cover for whole of government from all of these other people. This was driven out of the Minister for Trade's office. There is no question about that. It was a trade consideration. My question is—

**Mr Yeend**—Senator, I do not agree with your characterisations. It was a process that was jointly coordinated—

**Senator HEFFERNAN**—I accept that you do not accept that. You have not had a yarn to the people I have had a yarn to. Today David Inall put out a press release in which he said they were trying to fix this up because it has been bugged up. They say:

There have been public assertions today that making this policy will negatively affect our reputation overseas. However, we are advised that in fact Japan and the US formally requested the Australian government to do this.

Is that true?

**Mr Yeend**—Over a number of years a number of our trading partners have raised their concerns about this issue, and I would not pretend that trade considerations have featured in the government's consideration of this issue, but the issue was driven by the concerns that have been expressed by industry, as I have already set out—

**Senator HEFFERNAN**—Yes, the off-the-shelf thing is what drove it.

**Mr Yeend**—And concerns that the science was becoming outdated and needed to be reviewed and assessed. These were important considerations. Clearly, there is a problem in a trade policy or trade law sense if you have a measure in place that is not justified by the science.

**Senator HEFFERNAN**—I accept that.

**Mr Yeend**—This was another concern that the industry had. In taking the approach it has taken, the government has reviewed, with expert advice, and has decided on a new approach that still has an extraordinarily low level of risk. Importantly, though, it is based on accepted science in this area.

**Senator HEFFERNAN**—I accept that it is OIE driven.

**Mr Yeend**—This means that in a trade policy or trade law sense there would be no problem with the kinds of issues that were being raised with us by our trading partners.

**Senator HEFFERNAN**—Okay. Thanks for that. But do you accept the foot-and-mouth standards of the OIE, which is the driver, or the standard?

**Mr Yeend**—Sorry—that is an issue more for the Department of Agriculture, Fisheries and Forestry.

**Senator HEFFERNAN**—Your literature says that this is driven by OIE, so someone in your department—the department of trade—must be familiar with it. The OIE standard was the one that nearly gave Australia foot-and-mouth disease, until we sent SPS over there to have a look. OIE said in a desktop study—and I had a lovely chat with Professor Matthews in the last couple of days—that Brazil had foot-and-mouth-free regions. Do you accept that?

**Mr Yeend**—I accept that you are telling me that, yes.

**Senator HEFFERNAN**—Well, it did. They do not have NLIS. They cannot even trace them. There is illegal trade over the border from Paraguay and Uruguay. A government press release yesterday said:

The new arrangements will not affect the Australian food standard which requires that beef and beef products be derived from animals free of BSE.

That means you have to have BSE-free herds. Could you explain to me what a BSE-free herd is?

**Mr Yeend**—I think a lot of these questions would be better directed at—

**Senator HEFFERNAN**—But you are driving this. You blokes negotiated it and you are driving it. We do not know how much money is involved and what the protocols are, and we will come to that, not here but in the inquiry. This is under trade and I am told that you are the guys who have all the answers. Could you explain to me what a BSE-free herd is?

**Ms McCarthy**—As my colleague said, this is probably a question more for the agriculture department, but I understand that we have monitoring systems in place for BSE risk mitigation and we do surveillance to a high level to ensure that Australia's herds are BSE free. That certainly will not stop under the new policy; it will continue, of course.

**Senator HEFFERNAN**—But please explain to me what a BSE-free herd is when there is no live test for BSE. That is a giveaway—I have just given you the answer.

**Senator FORSHAW**—On a point of order, Chair: it seems to me that the question is really a policy question.

*Senator Heffernan interjecting—*

**Senator FORSHAW**—Would you let somebody actually have a say for a change, Bill, instead of constantly interrupting everybody.

**Senator HEFFERNAN**—It is the grumpy old men's club here tonight!

**Senator ABETZ**—Statler and Waldorf.

**Senator FORSHAW**—And we have Big Red and Bojangles up the back too!

**CHAIR**—What is the point of order?

**Senator FORSHAW**—The point of order is that these are clearly questions which are more properly directed at officers of the department of agriculture. The officer at the table has indicated that whilst these are the trade estimates, and there are clearly trade considerations involved, it also involves a range of other departments. It is not appropriate, I would have thought, to ask an officer of the department of trade a specific question regarding definitions of BSE-free herds, which would more properly be directed at the department of agriculture. Secondly, Senator Heffernan has indicated that there is going to be an inquiry into this issue. He is constantly telling us that. So he will have an opportunity to pursue those questions at another time.

**Senator HEFFERNAN**—Thank you very much for your wisdom—

**Senator FORSHAW**—I was not talking to you, I was talking to the chair.

**CHAIR**—On the point of order, Senator Heffernan?

**Senator HEFFERNAN**—Do whatever you like on the point of order.

**CHAIR**—On the point of order, officers should answer the questions within the portfolio and within their area of expertise. If you cannot answer them, say so.

**Senator HEFFERNAN**—That is fair enough.

**Senator ABETZ**—I have just received an email and somebody wants to know, Senator Forshaw, who Bojangles is on this top bench.

**Senator FORSHAW**—Before I refer to your email Senator Abetz I obviously have to go and do some detailed checking about your source of emails!

**Senator HEFFERNAN**—Could I just go back to the issue? It is not deteriorating; it is deadly serious. The press release says that the animals will only be derived from BSE-free cattle. The problem with that is that the only time you know a herd has BSE is when it is dead. There is no live test. I want to go to the consultation process. The NFF tells me that they were asked by the department what their view was. They said they deferred to the peak bodies. That was the only consultation that was had with the NFF. AMIC rang me and said, ‘We couldn’t tell you, Senator, but we were sworn to secrecy.’ It was a confidential thing, it was embargoed for the *News Weekly* until half past two or whatever yesterday. It was a serious operation of not letting it out.

Just out of curiosity, RMAC and the Cattle Council are representatives of the New South Wales farmers. The New South Wales Farmers Association has a Cattle Committee. The first the New South Wales farmers knew about this policy was when they read about it. They were not consulted. Mr Justin Toohey said—I made a contemporaneous note of the conversation—‘Bill, we decided not to consult you because we knew you would oppose it.’ Mr Greg Brown from the Cattle Council said they expressly asked the department to consult the opposition on this because there are other perspectives which are not driven out of trade, by AMIC or by people who have their own community of interest and we did not hear a word from them. They are very disappointed that the department decided not to consult any further. The consultation process was a farce.

**Mr Yeend**—The industry consultation process—

**Senator HEFFERNAN**—Do you acknowledge that the industry asked the department—you may not be the person to answer that. You may not be the department.

**Mr Yeend**—What I was going to say was that the industry consultation process was coordinated and conducted by the Department of Agriculture, Fisheries and Forestry. The list of organisations that I read out at the beginning are all of the peak industry bodies. None of the comments that you have allegedly heard from industry groups were put to the government in the consultation process. In fact, as I said at the outset, the overwhelming response from all of these groups was in support of change because they knew that the policy could be changed in a way that still maintained an extraordinarily low level of risk. It ensured that any application for import for beef coming into Australia would still go through the most rigorous assessment procedures meaning that the level of risk for any outbreak of BSE was at an extraordinarily low level—

**Senator HEFFERNAN**—I accept all of that.

**Mr Yeend**—What is more the procedures that we were thinking of putting in place were based around normal international practice.

**Senator HEFFERNAN**—But the OIE is a failure. They proved it with beef that came here that ended up on the Wagga tip. The OIE, which you are relying on, said there were foot-and-

mouth-free zones in Brazil. So we went over there into a foot-and-mouth-free area. One side of the road was foot-and-mouth free, on the other side it was foot-and-mouth positive. Unfortunately, there was no boundary, the one herd of cattle were eating up both sides of the road. It is a farce. My difficulty is that you have the Department of Health and Ageing, the Department of Foreign Affairs and Trade, the Department of Agriculture, Fisheries and Forestry and the Parliamentary Secretary for Health, who are all signatories to this document, and none of them can tell us what protocols were being considered, even though you have taken a decision. What are the protocols?

**Mr Yeend**—With the announcement of the changed policy, the policy itself will come into effect in March next year—

**Senator HEFFERNAN**—You hope.

**Mr Yeend**—and the timing is related to the need to develop—

**Senator HEFFERNAN**—But aren't you putting the cart before the horse, if you cannot do the policies? The department of agriculture cannot fund AQIS. They have just said that the wheels are going to fall off the cart unless we change the rules for AQIS funding. We have no idea what the protocols are for this or what they are going to cost. There is no live test. There is no NLIS. Will NLIS be mandatory in the countries we are sourcing these cattle from?

**Mr Yeend**—Again, these are questions that are not—

**Senator HEFFERNAN**—Do you know what NLIS is?

**Mr Yeend**—These are questions that should be directed to the department—

**Senator HEFFERNAN**—Do you know what NLIS is?

**Ms McCarthy**—It is a livestock tracing system.

**Senator HEFFERNAN**—You do not know. Well, anyhow, good luck to you.

**Senator ABETZ**—It is a pretty good effort, Bill.

**Senator FORSHAW**—It is not the national liberation army—

**Senator HEFFERNAN**—No, it is definitely not the national liberation army! No, it is full traceability; you are right. There is no full traceability in these countries. There is no traceability at all in most of them. How the hell are you going to supervise this? It suits AMIC—because I can assure you that Cargills intend to bring beef into Australia, and I can assure you that, if we go to parity or \$1.10, Woolies and Coles will be selling that beef in our supermarkets. That is a double banger for the industry because not only are cattle now the cheapest they have been since the cattle depression of 1974 to 1978, because of the dollar, but this is going to make it so much worse.

When there was the outbreak of BSE in Canada and the US, we immediately gained the vacuum that that left in Japan and Korea. I have just come back this year from Canada, and they were trying to blow down my neck the stuff they have just blown down the government's neck—that is, 'We want to get cattle into your country, Australia, so that, if there is an outbreak here we can say to our exporters, where we are keeping you out of the market because we have a weaker dollar now, "If Australia take our meat and they are BSE free, why



wouldn't you take our meat?" That is what this is really all about—and that is trade. Good luck to you. You are winning the argument so far, but the argument is not over.

In terms of where you go from here, who is going to decide what the procedures will be? You have said they are going to be the best of procedures, yet no-one who is a signatory to this whole-of-government agreement can tell us the first thing about the procedures. How can you make a decision without knowing how you are going to implement it?

**Mr Yeend**—Senator, I will get my colleague to set out the proposed assessment procedures, but, again, these are issues that will be implemented by other government departments, not the Department of Foreign Affairs and Trade.

**Ms McCarthy**—Food Standards Australia New Zealand has on its website the proposed policy document, which sets out in broad terms the assessment procedure that will be undertaken in country-by-country risk assessments. It is called 'Bovine spongiform encephalopathy (BSE): requirements for the importation of beef and beef products for human consumption—effective 1 March 2010'. That sets out that country-by-country assessments will be undertaken. Those risk assessments will be undertaken by Food Standards Australia New Zealand—

*Senator Abetz interjecting—*

**Senator HEFFERNAN**—I can't hear—sorry, mate.

**Ms McCarthy**—As I was saying, there will be country-by-country risk assessments. Those risk assessments will be based on the OIE methodology, which sets out risk mitigation strategies that countries should have in place to ensure that the risk is appropriately low. So that document sets out—

**Senator HEFFERNAN**—Have you got the document? Could you make it available?

**Ms McCarthy**—It is on the FSANZ website.

**Senator HEFFERNAN**—But could you give it to me now?

**Ms McCarthy**—Sure.

**Senator HEFFERNAN**—Could I just allow Senator Colbeck to follow on from this process with some questions?

**Senator COLBECK**—Are you going to read that now?

**Senator HEFFERNAN**—Yes, I am, while you ask some questions.

**Senator COLBECK**—So have you finished that particular answer that you were just—

**Ms McCarthy**—I can only give you a very broad overview, not being an expert. I am not part of FSANZ.

**Senator COLBECK**—We did ask FSANZ some questions about this last night. The concern I have is that we are getting a slightly different version, so I will go back and check that stuff. My understanding is that we were going to set up a panel that would design the protocols. I am concerned now that we are being told that we are going to be using OIE protocols.

**Ms McCarthy**—Yes, the protocols will be based on the OIE methodology, but it will be tailored to the Australian situation. As the document indicates, there will be a committee set up to ensure those protocols are detailed and appropriate to Australia.

**Senator COLBECK**—Okay. I will ask the other questions detailing around that of the department of agriculture, because they are probably more experienced in dealing with import risk assessment processes through their formal structures.

**Ms McCarthy**—Sure.

**Senator COLBECK**—You made a comparison with New Zealand's beef import protocols. Can you tell me what New Zealand's annual beef exports are in dollar terms?

**Mr Yeend**—I do not have that information. We would have to take that on notice.

**Senator COLBECK**—Can you tell me what Australia's annual beef exports are in dollar terms?

**Mr Yeend**—About \$4.8 billion per year exports.

**Senator COLBECK**—In other words it is a significant market. And while I accept your comments in relation to human health—I still argue with the number that Ms McCarthy gave us on human health risk because I have the document in front of me—this does come back to trade. Am I correct in understanding that trade was the lead agency in negotiating this process?

**Mr Yeend**—The review process was a jointly coordinated effort between the Department of Foreign Affairs and Trade, the Department of Health and Ageing—

**Senator COLBECK**—I already have one denial up my sleeve, just to let you know what is going on.

**Mr Yeend**—and the department of agriculture. There was no lead agency as such in the process, but the Department of Foreign Affairs and Trade did take on a role of coordinating inputs for the consideration by the government.

**Senator COLBECK**—That lines up. Can you tell me which countries have specifically recently requested this change and which ones were consulted with as part of this process?

**Mr Yeend**—The countries that I have already indicated before—Japan, the EU, Canada and the US—have at various points in time in recent years raised this issue with us, pointing to the inconsistencies and that the science has moved on and that they had concerns with the ban. But there has been no direct request. As I said at the outset, what has driven this change are the concerns that have been put forward by industry. That, combined with the need to review the science, has led to the decision to change the policy.

**Senator COLBECK**—So did we have any direct consultations with any of our trade markets in the immediate process of dealing with this announced change?

**Mr Yeend**—No.

**Senator COLBECK**—So all of the negotiations and all of the discussions in Australia were held with industry, the department of health and health professionals as detailed in the joint press release?

**Mr Yeend**—Yes, there was no negotiation with anyone outside of Australia; it was, as you said, with industry, relevant health groups and getting the expert input from Professor Matthews in his report, on which the decisions were based.

**Senator COLBECK**—So going back to Senator Heffernan's point about the consultation, why is it that industry was sworn to secrecy as part of the process?

**Mr Yeend**—That was not the case. There was industry consultation with all of the peak bodies. As far as I am aware there was—

**Senator COLBECK**—Yes, but that is my point: you went to the peak bodies, but they were told that they could not consult. They have told us that. It is not a big secret now. We know that that is the case.

**Mr Yeend**—That is not my understanding, and, as I said, the industry consultation process was overseen by the department of agriculture. But certainly, as far as I am aware, there was no suggestion that they were not allowed to disclose what was going on.

**Senator HEFFERNAN**—We will get you a couple of stat decs on that.

**Senator COLBECK**—What are the direct trade consequences of maintaining our current status?

**Mr Yeend**—The direct consequences are that we have concerns from the industry that—

**Senator COLBECK**—No, I am talking about what are the trade consequences of us not changing?

**Mr Yeend**—The trade consequences could be, given that we have had representations from other governments expressing concern that the measures we have in place are not based on sound science, that should one of them choose to initiate a dispute settlement action in the WTO to challenge the measures, we would have to be able to show that the approach we were taking was scientifically based and by the least trade restrictive means possible. Given that the review by Professor Matthews has shown that it is possible to put in place revised measures that still meet all of our objectives, and in particular the objective of maintaining an extraordinarily low level of risk—

**Senator COLBECK**—To human health.

**Mr Yeend**—then by making the change, meeting industry's requests for a review and updating of the policy, we are also minimising and in fact removing the prospect that one of our trading partners could initiate a WTO dispute to challenge the measure.

**Senator COLBECK**—What is the risk of that occurring? We have talked risk, what is the risk of that occurring?

**Mr Yeend**—It is speculative, but it is worth noting that Canada has just recently initiated a dispute against Korea in this precise area, and so I would say that there is a high level of risk given that these countries have been raising the issue repeatedly over a number of years in WTO disputes. That is often the way: these issues are raised over many years and if the party that is complaining maintains the concerns and feels they are not being addressed, and if they feel they have a case that they could pursue, then it remains open for them to do that. That is

certainly what Canada has chosen to do with Korea, having just initiated formal dispute settlement consultations in the WTO.

**Senator COLBECK**—Korea and Japan in particular are very sensitive markets to BSE. Is that correct?

**Mr Yeend**—I think that—

**Senator COLBECK**—They are.

**Mr Yeend**—most countries, in fact all countries, are very sensitive to the risk of BSE.

**Senator COLBECK**—But those two markets in particular have had—

**Mr Yeend**—Well, those two markets, but they have relaxed their procedures.

**Senator COLBECK**—They have had very strong reactions—

**Mr Yeend**—But they have relaxed—

**Senator COLBECK**—Let me finish on this point—

**Mr Yeend**—But, Senator, you are suggesting that they have particular—

**Senator COLBECK**—And I am agreeing with you that they have relaxed their—

**Mr Yeend**—They have relaxed, and I would say that all countries take a very strict, rigorous approach to the risk of BSE—certainly Australia does.

**Senator COLBECK**—I agree that they have relaxed and I do not want to take up any more of the committee's time. We are on the same page on that. They have relaxed their protocols, but the markets have not normalised back to where they were prior to the BSE outbreak, largely because of perceptions within the markets. And they are very sensitive markets; we can agree on that. Before the BSE outbreak, the Japanese market, for example, was about one-third Australian beef, one-third Japanese beef and one-third US beef. When the BSE outbreaks occurred, because US was accepting Canadian beef into the US, the Japanese said, 'We are not going to take the risk with you' and it became a fifty-fifty proposition: 50 per cent Australian beef, 50 per cent Japanese beef. The market has not recovered back to those pre-BSE proportions, and the Americans are not happy about that. The real concern is that after we make this decision the Americans can go into the Japanese market saying, 'We are at the same level as Australia,' or, 'They have dropped to our level,' more to the point, 'So now you should buy our beef.' It is a marketing thing, which is a major concern, and it is a potential reality. The perception in the market is a strong point. I accept your arguments in respect of human health; I think they are right. The issue comes back to who ends up paying for all this, and it is going to be Australia's farmers. Thank you.

**Senator HEFFERNAN**—It will not be the processors; it will be the producers. Can I say it is not them lowering to our standards; it is us lowering to their standards. We are unique as the major exporter of beef on the planet that does not have BSE and foot and mouth. What you blokes have been kidded into is reducing our standard to all the countries that have got the problem we do not have and we do not want. We have an edge. Whether you like it or not, if there happens to be another outbreak somewhere, we will swallow up their market again. They do not like it. The Canadians and the Yanks are not happy. You blokes have swung this off animal health and human health. There is nothing wrong with saying to the Yanks, 'Get a

national livestock identification thing, say that to Brazil, come back to us and we will talk to you again when you have done that.' We have already got it. You blokes have swung us off a tree.

**Mr Yeend**—Senator, there is nothing that the government has done in taking this decision that in any way jeopardises the negligible risk status that Australia currently enjoys. As I have set out previously, the most rigorous procedures will be put in place to ensure that that is the case.

**CHAIR**—Thank you. We will now turn to EFIC.

**Senator Stephens**—Chair, could I draw it to the attention of the senators who joined us this evening that we worked through the dinner break and the secretariat and the officers from the departments have been here all day. Perhaps we should have had the dinner break. This has been a long slog for them.

**Senator HEFFERNAN**—We apologise for that, but there were mickey mouse questions that had to be answered. We were going to ask some.

**Senator ABETZ**—Thank you very much. For what it is worth I had notified the secretariat of my intentions to ask questions of Austrade and EFIC this morning and I daresay that was factored in. Can I be advised or given an update as to how much EFIC's maximum exposure is under the National Interest Account?

**Mr Tighe**—The current maximum exposure on the National Interest Account is \$1.25 billion.

**Senator ABETZ**—On Thursday 13 August I was told in response to a question of 12 August that it was \$1.1 billion. Can I inquire as to the increase of \$0.15 billion. Is that increase in relation to sovereign borrowers or commercial borrowers?

**Mr Tighe**—I cannot give you an answer off the top of my head. I do not know. I would have to take that on notice.

**Senator ABETZ**—If you could please. I was also told at the time that out of the total EFIC exposure under NIA 64 per cent of the maximum exposure—my apologies. In fact I have got that wrong. I think I asked about \$1.1 billion and the answer came back that it was in fact \$1.25 billion, so I daresay it has not changed. I apologise for that and withdraw that. By the looks of things, in the last couple of months since August things have not changed much. I was told at the time that 64 per cent of our maximum exposure is to the government of Indonesia. I assume that remains the case?

**Mr Tighe**—That is correct.

**Senator ABETZ**—Then I was told we had another 16 per cent which relates to exposure to other sovereigns. For the uninitiated does 'other sovereigns' mean other countries?

**Mr Tighe**—Yes, a debt to a borrowing country. That is right.

**Senator ABETZ**—Yes, to other countries. My maths was never good but 16 and 64 makes 80, leaving another 20 per cent and I understand that is to commercial entities.

**Mr Tighe**—That is right.

**Senator ABETZ**—How many commercial entities?

**Mr Tighe**—It would be a multiple number of them. I think I can cut to the chase and tell you that 16 of the 20 per cent is General Motors Holden.

**Senator ABETZ**—Yes, I was told that on 13 August.

**Mr Tighe**—And the remaining four per cent is to a number of other commercial borrowers.

**Senator ABETZ**—Can you please tell me the number.

**Mr Tighe**—Not at the moment. I can take that on notice for you.

**Senator ABETZ**—Sorry, that is what I was meaning. Yes, if you could take that on notice because it seems that 80 per cent of our commercial exposure is to the one company, General Motors. I assume you will not tell us who the other commercial entities are?

**Mr Tighe**—I am sorry but I do not have a list of them here.

**Senator ABETZ**—Because in the past there have been suggestions that it is commercial-in-confidence and we would not be told. Yet when the media started sniffing around on this and got a hunch about the GMH EFIC agreement and when I had asked questions about support for the car industry things were studiously avoided until this came out in the media. Now that GMH is exposed as a beneficiary I am wondering whether the same approach will be taken to the other commercial entities. If there is a difficulty with that let us know in the answer on notice please, but if you could tell us at least the number of commercial entities.

**Mr Tighe**—Certainly. I will look into it. On the GMH issue I might just explain that GMH themselves had declared a loan, so it was public knowledge.

**Senator ABETZ**—It was an undisclosed loan in their books, and some people put two and two together and made inquiries as I understand it of GMH and then they indicated that. But in telling us the number would you also please tell us how much per entity and if you are unable to identify the entities what the split up is between the anonymous entities without identifying the entity. Can you also tell us the date the facility was made available to GMH?

**Mr Tighe**—Yes, the loan contract was signed on 2 July 2009.

**Senator ABETZ**—2 July 2009?

**Mr Tighe**—Yes, that is right.

**Senator ABETZ**—Are you at liberty, now that we know when it was signed, to tell us when application was made for it?

**Mr Tighe**—There had been discussions between the government and GMH dating back to 2008, but the actual decision and subsequent signing of the loan took place on 2 July 2009.

**Senator ABETZ**—So that was quite some time in the negotiation?

**Mr Tighe**—Correct.

**Senator ABETZ**—Are you able to tell us when in 2008, or would you have to take that on notice?

**Mr Tighe**—I would have to check that because the initial approach was made to EFIC itself and it was subsequently referred to the government. I am sorry, I cannot tell you without checking when that was.

**Senator ABETZ**—Was it in circumstances where GMH approached EFIC or was it that, in general discussions, it was suggested to GMH that it may be appropriate for them to approach EFIC?

**Mr Tighe**—My recollection of the sequence was that GMH approached EFIC directly as the government's export finance arm. EFIC considered the matter. EFIC, as you will understand, has an independent board. The decision of the board was that EFIC could not do the transaction on its commercial account. Therefore it referred it to the Commonwealth.

**Senator ABETZ**—So it was not deemed to be commercial. I had another question which has slipped my mind, so I will allow Senator Fierravanti-Wells to proceed and, if it comes back, I will quickly revisit if I may.

**Senator FIERRAVANTI-WELLS**—Mr Tighe, I just want to follow up on some questions that we dealt with on 2 June in relation to the wool and textile area. You will recall that you had had representations. On that occasion we talked about the representations that you had had by the wool industry and I referred you to some media reports in the *Australian* about facilities that the British government had established. You in effect then said that you would be considering the issues in the industry. I will not traverse that. This is just a summary, given the time.

Subsequently, there have been some more media reports, in particular an article in the *Age* on 17 August entitled 'Wool export slump as insurance dries up'. The article refers to millions of dollars in contracts being lost because the government was not making export credit insurance available during the global economic crisis. There was also media commentary on the matter and comments by Mr Will Lempriere. He was saying that we were losing business to competitors based in New Zealand and China which would affect virtually all Australian exporters. This is just a snapshot of the situation. In that article, there was indication that a range of options involving EFIC were being looked at by the government. Could you give us an update in relation to that?

**Mr Tighe**—The government has had several subsequent discussions with the industry both at industry group level and with individual companies. We have also been talking to credit insurers and, most recently, to foreign export credit agencies. The discussions are ongoing.

**Senator FIERRAVANTI-WELLS**—Obviously 1 July, when QBE's announcement was going to take effect, has passed. Can you give us some sort of indication about when we are likely to see some resolution of this matter?

**Mr Tighe**—I cannot give you a definitive date. I can say that the government has been looking at it carefully and expeditiously. The discussions have continued up to as recently as this morning, in fact. So it is an ongoing issue.

**Senator FIERRAVANTI-WELLS**—I understand there have been some industry meetings, or the government is looking at some industry meetings, which involve both the trade minister and the agriculture minister?

**Mr Tighe**—There was, in fact, a meeting this morning which involved Mr Crean, Minister Burke and representatives of the industry.

**Senator FIERRAVANTI-WELLS**—We will await the outcome of that.

**Senator ABETZ**—If I may briefly follow up from earlier, EFIC loans are to provide a working capital line of credit. Is that a fair description?

**Mr Tighe**—They can do. The GMH one was, yes.

**Senator ABETZ**—Has that been drawn upon at all?

**Mr Tighe**—At the last point I checked, which was quite recently, no, it had not been.

**Senator ABETZ**—This is for export finance?

**Mr Tighe**—Yes.

**Senator ABETZ**—What particular export project was brought forward as being in need of this line of credit?

**Mr Tighe**—It was generally a reconfiguration, if you like, of GMH's export program, which is predominantly exports of vehicles to the United States.

**Senator ABETZ**—Thank you very much. I am sure you have answered this, but was the reason that it went for cabinet approval that you thought the risk was such that it needed that approval? It was not a decision that you would simply make on a commercial basis?

**Mr Tighe**—There are two reasons the EFIC board might choose to refer a transaction to the Commonwealth. One is that it is simply too risky for them. The other is that it may be too large or too great an—

**Senator ABETZ**—Was it on both counts that this one was referred?

**Mr Tighe**—I would have to ask that question of the board—

**Senator ABETZ**—If you could, please.

**Mr Tighe**—but probably a little bit of both.

**Senator ABETZ**—I would be much obliged.

**CHAIR**—There being no further questions about foreign affairs and trade programs, that brings out deliberations to a conclusion. I thank the Hansard and secretariat staff for their assistance. I thank the officials from AusAID and from DFAT, who have been here all day, and the parliamentary secretary.

**Committee adjourned at 9.26 pm**