



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION  
COMMITTEE

**Consideration of Budget Estimates**

WEDNESDAY, 31 MAY 2000

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE****FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE****Wednesday, 31 May 2000**

**Members:** Senator Sandy Macdonald (*Chair*), Senator Hogg (*Deputy Chair*), Senators Bourne, Ferguson, Payne and Schacht

**Senators in attendance:** Senators Coonan, Cook, Faulkner, Ferguson, Harradine, Hogg, Sandy Macdonald, O'Brien, Payne, Quirke and West

**Committee met at 9.13 a.m.**

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

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

**Department of Foreign Affairs and Trade****Portfolio overview**

John Dauth, Deputy Secretary

Alan Thomas, First Assistant Secretary, Corporate Management Division

Anne Hazell, Chief Finance Officer

Frances Adamson, Assistant Secretary, Executive, Planning and Evaluation Branch

Robyn Jenkins, Finance Management Branch

Bruce Soar, Finance Management Branch

Angela Williams, Finance Management Branch

Khadija Haq, Finance Management Branch

Ji-Soo Woo, Finance Management Branch

Mike Ford, Executive, Planning and Evaluation Branch

**Output 1.1:** Protection and advancement of Australia's international interests through the diplomatic network and Canberra-based diplomatic activity

**Output 1.2:** Provision of policy advice and analysis to portfolio ministers

**Outputs 1.1.1 and 1.2.1:** North Asia, including Australia-Japan Foundation

Lydia Morton, Former Assistant Secretary, East Asia Branch

David O'Leary, Assistant Secretary, East Asia Branch

Nicholas Coppel, Assistant Secretary, North East Asia Branch

Gillian Walker, Manager, Australia-Japan Foundation

John Langtry, Director, Hong Kong, Macau, Taiwan Section

**Outputs 1.1.2 and 1.2.2:** South and South East Asia

Neil Mules, Acting First Assistant Secretary, South and South East Asia Division

Chris Moraitis, Director, East Timor Section

Annabel Anderson, Director, Philippines, Malaysia, Singapore, Brunei Section

Bassim Blazey, Director, Indonesia Section

Glenda Gauci, Assistant Secretary, Mainland South East Asia and South Asia Branch

Miles Armitage, Director, ASEAN, Burma and Cambodia Section

Jurek Juszczak, Director, Thailand, Vietnam, Laos Section

Graeme Lade, Director, India and South Asia Section

**Outputs 1.1.3 and 1.2.3:** Americas and Europe

Gary Quinlan, First Assistant Secretary, Americas and Europe Division

Sue Tanner, Assistant Secretary, Europe Branch

Peter Shannon, Assistant Secretary, Americas Branch

Lee Kerr, Executive Officer, United States Section

Richard Ryan, Director, EU and European Institutions Branch

**Outputs 1.1.4 and 1.2.4:** South Pacific, Africa and the Middle East

Greg Urwin, First Assistant Secretary, South Pacific, Africa and Middle East Division

John Oliver, Assistant Secretary, New Zealand and Papua New Guinea Branch

Joe Thwaites, Assistant Secretary, Pacific Islands Branch

Jane Drake-Brockman, Assistant Secretary, Middle East and Africa Branch

Bob Bowker, Director, Middle East Section

Brendan Doran, Director, Africa Section

**Australian Trade Commission (Austrade)**

**Portfolio overview**

**Outcome 1:** Public understanding of Australia's trade and investment direction, government export programs and promotion of Australia's image internationally

**Output 1.1:** Ongoing programs to: show Australians the benefit of overseas trade; raise awareness of the Federal government's export assistance programs; and, promote image of Australia internationally

**Outcome 2:** Contribution to Australia's export trade performance by facilitating and encouraging trade and investment between Australia and foreign countries

**Output 2.1:** Inward and outward investment services

**Output 2.2:** Advice and guidance to federal government and coordination of Commonwealth export activities

**Output 2.3:** Inwards investment attraction services

**Outcome 3:** Australians informed about and provided access to consular, passport and immigration services in specific locations overseas

**Output 3.1:** Consular, passport and immigration services

**Outcome 4:** Contribution to Australia's export trade performance by providing financial and other assistance to eligible Australian organisations through export market development schemes

**Output 4.1:** Export financial assistance

Mr Peter Langhorne, Deputy Managing Director

Mr Michael Tindall, General Manager, Export Finance Assistance Programs

Mr Michael Crawford, Acting General Manager, Corporate and Legal Affairs

Mr Ian Chesterfield, General Manager, Corporate and Legal Affairs

Mr David Crook, Group Manager, Corporate Budgets and Assets

Mr David Faulks, Global Manager, Olympics and Sport

**Outputs 1.1 and 1.2** (continued)

**Outputs 1.1.5 and 1.2.5:** Multi-lateral trade negotiations

Graeme Thomson, Principal Adviser, Trade Negotiations Division

Peter Ussin, First Assistant Secretary, Trade Negotiations Division

Stephen Deady, Assistant Secretary, World Trade Organisations Branch  
Alan McKinnon, Assistant Secretary, Agriculture Branch  
Mark Pierce, Assistant Secretary, Services and Intellectual Property Branch  
Caroline Millar, Assistant Secretary, Trade Policy Issues and Industrial Branch  
Joan Hird, Director, WTO Disputes, Investigation and Enforcement Section

**Outputs 1.1.6 and 1.2.6:** Trade development/coordination and APEC

Murray Cobban, First Assistant Secretary, Market Development Division  
Jan Adams, Assistant Secretary, APEC and Regional Trade Policy Branch  
Jean Dunn, Assistant Secretary, Trade Development Branch  
Michael Mugliston, Assistant Secretary, Trade and Economic Analysis Branch  
John Richardson, Director, Trade Competitiveness Section  
Michael Roberts, Director, Export Credit Policy Section  
Michael Jackson, General Manager, Corporate

**Outputs 1.1.7 and 1.2.7:** International organisations, legal and environment

Michael Potts, First Assistant Secretary, International Organisations and Legal Division  
Ralph Hillman, Ambassador for the Environment  
Rhonda Piggott, Acting Assistant Secretary, Environment Branch  
Janet Tomi, Assistant Secretary, International Organisations Branch  
Richard Rowe, Legal Adviser

**Outputs 1.1.8 and 1.2.8:** Security, nuclear, disarmament and non-proliferation

Jeremy Newman, Acting First Assistant Secretary, International Security Division  
Louise Hand, Assistant Secretary, Arms Control Branch  
Bob Tyson, Assistant Secretary, Nuclear Policy Branch  
David Binns, Acting Assistant Secretary, Strategic Policy and Intelligence Branch  
Richard Maude, Director, Conventional and Nuclear Disarmament Section  
Susan Dietz, Director, Nuclear Trade and Security Section  
Garth Hunt, Director, Non-Proliferation Policy  
Bruce Miller, Director, Asia Pacific Security Section  
Katrina Cooper, Director, Biological Disarmament Section

**Output 1.3:** Secure government communications and security of overseas missions

John Crighton, Acting First Assistant Secretary, Diplomatic Security, Property and Information Management Division  
John Larkin, Assistant Secretary, Diplomatic Security and Property Branch  
Paul Foley, Assistant Secretary, Information Management Branch

**Output 1.4:** International services to other agencies in Australia and overseas

**Output 1.4.1:** Parliament in Australia

Ian Wilcock, First Assistant Secretary, Public Diplomacy Division  
Paul Robilliard, Assistant Secretary, Parliamentary and Media Branch

**Output 1.4.2:** Services to attached agencies

Alan Thomas, First Assistant Secretary, Corporate Management Division

**Output 1.4.3:** Services to business

Murray Cobban, First Assistant Secretary, Market Development Division

**Output 1.4.4:** Services to state governments and other agencies overseas and in Australia

Murray Cobban, First Assistant Secretary, Market Development Division

**Output 1.5:** Services to diplomatic and consular representatives in Australia

**Output 1.5.1:** Services to the diplomatic and consular corps

**Output 1.5.2:** Provision of protection advice through liaison with the Protective Security Coordination Centre

Ian Wilcock, First Assistant Secretary, Public Diplomacy Division

Graeme Wilson, Assistant Secretary, Protocol Branch

Leo Cruise, Director, Protocol Services and Protection Section

**Output 2.1:** Consular and passport services

**Output 2.1:** 24-hour consular services

**Output 2.2:** Passport services

Peter Baxter, First Assistant Secretary, Consular and Passports Division

Ian Kemish, Assistant Secretary, Consular Branch

Derek Tucker, Assistant Secretary, Passports Branch

Bob Whitty, Director, Consular Branch

**Output 3.1:** Public information services and public diplomacy

**Output 3.1.1:** Provision of public information and media services on Australia's foreign and trade policy

**Output 3.1.2:** Projecting a positive image of Australia internationally

**Output 3.1.3:** Olympics

**Output 3.1.4:** Freedom of information and archival research and clearance

Ian Wilcock, First Assistant Secretary, Public Diplomacy Division

Paul Robilliard, Assistant Secretary, Parliamentary and Media Branch

Graeme Wilson, Assistant Secretary, Protocol Branch

Chris DeCure, Assistant Secretary, Images of Australia Branch

Jim Meszes, Director, Management Administrative Coordination, PDD

#### **Enabling services**

Item 1: General corporate support

Item 2: Human resource management and overseas conditions of service

Item 3: Financial and budget management

Item 4: National non secure (communication system) information technology and information management

Item 5: Records management (includes work done by the archives unit and by the Historical Documents Unit)

Item 6: Property management

Item 7: Executive support

Item 8: Training and development

Item 9: Evaluation and audit

Item 10: Internal legal and statistical services

Item 11: Security services

Alan Thomas, First Assistant Secretary, Corporate Management Division

John Crighton, Acting First Assistant Secretary, Diplomatic Security, Property and Information Management Division

Anne Hazell, Chief Finance Officer

Frances Adamson, Assistant Secretary, Executive, Planning and Evaluation Branch

James Wise, Assistant Secretary, Staffing Branch  
John Griffin, Assistant Secretary, Staff Development Branch  
Tanya Smith, Staffing Branch

**Australian Secret Intelligence Service****Australian Centre for International Agricultural Research (ACIAR)**

**Outcome:** International agricultural research partnerships that reduce poverty, improve food security and sustainably manage natural resources in developing countries and Australia

**Output group 1:** Research on agriculture and natural resource management problems for developing countries and Australian producers

**Output 1.1:** Identified research and training priorities

**Output 1.2:** Developed project proposal and training activity

**Output 1.3:** Commissioned research and training project

**Output 1.4:** Project finalisation, completed project review and result communicated

**Output 1.5:** Completed impact assessment

**Output 1.6:** Unrestricted grant made to International Agricultural Research Centres

**Output group 2:** Trained researchers in developing countries and Australia

**Output 2.1:** Non-specific training

**Output 2.2:** Trainee fellowship

**Output 2.3:** Crawford Training Fund

Dr Bob Clements, Director

Mr Michael Brown, Deputy Director, Corporate

Ms Fiona Carrick, Acting Finance Manager

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

**Outcome:** Australia's national interest advanced by assistance to developing countries to reduce poverty and achieve sustainable development

**Output 1:** Policy

**Output 2:** Program management

**Administered items:** Australia's aid program

Mr Ian Anderson, Assistant Director General, Contract Services Group

Mr Ray Barge, Director, Gender, Health and Education Group

Mr Mick Commins, Assistant Director General, Office of program Review and Evaluation

Mr Bruce Davis, Director General, AusAID

Mr Scott Dawson, Assistant Director General, East Asia Branch

Mr Michael Dillon, Assistant Director General, Papua New Guinea Branch

Mr Laurie Engel, Assistant Director General, Mekong and South Asia Branch

Mr Mark Fleeton, Acting Assistant Director General, Resources Branch

Ms Ali Gillies, Assistant Director General, Humanitarian and Community Branch

Mr Robert Glasser, Assistant Director General, Executive Branch

Mr Lou Langford, Director, Humanitarian and Emergencies Section

Mr Colin Lonergan, Assistant Director General, Sectoral Advice and Analysis Group

Dr Peter McCawley, Deputy Director General, Program Quality Group

Ms Annmaree O'Keeffe, Assistant Director General, South Pacific and Africa Branch

Ms Miranda Rawlinson, Assistant Director General, International Programs Branch

Ms Jennifer Rawson, Deputy Director General, Asia and Corporate Division

Mr Charles Tapp, Deputy Director General, Pacific, Humanitarian and International Division

Mr Ross Muir, Director, Development Banks Section

Mr Laurie McCulloch, Director, Pacific Contracts and Policy Section

**CHAIR**—Good morning. I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I will shortly be welcoming Senator Alston, the minister representing the Ministers for Foreign Affairs and Trade, and I welcome officers of the Department of Foreign Affairs, and you, Mr Dauth. The committee has before it the particulars for the proposed expenditure for the service of the year ending 30 June 2001, documents A and B, and the portfolio budget statement for Foreign Affairs and Trade. The committee will firstly put questions of a general nature on the portfolio overview and then proceed to consider particulars of proposed expenditure on an output basis, commencing with outputs 1.1 and 1.2. We shall be including in the opening questions, of course, Fiji.

In the early afternoon, the committee will consider the particulars of Austrade and then revert to the output order for the Department of Foreign Affairs and Trade. It will then examine the particulars of the Australian Centre for International Agricultural Research and AusAid. In order to assist *Hansard* in the early publication of the transcript of these hearings, the written questions on notice will not be incorporated in the proof *Hansard* transcript. The chair will state for the record that written questions have been received from the particular senator and that these questions will be forwarded to the department for an answer. I would normally ask the minister to make an opening statement but, as he is not here, it is probably appropriate for us to start with questions. I call Senator Cook.

**Senator FERGUSON**—Before Senator Cook, can I just ask two questions?

**CHAIR**—Sure.

**Senator FERGUSON**—Mr Dauth, the Joint Foreign Affairs, Defence and Trade Committee has tabled reports in parliament recently but there is one report, *Australia and ASEAN: Managing Change*, which was tabled in April 1998. Could you tell us at what stage the government's response to that report is, because it has been a considerable time since the report was tabled.

**Mr Dauth**—Certainly, Senator. As you know, we take the reports from the committee very seriously. I am sure it is a source of regret to us that it has taken a little while to work through the government's response. We have not given ministers a final draft of a response, but there is a draft in existence. We have been slightly hampered in its preparation by the fact, as you will know, Senator, that many aspects of the report touch on the activities of agencies outside of the Department of Foreign Affairs and Trade. That has not deterred us from pursuing with vigour the sorts of recommendations the committee has agreed to, and we have been in active dialogue with other agencies; but it has involved more than the usual inter-agency coordination in the government before we can give a final draft to the ministers for their consideration. I am pleased to say, though, that we are in the final stages of that now and so I would expect that the government should be able to respond quite soon to that report.

**Senator FERGUSON**—There are two more recent reports, but one in particular, *Bougainville: the peace process and beyond*, was tabled on 27 September last year—just over six months ago. Do you know whether work has been done on that report or what the time frame is for that?

**Mr Dauth**—It is now in the absolute final stages of preparation. The government's response to that report is imminent.



**Senator HOGG**—Senator Ferguson, could I just ask a question there? Mr Dauth, how long does it normally take to prepare an answer for a government response to a report? Is there a norm?

**Mr Dauth**—I do not think there is a norm. Obviously, we as officials take these reports very seriously. Because the reports themselves are usually pretty thorough, they are in many respects wide ranging and they require us to do quite a lot of work. As I say, we do not want to offer ministers half-baked advice in response to the committee's reports and so we do put a bit of effort into them. There is no norm, as I think we are seeing with these two examples.

**Senator HOGG**—I am not being partisan on this; I am just trying to find out. If there is, as I understand it, a requirement that there should be a response within three months, and if you are presented with a report of great substance which requires more effort than normal, is there some justification for the department putting forward an interim response? It may well not go into the depth that you would desire but, nonetheless, it may at least acknowledge to the parliament that the report has been tabled and that the department is looking at the report—given the enormity of it—in these certain ways, and that a fuller response will be forthcoming in time. Is that a possibility? I do not know if that is allowable under the standing orders.

**Mr Dauth**—Nor do I, Senator. Essentially, of course, at the end of the day that is an issue for ministers, not for us. The government's response is the government's response, not a departmental response.

**Senator HOGG**—No, I understand.

**Mr Dauth**—But it is an interesting thought which perhaps we might take away and have a look at.

**Senator HOGG**—It may well overcome the difficulty that Senator Ferguson raised. I do know, as you acknowledge, that a substantial amount of work goes into the committee reporting system and, if that can overcome some of the difficulties there, then it might be a good initiative on the part of the department.

**Mr Dauth**—We will take note of that. As I say, I am constrained, though, because it is ministers who make these decisions, of course, not the department.

**Senator HOGG**—I accept that.

**Senator FERGUSON**—Can I just say, Mr Dauth, I raised the issue because I know that the timing of the response sometimes depends on the complexity of the report, and I know that the ASEAN report was very comprehensive.

**Mr Dauth**—Yes, it was indeed.

**Senator FERGUSON**—The danger is, of course, that if a report is tabled more than two years ago then events might overtake the recommendations in the report, and I think that two years is stretching the limit a bit.

**Mr Dauth**—I agree with that, Senator, and I am assured that we are now at a point where we should be able to give something in the nature of a final draft to ministers very soon.

**Senator FERGUSON**—Thank you very much.

**CHAIR**—Welcome, Minister. I advise that we have commenced on the portfolio overview with the intention of having questions shortly on Fiji.

**Senator FAULKNER**—I have just a few questions, please, on the question of the Australia Week trip to the United Kingdom. Could someone briefly outline for us what the coordinating role of DFAT was in relation to the Australia Week sojourn?

**Mr Dauth**—The coordination in that exercise, in as much as it is taking place, is largely the responsibility of the Department of Prime Minister and Cabinet, Senator. Obviously, DFAT is very substantially involved in a number of respects, not least of course because activities in London are being coordinated by the Australian High Commission and the High Commissioner there, Mr Flood. But I think coordination of the exercise as a whole is the responsibility of the Department of Prime Minister and Cabinet.

**Senator FAULKNER**—Thanks for that. I appreciate that information. Could you then outline, please, Mr Dauth, for the benefit of the committee—give me a thumbnail sketch—the role that your department is playing?

**Mr Dauth**—We are involved, of course, because we manage the Australian High Commission in London, and the nitty-gritty of programs is the responsibility of the High Commission in London to pull together. I do not think there is any more by way of detail there that is useful. The department in Canberra is involved in the usual way in providing briefing to the Department of the Prime Minister and Cabinet, which they use in their briefing for the Prime Minister. We are particularly engaged also in various aspects of the cultural program in Australia Week. But once again, we are not necessarily the lead agency: the Australia Council is very much a part of the planning for that. So although we are substantially involved and although we, like other parts of the government, will be putting our best efforts into something that is obviously very important, I do not think that we are the sort of people that can provide all of the detail for you.

**Senator FAULKNER**—What sort of departmental resources have gone to supporting the Australia Week delegation?

**Mr Dauth**—The usual resources that go into supporting visits abroad by the Prime Minister and ministers. We support that sort of travel all the time, Senator.

**Senator FAULKNER**—Yes, but can you give me a dollar amount?

**Mr Dauth**—No, Senator, I cannot.

**Senator FAULKNER**—Why is that?

**Mr Dauth**—I just do not have it and I am afraid that working it out would be an extremely complex and rather silly exercise.

**Senator FAULKNER**—I think there might be a genuine public interest in it.

**Mr Dauth**—I am not sure; that is not for me to say, Senator.

**Senator FAULKNER**—I must admit that I have noticed a lot of public interest in it. I am trying to encourage public interest in it, actually.

**Mr Dauth**—Sure. Could I suggest though, Senator, that you direct those questions to the Department of Prime Minister and Cabinet during the estimates?

**Senator FAULKNER**—I have directed them to the Department of Prime Minister and Cabinet, Mr Dauth, and I am aware of the precise costs being borne by that department in relation to the Australia Week exercise. I could let you know what that figure is, if you like: at the moment it is \$990,000. I am interested in the costs being borne by the Department of Foreign Affairs and Trade. They are the costs being borne by the Department of Prime

Minister and Cabinet, and I wondered if I could understand the figure as it related to your own department.

**Mr Dauth**—I really do not think that it is either easy or productive to give a precise figure. As I say, the department is putting a substantial effort into supporting that exercise—not least, of course, because the High Commission in London is devoting its energies in a big way to it. What do we cost here, Senator? Do we—

**Senator FAULKNER**—That is a matter for you: you know all the elements of it, and I do not. If it is a substantial effort, it may not be a substantial cost; but I assume there would be at least some cost for a substantial effort.

**Mr Dauth**—Would you want to attribute all the salaries of the High Commission in London?

**Senator FAULKNER**—Let us go to the High Commission in London. Has Mr Flood made any public announcements about what is going to occur during Australia Week?

**Mr Dauth**—Not as far as I know, Senator. Public announcements are for ministers to make, not public servants.

**Senator FAULKNER**—What about the article that appeared in the *Herald-Sun* on 19 May under the heading, ‘Our women to guard palace’, which quotes Mr Flood extensively. Let me quote directly from it:

Australia’s High Commissioner, Phillip Flood, announced yesterday that 50 soldiers, 50 sailors, 50 air force staff and 35 members of the RMC Band at Duntroon will travel to London and that the contingent would include 51 women.

Did Mr Flood make that announcement?

**Mr Dauth**—That is not an announcement, Senator. I assume that Mr Flood was asked questions on-the-record by a journalist and that he answered. For all of the 32 years that I have been in the Department of Foreign Affairs and Trade, we have run a public affairs area that frequently gives answers to the media, on the record. Mr Flood is an extremely experienced officer and he will have made a judgment that he was in a position to give an on-the-record response to the journalist concerned. As you will know far better than I, Senator, there is a gulf of difference between an announcement and responding to media inquiries.

**Senator FAULKNER**—I think your response is a little defensive. I am not being critical of Mr Flood at all in this, and I do not want you to interpret it that way. I think you may have interpreted it that way and, if you did, I think that interpretation is both wrong and unfair. I am not being critical of Mr Flood, I am just trying to establish the accuracy of the press report that I read here in Australia.

**Mr Dauth**—Issues relating to the palace guard are appropriately put to the Department of Defence.

**Senator FAULKNER**—I am aware of that too, Mr Dauth, and I did put the questions to the Department of Defence—who had no knowledge of Mr Flood’s announcement. They suggested I take it up with the Department of Foreign Affairs and Trade, so I am doing that.

**Mr Dauth**—Let me just contest again, if I may, Senator, the suggestion that Mr Flood has made an announcement. I do not think that is the case.

**Senator FAULKNER**—It was described as an announcement. It may not be an announcement; he may have responded to questions. All I am asking is are the words in Mr Flood’s mouth in inverted commas in this article accurate?

**Mr Dauth**—An accurate reflection of what he said?

**Senator FAULKNER**—Yes.

**Mr Dauth**—I really do not know, Senator; but they sound as if they probably are.

**Senator FAULKNER**—They do to me too. Can anyone tell me if the Department of Defence has communicated with your department or with the High Commission in London, indicating what the nature of the ADF involvement in Australia Week would be? Can someone help me there?

**Mr Dauth**—I am sorry; that is a question for the minister and the Department of Defence.

**Senator FAULKNER**—No, it is not, Mr Dauth. I am asking you: did the Department of Defence or the ADF contact your department or the High Commission in London about ADF involvement that led to Mr Flood uttering these words in London, or was it just done by osmosis? How did he know what the component of the guard or the band was if no-one had communicated it? I am only asking about the process. I appreciate decisions about the guard might be made by Defence, but I am assuming that someone from Defence has had some communication with individuals or the High Commission in London which led to these statements being made public. That assumption might be wrong; I am only trying to get to the bottom of it.

**Mr Dauth**—I do not know, Senator.

**Senator FAULKNER**—Can someone find out?

**Mr Dauth**—No, I am sorry, Senator. I think that your assumption is very likely correct, but I do not see what is at issue here. Mr Flood is playing a substantial part in bringing together the arrangements, including the palace guard. I assume that there was dialogue between him and the ADF but, as to the detail relating to that communication and as to the detail relating to the palace guard, that is absolutely a matter for the Minister for Defence and the Department of Defence, and I have nothing further to add.

**Senator FAULKNER**—You see, your assumption might be quite right, but the Department of Defence claims that no decisions have been made at all about the involvement of the federation guard. That is why I am asking.

**Mr Dauth**—In that case, I should defer to them, Senator.

**Senator FAULKNER**—I have, and that is why I am asking. If no decisions have been made, why did Mr Flood say they had been? Don't you understand that?

**Mr Dauth**—I am sorry; that is an issue for the Department of Defence, Senator.

**Senator FAULKNER**—It is not, Mr Dauth, with respect. This is something that has been made public by the High Commissioner in London, who is one of your officers.

**Mr Dauth**—He is an officer of the Commonwealth who has a commission from the Governor-General as High Commissioner in London. I am sorry, Senator, but questions about the palace guard are for Defence and not for us.

**Senator FAULKNER**—I am not asking questions about the palace guard; I am asking questions about the High Commissioner's statements in London.

**Senator Alston**—Senator Faulkner, it is clear that you want to know whether there has been any formal decision taken that might have formed the basis for statements made by Mr Flood.

**Senator FAULKNER**—No, that is not my question.

**Senator Alston**—This officer is clearly unaware of the basis of anything that Mr Flood might have said, whether it is reported accurately or otherwise. I think it is reasonable for us to take that on notice and advise you if any decision has been taken. Whether it was first communicated to the media by Mr Flood or someone else is not particularly relevant. You simply want to know the nature and extent of any commitment, and I think we can find that out for you.

**Senator FAULKNER**—That is not what I want to know at all. I am asking Mr Dauth about the statements reported as having been made by Mr Flood. Mr Dauth tells me that is not a matter for Mr Flood, that is a matter for Defence—which, of course, is nonsense. If Mr Flood made the statements, I want to know why, and I want to know—

**Senator Alston**—No, what you said earlier was you wanted to know whether the words in quotation marks were accurate—in other words, whether there was such a decision taken.

**Senator FAULKNER**—I may want to know that, but that is not what I am asking. I am asking if the Department of Defence notified DFAT or the High Commission in London about the details of the federation guard that would be provided for Australia Week or about the RMC Duntroon Band that would be engaged at Australia Week. That is what I want to know. It is a process question, and I am asking not about the Defence end of the process but the DFAT or High Commission end of the process.

**Senator Alston**—Why doesn't it meet your concerns if the department takes on notice the question and ascertains, firstly, whether Mr Flood was quoted accurately and, secondly, what the basis was for his statements?

**Senator FAULKNER**—Because I am exploring that, and I will be exploring a range of other issues; but I think at this stage Mr Dauth perhaps does not understand that I am talking about process issues that go to matters relating to his own activities or the department's or the High Commission's activities. I am drawing the distinction between Defence activities and DFAT activities.

**Senator Alston**—He is clearly pointing out that the ultimate decision in relation to the commitment of Defence personnel is one for Defence.

**Senator FAULKNER**—Yes. Can you explain why they did not announce it and the High Commissioner did?

**Senator Alston**—You have just said that Defence have said that no decision has been taken. If that is the case, you want to know the basis on which Mr Flood is reported to have made some remarks; and that is a matter that the department can take on notice.

**Senator FAULKNER**—I am asking Mr Dauth if someone can let us know what the communications were between Defence and the High Commission. Is there someone who can assist us with this, Mr Dauth?

**Mr Dauth**—I think the minister has answered that, Senator.

**Senator FAULKNER**—No, he has not answered that. I am asking if there is someone who can assist us with answering the question that I asked. Do you have an officer who can assist us with this?

**Mr Dauth**—No, Senator.

**Senator FAULKNER**—Well, whose responsibility would it be? Someone tucked away in the High Commission?

**Mr Dauth**—We will take on board the questions which the minister has indicated we can take on board and we will give you the best answers we can.

**Senator FAULKNER**—Do we know if public announcements or statements have been made by Mr Flood or by anyone else at the High Commission, in relation to the activities of Australia Week?

**Mr Dauth**—No, Senator.

**Senator FAULKNER**—You do not know?

**Mr Dauth**—No.

**Senator FAULKNER**—Is there any monitoring of this done within the Department of Defence?

**Mr Dauth**—Within the Department of Defence?

**Senator FAULKNER**—Sorry; in DFAT.

**Mr Dauth**—There is, of course, an interest in what the High Commission is doing in support of Australia Week, yes.

**Senator FAULKNER**—Knowing Mr Flood, I know he would be far too careful to make any such statements willy-nilly.

**Mr Dauth**—That would be my impression too, Senator, I agree.

**Senator FAULKNER**—Exactly. So I am trying to understand what he might have publicly canvassed or what decisions have been made that have not been publicly canvassed.

**Mr Dauth**—Senator, I am not sure just how much clearer I can be. In Canberra the coordination of Australia Week in London is the responsibility of the Department of the Prime Minister and Cabinet, and the detail of issues like the palace guard is for the Department of Defence. The minister has undertaken to have us check the detail relating to the press report that you have quoted from, and we will do that, but I am sorry that we are not able to be more helpful in a general way about that issue than we have been.

**Senator FAULKNER**—I am sorry you are not able to be more helpful, but I will keep going. I am sorry, too. While all that might be true, and I am sure it is—in fact, I agree with you: coordination is the responsibility of Prime Minister and Cabinet and no doubt the deployment of the federation guard is the responsibility of the Department of Defence—what appears to have been part of the responsibility of your own department is announcements about the Australia Week program. Is the latter part of my statement correct? You told us that earlier so, if it is not correct, I would be surprised. I think you were saying that the High Commission was announcing some of the details about the Australia Week celebrations in London.

**Mr Dauth**—I never said any such thing, Senator.

**Senator FAULKNER**—Oh, well; what are they doing? What is Mr Flood doing?

**Mr Dauth**—I did not say anything about his making announcements, I said that the High Commission was responsible for delivering the detail of programs in London in relation to that week. They are heavily engaged in it. They are working very hard, Senator, and I am sure it will be a great success.

**Senator FAULKNER**—I do not know whether it will be a success or not, but if they are working so hard—

**Mr Dauth**—Let me say that my judgment, Senator, is that it will be.

**Senator FAULKNER**—Great; but I am interested in understanding what they are doing and what their role is in making public statements or announcements about the Australia Week activities.

**Mr Dauth**—As I have said to you already, Senator, one of the functions of Australian diplomatic missions abroad is to support activities like this. You yourself as a minister travelled abroad, and I am sure you have a detailed awareness of the work that ambassadors, high commissioners and their staff do to support ministerial visits; there is a lot of work that goes into it. There are a number of ministerial visits involved, of course—it is quite a complex travelling group—and the High Commission will have a lot of work to ensure that the programs are made up effectively and delivered effectively. That is mostly what they are about.

**Senator FAULKNER**—I am sure that is right. Could you, Mr Dauth, try and establish from someone back in the department, in relatively short order, what has occurred in terms of announcements that might have been made—I assume there is someone over there who could check these records for us—and we might have a bit of a talk about this at a later stage during the day? Would it be possible that you could actually ask one of your officers to check the record and see what announcements might have been made at the High Commission level about the Australia Week activities?

**Mr Dauth**—We can do that, Senator—but let me just—

**Senator FAULKNER**—Thank you. So if you could just let us know when—

**Mr Dauth**—If I could just finish my answer, Senator. I think you need to bear in mind that there is a clear distinction between announcements and media comment. My department and many officers of it are very often quoted in the media; it is part of an approach which we employ. Sometimes, with the permission of ministers, we offer comment on-the-record. Mr Flood, of course, is in a position where he is often asked questions by the Australian media in London and where he has to offer comment, on the record. I do not regard that as an announcement. But I will, for the record, get one of the officers of the department to check whether any announcements have been made by the High Commissioner in relation to that program, and we will let you know later in the day.

**Senator FAULKNER**—Okay, thank you for that. Taking on board your comment—because you correctly draw a distinction between announcements and media comment—if you could include media comment, I would appreciate it.

**Mr Dauth**—I do not think that is going to be so straightforward, because—

**Senator FAULKNER**—You raised the definitional issue, which may well be valid.

**Mr Dauth**—Indeed, and I think it is an important definitional issue. What I am saying to you, Senator, is that it is relatively easy for us to check what might be described as announcements but it is a much more difficult task for us to give you precisely an account of media comment attributed to the High Commissioner. I will have a look at what is there and get back to you.

**Senator FAULKNER**—If you could do what you can, I would appreciate that. I would also draw your attention to the article that I have speaking about in the *Herald-Sun*.

**Mr Dauth**—I have taken a note of that, Senator.

**Senator FAULKNER**—I think it was published on 19 May and was headed, ‘Our women to guard palace’. Perhaps that could be drawn to your officer’s attention also.

**Mr Dauth**—Right.

**Senator FAULKNER**—If someone from the committee secretariat could let us know when that is available, that would be appreciated. Thanks.

**CHAIR**—Are you continuing, Senator Faulkner?

**Senator FAULKNER**—Not at the moment.

**CHAIR**—Senator Cook is next.

**Senator COOK**—Thank you, Mr Chairman. First of all, I have a question in the overview about foreign exchange. On page 6-45 of Budget Paper No. 1, it is stated that foreign exchange arrangements are currently under review. Could you tell me when this review is expected to conclude its work? What expressly about foreign exchange arrangements is being reviewed, and when the review will be completed?

**Ms Hazell**—We have been discussing with the Department of Finance and Administration for some time the foreign exchange arrangements for the department. We currently have for the departmental side a three-year agreement due to conclude in 2002. The review that is referred to in the budget papers is to look at what might replace that resource agreement.

**Senator COOK**—I see; and when do you expect the review to be completed?

**Ms Hazell**—At this stage, Senator, it is hard to say. Certainly before the budget for 2002; but we expect a lot of work to be done on this issue in the next 12 months.

**Senator COOK**—Are you able to tell us what sort of options are being considered?

**Ms Hazell**—There are a number of options floating around, Senator. Options that are seriously being considered have not been distilled from the ether yet. Obviously there is talk in the media and in circles about foreign exchange hedging, but there are issues about roles of the Reserve Bank, what purchasing arrangements we have for buying foreign exchange, et cetera.

**Senator COOK**—Have your foreign exchange arrangements been subject to a review by the Auditor in recent times?

**Ms Hazell**—Yes, they have.

**Senator COOK**—Do you know what the outcome of that review is?

**Ms Hazell**—The Auditor-General proposes to table his audit report in parliament this afternoon.

**Senator COOK**—With respect to your department, do you have any information on what the Auditor has examined and is concerned about, if anything?

**Ms Hazell**—Yes, obviously we have been in discussion with the Auditor-General about what he has looked at. He has examined both the resource agreement for departmental activities and our administered forex payment arrangements.

**Senator COOK**—But you are not aware at this stage of what his consideration of those examinations is?

**Mr Dauth**—Yes, we are, Senator, but it would not be proper, of course, for us to comment on it in advance of his report being tabled.



**Senator COOK**—Okay. If, when this report is tabled, there are some matters that offer themselves as issues for questions, I would not mind coming back to this matter. The last time I appeared before you—or it may have been the time before that—we had a bit of mood music from offstage talking about the pianos that were purchased in a couple of the embassies. The written answer to the question we put on notice as a result was that there are 37 posts that have pianos. Could we know the names of those posts, along with the purchase cost of the pianos and whether any of the pianos purchased were Australian in origin?

**Mr Dauth**—I am sure we can provide that information. I think you will find some of it of real interest, Senator. I do not know what the purchase price was for the piano purchased in Moscow in about 1955 but I suspect it was not very great. But I am sure we can provide that information.

**Senator COOK**—If it was purchased in Moscow in 1955 it might be a steam-driven piano, Mr Dauth.

**Mr Dauth**—Sorry?

**Senator COOK**—It might be olde worlde technology.

**Mr Dauth**—Who knows?

**Senator WEST**—It might be something of great heritage value.

**Mr Dauth**—It would be nice!

**Senator COOK**—On the books, it might have accumulated, that is right. Through you, Mr Chairman, are we in a position to move on to Fiji?

**CHAIR**—Mr Dauth, is your official here?

**Mr Dauth**—Yes.

**Senator COOK**—Before I ask some questions about the events in Fiji itself, can I get some details about the human resources available to the department to deal with these types of issues? Firstly, how many DFAT staff are presently in Suva—that is, A-based staff—and how many locally-engaged staff are employed by the High Commission there?

**Mr Dauth**—We can give you that information easily enough. Let us not bother getting the phone book out and counting them now. Could I just say, Senator, that I think it is probably worth looking more broadly than at just DFAT staff. For example, in the last 48 hours, the defence adviser has played a particularly important role in the work of the High Commission. Of course, you will know very well yourself that we seek to have missions overseas operate as an integrated whole. I am not avoiding the question here; I am very happy to give you the proper breakdown, but I think it is misleading to look just at the DFAT resources in the post. The AusAid people, too, are very important.

Suva is quite a substantial post, and I assume it is not long since you have been there. During the course of the day, we can easily give the committee the details of numbers.

**Senator COOK**—Thank you for offering to be more comprehensive than my initial question sought. I understand from the Defence estimates that there are 11 Defence personnel. Are you suggesting that may have been supplemented since then? Are you in a position to answer those questions for us?

**Mr Dauth**—No, not at all. I am just making a more general theological point about the way in which posts work.

**Senator COOK**—And that is appreciated. Coming back to the question, are you able to say how many A-based staff are in Suva?

**Mr Dauth**—Yes; we will provide that information.

**Senator COOK**—And how many are locally-engaged?

**Mr Dauth**—Sure.

**Senator COOK**—As far as the other potential areas go—AusAid and maybe Austrade and any Immigration staff, as well as Defence personnel—are you in a position to provide us with that as well, or do we have to go to the other departments for that?

**Mr Dauth**—No; I do not think that we would offend our colleagues in those departments if we gave you a comprehensive account of the staff resources available to the High Commission in Suva.

**Senator COOK**—Thank you very much, Mr Dauth. How many staff are presently employed in DFAT's Pacific Islands Branch?

**Mr Dauth**—Mr Thwaites, who is the branch head, could perhaps best answer that question.

**Mr Thwaites**—We have 14 staff in the branch at the moment.

**Senator COOK**—How many staff are employed in the Pacific Regional Section?

**Mr Thwaites**—Five.

**Senator COOK**—Could you describe for us the scope of that section's responsibilities?

**Mr Thwaites**—Yes, Senator. The regional section has responsibility for the management of Australia's involvement with regional organisations—which includes the two main regional organisations, the South Pacific Forum and the Pacific Community. It also deals with our involvement with other important regional organisations like the Forum Fisheries Agency, the South Pacific Regional Environment Program, and a number of other agencies that operate on a regional basis. The regional section operates flexibly within the branch. It is a small branch, as you understand, and resources are also drawn from the regional section to look at region-wide issues as they arise.

**Senator COOK**—Do you have a comprehensive list of regional organisations—you can take this on notice, if you wish—with which you deal?

**Mr Thwaites**—Yes, Senator; we can certainly provide that.

**Senator COOK**—Thank you.

**Mr Dauth**—Rather than taking it on notice, Senator, I think this is the sort of information that we can simply hand to the secretariat during the course of the day. Let us not get too much into the business of correspondence on these things.

**Senator COOK**—I am all for finding shortcuts, Mr Dauth. I am just trying to cut you a bit of slack down there.

**Mr Dauth**—Thank you.

**Senator COOK**—How many staff are employed in the Pacific Bilateral Section?

**Mr Thwaites**—I am just trying to tally it up in my head, Senator. I think it is six at the moment.

**Senator COOK**—Can you describe for us the scope of that section's responsibilities?

**Mr Thwaites**—Yes, Senator. That deals with the day-to-day bilateral relations, as the name implies, between Australia and the range of independent countries in the South Pacific region. We do not deal with Papua New Guinea and New Zealand; they are dealt with in a separate branch. We also deal with territories within the region, French territories and US territories.

**Senator COOK**—I am right, am I, in believing that this section deals with all the bilateral relationships—you have exempted New Zealand and PNG—in the south and central Pacific?

**Mr Thwaites**—That is correct.

**Senator COOK**—Are any of the officers of that section specifically tasked with handling relations with Fiji?

**Mr Thwaites**—Yes, Senator; there is a desk officer for Fiji. Given that it is one of the most important relationships that that section deals with, it also absorbs a good deal of attention from the director of the section and from me as branch head.

**Senator COOK**—I am not familiar with what level a desk officer might have. Can you tell me what the level of the Fiji desk officer is?

**Mr Thwaites**—The position is described as an executive officer position. At present it is filled by an officer at a lower designation, who has taken the position on the basis that he returned not very long ago from a posting in Suva and therefore has relevant knowledge and expertise.

**Senator COOK**—Thank you. Has there been any supplementation of the section's resources since what is now being called a coup, on 19 May?

**Mr Thwaites**—No, Senator.

**Mr Dauth**—Well, not in a specific sense, Senator; but I spend about three-quarters of my waking hours worrying about it, and a lot of other senior officers who would not ordinarily be involved are. We have opened a crisis centre. A number of other division heads, those responsible for consular matters and those responsible for diplomatic security, are deeply engaged. So, although Mr Thwaites's branch has not received specific supplementation, as is usual in these cases—as you will know very well from your own time as minister—the full resources of the department are being deployed in support of the government on this issue, and they are substantial.

**Senator COOK**—You are racing ahead of me, Mr Dauth. I was specifically asking the question about this section, and the answer in the case of this section is no. The next part of it is: what other deployment of resources has the department engaged in, and you have given me now some of that flavour.

**Mr Dauth**—Good, excellent.

**Senator COOK**—I thank you for anticipating my next move. I hope you are not able to anticipate all of my next moves.

**Mr Dauth**—I was never able to when you were minister!

**Senator COOK**—I am sorry, I did not hear that. Am I the only one in the room to miss out on the joke?

**Mr Dauth**—No, Senator.

**Senator COOK**—I had better go back to the *Hansard*. You have given me a flavour, but can you now be a bit more specific about the extra back-ups that the department have brought to bear on this issue?

**Mr Dauth**—Certainly, Senator. Immediately the events of last Friday week occurred, we opened a departmental crisis centre, for example, This is, as you will know, an important way in which the Department of Foreign Affairs and Trade responds to these issues. We have a designated area in the department and we bring additional staff in from other parts of the department. It is something I am always very pleased to see, when the staffing branch of the department calls for volunteers for the crisis centre—which we staff 24 hours a day—we never have any difficulty getting such volunteers.

People come in because they are professionally committed and they staff the crisis centre 24 hours a day. We sometimes take officers from other departments into that crisis centre as well. On this occasion we have, for example, officers from the Department of Defence. I do not think we have yet deployed anyone from the Office of National Assessments, but sometimes that is the case too. So that is an important additional resource in the management of a crisis like this.

Inevitably, also, crises like this engage pre-eminently for the government the interests of Australians who are in the place where the crisis is occurring. The consular responsibilities are a first-line responsibility for the government; and the head of the Consular and Passports Division, plus the head of the Consular Branch, plus the Consular Operations Section all become deeply engaged in their own right and in the crisis centre.

A particular issue for us also is diplomatic security. We, of course, are concerned equally with the fate of our own people and, in circumstances like, this they are sometimes a target. We have to take additional security measures to ensure the safety of our people and the relevant diplomatic mission, and so another division head, the Head of the Diplomatic Security and Information Technology Division, becomes deeply engaged, as does the section of the department responsible for diplomatic security. As I said to you, in addition to that, of course, there are other senior officers. The division head overseeing Mr Thwaites's branch, Mr Urwin, spends all of his time, day and night, and obviously others in the executive are similarly committed. It is typically the sort of thing that engages people right across the department.

**Senator COOK**—Thank you for that. How many people are engaged in the crisis centre?

**Mr Dauth**—It depends on when you go. Had you been there, for example, at 5 o'clock yesterday afternoon when Mr Urwin and I chaired a high level officials meeting, my guess is there would have been between a dozen and 15. If you had been there earlier in the day when Mr Baxter, the head of the Consular and Passports Division, chaired a meeting of the Interdepartmental Emergency Taskforce, there would have been many more than that. If you had been there at midnight last night, there might only have been a couple.

**Senator COOK**—The image that you have given me that I have in my mind—and which you might now correct if it is wrong, Mr Dauth—is that the crisis centre is manned by a core group on a 24-hour rotation, but all the other units of the department whose interests touch, however lightly, on the affairs of Fiji are on alert about the issues in Fiji, and volunteers are called in as needed.

**Mr Dauth**—That is right. They are more than on alert, though. Other areas of the department that have a direct interest—for example, the consular operations people—would typically spend some part of the day in the crisis centre.

**Senator COOK**—Yes; well in the case of consular, it is not tangential to their interests, it is fundamental to their interests.

**Mr Dauth**—Absolutely, yes; that is quite right.

**Senator COOK**—How many are in the core group then?

**Mr Dauth**—It is a bit hard to say just what you mean by the core group. Mr Thwaites and Mr Urwin, who have principal policy carriage, typically do not spend a lot of time in the crisis centre. They come to meetings there. But I would have thought it is a bit hard not to describe those officers as utterly core to the department's handling of the crisis.

**Senator COOK**—The image you gave me, and which I articulated for correction, was that there were additional officers seconded.

**Mr Dauth**—Oh, yes: 'a couple' is the answer. Typically, we deploy in the crisis centre on a 24-hour a day basis one SES officer and one or more support officers.

**Senator COOK**—That is what I have been calling the core.

**Mr Dauth**—I am sorry to sound nitpicking, but—

**Senator COOK**—No; I want to get it right.

**Mr Dauth**—It is not right, in a sense, to focus on that as a core—because the SES officer involved is not someone whom we would expect to make refined policy judgments: they are there to make sober, sensible senior executive type judgments about when to get Mr Thwaites and Mr Urwin out of bed.

**Senator COOK**—So how would you describe them?

**Mr Dauth**—They are the ongoing staffing of the crisis centre and they are there to keep the crisis centre wheels turning. But the crisis centre acquires personality and function from inputs from many others.

**Senator COOK**—If I might use an Americanism that seems to have crept into our usage, they are the sort of point men: when something comes up that they think they ought to get Mr Thwaites out of bed about, they make that call.

**Mr Dauth**—Yes.

**Senator COOK**—It is a coordinating overview function, knowing when to call in the experts that are necessary: is that right?

**Mr Dauth**—Yes. As I say, I am sorry to keep nitpicking, but you might well find that, if there were developments occurring—as, for example, was the case last evening—Mr Thwaites might never get to bed. I do not know what time he left last night and I do not propose to ask him. At peak periods when activities are occurring, these point men, or women, are quickly replaced by, as it were, the line-responsible officers.

**Senator COOK**—I hope you are not in too bad shape, Mr Thwaites: you look all right from here, but I know that sometimes that can be deceptive.

**Mr Dauth**—He is all right; it is Mr Urwin you have to worry about.

**Senator COOK**—Both of you. Can you provide the committee with an overview of the situation in Fiji as it is this morning?

**Mr Dauth**—Certainly, Senator. We might do this in several parts, and Mr Urwin could start.

**Mr Urwin**—As we were coming in, we were getting reports that the negotiations between the military group who are in the parliament and the Speight people were in some difficulty and may be souring. We assume that, if there is disagreement, it is about the make-up of the interim government, which the commander of the RFMF has said that he will announce today.

One assumes that the Speight side is holding out for some participation in that administration. This is, we think, giving occasion to a new round of some disturbance around the parliamentary complex.

**Senator COOK**—Are we aware of the condition of the Prime Minister?

**Mr Urwin**—One or two people have seen him in the last few days. He is said to be not obviously physically harmed. There were earlier stories of his having been beaten up at various times. It is said that that is not immediately visible. At an earlier stage in the situation, he did collapse—he is a man with a sugar problem—and he had to receive medical attention. That was about a week ago. On top of that, one must assume, of course, that all of the hostages are now in pretty poor shape generally.

**Senator COOK**—What is the department's latest advice on travel to Fiji?

**Mr Baxter**—Our latest travel advice, which was issued yesterday and remains current, is that Australians should consider deferring all travel to Fiji and that those Australians who are in Suva are strongly advised to leave Fiji or temporarily relocate somewhere else in Fiji.

**Senator COOK**—Do we know how many Australians are in Fiji at the moment?

**Mr Baxter**—Clearly we have been focusing on that very closely over the last few days, and the numbers have been coming down in response to the issuance of our travel advisory. At the moment, there are about 3,300 Australians in various parts of Fiji. There are about two-thirds on the western side of the island, near the main tourist resorts, and one-third in Suva itself and thereabouts.

**Senator COOK**—Do we know how many of those are children, for example? Or are they just adults?

**Mr Baxter**—No; some would be children. Most Australians who are resident in Suva have moved their families out, but there would certainly be children amongst the tourists who are still remaining in Fiji.

**Senator COOK**—Do we know whether any of the Australians there are in a high risk zone? Obviously if they are in Suva they are. Do you know how many of the total number that is?

**Mr Baxter**—At the moment, our figure for Suva is 995, and we would consider Suva to be a high risk area, which is why we have given the advice—and we have given it some days ago and repeated it, both in our update to the travel advice and through statements the minister has made—that Australians should leave Suva.

**Senator COOK**—You said, Mr Dauth, you would do the overview in several parts. Is it complete, or are there other parts to come?

**Mr Dauth**—Mr Urwin has given you, as it were, a sit rep for this morning. There is nothing that we can really add that is not publicly known.

**Senator COOK**—Officials of our High Commission, I think, met with the Fiji military commander yesterday morning. Did our High Commissioner meet with the commodore?

**Mr Urwin**—Yes, Senator; she did, yesterday evening.

**Senator COOK**—Can you tell us what the nature of that discussion was?

**Mr Urwin**—In the broad, she asked him about his immediate intentions and he responded in the terms that have since, by and large, become public. She asked him also about his longer-term intentions, both in respect of the constitution and the setting up of an

administration. He was much more general in his responses to that. We had a very strong impression of somebody still thinking it through.

**Senator COOK**—Did she use that occasion to advocate or express an Australian point of view as to our view of the constitutional arrangements in Fiji?

**Mr Urwin**—She most certainly did.

**Senator COOK**—Can you tell us what she would have said?

**Mr Dauth**—I do not think it would be appropriate for us to, as it were, give the detail of the record of conversation. You can be certain, Senator, that she expressed an Australian view in clear, unambiguous terms.

**Senator COOK**—Without going to a record of the conversation, can you tell us what the Australian view is, in clear and unambiguous terms?

**Mr Dauth**—It is a very clear expression of concern about departure from constitutional norms in Fiji.

**Senator COOK**—Yes; and?

**Mr Dauth**—Let me say that our first and foremost concern is with the release of the hostages.

**Senator COOK**—I do not know that this ought to be a point of contention. Of course that is an obvious priority concern, as is to achieve normality in the situation if that is at all possible. But have we expressed a view to the commodore about what we think the constitutional norms are? You see, we have got into this discussion about whether or not the government should be dismissed or whatever; but do we have a view on that subject that we put in these circumstances?

**Mr Dauth**—I think Mr Downer is pretty thoroughly on record on all of this, Senator.

**Senator COOK**—So the views of Mr Downer that are on the record are the views that would have been put?

**Mr Dauth**—Certainly. They represent the views of the Australian government.

**Senator COOK**—Yes. They were the views that were put to the commodore?

**Mr Dauth**—In the broad, yes.

**Senator COOK**—‘In the broad’?

**Mr Dauth**—No, sorry, let me withdraw ‘in the broad’ and just answer ‘yes’.

**Senator COOK**—All right. What I am coming to, Mr Dauth, is that it is quite interesting that the commodore, in our assessment, as has just been told to us—our assessment being the department’s assessment—appears not to be in a situation where he has a clear view about what might happen constitutionally. In those circumstances, it seems to me that some forceful and clear setting out of what Australia believes is the constitutional position in Fiji is appropriate. It might be something that he could bend his mind to. All I am trying to come to is: was that done?

**Mr Dauth**—I have really got nothing to add to what we have already said on that, Senator. I would say to you that the situation in Fiji has some way to go before the end game is played out. We would expect, for example, that some of the dynamics in the situation would change when the hostages are released; and that is the time at which it will be most appropriate for us to see what the, as it were, constitutional wash-up is. It is pretty obvious that we are not happy

about what Speight did, about the 1997 constitution being overturned, or about the President being removed from office in the way in which he was by the military. These are—

**Senator COOK**—Do you mean the Prime Minister?

**Mr Dauth**—No, I actually mean the President. No-one can be happy with a military coup in any circumstances. But, as for detailed commentary and detailed prescriptions, a prudent approach would be to await the end game, and we are not there yet—not least, of course, because, as I say, our first and foremost concern is with the release of the hostages. I do not think we would want to do or say anything which would endanger them. You would appreciate that, in these circumstances, we are being careful about the words we use publicly—and, as I say, the Australian position has been put very frequently by Mr Downer. There is plenty of public comment about where the government is coming from on this issue.

**Senator COOK**—That is also true of the opposition. Mr Beazley and Mr Brereton are all over the record, making it quite clear where the federal opposition stands on this matter.

**Mr Dauth**—I expect so; I personally work for the government.

**Senator COOK**—Yes. I am not wanting to pursue this point. Of course you work for the government, Mr Dauth: that is why you are sitting opposite me at the moment. But, in expressing a view about the obviousness of what should happen in Fiji, there is a strong bipartisan view in Australia, and that strong bipartisan view goes to issues of the sensitivity of the situation, as well as the principles involved; and it goes to consideration of the best way of achieving the optimal outcome. But the end game which you have referred to as, ‘we are not there yet’—

**Mr Dauth**—Well, the hostages have not been released, and that is what I would define as the end game.

**Senator COOK**—Yes. Well, that would be the end of the game, most likely, from this perspective: what is clearly being bargained here is the safety and release of the hostages, for whatever constitutional or political arrangements the thugs who are holding them would like to make. When the hostages are released, it may well be that that is after a deal is done about what the shape or structure of a government might be. Any influence that we might have in that after the deal is done would seem to be far less than any influence that we might have before any deal is done. I am just trying to reassure myself that we had expressed the views to the commodore—who for all intents and purposes is now running the country and will have a key role to play in whatever final package is put in place, one assumes. Can I assume from your answer that we have clearly upheld, or pressed on him, that there is a real desire on behalf of this nation that the Prime Minister be returned to power and the orthodox structures of an elected government be put in place?

**Mr Dauth**—We have made very clear our deep attachment to the handling of the situation according to constitutional norms. We made that very, very clear. In that context, Mr Downer announced earlier this week a range of measures which we will take if constitutional norms do not return.

**Senator COOK**—I am aware of those and I will come to those later. These questions were about the meeting that occurred between the High Commissioner and the commodore: have there been any subsequent meetings with the military commander?

**Mr Dauth**—There were two meetings yesterday. The Defence adviser had an encounter with him—along with the Defence advisers of New Zealand and the United States as well—and then there was the High Commissioner’s meeting last evening. That is it, at the moment.



**Senator COOK**—Right. In his answer in question time yesterday, the Foreign Minister, Mr Downer, said that the Fiji military commander appeared to be—and I think this is a quote from his answer—‘taking a firm line with the Speight group, demanding the surrender of weapons and accepting no conditions in return.’ That has been confirmed by what you have just said to us now. He noted that there was a possibility that Speight and others would be granted an amnesty; and an amnesty has now been granted, I understand. What is the government’s view of the decision by Fiji’s new military regime?

**Mr Dauth**—On an amnesty?

**Senator COOK**—Yes.

**Mr Dauth**—Well, again Mr Downer is very clear about this: we think that these people are terrorists and should be subject to due legal process.

**Senator COOK**—What is your response to the military regime’s decision to revoke the 1997 constitution?

**Mr Dauth**—We deplore it, of course.

**Senator COOK**—And would you not agree that Mr Speight’s principal demands, though, have been granted?

**Mr Dauth**—Well, as I say, that is certainly the character of the public comment about where they got to. But I think a prudent government will, to a degree which it must judge on a day by day basis, reserve some comment until after the hostages have been released and the dynamics of the situation which then apply have been examined.

**Senator COOK**—Yes. I was not asking you for, if you like, a complete view; I was asking for an opinion that Mr Speight’s principal demands appear to have been granted, and I think your answer was in the affirmative.

**Mr Dauth**—Yes, all right; I will agree with that.

**Senator COOK**—Just turning to the developments prior to 19 May, the Foreign Minister has stated that he was taken completely by surprise by the coup on 19 May. Is it correct that the news of the coup came as a bolt from the blue?

**Mr Dauth**—Mr Downer has answered that question, too, and my colleagues from the Department of Defence answered it yesterday. The truth is, as I think we have said publicly a number of times, that we have been conscious for a long while of growing ethnic discontent in Fiji and that it was reaching critical points, but that the precise action taken by Mr Speight in the parliament was unexpected.

**Senator COOK**—Can you tell us what the department’s assessment of the situation in Fiji was, immediately prior to 19 May?

**Mr Dauth**—In the broad, that there was a significant degree of tension in the politics of Fiji which was ethnically based.

**Senator COOK**—And in the particular?

**Mr Dauth**—Sorry; I do not understand that question.

**Senator COOK**—You qualified your answer by saying ‘in the broad’.

**Mr Dauth**—Well, okay: in the broad and in the particular. I am sorry; you asked what our assessment was, and that was it.

**Senator HOGG**—Was it an issue of low or high priority at that time?

**Mr Dauth**—It was obviously a matter of significant priority. The High Commission in Suva had been reporting on the difficulties right from the time when Mr Mahendra Chaudhry was elected. Mr Urwin was the High Commissioner at the time, and he can speak about this at much greater length than I can, except we would just detain you perhaps longer than you would want. Fiji is an important country. It is the most significant country of the south-west Pacific—leaving aside New Zealand and Papua New Guinea, which we talked about earlier as being dealt with in a different area. So, if that sort of threat to the governance of Fiji is emerging, then that is something which we take very seriously.

**Senator HOGG**—I am not advocating that you did not take it seriously; it is just that obviously you watched Senate Estimates yesterday—and very good watching it was too, on Defence—and you would have seen there that we had explained to us that it was one of many issues which were being addressed. But, as it was put to us, it was not a high priority issue. If I am not using the exact terminology that was used in the estimates yesterday, you did see that session and you would know what I am talking about. It was more a low priority, one of many issues that your eyes were being kept upon but that had not necessarily come to the fore. Would that be a fair way to describe the way in which your department had assessed the situation: that it was one of those issues that was there in the milieu, but it was not yet elevated to an issue of high priority?

**Mr Dauth**—I am struggling with words here. No, I would not agree with that, and I do not think that is right at all. There was an issue, a problem emerging, in an important country. I cannot speak for the Department of Defence —

**Senator HOGG**—No, I am not asking you to.

**Mr Dauth**—But I can tell you that in the Department of Foreign Affairs and Trade we were conscious that there was a problem emerging here and we were concerned about it. Let me just illustrate the point a bit here—and Mr Urwin might be able to offer some more comment. Right from the time that the Chaudhry government was elected, there were tensions emerging in Fiji. We were conscious of that, not least, of course, because of the extent to which the events in 1987 took the then government by surprise. So, Mr Urwin, his mission, and we in the department, had been monitoring very carefully for a long time the discontent in the body politic in Fiji. Do you want to add to that, Mr Urwin?

**Mr Urwin**—No; just to agree. We, of course, were also very conscious of the significance of the situation, because we had been very supportive of the former Fiji government's attempts to readjust the constitutional situation and, in effect, to bring the 1997 constitution into play. That constitution, obviously untested, was followed by elections under new conditions which, of course, we knew would be very significant.

**CHAIR**—Are you finished, Senator Hogg?

**Senator HOGG**—Yes.

**CHAIR**—Before you start again, Senator Cook, I think we might take a short break, it being near 10.30 a.m.

**Proceedings suspended from 10.28 a.m. to 10.42 a.m.**

**Senator HOGG**—Just whilst Senator Cook is getting here, Chair, could I come back to what I was discussing with Mr Dauth prior to the break? I was not trying to downplay the level of concern within the department; I was trying to get some fix on where the priority may well have been. One of the other questions that I did ask of Defence yesterday was how many briefings the minister may have had—not the content—prior to the actual event, specifically

on the issue, or was any briefing that took place part of an overall briefing on a range of issues. Do not elevate it to any great height.

**Mr Dauth**—No; I appreciate the spirit in which the question is asked. I would just say that Mr Downer has, for all the time that he has been minister, been very focused on the Pacific. He has something in the nature of an annual visit there. Towards the end of the year, he makes a particular practice of going to the Pacific—he went, I think, to Fiji in December, did he not?—and so he was intensely conscious of the emerging situation in Fiji. He has been a number of times since he has been minister and was there quite recently. The other thing is that he, more than any minister I have known, is very assiduous with the cable traffic and he will have been very conscious of the post's reporting—which, as I say, since the day of the Chaudhry government's election has been very thorough.

**Senator COOK**—More than any minister you have known: that must say that he has a fanatical interest in cable traffic, elevated well beyond the normal human attention span!

**Mr Dauth**—I know what you are coming to, Senator. Can I just say in that context that—

**Senator HOGG**—Are you trying to withdraw that statement?

**Mr Dauth**—No, no. Technology has moved on in the last 10 years.

**Senator HOGG**—Could I just come back to the point I did raise with you? In spite of the interest of the minister, in the department's role in its responsibilities to the minister—that is what I am trying to establish—were there specific briefings prior to that fateful date, on the situation as the department had assessed it emerging in Fiji? Or were the departmental briefings of the minister part of an overall suite of issues that were being drawn to the attention of the minister in the briefings?

**Mr Dauth**—Oh, very much the latter. You will know very well that our portfolio, more than most, needs to be able to walk and chew gum at the same time. At any time there are a dozen issues that deserve high priority attention by the minister and the government.

**Senator HOGG**—Right. My simple point before was that this issue had not been elevated to a higher priority than any other issue in those briefings in the weeks that led up to the—

**Mr Dauth**—No; I cannot say that I, for example, as the deputy secretary who oversees both areas of the department, ever said to the minister, 'The unfolding situation in Fiji is more important to you, Minister, than what is going on in Indonesia.' I never said that at all. But on the other hand, in dialogue with the minister, officials—Mr Urwin and his predecessor Mr Ritchie, the secretary and I—frequently focused on what was clearly a difficult emerging situation in Fiji.

**Senator HOGG**—I have always accepted that. It was mainly for the record's sake that I was trying to get some picture as to what had happened in that period.

**Senator WEST**—Do you have a differing range of levels of concern about issues in the briefings? Maybe Senator Hogg has raised this, but Defence led us to believe that it was not up there with the top level of concerns.

**Mr Dauth**—I do not know how the Department of Defence operate, I am sorry. All I would say, Senator, is that it is absolutely the character of the Foreign Minister's portfolio that he or she has to worry about many issues simultaneously.

**Senator WEST**—I suppose the question was prompted in my mind by the use of the word 'surprised' by several of the ministers, when the coup took place.

**Mr Dauth**—I have referred to that. All of us were surprised by the specific nature of the intervention by Speight. None of us were surprised that a firestorm of a problem broke out from what had been for a long time a simmering difficulty.

**Senator WEST**—So the fact that a coup took place did not surprise you?

**Mr Dauth**—Well, I personally would prefer not to describe Mr Speight's intervention as a 'coup': a 'terrorist act' is the way I would see it. But as for the specific idea that a businessman marches into parliament with a few thugs and detains the Prime Minister, yes, I could not personally have predicted that; but we were certainly not surprised that matters came to a head.

**Senator COOK**—Prior to 19 May, did the department generate or receive any assessment which warned that violence or illegal action was likely to be taken against the Chaudhry government?

**Mr Dauth**—I am not quite sure that I understand your question. Advice? We are in the business of giving advice, and Mr Urwin, as the High Commissioner and then as the relevant division head, will have been conscious of, and will have been advising ministers about, the risks in the situation. Those risks always included the possibility of extra-constitutional activity—it happened once before in Fiji. We hoped very much that it would not. We had no specific indication that it was about to happen, but it would have been a careless observer indeed that ruled out the possibility of extra-constitutional activity.

**Senator COOK**—You said you were not sure of the question. My question follows on from the department's assessment of the situation in Fiji prior to 19 May, and I have listened to my colleagues who have had the benefit of estimates with the Department of Defence. Specifically, was there anything that you generated or received from your post, or from some other means, which warned of the likelihood of violence or illegal action before 19 May?

**Mr Dauth**—A vast amount of material is involved here, Senator. I will ask Mr Urwin if he remembers anything specific along those lines; but a post does a lot of reporting, and ONA does a lot of analysis and we have a lot of conversations. I myself cannot point to anything.

**Mr Urwin**—As Mr Dauth has said, on a number of occasions we took note that, in the situation in Fiji, something of this kind was one of the possible outcomes. I would just add that, in the period immediately before 19 May, we were of course conscious that a large march was going to take place in Suva on that day and that, depending on the numbers, that was going to be an event that the authorities might or might not have had some difficulty in handling.

**Senator COOK**—Yes; that is more in the form of a public demonstration.

**Mr Urwin**—Certainly.

**Mr Dauth**—But we were certainly warning of the possible consequences of that. In reporting on it, we were saying, 'You can't tell where this is going to go.'

**Senator COOK**—This is the point that I want to come to: at any point, was the nature of your advice that there was likely to be some sort of effort to remove the government?

**Mr Dauth**—Well, as you know, Senator, we do not answer questions about what advice we give ministers. I have to just lay that down as a general principle before I try to offer a more helpful answer. But in all of the reporting, done over a long period of time, the possibility of extra-constitutional activity was certainly flagged.

**Senator COOK**—You see, I was told—interestingly, in the bar of the Coffs Harbour Yacht Club back in January—that the government was going to be overthrown in around July of this year. Now, the Australian yachting community may well have a great intelligence network in the Pacific.

**Mr Dauth**—I do not recall you passing that on to us, Senator.

**Senator COOK**—No, I did not pass that on to you.

**Senator HOGG**—Maybe you should sign these yachties up.

**Senator Alston**—They probably thought West Coast were going to win the flag, too.

**Senator HOGG**—Not like Collingwood.

**Senator COOK**—Well, they didn't actually. They had a parochial view about Sydney which appears not to be justified. This was a business rumour, and so forth, that the government was going to actually be removed; and the only way that could have happened was for some sort of coup or thing of that nature. All I am saying is, if it is that level of common banter, was that the sort of advice we were getting too?

**Mr Dauth**—I do not know. I do not want to sound flippant, but we did not actually send any officers from the High Commission in Suva to Coffs Harbour. We had them working—

**Senator COOK**—Well, you are being flippant now, Mr Dauth.

**Mr Dauth**—We had them working in Suva; and in Suva they were very thorough in reporting what they heard.

**Senator COOK**—In which case, we would not have been taken by surprise, really, would we?

**Mr Dauth**—I have answered that question, Senator. We were certainly surprised by the specific nature of the intervention by Mr Speight, but we were very conscious, and had been for a long while, of simmering ethnic difficulties in Fiji.

**Senator COOK**—Of course, I do not expect you to have anticipated that a criminal would enter the parliament with a few thugs and hold a gun to the Prime Minister's head. What I am getting at is how alert the department was to the prospect that the government itself would be removed in some form of activity.

**Mr Dauth**—With respect, I have answered that question. I said that a constant possibility in our minds was the possibility of extra-constitutional activity.

**Senator SCHACHT**—Mr Dauth, in parliament earlier in the week, the Minister for Immigration, Mr Ruddock, announced that Mr Speight's visa for Australia had been cancelled—which I think all of us would fully support and endorse. Has Immigration asked you for the names of the other gangsters and terrorists, as I would call them, who were associated with Mr Speight to ensure that they also, if they ever apply for one or if they already have one, do not get a visa to visit Australia?

**Mr Dauth**—There was no need for Immigration to ask us, Senator, we have ourselves sought that information and provided it to them.

**Senator SCHACHT**—So you have those—

**Mr Dauth**—Mr Baxter may want to add to that.

**Mr Baxter**—We are also working very closely, through the Passport Information Network, to look at any involvement by possible Australian citizens and Australian passport holders in the events as well and we are looking at what action we might take in that context.

**Senator SCHACHT**—How many names you have identified who were associated with Mr Speight in one form or another that would be on an appropriate list to ensure that, if they made an attempt in the near future to visit Australia under any guise, they would be refused entry? I am not asking for the names, for obvious reasons.

**Mr Baxter**—No. The Department of Immigration is certainly working on a list of people, based on information that we have received of people who are inside the parliamentary complex and aiding and abetting George Speight. The number is somewhere around a dozen, or maybe a few more than that. As I said, we are also looking at other nationals who are involved.

**Senator SCHACHT**—I appreciate and certainly confirm that you should do this. Is there any indication, in any names of others in the parliamentary compound as terrorists and gangsters, of an Australian citizen who in any way was associated? Has any evidence come forward of that?

**Mr Baxter**—There is evidence that there may be some Australian citizens and Australian passport holders involved with Speight.

**Senator SCHACHT**—I see. Mr Dauth, under in a law that we have carried opposed to international terrorism et cetera, if enough evidence was gathered that an Australian passport holder was involved in aiding and abetting Mr Speight, would they be able to be charged under Australian law of being involved in international terrorism?

**Mr Dauth**—Well, I am not a lawyer, and at the end of the day it is an issue for the Attorney-General, rather than for our portfolio. But, in a rough shorthand answer, yes. There is the Foreign Incursions Act and our working assumption is that people could be charged under that act.

**Senator SCHACHT**—I thank you for that.

**Senator COOK**—Has the department gone back over its records to see whether any indicators, that could have provided a warning that these events might occur, were not noticed or picked up at the time?

**Mr Dauth**—No, Senator.

**Senator COOK**—Is there any review under way to see if there are any lessons to be learnt from these events?

**Mr Dauth**—I am sure we might come to that; but you will appreciate, Senator, that we have got rather more on our plate right now.

**Senator COOK**—Indeed; but is it your practice to go back over these things? Crisis management is a very delicate and finely balanced art, and one has to be nimble and on ones toes all the time. Is it your intention to go back over and do an assessment about ‘Could we have handled this better?’

**Mr Dauth**—I have not had a discussion with the secretary or the minister about that, but it is obviously something we might do. We have often in the past reviewed crisis procedures against specific events involved in a particular crisis, and we might well do so again.

**Senator COOK**—In August of last year there were a number of bomb explosions in Suva. Did our High Commission provide reporting and analysis of those events to Canberra?

**Mr Dauth**—Yes, they did, Senator.

**Senator COOK**—Were these incidents assessed to be the work of Fijian extremists opposed to the Chaudhry government?

**Mr Urwin**—That was the general assessment, yes.

**Senator COOK**—Did the Prime Minister or other members of his government express any views to the High Commission about who was responsible for the explosions?

**Mr Urwin**—I would need to check that, but there were certainly conversations with the government about those incidents, yes.

**Senator COOK**—And those views would have been reported to Canberra?

**Mr Urwin**—Indeed.

**Senator COOK**—Mr Urwin, if there is anything more immediate that is on your plate about Fiji, this would therefore be relegated, but could I put you to the task of providing us with an answer before the next estimates?

**Mr Dauth**—The answer would be just to confirm what Mr Urwin said.

**Senator COOK**—Yes. I know that Mr Urwin has been working night and day. I am a bit conscious about intruding in terms of a priority, that is all.

**Mr Dauth**—Okay. Thank you.

**Senator COOK**—Is it not the case that the Prime Minister told our High Commissioner that the Fijian police and other authorities strongly suspected that former and possibly serving members of the Fijian military were involved in the explosions, which were designed to destabilise the government?

**Mr Dauth**—There is a limit to the sort of commentary we can offer on confidential exchanges between foreign heads of government and our heads of mission, Senator. Assuming that Mr Urwin's further investigation confirms what he said earlier, then I think you have your answer.

**Senator COOK**—Which would be yes?

**Mr Dauth**—More or less, yes. As I say, we are not in the business of publicly revealing the precise nature of exchanges which we have on a confidential basis with foreign heads of government.

**Senator COOK**—I think I have heard all of your answer, Mr Dauth. Following the incidents in August last year, did the High Commission staff take any specific measures to improve our knowledge of the activities and objectives of elements within the military that were opposed to the government?

**Mr Urwin**—Senator, the answer is that it was one of the ongoing tasks of the mission to keep as abreast as they could of matters like this.

**Senator COOK**—So you did?

**Mr Urwin**—It would certainly have been one of the subjects of their work, yes.

**Senator COOK**—Did DFAT initiate any specific measures to improve Australia's knowledge of the political and other relevant developments in Fiji? For example, did DFAT

put more people on the Fiji desk? Did you send any additional staff to strengthen the High Commission?

**Mr Dauth**—Our coverage in Fiji is very comprehensive. We have a large mission there. I suspect, subject to correction from Mr Urwin, that ours is the largest diplomatic mission in Fiji.

**Senator COOK**—As you would expect.

**Mr Dauth**—We devote more resources to coverage of the Pacific than any other country.

**Senator COOK**—As you would expect.

**Mr Dauth**—As we would expect. My judgment now—and it would have been then—is that the resources involved in coverage were perfectly adequate.

**Senator COOK**—In view of the reports you were getting, they did not need changing?

**Mr Dauth**—No, Senator. We had, and we have, a significantly sized and highly competent mission in Suva.

**Senator COOK**—Yes, I know. You have put emphasis on ‘ours is the biggest’. So it should be, shouldn’t it?

**Mr Dauth**—It is reasonable to expect that, as the largest country in the region, we would have the largest mission, yes. It is a very adequate mission. It is a substantial, sophisticated and able diplomatic mission.

**Senator COOK**—I am sure that is true, but the point is that, in your judgment, there was no need to add to its resources in view of the reports that you were receiving.

**Mr Dauth**—That is right.

**Senator COOK**—That is your view.

**Mr Dauth**—Had we taken a different view, we would have done something about it. But I really do want to make the point very clearly that the government had a very clear view then, as it does now, that our mission in Suva was very properly resourced.

**Senator COOK**—On that point then, Mr Dauth, has the resource complement to our mission changed over the last several years? Have we upgraded it, say, over the last five years?

**Mr Dauth**—I could not give you a precise answer to that, but it has been one of our missions where resources have either stayed the same or declined only marginally. You would be conscious, of course, that we have reduced numbers overseas. Generally we have fewer people overseas than once was the case. Part of that is to do with—

**Senator COOK**—Yes; it is a matter of concern to me that that is the case. I know you have done that.

**Mr Dauth**—That is fine. There are a number of reasons for that, not least of course being the development in technology. Suva has been one of those posts where there has been a particular focus on ensuring that it is properly resourced. In that context, let me say to you that we have posted to Fiji, in the shape of the present High Commissioner, for the first time in many years a band 2 head of mission, someone of greater seniority than has been the case in previous years. That is a reflection of the government’s view that this is a very important post. For example, the seniority and experience of our head of mission in Suva is the same as in a number of our large South-East Asian posts—Kuala Lumpur or Bangkok, for example.



**Senator COOK**—Are you able to say—I could not help noticing a note being passed to you—

**Mr Dauth**—I would have thought of it myself, anyway, Senator.

**Senator COOK**—No; I was wondering whether the note was able to inform you, or whether you have been informed since I last asked the question, whether our complement has changed over the last several years.

**Mr Dauth**—No; I said I cannot tell you precisely the answer to that.

**Senator COOK**—It may have stayed the same but gone down.

**Mr Dauth**—Gone down only marginally—as I say, on the whole I should have thought, less than many other posts.

**Senator COOK**—Which is only to indicate that, if the tide has gone out everywhere but it has not gone out as far in Fiji, that is an upgrading?

**Mr Dauth**—Senator, we have had discussions at these meetings a number of times about resources overseas, and I honestly do not think we can take it much further here today.

**Senator SCHACHT**—Chairman, on the issue from Senator Cook about resources, do we still have military attaches in the embassy in Fiji?

**Mr Dauth**—Certainly. We have a substantial—

**Senator SCHACHT**—That has been maintained at the same level?

**Mr Dauth**—Absolutely. We have substantial defence resources. As I was saying earlier, Senator, before you were here, they have been an integral part of the way in which we have responded to events in the last 10 days.

**Senator COOK**—Where was the High Commissioner to Fiji on the morning of the 19 May coup?

**Mr Dauth**—As it happened, she was in Sydney. She was proceeding on leave and she had particularly wanted—for, I think, the nice professional instincts—to be present at the opening of the My Thuan Bridge in Vietnam, which was a project commenced when she was Ambassador to Vietnam. She was proceeding on her way to that event with the specific approval of the minister and the department. Naturally, of course, she turned around and went back to Suva straightaway.

**Senator COOK**—Who was the charge d'affaires in the High Commissioner's absence then?

**Mr Dauth**—The Deputy High Commissioner was Acting High Commissioner.

**Senator COOK**—What level is that?

**Mr Dauth**—Counsellor.

**Senator COOK**—When did the High Commissioner leave Fiji? She was in Sydney on the 19th, but when did she depart? Do you know?

**Mr Dauth**—I do not know. Did she leave that morning?

**Mr Baxter**—On the 19th, Senator.

**Senator COOK**—On that morning?

**Mr Baxter**—On that morning, yes.

**Senator COOK**—Do you know how long she planned to be away?

**Mr Dauth**—I do not have the detail with me but, from memory, it was about a week or a bit more.

**Senator COOK**—You say she sought approval to go to the opening of the bridge. When did she do that?

**Mr Dauth**—Again, as is usual, in the weeks leading up to her departure.

**Senator COOK**—Can you provide us with a date?

**Mr Dauth**—I will have a look at that, Senator. There are issues relating to an officer's privacy when it comes to their leave, but I will have a look at it.

**Senator COOK**—Are you saying she took leave?

**Mr Dauth**—She was taking leave, of course.

**Senator COOK**—Then it is matter of interest when she took leave, isn't it, not of privacy?

**Mr Dauth**—I do not know. Anyway, I will have a look at it, Senator. I can see where we are leading, but the point is that of course she, like us, did not expect Mr Speight that morning to walk into the parliament; and it was on that basis that she proceeded on leave. The relevant fact here, Senator, is that the moment the event occurred, without needing encouragement, without needing any ruling, she herself just simply turned around and went instantly back to Fiji.

**Senator COOK**—Of course. You have said that and I have made a note of that.

**Mr Dauth**—Thank you.

**Senator COOK**—If the officer was taking leave, I am asking when did she take her leave from. What she does with her leave is interesting, and you have provided some insight into that. But I do not see why, since you are here to provide information to this committee, that information cannot be provided. Will you provide it?

**Mr Dauth**—Provide information as to precisely when she sought approval to go on holidays, Senator? Is that what you are asking me?

**Senator COOK**—Yes.

**Mr Dauth**—Okay. I will have a look at it, as I say. I can give you—

**Senator COOK**—I am not asking you to have a look at it, Mr Dauth, I am asking you to provide it.

**Mr Dauth**—I will investigate the appropriateness of providing it and, if it is appropriate, I will provide it. I am telling you in general, Senator, this morning that she sought leave some weeks in advance of her leave.

**Senator COOK**—Yes. I do not know why you are so extraordinarily defensive about this point.

**Mr Dauth**—I am defensive about every point in these hearings, Senator.

**Senator COOK**—I know. But your job here, Mr Dauth, if I might say so, is to provide information to the parliament. One hopes that you would provide that, not defensively, but directly and openly.

**Mr Dauth**—I have been providing information at these—

**Senator COOK**—We have the task of approving your estimates.

**Mr Dauth**—I have been providing information at these hearings for many years, Senator, both when you were in government and now that you are in opposition. I have never before had anyone suggest to me that I was not forthcoming in the provision of information.

**Senator COOK**—That is an interesting point that you raise. I cannot account for the extraordinarily defensive nature of your replies here. It is a simple and obvious question and, because of your defensiveness, I make the point: you do have an obligation to provide information to the parliament. I am asking for some information, and you then tell me that, if you think fit, you will provide it.

**Mr Dauth**—Not ‘if I think fit’, Senator, with respect. I said I am unsure whether it is appropriate in privacy terms for us to discuss the leave arrangements of an officer of the department. As I say, bear with me: I will have a look at that and respond accordingly.

**Senator COOK**—Since you have put your position on the record, let me put mine: I cannot see why this is a matter of dispute. It does not go to privacy. You have already told us what the officer sought the leave for, where she was going and what she was doing. This seems to be a very small question for you to dig in on and be defensive about. When was the approval for the High Commissioner’s absence granted?

**Mr Dauth**—At the time she sought the leave.

**Senator COOK**—Who would have approved that?

**Mr Dauth**—In the usual course of events, that is approved between the Corporate Management Division of the department and the relevant division.

**Senator COOK**—Would there have been consideration given to the political or security situation in Fiji when approval for the High Commissioner’s travel plans were sought?

**Mr Dauth**—Of course—not least, Senator, by the High Commissioner herself.

**Senator COOK**—Indeed. But the point is—without causing you to be even more defensive, Mr Dauth—there was a process of making an assessment of whether this was a time in which we could afford to have the High Commissioner out of the country?

**Mr Dauth**—There is, in respect of every leave application by every head of mission. It is a standard procedure.

**Senator COOK**—Prior to the 19 May coup—well, let us not glorify it: coups are, in fact, undemocratic acts but we have characterised this as an act of terrorism: you have done that, and I agree with you. Prior to the 19 May act of terrorism—if I can rephrase my question—Mr George Speight was involved in a protracted and bitter dispute with the Chaudhry government over mahogany concessions. That is a matter of public record, I think, and conceded all round. In fact, Mr Speight sometimes talks about it. Did our High Commissioner provide Canberra with any reports and analysis of that controversy?

**Mr Urwin**—Again, subject to checking, the answer is yes.

**Senator COOK**—Prior to the 19 May act of terrorism, did officers of the High Commission have any contact with Mr George Speight?

**Mr Urwin**—I have met him myself. Fiji being Fiji, I think it would have—

**Senator COOK**—You have met him, Mr Urwin?

**Mr Urwin**—I have, yes.

**Senator COOK**—He had an Australian residency, didn't he?

**Mr Urwin**—Yes.

**Senator COOK**—Can you say when you had contact with him?

**Mr Urwin**—Two or three years ago.

**Senator COOK**—Was any reporting provided or necessary at that time?

**Mr Urwin**—No.

**Senator COOK**—In the weeks immediately prior to the 19 May coup did the High Commission officers have any meetings with members of the Fijian nationalist groups opposed to the government?

**Mr Urwin**—I would again need to stand corrected, but I cannot remember a specific event. Of course, part of the activity of the High Commission involves not giving comfort to such people.

**Senator COOK**—Absolutely; but in the routine comprehensiveness of your reporting of events it is sometimes the case that meetings occur, not as a means of giving comfort but as a means of finding out information. Are you aware of any such event?

**Mr Urwin**—I cannot recall it in the immediate—

**Senator COOK**—Are you aware that these groups had been expressing a view about removing the government by force? I am not saying to you directly.

**Mr Urwin**—No. That has, may I say, Senator, been a common coin of those groups for a long time.

**Senator COOK**—Yes. Did the High Commission make an assessment of the security situation in Suva relating to the widely advertised Fijian national demonstration on 19 May, the demonstration you have referred to, outside of parliament?

**Mr Urwin**—They certainly made an assessment of what they thought that march would produce, yes.

**Senator COOK**—Given that that was the first anniversary of the formation of the Chaudhry government, did the High Commission express any concern to Canberra that this might be the occasion for some kind of political or other action against the government?

**Mr Urwin**—They were unclear about how extensive the march would be and just precisely what course it would take.

**Senator COOK**—Can the department confirm the widespread press reports that members of the Fijian military's Counter Revolutionary Warfare Unit were among the group led by George Speight, who was holding the Fijian cabinet hostage?

**Mr Urwin**—It is understood that there was some such involvement, yes.

**Senator COOK**—Did the High Commission provide any reporting to Canberra on the activities or operations of the Fiji military's Counter Revolutionary Warfare Unit prior to 19 May?

**Mr Urwin**—I cannot remember that specifically; no, sir.

**Mr Dauth**—Defence?

**Mr Urwin**—Defence may have, yes.

**Senator COOK**—Would it have come to our notice in any particular way?

**Mr Urwin**—The activity, or the reporting, Senator?

**Senator COOK**—Sorry: the military's Counter Revolutionary Warfare Unit. Earlier, I asked questions about expressions of view emanating from the military about the government and about the possibility of the military being involved in anti-government sentiment or threats to the democracy of Fiji. Did this group, the Counter Revolutionary Warfare Unit stand out in any way?

**Mr Urwin**—The answer to that is: not in any particular way, as a group.

**Senator COOK**—Did the High Commission detect any evidence that any elements of the Fijian military might be contemplating action against the elected government?

**Mr Urwin**—I think the High Commission detected a range of views within the FMF about some of the policies of the government and its approach.

**Senator COOK**—Can the department confirm that the High Commissioner, Ms Boyd, launched the biography of Rabuka of Fiji in Suva?

**Mr Urwin**—No, she did not.

**Senator COOK**—Do you know when the book launch took place?

**Mr Urwin**—About March of this year, I think.

**Senator COOK**—Do you know who launched it?

**Mr Urwin**—In the end, I do not think it was launched at all, other than by Rabuka.

**Senator COOK**—I see. When you say that she did not launch it, did she make a request to launch it?

**Mr Dauth**—There was a proposal around that she should. That disseminated from the fact that the publisher, Greig, was an Australian company and that they had put to her that there were some commercial interests involved that they would be grateful for her to support. That proposal arose, but it is not one that she pursued.

**Mr Urwin**—Might I just add, the proposal arose about six months before the appearance of the book.

**Senator COOK**—It was canvassed, was it, whether she should be involved; and it was decided against?

**Mr Urwin**—Yes.

**Mr Dauth**—It was canvassed a bit, and canned quite quickly.

**Senator COOK**—Canned by the High Commissioner, or from Canberra?

**Mr Dauth**—I think she did it herself, didn't she?

**Mr Urwin**—Yes.

**Senator SCHACHT**—Is it an autobiography or a biography?

**Mr Urwin**—I think it is a biography.

**Mr Dauth**—Yes.

**Senator COOK**—When you say it was 'canned quite quickly'—

**Mr Dauth**—She decided not to pursue the proposal.

**Senator COOK**—Do you know on what basis she made that decision?

**Mr Dauth**—I think she thought that there was a degree of sensitivity about raising that.

**Senator COOK**—I think she was right.

**Senator SCHACHT**—She was pretty right about that.

**Senator COOK**—On Monday of this week the Foreign Affairs Minister, Mr Downer, indicated that the government will not suspend the extension of the import credit scheme. In the press release on 18 May the minister indicated that the extension was a temporary measure to allow the finalisation of the new provisions under the SPARTECA agreement to assist forum island countries, particularly those located in Fiji. Is it still the government's intention to proceed with finalisation of the new scheme and its introduction on 1 October?

**Mr Dauth**—I think that is where we are at. You will appreciate that the extension was a result of a personal appeal by the elected Prime Minister during his visit to Canberra, and the government has decided to leave the arrangements concluded with him in place.

**Senator COOK**—Is it not being reviewed as part of a consideration of what actions Australia might take?

**Mr Dauth**—It was, yes.

**Senator COOK**—And this was the outcome of the review, to leave it in place?

**Mr Dauth**—That is right.

**Senator COOK**—Will the government proceed with its plan to work with Fijian authorities to ensure suitable on-the-ground support for the new scheme, including through AusAID assistance with training?

**Mr Dauth**—We had better work out what the authorities are, before we talk about what we can do.

**Senator COOK**—That is quite a reasonable response. As I understand what you are saying, in principle we approve the scheme but we want to know what the on-ground arrangements are before we respond to putting in place further developments under the scheme: is that a fair characterisation?

**Mr Dauth**—Yes.

**Senator COOK**—What is the government's intention in terms of working with the new military government of Fiji?

**Mr Dauth**—That is really a very difficult question to answer today, Senator. Let us by all means have a discussion about that when the situation is clearer—when, for example, the hostages are released. It is far too early to talk about the manner of our interaction with whatever government emerges in Fiji.

**Senator COOK**—Right. I have some more—

**Mr Dauth**—I seriously do not want to be unhelpful, but I am sure you would appreciate that we do not know where this is going to go.

**Senator COOK**—No. I thought I was responding to you, accepting your answer, Mr Dauth. I was not responding to you, as I did earlier, on your legendary defensiveness. I have some further questions on Fiji but they concern AusAID, and I do not think it is appropriate to take them up here.

**CHAIR**—Thank you, Senator.

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**Senator HOGG**—I have just a couple of quick questions about the role of Radio Australia. How many hours, prior to the difficulties, was Radio Australia transmitting to Fiji?

**Mr Dauth**—I do not know the answer. They are not in any way part of our portfolio. I just do not know the answer to that question.

**Senator HOGG**—Don't you fund them in part?

**Mr Dauth**—No, not at all.

**Senator HOGG**—Do you know if the broadcasts by Radio Australia have increased in that area as a result of this? It seems to me that this is one way for Australian expatriates to get information.

**Mr Dauth**—I am sorry, but I just do not know the answer to the question.

**Senator HOGG**—The reason I am asking is that I am looking at your current travel advice and it would seem to me that it may well be that one of the better ways that Australians who are resident in Fiji or who are visiting Fiji have to access your travel advice is through media such as Radio Australia. Could you cast some light?

**Mr Urwin**—I cannot quantify it, but access to Radio Australia in Fiji is extensive, not least because the local broadcasting authority broadcasts Radio Australia live.

**Mr Baxter**—To add to that, the local Fiji media is also reporting on our travel advice to Australians very extensively. We also post our travel advice in the major tourist centres, in the hotel foyers themselves, so that Australians are well informed. We obviously have an extensive network of contacts with the Australian community and the main businesses through the business associations, et cetera, through which we disseminate our travel advice.

**Senator HOGG**—Part of that travel advice urges Australian citizens strongly to register with the Australian High Commission.

**Mr Baxter**—That is right.

**Senator HOGG**—Has there been an increase in the number of people registering and, if so, can you give me some indication, without getting down to the final two or three, or a broad assessment of how many have registered?

**Mr Baxter**—We are probably getting pretty close to 1,000 now over the last four or five days. The embassy was open all through the last weekend and indeed on Monday, which was a public holiday in Fiji, for that specific purpose. We have deployed other resources within the mission. For example, the Austrade trade commissioner has been helping us out with handling the volumes of calls we are getting. Earlier this week we sent an extra consular officer from Canberra to Fiji to assist for that purpose.

**Senator HOGG**—Is the embassy currently operating 24 hours a day during the period of this crisis?

**Mr Baxter**—On a consular basis, we have a consular watch, as Mr Dauth mentioned earlier, through the crisis centre here. The mission is working until it needs to stop working, but obviously they are not working 24 hours a day. They need rest. There is a curfew in place at the moment, as you would be aware, after 8 p.m., so there is a quiet period in Suva. Now that martial law has been declared, from a consular perspective, things are quiet in the evenings and the mission is on standby, but not necessarily operating 24 hours.

**Senator HOGG**—If someone needs to contact the commission after-hours, I presume there is a 24 hour number there.

**Mr Baxter**—There is indeed. The mission is always available 24 hours a day, particularly to consular clients and others. In the case of a problem getting through to anyone in the mission, calls would be diverted automatically to the 24 hour consular operation centre here in Canberra.

**Senator HOGG**—I note that the travel advice in the opening paragraph says that Australians currently in Suva are strongly advised to leave Fiji or temporarily relocate elsewhere in Fiji.

**Mr Baxter**—Yes.

**Senator HOGG**—Clearly, Suva is the focus.

**Mr Baxter**—Yes.

**Senator HOGG**—So one can assume from the travel advice that it is considered there is relative safety outside of the general Suva area—without trying to pin it down.

**Mr Baxter**—Yes. We have been differentiating, since the time that the events occurred, between what is happening in Suva and what is happening elsewhere in Fiji. It is also part of our general contingency planning approach to use travel advice to Australians to ensure that the numbers that are in the country are no more than is necessary; and so that advice is in that context. As I say, the travel advice is part of our early warning system for contingency planning.

**Senator HOGG**—Has there been a reduction in the number of Australian tourists going to Fiji as a result of the events?

**Mr Baxter**—A very considerable reduction. You will have seen, perhaps, some press reporting on that today. We are in very close and constant touch with Air Pacific and Qantas, the main carriers to Fiji, and they are reporting very significant falls in traffic.

**Senator HOGG**—Has the crisis in Fiji in any way affected our trade with Fiji, just in broad terms?

**Mr Thwaites**—Of course, there are no statistics available at this early stage, but the action taken by the ACTU and other trade union bodies obviously will have an impact. We are not yet clear on how significant that will be.

**Senator HOGG**—Do we export things such as fresh food and the like?

**Mr Thwaites**—Yes, we do.

**Senator HOGG**—Have those exports been directly affected?

**Mr Thwaites**—I understand that they have, yes.

**Senator HOGG**—My last question goes again to the travel advice. I note here that the advice was issued on Tuesday, 30 May, and it is current for today. How often is the travel advice updated?

**Mr Baxter**—Since 19 May we have issued 13 travel advices for Fiji, so we basically look at it every day, and often two or three times a day. We in fact have had a conversation this morning with the High Commissioner just to check that, from a mission perspective, our travel advice remains current, and they have confirmed that that is the case.

**Mr Dauth**—It is as required, Senator.

**Senator HOGG**—I accept that. Could I just offer a piece of advice? Whilst you say it is current for today and the advice was issued today, it might help in this sort of circumstance if



you can indicate when it was previously updated. That way, people have some measure as to when your advice was changed, and what you have—

**Mr Baxter**—That information is in fact on the travel advice today. It says in the top right-hand corner that the advice was issued on Tuesday, 30 May, and the advice is current for Wednesday, 31 May.

**Mr Dauth**—But it does not say when it was last updated from, and the senator's question is—

**Senator HOGG**—If you said that the advice prior to that was issued on 15 May, say, then one would think that there was a long gap.

**Mr Baxter**—I guess it is a terminology issue, in the sense that when we say we issue a travel advice, that means 'update', but I take your point.

**Senator HOGG**—Yes. I just think it is a one-line change on your travel advice and I think it would be very helpful to people.

**Mr Baxter**—I take your point.

**Senator SCHACHT**—I have a question about reports that members of the Fiji military's Counter Revolutionary Warfare Unit are among the group led by George Speight that is holding the cabinet ministers hostage. Are they actually serving members of that unit?

**Mr Urwin**—Our information is that there are one or two in that category.

**Senator SCHACHT**—And they would be in that list of names of people who will have difficulty in the future getting a visa to Australia?

**Mr Urwin**—They would be.

**Senator SCHACHT**—Do you know whether any of those members who are presently with Mr Speight as a terrorist have ever received any training from Australia under military cooperation in Australia or in Fiji?

**Mr Urwin**—I cannot answer that question specifically but I can say that we have never provided training to the—

**Senator SCHACHT**—Never?

**Mr Urwin**—We have never provided training to that unit as a unit.

**Senator SCHACHT**—As a unit? But you cannot rule out that they, individually, at some stage might have received some training?

**Mr Urwin**—At some stage, no.

**Senator SCHACHT**—That would be a question I should put on notice to Defence rather than to you.

**Mr Urwin**—Yes.

**Senator COOK**—The cancellation of the Olympic torch relay to Fiji was a decision by the Olympic authorities, as I understand it.

**Mr Dauth**—It was jointly taken, I think, by Mr Knight and Mr Downer. The torch relay through the Pacific was actually funded by the Department of Foreign Affairs and Trade with additional money, part of the money that we got for the small bag of Olympic related activities that are our portfolio's responsibility. We had a very public launch of that about a year ago. It was a decision for joint responsibility between Mr Knight, as the minister

responsible for SOCOG and therefore the torch, and Mr Downer as the minister responsible for the funds involved in the activity. So it was jointly and quickly arrived at.

**Senator SCHACHT**—Was Mr Gosper, as president of the Olympic Oceania Group consulted? He is president of the Olympic Oceania zone.

**Mr Dauth**—Yes.

**Senator SCHACHT**—And has a particular role there.

**Mr Dauth**—Not as far as I know.

**Senator FAULKNER**—I know Mr Dauth has indicated he will come back on an issue I raised a little earlier in today's estimates hearing.

**Mr Dauth**—I have done some checking and I have so far not been able to turn up any record of any specific announcements. We will have to check more precisely with the High Commission overnight. I had very much hoped to be able to tell you what we could tell you today, but I regret to say that we are not going to be able to do that.

**Senator FAULKNER**—I am disappointed to hear that, but let me perhaps assist you because, having heard what you said, I went back and wondered if there was anything on the international wire about this and, lo and behold, there is! So if I provide you with a copy of this, that might assist.

**Mr Dauth**—That would be helpful. Thank you.

**Senator FAULKNER**—Under the heading, 'UK: Australians to guard palace during Federation celebrations'—this is an AAP story—Thursday, 18 May 2000, at 2.45 a.m.:

UK Palace Aus

LONDON, May 17 AAP - Australian servicemen and women will provide the guard for Buckingham Palace as part of celebrations to mark the anniversary of Federation.

It will be the first time women have mounted the guard outside the Queen's London home.

As part of Australia Week in Britain, the Australian Defence Force will mount the guard at Buckingham Palace, St James Palace and the Tower of London between July 1 and 8, High Commissioner Philip Flood announced today.

Fifty soldiers, 50 sailors, 50 air force staff and 35 members of the Royal Military College band will arrive in London on June 21.

The contingent will include 51 women, including one officer, and Mr Flood said he was delighted that the party would include women personnel.

"This will be the first time that women have mounted the guard outside either of the palaces or the Tower," he said.

It is also believed to be the first time naval personnel, other than Marines, have been on duty at the palaces or the Tower.

The army will provide the first guard at the two palaces on July 1, while the RAAF will guard the Tower of London.

They will be on duty for 24 hours from 11am until British contingents take over the following day.

"The Australians will provide the guard at the two palaces and at the Tower on alternate days and the three services will switch duties so that each will have an opportunity to guard each "stronghold", Mr Flood said in a statement.

"The Army will wear traditional slouch hats, but the other services will wear their own uniforms."

Mr Flood said the RMC band would support the guard at Buckingham Palace.

Their repertoire for the week would include *Waltzing Matilda* and *The Brown Slouch Hat*.

So I am surprised they have not been able to find any record of it, Mr Dauth. Having heard what you said, I went back and checked the international wire. I would be surprised if there was not a press statement, having heard this. I do not know. I appreciate we will need to check it out but I will give you a copy of what I have been able to establish from just accessing the international wire, and perhaps we can deal with it later in the day.

**Mr Dauth**—We will do our best to check and we will get back to you as soon as we can, but I do think we will have to check with Mr Flood's office.

**Senator FAULKNER**—I would be very surprised—given what I have just established myself, having not been assisted at the committee earlier—if there is not a press statement. Mr Dauth, I think you immediately jump to the conclusion that this is some criticism of Mr Flood or the High Commission in London or the Department of Foreign Affairs and Trade. It is not. There is no criticism intended. I am just trying to find out whether an announcement or other press statements were made—if Mr Flood did make them; and the evidence seems to be mounting that that it is the case. I want to know if a press statement was put out, or a press release of some description.

I am trying to marry the evidence I receive here with the evidence I have received at this same estimates committee when the Department of Defence was before the committee. It is as simple as that. That is what I am trying to understand, and the processes that appear to have led to what is obviously a conflict of information, at best. I will give you a copy of this. It might assist. If we could return to it, I would appreciate it. I think my terminology of 'announcement', having now accessed the international wire, was reasonable in the circumstances. I accept there might be something wrong here, but I do think it is likely—not certain, but from what I have read it is likely—that some form of announcement or statement was made and, if it was, if you could assist us, I would really appreciate it. I will table that for Mr Dauth's benefit.

**CHAIR**—Thank you, Senator Faulkner. Just before we leave that subject, Mr Dauth, are you aware of the effort the British government is making to celebrate Federation Week?

**Mr Dauth**—Only in general terms, Senator, but I understand they are making a substantial effort.

**Senator FAULKNER**—Yes; that is the same terminology I think you used to describe our effort in relation to the High Commission, but I would like to understand what 'substantial effort' means in terms of actual monetary resources. I appreciate you have said that might be hard to nail down, but I wonder if you might take that on notice and provide the committee with the information, if you could.

**Senator SCHACHT**—Aren't there some colonial uniforms from 1899, to really make it a proper presentation of a colourful nature to show where we really are in Australia under this present Prime Minister?

**CHAIR**—Well, without entering into a debate, Senator Schacht, it is hardly a question.

**Senator FAULKNER**—No, it is a reasonable question. But I think Mr Dauth would make the point that it is probably better directed to the Department of Defence. I would acknowledge that. I am asking questions of the Department of Foreign Affairs and Trade and I have just come back to the estimates committee, Mr Dauth, because of the evidence that you gave earlier.

**CHAIR**—Thank you, Senator Faulkner. Are there further questions on the portfolio overview? Or do we move on to output 1?

**Senator COOK**—We can, as far as I am concerned.

**Mr Dauth**—Senator, could I ask if we have finished with Fiji? I think the officers involved could get back.

**CHAIR**—I will check with the committee, Mr Dauth. Are you happy, Senator Cook?

**Senator COOK**—Yes, I have finished with Fiji. As I have indicated, I have some questions for AusAID on the Pacific.

**Senator SCHACHT**—Is AusAID still going to be available for Fiji?

**Senator COOK**—I have questions, for example, about the Solomon Islands and other elements like that. Should we knock them off immediately?

**Mr Dauth**—It would be handy from our point of view if you could, sir.

**CHAIR**—Yes. I understand that you are needed elsewhere, so I think that is an appropriate way to handle it.

**Senator COOK**—We are happy to fit in with the needs of the department. We obviously recognise—

**CHAIR**—The national interest, Senator Cook!

**Senator COOK**—Starting with the Solomon Islands, can you tell us how many DFAT are based at our High Commission at Honiara?

**Mr Dauth**—Again, we will do the same thing we did before, and offer you details of the whole mission.

**Senator COOK**—You are not able to do that now?

**Mr Dauth**—Not off the top of my head. It will not take us long to provide it.

**Senator COOK**—No. I just thought the section was here.

**Mr Dauth**—I would prefer to give Mr Barsdell the detail of the whole mission. It will not take us long, Senator.

**Senator COOK**—It will not take long? If that is how you prefer it, Mr Dauth; I am sure it will come to us quickly. Can you give the committee an overview of the current situation in the Solomons?

**Mr Dauth**—I will get Mr Urwin to do that.

**Mr Urwin**—There is a situation, as I am sure you know, of some communal difficulty on Guadalcanal, in particular. It is a circumstance that has quite deep historical roots going back to World War II. It involves two groups, the Malaitans, who came from another island, and the people of Guadalcanal itself. Over the last year or so tension between them has risen, for a range of reasons, and has been expressed by the formation of small groups of what we call, for want of a better word, ‘militants’, who at various times have confronted one another. There have been a number of deaths as a result. It is a situation which the government of the Solomon Islands is clearly grappling with.

**Senator COOK**—Thank you, Mr Urwin. What is the current travel advice that DFAT offers to potential visitors to the Solomons?

**Mr Dauth**—We will get Mr Baxter back to answer that. There is a specific and quite precise form of words, so let us not mislead you with a general indication. There is obviously a very high level of concern about the Solomon Islands and there is an appropriate travel advisory which matches that concern. Mr Baxter will give you the precise words.

**Senator COOK**—I think he is at the table now.

**Mr Baxter**—Our travel advisory to the Solomon Islands asks people to defer holiday and non-essential business travel to the Solomon Islands. It also makes reference to the increasing problems with law and order in the Solomon Islands. Some of those incidents are now starting to affect tourists and expatriates. We are differentiating again, as in the case of Fiji, between the events in Honiara and Guadalcanal and other parts of the Solomon Islands.

**Senator COOK**—Just to go back to a question that my colleague Senator Hogg asked earlier with reference to Fiji, when you update or change this advice do you indicate when the last advice was?

**Mr Baxter**—We mention when the last advice was issued. In our terminology, that is similar to an update. I take Senator Hogg's earlier point that it would be useful if we could make that clearer.

**Senator COOK**—Are the High Commission staff presently able to travel outside Honiara?

**Mr Urwin**—Yes.

**Senator COOK**—What discussion or contact do the high commissioner and his staff have with the opposing groups outside of Honiara?

**Mr Urwin**—Constant and frequent.

**Senator COOK**—He maintains an open dialogue with them, does he?

**Mr Urwin**—As open as he can. It is part of his brief at the moment to assist the Solomon Islands government in pursuing a peace process between them.

**Senator COOK**—On Monday the foreign minister, Mr Downer, told parliament that there were proposals for additional police to be provided by Vanuatu to reinforce the Commonwealth police multinational assistance group. How confident are we that the use of the police from Vanuatu will be effective in improving the security situation?

**Mr Urwin**—We currently think it is the best option available to us, Senator. We think that something of this kind needs to happen to give the government, in particular, the confidence to proceed with the peace process.

**Mr Dauth**—Broadly speaking, there are two games in town, as it were. There is the peace process, which the government has initiated, and which is essential to the future of the Solomon Islands. They have, themselves, to develop a peace process that delivers some sort of accommodation between the various ethnic groups of the Solomon Islands. There is, simultaneously, a security problem, to a degree generated by the need for the process; they are interrelated, of course. The government has needed some help there and the Commonwealth is doing its best to assist.

**Senator COOK**—Can you confirm yesterday's press report that New Zealand Army engineers have delayed a trip to the Solomon Islands on advice about the security situation from the Solomons police commissioner?

**Mr Urwin**—No, at the moment I cannot confirm that, Senator.

**Senator COOK**—I understand the engineers were to have built six community police posts around Honiara.

**Mr Urwin**—Correct.

**Senator COOK**—You cannot confirm it? Then I guess my follow-up question is pointless. I will give some thought to putting it on notice towards the end of proceedings.

**Mr Urwin**—Sure.

**Senator COOK**—Has the government made any representations to the government of the Solomon Islands concerning the press reports of the government's approaches to Cuba for assistance?

**Mr Urwin**—We have, Senator.

**Senator COOK**—What is your assessment of the exchanges between the Solomon Islands and Cuba?

**Mr Urwin**—The background is that the foreign minister went there for a meeting of the G77. He had contact with Cuban government figures at the time. As a result of that, there was obviously some discussion about the formation of diplomatic relations.

**Mr Dauth**—Am I right in adding, Mr Urwin, also the possible provision of some medical assistance?

**Mr Urwin**—That is right.

**Senator COOK**—That is the sort of assistance Cuba might render in the case of the Solomon Islands?

**Mr Urwin**—That is certainly my understanding.

**Mr Dauth**—But you would not hold your breath about that matter either, I wouldn't have thought!

**Senator COOK**—I note the comment, Mr Dauth. What was the outcome of any representation made to the Solomon Islands on the issue?

**Mr Urwin**—They made both private and the public statements of the fact that they were not seeking any relationship with Cuba beyond that.

**Senator COOK**—What further measures is Australia taking to support the peace process in the Solomon Islands?

**Mr Urwin**—It is a many-layered proposition. We are supporting, financially and with other resources on the peace process level, a range of meetings including, we hope, in the next week or so between the militants themselves on the two sides. We have been supporting financially the presence of the Commonwealth, both in terms of its political role and in terms of the monitoring group. More broadly, we have a large scale assistance program with the police force, which AusAID could speak more authoritatively about, which will be multigearred. That has actually begun. They are the main measures, coupled with a good deal of contact and assistance by the High Commission staff and by others who have visited there, in trying to keep the political process going.

**Senator COOK**—I do not have any further questions on the Solomon Islands.

**CHAIR**—If that is the case, Mr Urwin and Mr Thwaites can be relieved.

**Mr Urwin**—Thank you, Mr Chairman.

**Senator COOK**—Can I just indicate, I have some questions on 1.1.1 and 1.2.1.

**CHAIR**—Yes. Let's proceed, Senator Cook.

[11.56 a.m.]

**Output 1.1—Protection and advancement of Australia's international interests through the diplomatic network and Canberra based diplomatic activity**

**Output 1.2—Provision of policy advice and analysis to portfolio ministers**

**Senator COOK**—Can you, Mr Dauth, as you are the appropriate person, outline what Australia's objectives are in opening diplomatic relations with North Korea.

**Mr Dauth**—I will ask Mr Coppel to answer that question.

**Mr Coppel**—Our objectives in establishing or normalising relations with North Korea were to support the process of engagement of North Korea, consistent with the policies adopted by the Republic of Korea—the engagement policy of the current government there—and also it is a policy which supported the approaches which the United States and Japan had towards North Korea. I should also add that normalising relations was in response to an overture from the Democratic People's Republic of Korea itself. It took the first step towards us.

**Senator COOK**—So what do you expect will be the next steps in the development of this relationship?

**Mr Dauth**—I expect that we will exchange non-resident ambassadors.

**Senator COOK**—When might that occur?

**Mr Dauth**—Our ambassador will be our ambassador in Beijing and he will be presenting his credentials in early July.

**Senator COOK**—And that would be the next step?

**Mr Dauth**—Correct.

**Senator COOK**—Are there any other steps in view?

**Mr Dauth**—Nothing further is planned at this stage.

**Senator COOK**—What steps are you looking for North Korea to take in respect of its nuclear and ballistic missiles program?

**Mr Coppel**—We are expecting that those programs will remain on hold. It is a condition of further engagement with the United States and it is also part of the KEDO program which we are also supporting.

**Senator COOK**—Have you raised with the North Koreans any specific concerns about their alleged chemical and biological weapons programs?

**Mr Coppel**—Yes. An official delegation went to Korea in February and those issues and issues of weapons of mass destruction were raised with the North Koreans.

**Senator COOK**—What can you tell us about that?

**Mr Coppel**—North Korea expressed concerns about its own security.

**Mr Dauth**—And we put a very firm view about the negative security implications for North Korea, and for the region more generally, of any country embarking on any WMD program.

**Senator COOK**—Is there any need for follow-up on this, do you think?

**Mr Dauth**—I am sure there is, Senator.

**Senator COOK**—Do you have anything planned?

**Mr Dauth**—I think there will be other opportunities for us to register this with the DPRK. There will also of course be opportunities for us to discuss these issues with others, including the Japanese and the Americans, who of course are much bigger players than are we. Were, for example, North Korea to become a member of the ASEAN Regional Forum—the ARF—then that is another place where these issues could be pursued.

**Senator COOK**—I do not have anything else on North Korea, but I do have on the Republic of Korea. I just mention that, Mr Chairman, in case any of my colleagues has further questions on North Korea.

**CHAIR**—There are no further questions on North Korea? Yes, Senator Cook.

**Senator COOK**—The Prime Minister was recently in Seoul where he made the announcement that he was seeking to negotiate a trade treaty with Korea. Was that suggested by the Koreans or was it an Australian initiative?

**Mr Coppel**—Senator, if I could clarify, the Prime Minister and the President of Korea agreed to explore the range of issues which would be involved in a trade agreement, and that is what they agreed. They did not go so far as to say, ‘We will negotiate a trade agreement between Australia and Korea.’ It is an exploratory discussion between officials on trade policy issues which would include a scoping of the range of issues that would need to be addressed should we decide later on to pursue that.

**Senator COOK**—Thank you. From which side did the idea emanate?

**Mr Coppel**—It was proposed by the Prime Minister.

**Senator COOK**—In the form that you have described, a scoping study?

**Mr Coppel**—Yes.

**Senator COOK**—We are aware, are we not, of the projected China-Korea-Japan trade negotiations to form a trade bloc of some sort?

**Mr Coppel**—No. There are proposals for ASEAN plus three, which are in the very early stages, for that grouping of countries to have more discussions on economic cooperation amongst themselves. I am not aware of a proposal for a trilateral trade agreement between—

**Mr Dauth**—There are discussions between the Chinese and the Japanese of a very general sort about possible FTAs, but there is no activity amongst those three North Asians.

**Senator COOK**—My reason for raising this is that the ASEAN plus three is really, as I apprehend it, a discussion between ASEAN and those three nations about a broader trade arrangement.

**Mr Dauth**—No such discussion is occurring at all. There is an ASEAN plus three process, but it does not have as an element any projected trade arrangement.

**Senator COOK**—I am sorry, I thought that it did have or it was suggested that it should have.

**Mr Coppel**—It is proposed that they have a currency swap arrangement, which they are working on the details for.

**Senator COOK**—Which is a China proposal, I understand.



**Mr Coppel**—Well, all countries have—

**Senator COOK**—Yes. And I also understood that there was a proposal being floated for a China-Japan-Korea trade arrangement.

**Mr Coppel**—I am not aware of that and I would be surprised.

**Senator COOK**—You are not aware of it? Okay. As far as the Prime Minister's initiative in raising with the Korean Prime Minister a scoping study to explore the issues, do we have in mind what particular elements of that are the key ones for Australia? And what will be the criteria upon which we would judge the outcome of such a study?

**Mr Coppel**—No, we do not. What is being set in train is a process to reach that point. The officials would be discussing that, possibly in the later half of this year.

**Senator COOK**—Is there a time frame for its completion?

**Mr Coppel**—No.

**Senator COOK**—When will the officials be discussing this? You said in the latter part of this year. Is there a firm date yet?

**Mr Coppel**—No, there is not.

**Senator COOK**—Were any issues about what particular sectors the Koreans might be interested in, or what particular sectors Australia might be interested in with Korea, raised in this discussion?

**Mr Coppel**—No, Senator.

**Senator COOK**—It is an interesting initiative. What is the role of the Minister for Trade in this? Is he now the delegated minister with responsibility for carrying this on?

**Mr Coppel**—At this stage the officials would pursue that, yes, but keep the minister of course—

**Mr Dauth**—It is officials of the Minister for Trade's department that will be responsible for carrying forward discussions, yes. The answer to your question is yes.

**Senator COOK**—Yes. How is this related to our objectives in APEC?

**Mr Coppel**—A number of activities occurring within the region, not necessarily involving Australia, are possible steps towards implementing the APEC goals, the Bogor goals, and this might be a step in the process, should it lead to a formal trade agreement.

**Senator COOK**—One of the principles underpinning APEC is that of open regionalism. Is this meant to be a free trade agreement, or is it to be considered on the basis of open regionalism?

**Mr Coppel**—At this stage we are just exploring the range of issues. We have not gone beyond that stage.

**Senator COOK**—So Australia has not suggested it, but is there a threshold principle to guide such an exploration that the concept of open regionalism should be adopted?

**Mr Dauth**—There is nothing, Senator.

**Senator COOK**—Why not?

**Mr Dauth**—Because we are engaged genuinely in a scoping study. We will see what comes out of it before officials put to ministers recommendations as to whether to carry forward negotiations on an FTA.

**Senator COOK**—That is exactly the point, though, Mr Dauth.

**Mr Dauth**—No, the point is, it seems to me, Senator, that the sorts of issues that you raise are appropriately raised at the end of this initial process, not at this time.

**Senator COOK**—No, perhaps you misunderstand the interest here, or the point of the interest. You cannot conduct an FTA, it seems to me, if you have adopted the principle of open regionalism. You change the nature of the agreement, not to be a free trade agreement between two nations but one which can go down the MFN route. It seems to be a threshold question when you decide what type of scoping study you will conduct. All I am asking is, was this matter raised or considered?

**Mr Coppel**—It was not raised between the leaders of the two countries, but in a scoping study the full range of issues would need to be addressed, including the issues you have mentioned.

**Senator COOK**—What is in the Australian mind? Is there anything in the Australian mind that it should help work to our objectives in APEC, or is it just a good idea plucked out of the clear blue sky?

**Mr Dauth**—What is very clearly in our minds is that we want to pursue consistent trade strategies across a wide range of fora. We certainly do not want anything we do in one to cut across our objectives in another. We are certainly not able at this time—and I suspect the minister would not thank us for it—to lay out material about our negotiating approach. As I say, the issues that you raise are appropriately raised at the end of the scoping study, not at the start.

**Senator COOK**—I think that is odd. That is putting the horse behind the cart, it seems to me.

**Mr Dauth**—It is pretty much, I am sure, how Mr Vaile would prefer it.

**Senator COOK**—The horse behind the cart?

**Mr Dauth**—No. I think that he would very much want to address the sorts of issues you are raising when the scoping study is done.

**Senator COOK**—Let me put the question another way: do we support the principle of open regionalism or not?

**Mr Dauth**—Of course we do.

**Senator COOK**—Is that a principle which informs our entire trade strategy?

**Mr Dauth**—Senator, could I suggest that we return to these issues when we come to a later part of the questioning when officers from the Trade Negotiations Division are with us?

**CHAIR**—I think that is a good idea.

**Senator COOK**—That is all right by me, but it goes to the question of what are we trying to do here in Korea?

**Mr Dauth**—We are exploring an option, no more and no less.

**Senator COOK**—As I said, I think with the horse behind the cart. However, that is how the government wants it, apparently.

**Mr Dauth**—They are your comments, Senator.

**Senator COOK**—Yes, they are. They exactly are my comments. I did not hear you make them, Mr Dauth.

**Mr Dauth**—I know.

**Senator COOK**—Can I turn to the People's Republic of China. Can the department provide the committee with an update on the development of Australia's bilateral human rights dialogue with China.

**Mr Potts**—We have had a human rights dialogue with China for close to four years now. The last round was in Beijing. We alternate between Beijing and Australia. The next round will be in Canberra in mid-June. At the moment we are still working on the composition of delegations. It is normally led on the Chinese side at vice-ministerial level. On the Australian end it is at deputy secretary level. The preparations are going ahead. The format normally is one or two days of bilateral talks added to one or two days of visits to institutions. Last year, for example, our delegation visited seven or eight Chinese agencies and ministries and then visited a province to look at human rights developments on the ground. In Australia we would expect that the Chinese delegation would visit institutions like HREOC. They might also visit workshops or have direct contact with some of our human rights practitioners and also NGOs. That is the sort of general format for the dialogue. It is not just a once a year process, on the other hand, and this is a very important point to bear in mind. We see the dialogue as a continuous process. It culminates every year in the formal dialogue, and that provides a good range of opportunities to take up issues at a very senior level but with opportunity throughout the year of engaging the Chinese. We do that in Beijing, we do it in Canberra, and it is also a bilateral priority of this government.

**Senator COOK**—Thank you. Mr Chairman, I have overlooked some questions that I have on Korea. I have not completed Korea and we have gone on to China. I apologise for that. I am happy to complete China because I have four or five questions and that should complete that area, and go back to Korea, if that is not inconvenient?

**CHAIR**—That is suitable.

**Senator COOK**—Thank you. Thanks very much for that comprehensive explanation. When did you say the last round of meetings was held?

**Mr Potts**—The last round was in August of last year in Beijing.

**Senator COOK**—And the next round is due when?

**Mr Potts**—In June. It is normally August but it has been advanced this year by a couple of months.

**Senator COOK**—What can you say are the practical benefits that have flowed from the dialogue?

**Mr Potts**—I come back first of all to my comment about this being a long-term process. We need to look at it in a rather organic sort of way. It gives us the opportunity to register our views with Chinese officials that have direct responsibility for implementing human rights policies. We believe that, over time, it is possible for concerned countries like Australia to have an impact on the Chinese. We are looking for practical results out of the dialogue, and one way of ensuring practical outcomes is by including an element of technical assistance. We have the Human Rights Technical Assistance Program. It is funded by AusAID. The level of assistance is around \$1 million a year, and this provides practical, direct assistance to people whose human rights need reinforcement. For example, part of the Human Rights Technical Assistance Program in China goes to disadvantaged minorities. In the province of Qing Hai it goes to Tibetans and to Uighurs as well as to Han Chinese. Through that sort of process we hope to have an effect. Another element of the program obviously is the bilateral

representations we make in respect of individuals. In the course of a given year, we probably raise 15 to 20, at least, individual cases of concern with the Chinese. That is in addition to the representations that are made through our ongoing dialogue with the Chinese through the Amnesty International Parliamentary Group and the names that go through that process.

**Senator COOK**—If you were asked the question: ‘Has the dialogue brought about improved respect for human rights in China?’ how would you answer that?

**Mr Potts**—I would say yes, but we need to be very realistic about the point of departure. We have a long way to travel, but through, for example, training courses for judges or procurators and so on, we believe that this sort of assistance can have an effect.

**Senator COOK**—How would you assess the evolution of the human rights situation in China over the last year?

**Mr Potts**—I would characterise it, in a sense, as in a state of flux. It is not easy in the course of one year to say there has been an incremental advance or a very significant downturn. It ebbs and flows a bit. In the course of the last year we have had particular concerns over Falun Gong, over the treatment of Christians, both Catholics and Protestants. We continue to have concerns about minority policies, particularly policies toward Tibetans, but not exclusive to Tibet either. In reality, it is not easy just to say it has become much more positive this year, much worse, or whatever, but just to say it does move forward and does not move backwards, and to make sense of the overall pattern is not easy.

**Senator COOK**—We have just witnessed a big debate in the US Congress over the recognition of China for normal trade arrangements—permanent normal recognition arrangements. The human rights issue has been canvassed extensively in that debate. In your judgment, has that type of scrutiny on an issue of considerable interest to the Chinese economy had any bearing on whether the human rights record has changed at all? Or is the conduct of human rights seemingly totally disengaged from those sorts of considerations?

**Mr Potts**—I think it would be fair to say that the Chinese have been very conscious of the congressional scrutiny and they have been concerned to put their best foot forward, certainly in the way they try to present their case to the rest of the world, not just to the American Congress but also, for example, at the CHR. Whether it has had a material effect I think is more difficult to estimate.

**Senator COOK**—You mentioned earlier some of the representations you or the embassy in Beijing have been engaged in with respect to human rights cases. Was that an exhaustive list or are there others that you would add if you were being fulsome about it? I thought you were indicating—indicatively—that, ‘We have done these things.’ My question is more pointed: what representations have you made?

**Mr Potts**—Thank you, that is helpful. In the past we have tended to concentrate our representations around the annual human rights dialogue and to seek to hand over to the Chinese in the margins of that dialogue a list of our cases. Generally, those cases have already been registered with the Chinese in the course of the year by virtue of representations in the embassy. We are continuing to do that but we wanted to emphasise to the Chinese during the course of the year that we are not looking for a response when we meet in the dialogue so much as to have an ongoing dialogue with the Chinese in the course of the year. We would, for example, like to get their responses on a continuous basis rather than lumped together once a year. We want to turn the dialogue into a dialogue throughout the year rather than a once-a-year dialogue. We think we have made some reasonable progress, and in the way that

we are focusing on the dialogue for this coming year, we are looking to introduce some more free-flowing elements with less reliance on set-piece presentations and so on.

**Senator COOK**—Has the government made any general representations to the Chinese authorities on Falun Gong?

**Mr O’Leary**—The answer is yes. The focus of our representations has been on the human rights aspects of detention of Falun Gong adherents. Mr Downer made the government’s position clear in a speech to the Australia China Business Council last November, and also discussed it recently on his visit to Beijing with his counterpart, the Foreign Minister, Mr Tang.

**Senator COOK**—When did officers of the Embassy last visit Tibet?

**Mr O’Leary**—I believe an officer from the Embassy was in Tibet in the last week or two.

**Senator COOK**—Do you know who they met on that visit to Tibet?

**Mr O’Leary**—I cannot recall the exact persons, with respect.

**Senator COOK**—Could you find out for us?

**Mr O’Leary**—Yes.

**Senator COOK**—Could you give us your assessment of the present human rights situation in Tibet?

**Mr O’Leary**—Our position is to take continuing interest in and concern about the human rights situation in China generally, and obviously including Tibet, very seriously. As Mr Potts mentioned a short while ago, we do raise Tibet in the context of the meetings, the human rights dialogue, and we also have focused some of our activities under the technical assistance program on, for example, developing legal structures and better governments in Tibet. We continue to reaffirm to the Chinese leadership our concerns about religious freedoms and cultural identity. Obviously those representations reflect some ongoing concerns.

**Senator COOK**—Yes, but how do you assess the human rights situation there now? That is an interesting answer and I thank you for it, but I am asking what your assessment is of the observance of human rights in Tibet.

**Mr Dauth**—Far from perfect, Senator.

**Senator COOK**—Is that your assessment?

**Ms Morton**—The Australian government has had concerns about the human rights situation in Tibet and, in particular, the preservation of cultural differences in Tibet. Those concerns have been ongoing and continue to this day. We continue to make representations as we can, and to monitor the situation as closely as we can in terms of developments. We have not identified any particular developments over the last 12 months which would be of particular concern.

**Senator COOK**—Are there any current plans for officers to visit Tibet in the near future?

**Ms Morton**—As Mr O’Leary said, an officer has visited in recent days.

**Senator COOK**—What is the plan? How frequently are these visits to go ahead?

**Ms Morton**—We do try to have embassy people visit Tibet on a regular basis. I am not aware of the exact plans for the next visit.

**Senator COOK**—You are not aware of the degree of regularity, just that it will be regular.

**Ms Morton**—It is about three times a year.

**Senator COOK**—Three times a year?

**Ms Morton**—Three or four times a year, yes.

**Senator HOGG**—You mentioned NGOs, Mr Potts. What role are they playing in the dialogue process? I think this has been canvassed at a previous estimates.

**Mr Potts**—The engagement of NGOs is dependent on whether the dialogue is held in China or in Australia. In the case of China, there are obviously heightened sensitivities but in the last round one of your colleagues, Mr Peter Nugent, as Chair of the Amnesty International Parliamentary Group, was included in the delegation in a parliamentary and NGO capacity. In Australia, while those same sensitivities remain to an extent, we seek to provide an opportunity for informal exchanges between the Chinese delegation members and NGOs. That has been the practice and we certainly want to continue that. We are seeking to see whether there is receptivity to a rather higher level of engagement next time around. I think that is still under discussion.

**Senator HOGG**—If I understand what you are saying, you are not directly involved in the face-to-face discussions that you have with your Chinese counterparts but you are trying to foster a situation which will move to those NGOs being included in those discussions, both here and in China, when they take place.

**Mr Potts**—That is correct, and in addition we provide the opportunity for them at least to have a face-to-face engagement with Chinese officials in a social context.

**Senator HOGG**—In an informal context, though, is there a meeting face to face between the NGOs and the Chinese?

**Mr Potts**—My difficulty here is that I was not in my present job two years ago, but Ms Morton tells me that there was in fact a proper face-to-face—non-social, if you like—meeting.

**Ms Morton**—It was a social meeting, but it was face to face, yes.

**Mr Potts**—Face to face, yes, and covered substantive—

**Senator HOGG**—I am just trying to get the measure of how involved they are. I know it is a concern for some of the NGOs that they do become more involved in the process. I understand from what you have said—and I think it is good—that you are moving towards the stage where they will be included, but I am just trying to find out exactly the amount of contact, even though it is informal contact—whether it is not just a social contact but a fairly definite, more rigorous contact than might otherwise happen socially.

**Ms Morton**—They were able to have an opportunity to talk face to face with the Chinese delegation. It was in a social context. Of course, for us to move any further than that will require the agreement of the Chinese side as well. We are working on it, but we do not have that agreement.

**Senator HOGG**—All right, thank you very much for that. In terms of the contact between the department and the Australian NGOs to ascertain the Australian NGOs agenda in this area, how often do you meet with them over a 12-month period?

**Mr Potts**—We have two general NGO consultations each year. The minister often attends one of them, at least. China is a perennial subject on the agenda. There is a good range of China specific or China focused NGOs which attend those discussions. In addition, as we move towards the annual dialogue, the department makes specific contact with the more

prominent and China focused NGOs to make sure their concerns are taken on board by our delegation so that we can reflect NGO views.

**Senator HOGG**—Is there a report-back situation, arising out of the dialogue, to those NGOs, or is there some period of time which elapses before you then meet with them, because it might well be that you only meet with them just prior to the next session coming up.

**Mr Potts**—In the case of the last round that was held in August I think it was a lapse of about three months before the next NGO consultation took place. At the same time, because of that gap, our human rights area makes a deliberate attempt to orally brief the more prominent NGOs.

**Senator HOGG**—Thank you very much, Mr Potts.

**Senator COOK**—The European Union has now concluded its negotiations with China on China's entry to the World Trade Organisation. Part of that settlement involves the European Union being given access to insurance company licences—I think it is five—ahead of the deregulation of the insurance industry that would flow from China's admission to the WTO. Australia has sought insurance company licences in China before and we were granted one, over which there was a considerable battle between Australian companies. In view of that concession to Europe, are we revisiting that issue with China at all?

**Mr O'Leary**—Yes, Senator, we are continuing to pursue that issue. Indeed, it was discussed and put to them during Mr Vaile's recent visit to China. Two Australian companies are pursuing licences at the moment. AMP is aiming for a life insurance licence and HIH is aiming at a general insurance licence. Those proposals are being supported by the government with the Chinese authorities. There is no decision on them yet by the Chinese but it was raised and backed by the government during the minister's visit.

**Senator COOK**—Thank you.

**Proceedings suspended 12.35 p.m. to 1.37 p.m.**

**CHAIR**—The committee meeting is back in session. You are formally advised, Mr Dauth, that we will be dealing with the following matters: ASEM, ASEAN plus 3, then the UN, then China. At 3 o'clock we will be interrupted by Austrade for a short time, approximately half an hour. By that stage we should have finished output 1.1 and 1.2 before we interrupt proceedings for Austrade. We will proceed now with outputs 1.1 and 1.2.

**Senator COOK**—Just to help position myself a little better to conduct these estimates, I understood you to say that you would prefer questions on trade issues in North Asia to be dealt with under the bilateral trade negotiations section. Is that right?

**Mr Dauth**—I understood you, Senator, to be asking questions relating to general principles, and I think that it would be handy if we had the help of the officers from the Trade Negotiations Division.

**Senator COOK**—Yes. The position we got to, as I recall it, is that referring to the Prime Minister's initiative in Seoul earlier—just a week or so ago—in which the idea of an Australian-Korean trade arrangement was being canvassed and the outcome being to explore all options, I have been directing my attention to what underlying principles Australia would see as being represented in such a thing. The issue of open regionalism was where I think you interposed the idea of holding this discussion for a broader trade consideration.

**Mr Dauth**—You are significantly more expert in this area than I am, Senator. As I say, the questions of what principles underline trade policy are ones which are best handled, if I could

suggest, when we have those specialist officers available. I can give you answers but they would not be as helpful as when we have officers here from TND.

**Senator COOK**—Can I just ask another question related to that which, if it is more convenient to take later, of course we will, but if it can be despatched now, we should. In raising this issue of canvassing with the Koreans all options as to what might be a potential trade arrangement with them, have we expressed a view as to whether or not this should be a free trade agreement—in the jargon an FTA—or not? Is that a matter open for canvass?

**Mr Dauth**—I do not believe we have been as specific as that. I think the FTA is clearly one thing that could come out of it. It was a scoping study on the possibility of negotiations on an FTA. Is that correct, Nick?

**Mr Coppel**—Yes, that is correct.

**Senator COOK**—So if an FTA came out of it we would not say that is against a principle for which we stand and we will not be in an FTA?

**Mr Dauth**—I assume we would not commit ourselves to outcomes which were inconsistent with principles to which we are committed.

**Mr Coppel**—Senator, we currently do have FTAs with other countries, so it is not inconsistent.

**Mr Dauth**—Pre-eminently of course with New Zealand.

**Senator COOK**—Pre-eminently we have not pursued FTAs.

**Mr Coppel**—Nor has Korea.

**Senator COOK**—The most recent example is the CER AFTA discussion. Are we, in the Korean instance, changing what has been a significant policy, a bipartisan policy position, or are we not?

**Mr Dauth**—No, Senator.

**Senator COOK**—We are not?

**Mr Coppel**—We have always pursued bilateral, regional, multilateral approaches. Anything which we might do with Korea would be seen as a step towards faster implementation of something, faster than would be achieved within the WTO.

**Senator COOK**—Whether we have always pursued them is a moot point but—

**Mr Coppel**—Sorry, I meant under the current government.

**Mr Dauth**—I do think, as I say, that this discussion would be better informed if we were to have officers from the Trade Negotiations Division present.

**Senator COOK**—That is fine by me. Just going to ASEM and ASEAN plus 3, will Australia participate in this year's Asia-Europe summit meeting in South Korea?

**Mr Dauth**—No.

**Senator COOK**—Are we still seeking to be joined to the ASEM process?

**Mr Dauth**—We are not engaged in active diplomacy in that respect, Senator. It has been evident to us that an invitation to us would not be forthcoming.

**Senator COOK**—Did the Prime Minister raise this matter when he was in South Korea?

**Mr Dauth**—No.



**Senator COOK**—When did the government last make representations to ASEAN countries expressing a desire to join the ASEM process?

**Mr Dauth**—It could be Asian, I think.

**Senator COOK**—It could be Asian.

**Mr Dauth**—Yes, very likely Asian.

**Senator COOK**—ASEANs in Asia.

**Mr Dauth**—No. If you were to be pursuing it, you would be pursuing it with a wider range of countries than the ASEANs, particularly I think with the north Asians. I have not got it in my head, but it is really a very long time ago now.

**Senator COOK**—Have we actually given up on this?

**Mr Dauth**—It is not an issue in which we are engaged in active diplomacy. Were we to be invited then that would be a welcome invitation, but it is not something which we are active on at the moment.

**Senator COOK**—Has the department made any assessment of the potential long-term significance of the development of the ASEAN plus 3 grouping?

**Mr Dauth**—Yes, we have. That of course is a quite different institution from ASEM. We have made some assessments about that as well. To focus on the question you are asking, yes, we have given a good deal of attention to both the immediate and the longer-term implications of the emergence of the ASEAN plus 3 process. In many respects, of course, it is very welcome. As Mr Downer said, we have to be happy about developments in our region which add to stability and the prospects for economic success. I think it is still at its most nascent form. It is a group which is in most respects still symbolic; it is not a group which has at this time delivered much by way of practical outcomes.

That is not to say that that might not be the case further down the track. There are some arguments, though, that there are some inherent divisions within the group which will make the sorts of outcomes, such as you might see in a trade bloc, for example, very difficult to achieve. There are some suspicions between members of the ASEAN plus 3 group which will make practical cooperation on security issues not so easy to achieve. But it is a grouping where the longer term is unclear, not by any means guaranteed, but it is not a group we dismiss in any way. We think it is potentially significant, but its significance has some long way to go before it is realised.

**Senator COOK**—Do you see any potential for it being the realisation of the East Asian Economic Caucus under another name?

**Mr Dauth**—No, I do not think so, Senator. I think that East Asian Economic Caucus had much more immediate and specifically political objectives when it was first launched. Such a lot of water has flowed under the bridge since then, of course. We are talking about something which is now 10 years ago. I do not think that the sorts of objectives which Malaysia and Dr Mahathir had in mind in launching that initiative at that time can be realised by this group. Members of this group do not want it to be an inward looking, highly political organisation. There are constraints within it which would make that difficult anyway. I do not see it as realising the EAEC. I think it is something which is a bit different, something which may very well have the scope to grow—and grow in a way which is entirely consistent with our interests.

**Senator COOK**—Is Australia participating in any process linked to ASEAN plus 3?

**Mr Dauth**—No, not really. As you know, we are participants. We were the first dialogue partner of the ASEAN post ministerial conference process. All the members of the ASEAN plus 3 are participants in that process. Of course, they are all members also of the ASEAN regional forum which we are participants in. We are in circles which overlap with ASEAN plus 3 circles, but we are not participants in any of the ASEAN plus 3 processes.

**Senator COOK**—Are we participating in the East Asia Vision group initiated by Kim Dae-jung?

**Mr Dauth**—I think there are some suggestions that we might have some association with that. I think they arose during the Prime Minister's visit. Is that right, Nicholas?

**Mr Coppel**—Yes. It is what is called a second track activity. There are a number of academics who are involved. There are, I think, two people from each country participating in the East Asia Vision group. There has been some suggestion from some of the academics participating in it that it might be useful for them to be talking to Australia and New Zealand as well, but that would be with Australian and New Zealand academics. It is that level of activity.

**Senator COOK**—Yes, it is the non-official level.

**Mr Coppel**—Correct.

**Mr Dauth**—It is a reflection, of course, of the enormous expertise on East Asia which resides in this country and is something we should be proud of.

**Senator COOK**—Indeed. Do we have an objective to join ASEAN plus 3, to join in that grouping?

**Mr Dauth**—I do not think we have a specific objective because I do not see that as being in prospect in the immediate future, but were that grouping to evolve in a way which led to an invitation for us to participate in a way that was satisfactory to us, then that is something we would be interested in.

**Senator COOK**—Was this a matter that the Prime Minister would have raised when he was in South Korea?

**Mr Dauth**—I do not think so, but let me check again. No.

**Senator COOK**—I saw a decisive nod of the head in the negative from the table. That is a no.

**Mr Dauth**—He is decisive about everything, this bloke.

**Senator COOK**—That is nice to know. Has the government made any other representations expressing an interest in Australia participating in ASEAN plus 3? For example, has it been raised by the foreign minister in his regional meetings?

**Mr Dauth**—No.

**Senator COOK**—Subject to my colleagues, I have a few questions concerning United Nations issues, but I have to apologise because I have an appointment with the economics estimates committee at 2 o'clock which will keep me out of here for about an hour.

On 30 March the foreign minister announced that the government would undertake a whole of government review of the operation of the United National treaty committee system as it affects Australia. What are the terms of reference of that review?

**Mr Potts**—There are no formal terms of reference for the whole of government review. If you look, however, at the minister's press release, he states:

The Federal Government will undertake a whole-of-government review of the operations of the United Nations treaty committee system as it affects Australia.

Then at the bottom:

The Cabinet has determined that it would now be appropriate to review how Australia participates in the UN treaty committee system.

These are, in a sense, all the guiding principles that officials need to work through the review. They are working through the review against that background.

**Senator COOK**—But what specifically are they reviewing about the system?

**Mr Potts**—The officials are looking at, in effect, the operation of six conventions or six UN instruments: firstly, the two covenants, the international covenant on civil and political rights and the international covenant on the economic, social and cultural rights, but more specifically the two treaty bodies that depend on it; then four conventions—the Convention for Discrimination Against Women, the Convention Against Torture, the Convention for the Rights of the Child and a fourth—more specifically the treaty bodies that depend on those four conventions. In addition, the government has decided to include in the operation of the review the Refugee Convention and, more specifically, the operation of the executive committee of the UN High Commissioner for Refugees.

In a sense it is a review of the human rights treaty body system—those six conventions that I mentioned—plus a review of the UN refugee system. That is by way of shorthand.

**Senator COOK**—Just so I can be clear on this, the International Labour Organisation is part of the UN system and a UN agency and it, from time to time, proclaims conventions which, from time to time, we affirm. Is that involved in this review at all?

**Mr Potts**—It is my understanding that it is not an issue in this review.

**Senator COOK**—Some of its conventions are held to be conventions on human rights and I think probably rightly held to be conventions on human rights. They are not included then.

**Mr Potts**—No, I think the government is looking more specifically at human rights treaty body systems that were analogous to the CERD, the Committee on the Elimination of Racial Discrimination.

**Senator COOK**—Yes. What was the reason for this review?

**Mr Potts**—The review, I think, should be seen against a background of quite longstanding concern by the government—not this year and not even last year—at the way the treaty bodies have been handling relations with states parties. For the last three years certainly the government has been pushing a campaign within the treaty body system for treaty body reform. We have attracted support from countries like New Zealand and Norway and we have made some procedural gains in that process. But a lot more needs to be done, in the government's view, to make committees work more efficiently and be more responsive to the concerns of responsible states parties like Australia.

Obviously the trigger for the decision to have the whole of government review was the unsatisfactory way the Committee on the Elimination of Racial Discrimination—the CERD committee—dealt with Australia's periodic report in March this year. The government found that process flawed—and that was the review—but I do emphasise that it took place against

this longstanding concern, a concern that we have been moving to address in the way we have been dealing with the treaty body system over the last three years.

**Senator COOK**—I appreciate that answer, that it took place against this background, but the specific event that triggered it was this reference you have just made.

**Mr Potts**—Certainly. That is the gravamen of the press release of 30 March.

**Senator COOK**—Yes. You say of the UN treaty system that we have been a country interested in reform and some progress has been made but much more needs to be done. Can you just tell me what that much more is that needs to be done?

**Mr Potts**—I would prefer not to in one sense because I think that would prejudge the sort of conclusions that may come out of the review. That is really going to depend on ministers. We are still working at officials level in terms of the detail. Without wanting to go into the detail, what I could say is that the government would want to see outcomes which reinforce the dignity of states, which lighten the reporting load on states parties which provide efficient hearings so that the same ground is not covered by different committees, so that we do not have overlap in terms of coverage by one committee over another. There is a whole raft of procedural and substantive reforms that I think are in prospect. We are working along these lines in presenting options for ministers to look at.

**Senator COOK**—Yes, I do not want you to pre-empt what the findings of the committee of review will be and obviously you will not, but when you say that much more needs to be done you have obviously a clear view of what those other things ought to be. You referred to some of them, such as lighten the reporting load. Is there any question here that you think there is a more efficient way of reporting or that you just want to report less frequently?

**Mr Potts**—No. We are a state party that takes our obligations seriously. Each of the conventions lays down periodicity for reports. We try where possible to stick with that. I do not think we are looking to unravel the periodicity of the reports but I think we would be seeking to make sure that some reports—for instance, which call for reporting article by article—can find themselves in the situation where many of the articles overlap. If you do it article by article you cover the same ground under a number of different headings.

We prefer to look at reforms which could allow us to group themes, to look more at assuring committees that we implement our obligations under the particular convention without having to go into the exact detail of what we are doing to implement. In other words, we want to be able to assure committees that we are implementing but we do not want to have to go into every chapter and verse about the administrative minutiae of the actual implementation. These are some of the considerations.

**Senator COOK**—You would agree, wouldn't you, that the conventions themselves do not mean very much if people adopt them in title but do not implement them? It is not a question of not implementing them or trying to escape the detail of the responsibility.

**Mr Potts**—I said a minute ago, Senator, that the government takes its obligation seriously. It has always been understood that we are a consistent implementor of our obligations. We do not go into them lightly. The reforms and the treaty are making progress at the moment. I think they are designed to substantiate that concern to make sure we can deliver on outcomes. I do not think we are looking to unravel our obligations, but I think we are looking to make sure we are not overservicing our obligations either.

**Senator COOK**—I must go. I apologise, Mr Potts, for that. My colleague will take over some questioning on this point. Which other countries which you would put in the category that take their UN obligations seriously are conducting this sort of review?

**Mr Potts**—As far as I know Australia is the only country doing the review. I am aware of one or two other countries that have come close but who probably have not gone as far as we have.

**Senator QUIRKE**—Can you tell us which committees of the UN are primarily the main targets. Can you tell us what the responsibilities of these committees are.

**Mr Potts**—I will do my best, Senator. As I mentioned earlier, under the Universal Declaration of Human Rights, there are essentially six very important international instruments. Two are covenants. The two covenants have a higher symbolic value than the four remaining conventions. The two covenants are one referring to civil and political rights; the other referring to economic, social and cultural rights. Each of them has a corresponding committee. In the case of the civil and political rights committee it is the Human Rights Committee, the HRC. In the case of the other covenant it is the Economic, Social and Cultural Rights Committee. They are the first two committees.

There are then four, if you like, subsidiary committees: the first is the CERD committee—that committee services the Convention for the Elimination of Racial Discrimination; the second is the CROC committee, the Committee for the Rights of the Child; the third is the Convention for the Elimination of Discrimination Against Women; the fourth is the CAT committee which services the Convention Against Torture and other forms of inhuman treatment.

In general terms the titles of those four conventions essentially outlines what the scope of each of them is centred on. There are overlaps, particularly on the relationship between the first two committees, the Human Rights Committee and the Economic, Social and Cultural Rights Committee. The Economic, Social and Cultural Rights Committee covers a wide portfolio and in a sense it straddles the four subsidiary committees that sit underneath it.

**Senator QUIRKE**—Is it all these committees that have caused this review or is it the activities of one or two?

**Mr Potts**—It is more the activities of one or two or three—it would be three I suspect—over time.

**Senator QUIRKE**—Which are these committees?

**Mr Potts**—Particularly the Committee for the Elimination of Racial Discrimination, the CERD committee; the CAT committee, the Committee Against Torture; and to some extent the Human Rights Committee. They would be the three out of the six.

**Senator QUIRKE**—I have a pretty fair idea about the racial committee, as to why the government is upset with that particular committee. That is reasonably well on the public record. Can you tell me what transgressions the other two committees—particularly the Committee Against Torture—have done which has upset the government? I do not think that we are torturing anyone that I am aware of. I am puzzled as to why the Committee Against Torture—and I have no vested interest—has upset the government.

**Mr Potts**—I do not want to stray too much outside the DFAT portfolio but what I can say is that the government has had significant reservations about requests from the Committee Against Torture for delaying the removal from Australia of failed asylum seekers.

**Senator QUIRKE**—I see.

**Mr Potts**—The so-called request for interim measures. The government has confidence in its own internal procedures for determination of refugee status. When those avenues are exhausted, numbers of failed asylum seekers have been seeking interim measures against torture. The same thing also applies to the Human Rights Committee and that has been a concern.

**Senator QUIRKE**—It is the same issue.

**Mr Potts**—It is the same issue—those two, essentially.

**Senator QUIRKE**—In the sorts of issues being raised they are not saying that in Port Hedland, Villawood and other detention centres it is a matter of torture there. It is that they may be returned to a place where presumably torture might be applied. Is that the case?

**Mr Potts**—Correct.

**Senator QUIRKE**—Can you tell us who is conducting this review?

**Mr Potts**—It is being conducted at official level. There is a core group of four departments: the Department of Foreign Affairs and Trade, the Attorney-General's Department, Immigration and Multicultural Affairs and Prime Minister and Cabinet.

**Senator QUIRKE**—I wonder who has made submissions so far. Which departments have made submissions?

**Mr Potts**—There has been no formal call for submissions because the time framework by the government is pretty telescoped. We have said we will take account of submissions made by interested organisations and, to my recollection, we have had three from essentially NGO bodies.

**Senator QUIRKE**—Are you going to be going out and trying to get hold of submissions from the likes of DIMA? Obviously DIMA are in the middle of all this. It appears that DIMA is the body—I am not sure whether DIMA is upset about what the Committee Against Torture and the Human Rights Committee think of them, but obviously someone around here must be upset about it.

**Mr Potts**—It is not so much a question of getting submissions from DIMA. They are part of the core group.

**Senator SCHACHT**—They are on the committee.

**Mr Potts**—Yes.

**Senator SCHACHT**—Who is chairing the committee?

**Mr Potts**—DFAT.

**Senator SCHACHT**—You said Prime Minister and Cabinet are on the committee.

**Mr Potts**—Correct.

**Senator SCHACHT**—Who is the representative from Prime Minister and Cabinet?

**Mr Potts**—This is an informal committee so it is not linked to—

**Senator SCHACHT**—Is it a shifting feast? Every time you meet someone else could turn up.

**Mr Potts**—We meet at irregular intervals. A lot of it is essentially an exchange of correspondence.

**Senator SCHACHT**—The NGOs have lodged submissions. Will they get a chance to appear before this committee of officials?

**Mr Potts**—As I said, it is an informal committee. It does not have any juridical standing. I mentioned that the time frame is going to be insufficient to go for a formal trawl of submissions from interested organisations.

**Senator SCHACHT**—So the comment on the submissions from the NGOs is circulated amongst the members from the departments as correspondence and then, if you are from DFAT, you put a comment at the bottom of this NGO submission and see whether other people agree with it on the circulation amongst the representatives of the committee. Is that basically it?

**Mr Potts**—We make it available to our colleagues in the other three departments.

**Senator SCHACHT**—You circulate it.

**Mr Potts**—Yes.

**Senator SCHACHT**—You put a comment and they put a comment.

**Mr Potts**—No, we do not necessarily put comments. It is more to inform our own thinking as we develop options for ministers.

**Senator SCHACHT**—Who is doing the first draft of a response? Is that your responsibility as chair?

**Mr Potts**—DFAT is certainly doing a lot of the drafting but I think in a sense it is cooperative because DFAT is not an authority across the board.

**Senator SCHACHT**—But you are the chair.

**Mr Potts**—Certainly we are the chair but we are looking for substantial input from the Attorney-General's Department and also from DIMA.

**Senator SCHACHT**—Have you given the opportunity for the torture committee and the Human Rights Committee of the UN to lodge a submission to you?

**Mr Potts**—No, I do not think that has been envisaged by the government. This is us looking at the UN system.

**Senator SCHACHT**—Do they know you are doing it?

**Mr Potts**—Yes, they know we are doing it.

**Senator SCHACHT**—Did you inform them or did they pick it up on the AAP wire or something?

**Mr Potts**—They were certainly aware of it soon after the announcement was made at the end of March. We know that anecdotally.

**Senator SCHACHT**—Did they offer to make a submission or put information before you to explain their position?

**Mr Potts**—No, there has been no such request.

**Senator QUIRKE**—I want to pursue that. How did they find out this was going on? Did they read it in the paper?

**Mr Potts**—I do not know. I cannot speak for them.

**Senator SCHACHT**—Did you make an official announcement on behalf of the foreign affairs department in the normal gazette—

**Mr Potts**—The minister made a press release.

**Senator SCHACHT**—The minister made a press release?

**Mr Potts**—Yes.

**Senator SCHACHT**—I would have thought in all the inquiries I have been involved in at a parliamentary level, Mr Chairman, at the very least if you are inquiring into somebody you give them a chance to put their case.

**Mr Potts**—This exercise has been termed a review. It is not an inquiry in the sense—

**Senator SCHACHT**—Even a review.

**Mr Potts**—that maybe you characterise it. Officials have been asked essentially to prepare options for ministers, and that is what they do.

**Senator QUIRKE**—You say that they commenced to prepare options for ministers. What I have seen unfold in front of me in the last 10 or 15 minutes is an informal committee where—I may be wrong; I am sure you will correct me if I am—it has got a moving feast of people turning up before it. We do not have any terms of reference. Presumably you do. This is going to make recommendations on a very important part of our policy. Would that be a fair summary of it?

**Mr Potts**—No. I said earlier there are no formal terms of reference.

**Senator QUIRKE**—There are formal terms?

**Mr Potts**—There are no formal terms of reference.

**Senator QUIRKE**—No formal terms.

**Mr Potts**—There are no informal terms of reference either.

**Senator SCHACHT**—Is there a—

**ACTING CHAIR (Senator Ferguson)**—Order, Senator Schacht. How about giving Mr Potts a chance to finish an answer—

**Mr Potts**—I read out the two particular parts of the press release which gave guidance to officials in terms of their overriding task.

**Senator SCHACHT**—The press statement is the guidance. Who drafted the press statement?

**Mr Potts**—The press statement reflects the decision of cabinet.

**Senator SCHACHT**—Who drafted the press release? Was it from Foreign Affairs or did the minister's office do it?

**Mr Potts**—No, this department did it.

**Senator SCHACHT**—You drafted the press release. You referred the press release to yourself as the only form of terms of reference you have about what you are doing.

**Mr Potts**—That is your characterisation, Senator.

**ACTING CHAIR**—Senator, that is enough. Order!

**Mr Dauth**—This is a review of Australian government policy and practice.



**Senator SCHACHT**—Of policy and?

**Mr Potts**—And practice.

**ACTING CHAIR**—Order!

**Senator SCHACHT**—I could not hear, Mr Chairman.

**ACTING CHAIR**—Senator Schacht, it is all very well to have a free-for-all but I am not going to have it in this committee. One person asks the questions and when the officer at the table is trying to answer the question give him the opportunity to finish his answer before you jump in.

**Senator SCHACHT**—I could not hear him actually.

**ACTING CHAIR**—Order!

**Senator SCHACHT**—I could not hear him. I was asking him to repeat it.

**ACTING CHAIR**—Just give him a chance to answer. If you stop talking you might be able to hear him.

**Mr Dauth**—There is certainly some public salience to the review, some public interest. That was why the minister put out a press release. It is an exercise going on, involving a number of agencies brought together, as agencies are brought together on wide range of policy issues every day of the week. I think there is a characterisation of process here which is unsound.

**Senator QUIRKE**—You think it is what, sorry?

**Mr Dauth**—Unsound.

**Senator QUIRKE**—What is unsound?

**Mr Dauth**—The characterisation that you gave it, Senator, that the application of process—

**Senator QUIRKE**—Yes, that is what I thought you said. Tell me why it is unsound? Tell me which bits of the four elements are wrong? You cannot remember them, can you?

**Mr Dauth**—Senator, of course I can remember them. That is not the point. Let us not engage in ad hominem exchanges. Mr Potts has done an extremely thorough job at outlining what the minister intended to do with this review. I am sorry we cannot add more than the facts that we have laid in front of you.

**Senator QUIRKE**—I just want to go back to where I left about submissions. We found out the UN committees presumably are not going to send submissions; they may or they may not. Will you be inviting submissions from any government departments?

**Mr Potts**—I think in a sense I have already answered that question. I do not think government departments make submissions to other government departments. On the other hand, this is a review for the government and it is being done by a core group of four departments. Once those departments have a text with which they and their ministers are comfortable, it will be circulated to other departments in the normal interdepartmental course of consultation.

**Senator QUIRKE**—How far is the review advanced now?

**Mr Potts**—It has still got a way to go.

**Senator QUIRKE**—You still have future meetings.

**Mr Potts**—I would expect more meetings. I cannot say precisely when it will be finished. That is really a matter for ministers to indicate when they are satisfied with the product.

**Senator QUIRKE**—So there are no formal deadlines to it?

**Mr Potts**—No. Certainly the import of Mr Downer's announcement was to have it concluded sooner rather than later.

**Senator QUIRKE**—What sort of time frame are we roughly looking at here? Is this something to report in the course of this year or will it go into next year?

**Mr Potts**—Certainly this year and I would have thought reasonably soon this year.

**Senator QUIRKE**—A moment ago when you were saying that you chaired it, I presume you meant DFAT, not you personally.

**Mr Potts**—I meant both.

**Senator QUIRKE**—Can you tell me who represents PM&C there or is that a moving feast?

**Mr Potts**—I answered that question before in saying that it was up to each department to determine its representation. It was not done by name or title.

**Senator QUIRKE**—Is it the same person every time?

**Mr Potts**—In practice with most departments it is the same person or people. You will appreciate, for example, that, with immigration and multicultural affairs, the scope of our inquiry covers two or three divisions. It may be in fact that they send two, three, even four people on occasions.

**Senator QUIRKE**—Is that the same with A-Gs?

**Mr Potts**—Certainly I can recall two and three people at different meetings.

**Senator QUIRKE**—Roughly how many meetings do you have? This process is now about two months old, isn't it—something like six weeks, two months old?

**Mr Potts**—Yes.

**Senator QUIRKE**—How many meetings have you had?

**Mr Potts**—I said earlier it is an informal process. We do not have a formal minute system or record-keeping like that. It has been more a calling together of colleagues, not necessarily all four departments at once, as we had occasion to call on expertise from particular areas. So while we do meet as four departments from time to time and there have been at least two or three meetings, it is erroneous to look upon it as a committee of inquiry which sits from 9.00 till 12.00, works through particular documentation and so on. Among the four departments I think we have a strong shared perception of what our terms of reference are, what the work we have to work through is. We have a good record in moving through that. We have a way to go but we are well on track.

**Senator HOGG**—Mr Potts, I might have missed this but is there a certain level of officer that participates rather than a specific person as such?

**Mr Potts**—It is more that we are looking for officers who have expertise.

**Senator HOGG**—So it is not a level, it is a matter of having expertise.

**Mr Potts**—We are looking for information quite often about particular problems.

**Senator HOGG**—Yes, that is fine.

**Senator QUIRKE**—I presume you are aware of the fact that the Joint Committee on Foreign Affairs, Defence and Trade committee of this parliament is looking at the UN right now.

**Mr Potts**—Yes, I appeared at the inaugural meeting to lead for the department.

**Senator QUIRKE**—Will that particular committee—the one I have named—be taking on board any of their recommendations in this process or will they be somewhat further down the track?

**Mr Potts**—As I understand the work of the joint standing committee, I think you are looking to report towards the year. I would expect this review to be well and truly finished before that.

**ACTING CHAIR**—If I could correct you, Mr Potts, they will not report until some time next year, which would be after this process and, of course, it reports to the parliament, not necessarily to the minister.

**Mr Potts**—Yes, point taken.

**Senator QUIRKE**—In a press release of 30 March, Mr Downer referred to ‘an over-emphasis on non-governmental submissions’ and ‘an uncritical acceptance of the claims of domestic political lobbies’ in the work of UN committees. Has the review given any considerations to measures which might be taken to limit, restrict or prevent submissions by Australian NGOs to UN committees? If so, what measures are you looking at?

**Mr Potts**—I answered a similar question, or an analogous but not identical question from Senator Cook earlier, by saying that I did not really want to traverse the detail of what we might be outlining as options for ministers. It is certainly the case that we are looking at the balance to be struck between the roles of states parties who are, after all, the foundation of the UN system, and other interest groups including NGOs. The government has a clear view, I think rightly, that some committees—and we are not saying all committees—rely too much on input from NGOs and do not take sufficient account of periodic reports by states parties. That is list of the minister’s comments in the press release. It is an issue at question.

**Senator QUIRKE**—How will it finish up? Will you take up the recommendations to ministers or the advice to ministers—presumably your own minister in particular—and to the Prime Minister as a raft of things, or will it be an ongoing, informal review where you take it up bit by bit?

**Mr Potts**—No, I think ministers are expecting us to come up with a comprehensive approach. What they do with it then is clearly for them to decide.

**Senator SCHACHT**—Who has been attending from PM&C? I presume you would call it an IDC, an interdepartmental committee?

**Mr Potts**—No, we are not giving ourselves any sort of special status. It is not even a committee. You might call it a working group or a—

**Senator SCHACHT**—But you do actually have a group of people who come together and sit around a table and discuss something.

**Mr Potts**—From time to time, but I have mentioned already that is—

**Senator SCHACHT**—Yes, whatever you want to call it, who has been generally attending from PM&C and who generally have you been sending material off to at PM&C?

**Mr Potts**—To International Division.

**Senator SCHACHT**—Who in the International Division is carrying the can for this, or flying the flag, throwing the punches or however you want to term it?

**Mr Dauth**—I expect the division head would take responsibility.

**Senator SCHACHT**—Who is the division head? I am not aware of who the division head is?

**Mr Dauth**—It is another department, Senator.

**Senator SCHACHT**—Mr Potts has met them. He probably has not—

**Mr Dauth**—We all know who it is, it is a matter of public record.

**Senator SCHACHT**—Who is it?

**Mr Dauth**—It is matter of public record and it is not for us to talk about it.

**Senator SCHACHT**—Just tell us, because I do not know.

**Senator QUIRKE**—Tell us. If you know, you tell us.

**ACTING CHAIR**—Just a moment, one at a time.

**Mr Potts**—The International Division of Prime Minister and Cabinet is headed by Mr Miles Jordana.

**Senator SCHACHT**—Thank you very much. That is all I wanted to know.

**Mr Potts**—Good.

**Senator SCHACHT**—You said there were four or five people covering various areas of DIMA that come along. Can you give me the name of who in DIMA takes responsibility and is in charge of this and making sure the right people turn up.

**Mr Potts**—The work in DIMA is centred on, I think it is called, the Government and Parliamentary Division or Parliamentary and Legal Division.

**Senator SCHACHT**—Parliamentary and Legal Division. Who is that? He is probably down there at the moment in the other estimates committee which I have just come from.

**Mr Potts**—Very likely.

**Senator SCHACHT**—Who is it?

**Mr Potts**—The division head is Des Storer.

**Senator SCHACHT**—Yes, I have actually seen Mr Storer. He is not a secret person. The Attorney-General's?

**Mr Potts**—The main point of contact is the Office of International Law. Its head is Bill Campbell.

**Senator SCHACHT**—Again, I have actually met Mr Campbell at estimates, Mr Potts. He is not a secret person. You mentioned three committees the government has a concern about. You also mentioned that you are unaware of any other country which conducts a similar sort of inquiry into these three committees. Is that right?

**ACTING CHAIR**—Senator Schacht, Mr Potts made it quite clear that it is not an inquiry—

**Senator SCHACHT**—Whatever you want to call it, I have to use some word in the English language.

**ACTING CHAIR**—You could call it review.

**Mr Potts**—A review.

**Senator SCHACHT**—I will stick to ‘review’. Is no other country is conducting a review?

**Mr Potts**—No, that is what I said earlier. That remains the case.

**Senator SCHACHT**—Are there any other human rights activities or committees operating in the UN—for example the anti-slavery committee—which has upset the government by being involved in any activity of responding to NGOs? Does that come into the scope of things?

**ACTING CHAIR**—Senator Schacht, we have to be a bit careful that we are not moving from questions that they can rightfully answer.

**Senator SCHACHT**—No, the anti-slavery committee actually fulfils a human rights function.

**ACTING CHAIR**—I understand the committee exists.

**Senator SCHACHT**—I just wondered whether they were in the gun as well.

**ACTING CHAIR**—No, but you are asking whether the government has taken a decision.

**Mr Potts**—The scope of this review is defined. It is essentially confined to the six committees I outlined to Senator Quirke and before that to Senator Cook. It also has a mandate to look at the operation of the Refugee Convention 1951 and the operation and effectiveness of the executive committee of the UN, of the Office of the High Commissioner for Refugees, so-called EXCOM.

**Senator SCHACHT**—Your response, Mr Potts, to Senator Quirke was about NGOs and that the government was concerned in the end that these committees are uncritical of comments from NGOs about matters obviously relating to immigration to Australia, refugees, et cetera, illegal immigrants.

**Mr Potts**—I think the concern goes more widely. It is first of all systemic. It is not confined to NGO submissions on refugee issues. I think it goes more widely than that. There is a concern that input from NGOs is received uncritically, if not by committees as a whole, then by individual members.

**Senator SCHACHT**—Is Amnesty International one of those committees that the UN committees receive uncritically submissions from?

**Mr Potts**—I cannot answer that question the way you have framed it.

**Senator SCHACHT**—Are the NGOs just Australian NGOs internally in Australia who are running off to the—as the government would put it—UN committees complaining, or are they broader international NGOs?

**Mr Potts**—I would go even more broadly than that. I would say that it is not just Australia but some other countries in the system which have a strong perception that certain committees prefer information from NGOs—not all NGOs, and I am not characterising particular NGOs but at least from some NGOs—over input from government.

**Senator SCHACHT**—What disturbed me a little, Mr Potts—and this is not criticism of you, it is criticism of the government on this policy—I have chaired the Parliamentary Human Rights Committee, I have led a human rights delegation to China and I have done other visits to places like Burma, Cambodia, Vietnam and so on and I have raised human rights issues and every time I raise them one of the things in the discussion with the officials of those

totalitarian governments or semi-totalitarian governments is that they say, 'Yes, but you shouldn't believe what NGOs tell you, Senator, because they're not telling the truth about the wonders of our system.' It worries me that here we are, a democratically elected government, with a parliamentary system and all the pluralism of a Western democracy actually saying in a form of words not much different to what I heard in China, in Burma, in Vietnam, in Ethiopia. I have to say I am a little disturbed by the impression that could give.

**Mr Potts**—I think that is the wrong impression in that case.

**Senator SCHACHT**—I hope it is.

**Mr Potts**—What I would say is that the government has a very strong acknowledgment that NGOs perform a valuable role not just in our open and democratic societies where they have their own particular issues to focus on but also in highlighting human rights difficulties in authoritarian countries. The government's approach to NGOs takes this very much into account. We give assistance to NGOs in numbers of these countries to continue their work. A perception of the government's approach to this review as being fixated on NGOs is a misleading impression. It is one element of a much larger concern about the operation of the treaty system.

**Senator SCHACHT**—I do not think I am speaking out of turn or giving any secrets away but my recollection is that it is now eight or nine years ago that I chaired and led the human rights delegation to China. The briefing material I took with me to raise issues of individual human rights abuses actually came from, as one of the sources, Asia Watch, an NGO; Amnesty International, an NGO. I was more than happy to raise them as a creditable source of information. When I did, I was immediately given strong words in reply from the Chinese government, 'You shouldn't believe it. These NGOs are just anti-Chinese. They don't understand our culture,' and on and on it went. I am somewhat alarmed—that might be a bit strong at the moment—that we are, as a Western country with a democratic history, using similar arguments to those used by authoritarian countries to defend and ignore complaints about human rights abuses, the argument that NGOs do not know what they are talking about.

**ACTING CHAIR**—Senator Schacht, I am trying to get a free flow going. I am conscious also that we do not have a minister at the table, but I do not think we ought to get to the stage—

**Senator SCHACHT**—Who is the minister?

**ACTING CHAIR**—Order! Senator Schacht, just control yourself. I do not want to get to the stage where we are having a debate on the government's relationship with NGOs. I think it is quite fair to ask Mr Potts some questions, but for you to state your position and how you viewed things when you were a minister and visiting China I think is turning it into a debate. If you want to have that debate, the place for it is in the chamber, not at an estimates committee. There is no minister here and I am conscious that Mr Potts is being put under some pressure to make responses which I think quite properly should be debated in the chamber.

**Senator SCHACHT**—I raised the point because the explanation given by Mr Potts was accepting that the government was concerned about NGOs putting forward submissions and the UN committees appeared to be uncritically accepting them too much. It just seemed to me to be a concern. I have made the point.

**ACTING CHAIR**—But to be fair, Senator Schacht, Mr Potts said the concern they had was that they were taking the advice of NGOs over the advice of governments, that they were putting more weight on it.

**Senator SCHACHT**—Mr Potts, if you have human rights abuses in Tibet—which I think everyone acknowledges are well-known human rights abuses—if Amnesty International raises with the Australian government that we should make representations to the Chinese government on human rights abuse in Tibet, or anywhere else, I would expect that government, as I experienced it, would respond to say, ‘We don’t take any notice of Amnesty International; they’re an NGO.’ Of course they would say that as a government and, when they respond to us, you would have to weigh up their track record. Do you take on human rights issues? Is Amnesty International a more creditable organisation, or is the Chinese government? On the issue of Tibet, I suspect on balance we would probably give it to Amnesty International.

**Mr Potts**—But there is no point of difference between us on that. You talk about the briefing provided for the human rights delegation eight years ago to China as coming *inter alia* from NGOs. That remains the case. We give an important role to NGO information in the way we look at human rights situations.

**Senator SCHACHT**—When we are going to another country and raising it in another country, what basically you are saying in this review is that we do not like it when an NGO might criticise our performance on what they see as a human rights issue, or at least query what we are doing, which is, as Senator Quirke has raised, the immigration issue.

**Mr Potts**—First of all, I am not saying that at all, because the review is not done. I do not think you can anticipate the results of it. Secondly—as I have taken some pains, I hope, to say—the government’s worry is not at the access that NGOs have to committees, it is the way some members of some committees prefer their information over government information, provided after extensive trouble and provided in good faith. That is the nub of the government’s concern.

**Senator QUIRKE**—Thank you for that. Good luck with your review. No doubt we will visit it again in a couple of months time and see what we can find out. I wonder if we can be told what funds have been allocated by the government in 2000-01 to support observance of 2001 as the UN-declared International Year Against Racism, Xenophobia and Other Forms of Intolerance.

**Mr Potts**—I cannot answer that question. I am not certain that it is the portfolio responsibility of this department. We can take it on notice.

**Senator QUIRKE**—Who would it be if it is not DFAT?

**Mr Potts**—I do not know. I would have to make inquiries. We are involved with the UN.

**Senator SCHACHT**—You are not involved with intolerance, perhaps.

**Mr Potts**—We track the UN’s decisions on international years, but the implementation of those international years is going to depend on the focus of each of the international years.

**Senator QUIRKE**—You have not done anything towards 2001 being a year against xenophobia and racism and intolerance? You are not involved in it?

**Senator SCHACHT**—You have given it a big miss, have you, Mr Potts?

**Mr Potts**—I cannot recall any recent correspondence. That is all I can say. I have been in the job—

**Senator SCHACHT**—If that is the case, is somebody not going to be going to the World Conference against Racial Discrimination, Xenophobia and Related Intolerance to be held in South Africa next year?

**Mr Potts**—No, we are certainly going to be represented at that conference. In fact, we are heavily engaged in the preparatory process now. There was a meeting, I think, of the prep—

**Senator SCHACHT**—So we are in for the trip but not in for the preparation.

**Mr Potts**—I am not sure that I would draw that inference.

**Senator QUIRKE**—Have any funds been allocated? We have found out that at least somebody is going to the conference. That must cost money. Somebody must have sorted something out about that. I go back to my earlier question: we are going to be funding some activities towards next year then, aren't we?

**Mr Potts**—Certainly attendance at a conference is something which departments, whichever departments, would normally meet within their allotted funds. You would not be seeking additional funds for it. You might be able to aggregate after the year is over that X thousand dollars or whatever was spent, directed towards the international year.

**Senator QUIRKE**—Is that the only activity we are involved in at this stage?

**Mr Potts**—I would not draw that conclusion. I would have to check.

**Senator QUIRKE**—You will take that on notice and come back to us if there is any other activity?

**Mr Potts**—Yes, indeed.

**Senator QUIRKE**—As the decision has been made to attend the conference, I wonder if you can tell us what some of the objectives of that attendance will be. Is it simply an observer status or do we intend to try and get something out of the conference? Do we want to have some input into the conference?

**Mr Potts**—I will make a few comments. First of all, it is still early days in the preparatory process. We have a fair way to go. I am not even sure we have exact dates for the conference, although we know roughly when it is next year, so there is a good distance to travel. It is going to be, I think, a contentious conference. There are indications that issues such as compensation for victims of racism and oppression are going to loom quite large. That poses difficulties for a whole range of countries. It is certainly the case that we have only had, I think, a first run-through of issues. To the best of my knowledge there is no draft declaration or any document of that status floating around at this stage. My answer really is essentially guarded: we have a long way to go. I would say, of course, it would be uncharacteristic of Australia to be a mute observer. It is not our style in the United Nations. We will take an active part.

**Senator QUIRKE**—Is the PM&C involved in this at all?

**Mr Potts**—Yes.

**Senator QUIRKE**—I wonder if you could tell us what exchanges you have had with them so far on this.

**Mr Potts**—I am not able to tell you much of the detail; it is done by a number of my colleagues. It is obvious that we liaise with both the Office of Indigenous Policy and the International Division, the two main areas of PM&C that would have an interest in this.

**Senator QUIRKE**—Are you aware of concerns that may be expressed about the role of NGOs in this particular conference?

**Mr Potts**—I do not know what concerns exactly. When a particular and especially an ad hoc conference like this is being mooted or developed, one concern which often eventuates—and I think it is the case in this particular instance—is exactly what NGOs will



be allowed status at the conference. Traditionally I think the UN system uses ECSOC accreditation. It may well be, and I think it is the case this time, that there is a push for a wider range of access by NGOs.

**Senator QUIRKE**—I think you had better send the application form to Fiji. I am not sure yet who you send it to over there. It might be appropriate for them to turn up to that conference. I have some questions on North Asia at the appropriate time, Mr Chairman, but I have finished with this section now.

[2.39 p.m.]

**Outputs 1.1.1 and 1.2.1—North Asia**

**Senator QUIRKE**—I am curious about the new government that has emerged in Taiwan and the various problems that emerged particularly in the run-up to the election and immediately afterwards with relations with the PRC. I wonder if the department could give us a bit of a brief now about where we are in relation to the cross straits problem.

**Mr O'Leary**—As you have mentioned, Senator, in the run-up to the election there were some evident signs of tension between China and Taiwan. We are pleased that since the election itself the atmospherics on cross strait issues have very much toned down. In recent statements by both sides there is very much more moderate and cautious language being used. In particular, in that regard, in the inauguration speech of the new Taiwan President, Chen Shui Bian, the reactions to that speech have again, as I said, shown indications of moderation on both sides.

As examples of that, Mr Chen made it clear that Taiwan would not be making any statements in the direction of calling for independence so long as China did not resort to the use of force. He also made a statement to the effect that he did not rule out the possibility of some future accommodation on the one China principle in his inauguration address, the emphasis being some future accommodation rather than any recognition of the one China principle here and now, which the Chinese side had been seeking.

On the Chinese side, in their response statement they said words to the effect that the statement was insincere, evasive, ambiguous, but they followed up with a second statement saying it may be possible to resume direct talks based on the 1992 formula, providing for the two sides to express their understanding of one China in their own way as a basis for resuming talks. That may be some sort of hint of preparedness to resume a dialogue at some point.

Our basic policy remains but obviously has particular application in the light of these most recent statements, that we believe China and Taiwan should resolve their differences peacefully and without resort to force.

**Senator QUIRKE**—The press has had some reports in the last 48 hours that apparently the special administrative region in Hong Kong has refused to issue a visa for what is the normal representation that Taiwan would have in Hong Kong. As I understand it, that is a very important conduit between the PRC and the Taiwanese authorities. Have you picked that up at all? Is that a matter of concern?

**Mr O'Leary**—No, I am not aware of that, Senator.

**Mr Langtry**—There have been reports that issue of a visa for the unofficial Taiwan representative in Hong Kong has been delayed over period of several months now. This is not really a matter for us. It is a matter for Hong Kong.

**Senator QUIRKE**—Yes, I know it is a matter for Hong Kong. The worrying thing I thought about it, leastwise if the press article was correct, is that much of the intercourse between Taiwan and the PRC goes through Hong Kong and presumably through the particular agency. I think they actually call it the Taiwanese Travel Centre or something like that. If that is unstaffed or leastwise does not have the appropriate staffing there, then one would suspect those contacts between the PRC and the Taiwan authorities are not as strong as they were before. That leads on to the role of the new government in Taiwan and the assessment that Mr O'Leary was giving us before.

**Ms Morton**—Senator, it is probably true to say that there are links at a very large number of levels between the People's Republic of China and people on Taiwan. A great amount of business goes on between the two economies. There is a large number of unofficial contacts and they also have a fairly diverse range of contacts at the semi-official and official level channels which they can use. The office in Hong Kong may or may not have been one of those channels but it certainly would not have been the only channel or a major channel of contact between the two sets of people.

**Senator QUIRKE**—How do Japan view the new government in Taiwan? Do they have any formal relations with Taiwan?

**Ms Morton**—Japan is in the same position as Australia. They have recognised the government of the People's Republic of China and therefore they have only unofficial or economic, commercial and people to people links with the people on Taiwan.

**Senator QUIRKE**—Taiwan's few official contacts are in Europe. Is that right?

**Ms Morton**—No, that is not correct. Taiwan has official relations with a number of countries in the South Pacific, a number of countries in South America.

**Senator QUIRKE**—But not in East Asia.

**Mr Langtry**—Taiwan has diplomatic relations with a total of 29 countries. We could provide you with a list if you would like to see them.

**Senator QUIRKE**—Yes, I would like to have a look at it.

**Mr Langtry**—We are happy to do that but basically it is South America and the South Pacific, but nothing in Asia.

**Senator SCHACHT**—There is a suggestion that recognition has been achieved by the Taiwanese that we were officially or unofficially providing substantial loans, financial assistance. Is that correct?

**Mr Dauth**—We would not want to comment on that, Senator.

**Senator SCHACHT**—I thought you would intervene at that stage, Mr Dauth. For example, I think there was a Macedonia change of government that promised to recognise Taiwan on the subject that there might be a heap of money coming but I think it all fell apart. Mr Dauth is quite correct to interject.

**Senator QUIRKE**—Thank you, Mr Chairman. With the new government in Taiwan is it the department's assessment there that in fact over the next few years links between the PRC and Taiwan will continue to progress? As I understand it, there were a number of arrangements in the pipeline for at least sea contact between the two countries. In fact there was going to be direct sea link between ports in Taiwan and on the mainland. It may be that it is beyond your resources, that you have not monitored these. Are these things now on hold? I understood there were air links proposed as well.

**Mr Langtry**—This is commonly referred to as the three links, talking about direct trade, direct postal links and direct transportation links. There have been a number of developments, one going back, as my memory serves me, about a year or so, which allowed for transshipment through the Port of Kaohsiung in Taiwan, shipping direct from China. This is not a significant shipping link, though, it is transshipment we are talking about. More recently, just after the election, the legislature in Taiwan passed a law providing for, at some time in the future, the establishment of direct links between some of the small islands just off the coast of China. But that, once again, would be a very small step.

Mr Chen did not refer to the three links in his inauguration speech. I think it is something he would want to consult on with other parties in Taiwan before he made some sort of initiative on that. During the election campaign all of the political parties suggested that the three links would be a sensible idea at some time in the future.

**Senator HOGG**—In the notes it says that this section includes the Australia-Japan Foundation. Has the level for the Australia-Japan Foundation changed in recent years, the level of funding?

**Mr Coppel**—For 2000-01 the budget proposal is \$2.39 million. That is \$55,000 less than the previous year.

**Senator HOGG**—Has the funding for the Australia-Japan Foundation been reducing over time? Do not become the minister because we do not want coup d'état.

**Mr Coppel**—The slight reduction reflects a foreign exchange adjustment.

**Senator HOGG**—Why would you be reducing the amount of money allocated to the Australia-Japan Foundation at a time when it would be becoming more expensive for them to carry on part of their business in Japan?

**ACTING CHAIR**—Senator Hogg, I thought that was a question for an officer as to why the department would be reducing funding.

**Mr Dauth**—Could I intervene momentarily. I am not a million per cent confident myself of those figures and I would like to have a discussion with the officers about those figures.

**Senator HOGG**—I will tell you where it is coming from and why I want to find out. It was established back in 1976. How has the base figure moved since 1976? I understand it has not moved very greatly at all. I understand it has been fairly much frozen over that period of time.

**Mr Dauth**—As have, of course, the budgets of the other councils and institutes, such as the Australia-Indonesia Institute, the Australia-India Council, the Australia-Korea Foundation, the Australia-China Council.

**Senator HOGG**—I accept that, Mr Dauth. We are dealing with our major trading partner where we do have great vested interests in terms of our relationship. I am concerned that the Australian dollar allocated to the Australia-Japan Foundation is going nowhere near as far as it used to.

**Mr Dauth**—Yes.

**Senator HOGG**—They are being asked to try and perform the same task with reduced funds. If you can analyse those figures for me, you can take it on notice.

**Mr Dauth**—I am not going to suggest that more money is available. In some way that I do not quite understand, that figure sounds quite a lot more to me than I think is the case.

**Senator HOGG**—That figure quoted of \$2.39 million is straight out of the PBS at page 171.

**Mr Dauth**—I am sure there is a reason for it but I just want to make sure we give you thoroughly accurate information. I am intervening only to say, in a sense against ourselves, if we let that go through to the keeper, but I just want to have a look at the figures so that we do not provide you with any misleading information at all.

**Senator HOGG**—I have raised a number of issues in the statements I have made to you. Can you pursue those for me.

**Mr Dauth**—Let me get back about the figures. As to the more general point, you are quite right. I think funding for these organisations has reduced, as has funding of course for the portfolio as a whole. They are funded from the portfolio.

**Senator HOGG**—I accept that.

**Mr Dauth**—In addition you are quite right to identify movement in the exchange rates that makes it more expensive to spend money when you are spending it outside of Australia. That is correct, too. You are right that there have been some pressures on the budget of all of the institutes and councils and foundations. I know because I am on the board of two of them and that is a fact of life we have to deal with.

**Senator HOGG**—I thought of that. I am looking at the Australia-Japan Foundation in particular because of the importance to our nation in terms of trade, in terms of tourism. I note that outcome 2 of table 1.1 speaks of the creation of an informed constituency in Japan for Australia and the Australia-Japan relationship. My concern is that whilst the other areas may be suffering—and I am not saying they should continue to suffer, I am not justifying their suffering at all—it seems this is an area that needs some close looking at, if not now at least in the future, because of the real importance of Japan's economy and the whole psyche of Japan to Australia as part of the South-East Asia region. If you can give an analysis of how the funding of the Australia-Japan Foundation has travelled over time—and I understand there will be changes there in terms of some major currency shifts from what the Australian dollar-yen exchange was back in 1976—that would be helpful indeed.

**Mr Dauth**—We will have a look at that. I am very keen to give you accurate figures, Senator.

**Senator HOGG**—And I appreciate that indeed, Mr Dauth, I certainly do.

**Proceedings suspended from 2.53 p.m. to 3.09 p.m.**

**AUSTRALIAN TRADE COMMISSION (AUSTRADE)**

**Senator COOK**—In his budget night press release Minister Vaile announced that Austrade had been allocated nearly \$6 million, \$5.913 million over four years for 'a series of initiatives aimed at maximising the commercial and trade opportunities for Australia arising out of the Sydney Olympics'. Can you tell us how this money will be spent?

**Mr Faulks**—It is purely to do with Olympics and sport at Austrade, Senator. The money that has been allocated, clearly we have been working on it over the last three years and it comes to a climax at the time of the Olympics in Sydney. Essentially the \$5.913 million was divided into three different areas of funding when it was appropriated to us. A total of \$2.005 million was allocated for a high level visitor program through which we were to host to Australia high level potential investment and trade targets in the lead-up to the games and some at the time of the games.

A further \$2 million—in fact with some supplementation it ended up being \$2.3 million—was allocated for a program that we called Olympic business links. The majority of that funding has gone into the development of our core program called Business Club Australia which is the focal point for our activity to connect Australian business people with international business people especially at the time of the games. A further \$1.5 million or thereabouts was allocated for a program of what was called Olympic sports linkages. That was specifically allocated to promote the Australian sports industry because of the special opportunity associated with the Olympics.

**Senator COOK**—Is it too soon or do we know now which of your targets in the high level visitor program will be coming?

**Mr Faulks**—Some of them have already visited, Senator. The funding that we had—

**Senator COOK**—This is not just related to at the time of the Olympics.

**Mr Faulks**—No, it is not. It was designed to take into account added interest pre-Olympics as well as at the time of the Olympics. On the visitor side there were two component programs. One was an investment by us in an organisation called Investment 2000 along with Westpac, Telstra and the New South Wales government. In that program at the moment there have already been in excess of 200 visitors to Australia. Those visitors have had the opportunity not only to meet with government officials and senior business officials but to visit specific sites and the Olympic site. At this stage there are 20 new investments that have come out of that specific activity.

In addition to that, the remaining funding we had—because that was \$1.2 million—\$800,000 has gone into a program called Trade Visitors Australia 2000 through which Austrade is hosting, on behalf of the government, 60 high level trade visitors. There are still about 40 of those visits to take place—or slightly more than that; in fact about 45—and 26 of those will actually be at the time of the Olympics and we know exactly who they all are.

**Senator COOK**—Are there any household names in the international business community that we should be aware of?

**Mr Faulks**—There are senior business people from various different markets but the information on those is not in the public arena at the moment, Senator. We would be happy to provide you with a separate brief on them if you like.

**Senator COOK**—I am not sure I necessarily want to know if it is not in the public arena. What I would be interested in is knowing which industry sectors they come from and, if it is possible, in the case of major international corporations, at what level in those companies they come from.

**Mr Faulks**—Certainly. We can give you a breakdown of that. They do come from a range of industries. They are almost exclusively at chief executive or director level and, in some cases, chairs of key companies. For instance, there are a couple of visitors from the automotive industry, one from Europe and one from North-East Asia, who are chairmen or chief executives of key companies that are well known in this market.

**Senator COOK**—Your second program, the Olympic business linkages or the Business Club Australia, is to get Australian business people involved with whatever other international business communities are coming to the Olympic Games.

**Mr Faulks**—That is correct. It was in fact launched in September 1998, two years out from the games. It currently has 8,000 members of the club. They are all individual business people. About 6,700 of those are international business people and 1,300 are Australian, at

this point. Those who are members of the club at the moment are deriving value through an online networking club facility where they can do business matching and direct business contacting online. At the time of the games we are hosting a major business club centre at Darling Harbour at wharf 7, which will incorporate a building at wharf 7 and an Incat fast ferry which is coming in for three weeks of the Olympic period.

We will be providing there a generic showcase of Australian business, a significant program of business events which are hosted by everyone from business leaders through to ministers and other government officials. It will also provide business services and business matching services on site. We have it fully staffed by up to 20 trade specialists at any given time. We are aware of what the top 20 countries are going to be, in terms of business visitation, at games time. We have relationship managers appointed to each of those countries. Our current activity is to ensure that we register as members of the club the key business people who are going to be visiting from those different countries.

**Senator COOK**—I want to talk to you about the sports linkages program in a moment, but just sticking with these two programs for the time being, how would you characterise the take-up of these programs?

**Mr Faulks**—In terms of the visit program, Senator, the take-up has been very positive and very strong. Bear in mind that that is a proactive program through which we are identifying key people we want to bring out and there has been a very high level of interest both on the investment and the trade side of things. In fact, when you see an analysis of the people who are coming out—for instance at games time Australia has been able to attract a number of key business people who would not normally come to Australia—that was the nature of the program and what we tried to achieve with the program. The take-up of that has been strong.

In terms of Business Club Australia, I think there are different ways to look at how effectively the take-up has been there. An initial one is actually the involvement of different stakeholders. If you leave the membership aside for a moment, all of the states and the ACT are partners in the club. There are three other Commonwealth government agencies involved. There are two industry groups involved and there are five Olympic sponsors who are sponsoring the club and are directly involved in it which helps us with the link. In that sense we have met our targets there which, of course, has assisted with the funding program as well, but it also helps to open doors to some of the key players who will be involved.

On the membership side the proof is really in the pudding over the next two to three months. The membership at the moment is on target and is strong at 8,000 but, in terms of how we derive specific value from the club at the time of the games, what we need to ensure is that we capture the international visitors at the time of the games. We have programs in place to do that. Also we have to maximise the connection with Australian companies. We have a major promotional campaign at the moment to enhance our domestic membership, which means we are not only hosting international business people but we are connecting them with Australian business people at the same time.

**Senator COOK**—I know Austrade is very careful to audit its performance—independently audit it—so that it can be accountable for how it spends its dollars and can better govern its use of funding. What performance indicators do you have, or what method of review do you have in place, to assess whether or not you have achieved under this program?

**Mr Faulks**—The performance indicators for any of these programs contain those consistent with our other key performance indicators such as export impact, investment impact, new exporters into the market, et cetera. We are measuring those as we go through.

The issue with the types of relationships that we are building through this promotional campaign is that they are not all going to reap immediate benefit in terms of bottom-line new business. We have set targets accordingly. When the program was first designed we set a target of \$1 billion in new investment and trade business coming out of the total program. We are progressively measuring that, but it is a reality that some of the business that comes out of it will come out of it 10 to 15 years after the games and not immediately.

In addition, we are looking at what we would determine are some key activity indicators more than performance indicators. That includes the level of membership of the club, the visitation, the number of business matches that are taken up, the number of events we are holding. If you like, some immediately concrete things in terms of actual participation levels in the longer term will lead to bottom-line results. It is a combination of those two, Senator.

**Senator COOK**—Would you regard it as a runaway success if you hit the \$1 billion of new business target or is it still regarded by you as a success if you fall short of that?

**Mr Faulks**—It is a target that we have set and if we do not achieve that target in the longer term, we would not be happy.

**Senator COOK**—How long is ‘in the longer term’?

**Mr Faulks**—It is 10 years after the Olympics.

**Senator COOK**—Maybe some of us will not be around here to assess how well you have done in that length of time. Are there any shorter term business performance indicators that you have?

**Mr Faulks**—We are measuring it progressively, Senator.

**Senator COOK**—What I am trying to come to, Mr Faulks, is that this is an interesting program. It has had a high take-up rate and there has been no difficulty necessarily in landing the big fish that you have targeted and it is all to the credit of Austrade, but how do we assess this as an expenditure of public moneys? Is it worth while or not? Does it repay itself?

**Mr Faulks**—I think the manner in which we assess that is, as I said, in terms of new business, which we are assessing progressively. For instance, on the sports side of things there is already \$10 million in new export out of an industry—

**Senator COOK**—This is the sports linkages program?

**Mr Faulks**—The sports industry.

**Senator COOK**—Yes, I am coming to that in a minute. I am focusing on these two business programs now.

**Mr Faulks**—As I said, on the visitor side of things, from the visits that have taken place at the moment, on the investment side there are 20 new investments that have come out of that which can be quantified for you. I do not have that detail in front of me at the moment. On the trade side, after each visit we are actually assessing the predicted export impact over a two-year period, and if there is any actual export impact immediately, we are assessing that as well, so for each of those visits there is a level of achievement set. On the club side of things it is a little bit harder to determine. We have case studies of individual companies. There is, for instance, a food company in Western Australia that has about \$6 million new business out of using the online facility and it has validated that publicly.

**Senator COOK**—Are you able to mention the name of this food company in my electorate?

**Mr Faulks**—It is the Australia Food Company.

**Senator COOK**—In Perth?

**Mr Faulks**—Yes.

**Senator COOK**—Good. Sorry, I interrupted you.

**Mr Faulks**—There are examples of business coming through at the moment. But at the time of the games, for instance—as we are aiming for and as we are predicting—if we have up to 1,000 people through the club per day through individual event programs, six different events each day, progressively through that we are matching people with Australian companies and Australian business objectives and we are affecting them with a message that Australia is interesting in a business sense and not just in some of the other perhaps better known areas such as tourism and so forth, then we will be achieving objectives. We will be measuring that through a post-Olympic contact program with people. That will be done at the time of and after the Olympics, but we are not going to have the bottom-line results in the drawer at the time because not all of that will happen at the time of the games.

**Senator COOK**—You have obviously spent a lot of time and attention on this program. From what you know about it, is this value for money, do you think?

**Mr Faulks**—Of course it is, Senator.

**Senator COOK**—Should we spend more money and get greater value?

**Mr Faulks**—We have designed the program now to fit within the resources that are available to us.

**Senator COOK**—I know, but had we greater resources would we have got a bigger bang for our buck?

**Mr Faulks**—It is conceivable that we could have done a lot more internationally in a promotional sense, associated with the program, if the funds were greater. We have been restricted in what we could do with that and with the international media on the business side. However, within the budget that we have available and how we have been able to supplement that with non-public funding, we have been able to build something that will be quite worthwhile.

**Senator COOK**—Thanks very much. The Olympics, on present experience, comes around once every 44 years for Australia. It is not surprising that you should put an effort into it. There are other international sporting events in Australia that come around more frequently—the grand prix is one.

**Mr Faulks**—Yes.

**Senator COOK**—Is this a model for looking at using those as a hook to attract business interests in Australia as well?

**Mr Faulks**—I believe it is, Senator. Firstly, we are breaking new ground with this. No other Olympic host country has done all the things that we are doing. We went to them and we learnt from them but, essentially, we are breaking some new ground and that is acknowledged right through the Olympic movement and by other host cities that have been involved. It is our belief that the type of program we have been involved in here could be translated to other major promotional activity Australia is involved in. It could be sporting events or it could be other major business events and so forth.

**Senator COOK**—Do you have any funds for such events?



**Mr Faulks**—Not presently.

**Senator COOK**—There was a report in the *Australian Financial Review* on the 23rd of this month, stating that Australia had placed curbs on the access of international journalists to the Sydney Olympics that might be in breach of WTO rules. Are you aware of that?

**Mr Faulks**—No, I am not, Senator. That would be an issue for DFAT.

**Senator COOK**—Would it?

**Mr Faulks**—They are handling the media related program with the Olympics.

**Senator COOK**—Perhaps I should ask DFAT about it. Ms Pru Goward is the coordinator of the Commonwealth Olympics media strategy. What contact have you had with this Commonwealth agency?

**Mr Faulks**—Our own media and corporate communications area has worked with my team on a media strategy specific to our program. The contact we have had with Ms Goward has been to ensure that she is fully informed of our program and can speak about it as opportunities arise and find promotional opportunities for it within her portfolio of activity, and to contribute to an issues management brief which she has put together with her team, or is progressively putting together, related to issues that might need to be managed at the time of the games.

**Senator COOK**—So how intense is that liaison? Is it weekly, monthly, irregularly? How would you characterise it?

**Mr Faulks**—From my own role, it is irregular and probably once every couple of months. However, the head of Austrade's corporate communications area would be in communication with her, I imagine, once every couple of weeks or once every three weeks.

**Senator COOK**—Let us see if we can cut the speculation out of it. Mr Langhorne.

**Mr Langhorne**—As far as the corporate communications area is concerned, it participates in the briefings at the Department of Prime Minister and Cabinet on Olympic issues. Pru Goward attends those briefing sessions. Ms Goward has visited Austrade on at least one occasion and we provided her with materials. We will continue, as Mr Faulks said, to liaise with her up to and during the Olympics. Our view is, of course, that the maximum exposure we can get for the commercial and business interests for the games, the better for everyone.

Ms Goward will be a part of our program as well in that context. In other words, we will be looking to utilise her services to the maximum extent we can, to ensure that we do get maximum exposure and coverage from the games. So we will continue to liaise with her and her team up to and during the games. The way we view it is that she is the overall Commonwealth Olympics spokesperson and, with other government agencies, we will naturally work very closely with her to assure the maximum return for Australian business.

**Senator COOK**—I have located the press items—a couple from the *Sydney Morning Herald*, one from the *Australian* and one in the *Financial Review*. The one today from the *SMH* has the Minister for Trade, Mr Vaile, saying he has warned the Olympics minister, Mr Knight, that restrictions on international broadcasters filming in public areas of Homebush Bay may breach Australia's international trade obligations. It goes on to say that 'The move comes as British and Japanese rights-holding broadcasters raise concern ...' et cetera. Is Austrade aware of this?

**Mr Langhorne**—Senator, we are aware of the issue. As far as the handling of the issue directly, that is a matter really for the department who handles the WTO issues and obviously the minister's office and the minister.

**Senator COOK**—Has it come up in discussions with Ms Goward?

**Mr Faulks**—Not that I am aware of, Senator.

**Mr Langhorne**—No.

**Senator COOK**—Let me move on. How many staff are employed in Austrade's San Francisco office?

**Mr Langhorne**—If you will just give us one minute, Senator, we will be able to tell you that.

**Senator COOK**—While you are looking that up, perhaps I should ask a second question which you might find because it puts it in context. Is it true, though, that over the last eight months five staff from Austrade's San Francisco office have left to join IT start-ups in Silicon Valley?

**Mr Langhorne**—It is true that a number of staff from Austrade's office in San Francisco have left to join IT companies. I am not too sure whether the number is five. I would have to check on that for you. I am aware that those staff cut across a wide cross-section of people, in other words, people that have been working in the area of IT marketing and administration. In other words, some of our administrative staff have also left to take opportunities with start-up companies as well as our marketing people.

**Senator COOK**—Is Austrade in San Francisco regarded as a sort of stepping stone to an IT exec's job in Silicon Valley or what?

**Mr Langhorne**—The staff who have left are what we term locally engaged staff so they are staff who are employed in the San Francisco office and would be United States citizens. The short answer is, as far as locally engaged staff are concerned, it appears that Austrade San Francisco does provide an opportunity for them to get the skills and they can then advance into the private sector in Silicon Valley.

**Senator COOK**—One hopes they leave in good relations with Austrade and can refer—

**Mr Langhorne**—I can assure you that is the case. While I am not too sure of the numbers, I am aware of the couple of the people who have left. Firstly, they have benefited from working with us in San Francisco in the IT sector and, secondly, they have left retaining good relations with Austrade. I make the point in that regard, Senator, that we see that as having an advantage for us as well, because those individuals go into companies in Silicon Valley and operations in Silicon Valley and if we can maintain good relationships with them then it often gives us a competitive advantage when dealing with those companies.

In answer to the initial question, the figure I have is 11 people who have been working in San Francisco.

**Senator COOK**—So you have lost just under half of them in the last eight months to the IT sector.

**Mr Langhorne**—If that figure is correct, Senator.

**Senator COOK**—If that figure is correct.

**Mr Langhorne**—I had, by the way, the view that it was less than that, but we will definitely check for you.

**Senator COOK**—Thanks. I have a couple of questions on the Export Market Development Grants Scheme. What is the situation with the scheme at the moment? Have the funds been expended up to the ceiling for the last year of operation?

**Mr Tindall**—We are actually in the last two weeks of assessing the claims relating to the 1999-2000 financial year and at the moment it is pretty much lineball. So it looks like the outcome will be that demand will be very close to available funds.

**Senator COOK**—You will not have to go through a reassessment to reduce the claims, according to the funds you have available this year?

**Mr Tindall**—No. If we are talking about the grant funding—

**Senator COOK**—Yes.

**Mr Tindall**—the way it works is that at the end of the year there is a pro rating.

**Senator COOK**—Yes, that is what I meant. You will not have to pro rata anyone?

**Mr Tindall**—We probably will not have to pro rata.

**Senator COOK**—The demand for the MDG Scheme is less this last year than it has been in previous years in that case, isn't it?

**Mr Tindall**—That is true, Senator.

**Senator COOK**—To what do you ascribe the downturn in demand?

**Mr Tindall**—It is a little bit hard to be definitive. The analysis that we have done to date suggests that the Asian crisis has been a significant factor in the reduced demand this year.

**Senator COOK**—In the next two weeks you will be in a situation where you have finalised your accounts for the last year.

**Mr Tindall**—Yes.

**Senator COOK**—Could you, when you have done that, give me a comparison of what the demand for the scheme has been last year and the last couple of years before that, reaching back about five years.

**Mr Tindall**—I could do that now for you if you wanted, Senator.

**Senator COOK**—Please.

**Mr Tindall**—Last year demand for the scheme exceeded available funds by something around \$500,000 and the final payout figure was 98.94 per cent. The year before that there was an underspend of about \$3 million which meant people were paid their grants in full at 100 per cent.

**Senator COOK**—What was the reason for such a gigantic underspend?

**Mr Tindall**—In the first year?

**Senator COOK**—No, the year before that.

**Mr Tindall**—In the year in which we underspent by \$3 million that was the first year that the \$150 million cap applied.

**Senator COOK**—This is the first year you were capped?

**Mr Tindall**—Yes. There was a significant adjustment there.

**Senator COOK**—In the years prior to that, how much was expended under this scheme?

**Mr Tindall**—Just bear with me.

**Senator COOK**—In the previous three years, to take a sample period.

**Mr Tindall**—I would have to take that on notice, Senator.

**Senator COOK**—Okay. I would just like to see how the demand has fluctuated. Given that the year before last, the 1998-99 year, you were half a million dollars under demand and people were not remunerated for all the costs they incurred—98.94 I think was the figure you gave me—is there a deterrent effect in that you can put in your claim but you may not get the full amount now?

**Mr Tindall**—We did some extensive client survey work through a news poll after the first year of the capping mechanism. The evidence from that survey suggested the split payment system was not a major cause of dissatisfaction amongst recipients of grants. Since that time we have not had any suggestion from business that the situation has changed.

**Senator COOK**—Was that in the year in which there was a \$3 million underspend?

**Mr Tindall**—Yes, it was.

**Senator COOK**—You have done nothing since?

**Mr Tindall**—Nothing that specific, no.

**ACTING CHAIR**—Thank you very much for your attendance before the committee today. We will now move back to outputs 1.1.2 and 1.2.2.

[3.42 p.m.]

#### **Output 1.1.2—South Asia**

##### **Output 1.2.2—South-East Asia**

**ACTING CHAIR**—Senator Cook has questions on Indonesia.

**Ms Gauci**—We are missing our acting first assistant secretary but we have our Indonesia director here. We thought the previous session was going to go on for a bit longer and not everyone is back yet. I am sorry.

**ACTING CHAIR**—That is okay.

**Senator COOK**—On Indonesia, have any precise dates been now set for President Wahid's visit to Australia?

**Mr Blazey**—No, they have not, Senator.

**Senator COOK**—When it is anticipated that there might be a date?

**Mr Blazey**—There is an ongoing discussion with the Indonesian government on this. At this stage it is not possible to put a precise estimate on when we might have the date.

**Senator COOK**—But I understood from the announcement emanating from Jakarta that it would be in the near term. It is not going to be in three or four years; it will be later this year or early next year. Is that still the case?

**Mr Blazey**—That is correct.

**Senator COOK**—So we are looking at a period of around about the next 12 months?

**Mr Blazey**—Hopefully before that.

**Senator COOK**—How much sooner before then, do you think?

**Mr Blazey**—Obviously it depends to a great extent on the Indonesian side. We are getting a range of messages from them. As I say, we cannot be more precise than that.

**Senator COOK**—Has our embassy in Jakarta initiated any contact with the Indonesian parliamentarians who have expressed opposition to President Wahid's visit to Australia?

**Mr Blazey**—The embassy meets with Indonesian parliamentarians and discusses these issues. I understand the Indonesian parliamentarians have requested a briefing from the embassy on the broad bilateral relationship. I am not aware whether that has taken place as yet.

**Senator COOK**—The answer to that question is yes and there is contact.

**Mr Blazey**—That is correct.

**Senator COOK**—And one expects there may have been, but there will soon be, a meeting.

**Mr Blazey**—Yes, that is right.

**Senator COOK**—That is all I have on Indonesia.

**ACTING CHAIR**—I know Senator Payne has some questions on East Timor.

**Senator PAYNE**—Mr Moraitis, just one question which you may be able to assist me with. I understand there is some concern amongst Australians working in East Timor about addressing the harvesting of the current coffee crop and whether UNTAET is assisting local East Timorese, let alone anyone else, in that process. I have had concerns expressed to me that the crop is in danger of being lost. It is a crop worth in excess of \$20 million. Because of the nature of coffee, it has to be harvested quickly and so on. Are we aware of this issue and have we had any involvement in that?

**Mr Moraitis**—Yes, I am very aware of the importance of the coffee crop harvest for the East Timorese economy. On the specific question of problems associated with the coffee crop this year, nothing has come to my attention on that score. As you know, AusAID have varied experts associated with the agricultural sector and they would be aware of that. Perhaps that could be pursued with AusAID. I speak to AusAID on a regular basis and yesterday I raised this question of the coffee crop. There was no suggestion brought to my attention that there was a problem but I would not be surprised if there were concerns about it.

**Senator PAYNE**—Is it possible to obtain any advice for the committee on that in terms of what UNTAET might be doing in that regard?

**Mr Moraitis**—Of course.

**Senator PAYNE**—And whether it is likely the crop is in some danger of being lost.

**Mr Moraitis**—Of course.

**Senator PAYNE**—And certainly what role Australia can play, whether through Australian businesses that are trying to pursue an involvement in that area, or in any other way.

**Mr Moraitis**—Of course. That is a very important issue, as you know. As I said, the coffee crop is one of the few areas where there is a significant revenue for the East Timorese. It is an industry we would ensure remains protected and is productive.

**Senator PAYNE**—Thank you.

**Senator WEST**—What is the situation like in East Timor now in relation to food supplies?

**Mr Moraitis**—Again, it is a question that AusAID monitors more directly than I do, but, as far as I am aware, the situation is relatively positive. It has obviously reached past the stage of being a humanitarian emergency or crisis and is now a more benign situation. That does not

preclude the fact that there would probably be areas of East Timor where there would be some delivery problems. That is something that is being addressed by UNTAET and by NGOs, agencies like AusAID, USAid and other bilateral donors.

**Senator WEST**—Has it improved in the last six weeks or so?

**Mr Moraitis**—I could not give a specific answer on whether it has been improving in that period of time, but the general trend has been positive for the last few months.

**Senator WEST**—The reason prompting the question is that an acquaintance who had worked over there as an NGO had feedback from someone she had spent time with there. In about the middle of April this person was indicating to the *Australian* that food was still quite expensive and scarce in Dili and I am wondering how factual that was. Defence were telling us that they had seen plenty of food in the markets.

**Mr Moraitis**—That is my understanding as well. I was in Dili about six weeks ago and I visited the Dili market and I found there was quite a large supply of fresh produce and other products. The question is, of course, the affordability of this produce for the local East Timorese—that is another issue altogether. But in terms of the actual supply of products in places like Dili market in that area, I think it was a significant improvement.

**Senator WEST**—What is affordability like?

**Mr Moraitis**—As you know, East Timor is a very poor place. The average income of the East Timorese, including in Dili, is low. It is improving, of course, with the arrival of the UN and other agencies which are providing employment for local East Timorese, particularly in Dili. That is therefore a positive. There is some money available for people to buy food and to feed their families. It is a low base but it is improving.

**Senator WEST**—It does not matter what the supply is like, if it is placed outside your reach by price, does it?

**Mr Moraitis**—Correct. I acknowledge that it is at times beyond the reach of an average family or individual but, as I said, it is improving with the availability of incomes for some fortunate East Timorese who are able to gain employment, albeit short term.

**Senator WEST**—Has there been some unrest in Dili on occasions about food issues?

**Mr Moraitis**—Incidents involving unrest in Dili have been incidents, for example, at the Dili sports stadium in late April. As far as I know there were no suggestions that food was an issue. There was more a question of social tensions raising themselves in a forum such as a sports forum.

**Senator WEST**—What was the issue at the Dili sports stadium?

**Mr Moraitis**—As far as we could tell from information from our mission and other contacts, including UNTAET, it was to do with some rival groups of youths and other syndicates involved in a minor turf battle which is a normal occurrence in any society.

**Senator WEST**—You say it is a normal occurrence in that society. Is that what you said?

**Mr Moraitis**—In ‘any society’, not in ‘that society’. It was just a law and order problem involving various groups of youths.

**Mr Dauth**—East Timor is a fractured society, of course.

**Senator WEST**—Yes. That was why I was trying to get some indication as to whether some of the fractiousness was new or whether in fact some of it was very old and

longstanding, in that law and order was an issue in East Timor before the troubles, before the last 12 to 18 months.

**Mr Dauth**—Old fractures, new issues, I think.

**Senator WEST**—That is fine. That was what I wanted to ask.

**ACTING CHAIR**—Can Senator Payne follow on from that?

**Senator PAYNE**—Yes, sure. In terms of expenditure of the community grants money, World Bank funds, things like that, is the roll-out of that money occurring or are there still delays in the UNTAET process of distribution of that?

**Mr Moraitis**—The community empowerment program is run from the World Bank, as you know.

**Senator PAYNE**—The World Bank and the UNTAET money, yes.

**Mr Moraitis**—Correct. My understanding was that the first community empowerment program was launched in Liquica in the second week of April. There was actually disbursement of money to the local communities in the area of Liquica, so that has begun.

**Senator PAYNE**—Was that the first?

**Mr Moraitis**—Yes.

**Senator PAYNE**—How regular is the roll-out—which is the only word I can think of to use—of the rest of the funds in other areas?

**Mr Moraitis**—I do not have specific dates for the next community empowerment program's launch dates. I imagine that my AusAID colleagues would have exact dates because that is something they have direct involvement in.

**Senator PAYNE**—The community empowerment programs are the ones that the district administrators are in charge of that are being developed at the local level?

**Mr Moraitis**—The community empowerment program, as the name implies, focuses on the local level. You have a process whereby the district administrators have a role in facilitating local elections at the hamlet level, then the village level and then the local level. The actual East Timorese in the community choose people who have a role in representing the community and their interests and there are decisions made at that level by the East Timorese themselves as to where and how to disburse these funds, whether it be rebuilding of a school, a road, the water supply, et cetera. In fact it is a very locally focused issue. I do recall in terms of the Liquica launch, for example, that the district administrator was there and played an active role in facilitating it—an Australian, Patrick Burgess, who was based there. By all accounts and from my own observation, he was playing a very active and facilitating role.

**Senator PAYNE**—There was a seminar held in this room a couple of weeks ago, organised by Manning Clark House. There were contributions from members of the audience who were concerned that the pace of that roll-out is causing an enormous strain on certain East Timorese village communities in particular. I appreciate this might be more appropriately directed to AusAID—by all means tell me to do that and I will do that later—but are we aware of some of those strains? Is it something that we are concerned about? Are we happy with the pace that UNTAET is pursuing in all of this—and the World Bank for that matter?

**Mr Moraitis**—I think, on balance, we acknowledge that UNTAET and the World Bank have to account for every step of the process—planning and delivery—but at the same time we have actively encouraged UNTAET on numerous occasions to deliver these services and

these funds as quickly as they can within those constraints. Obviously, as you know, one of our objectives is to ensure that the communities at the local level are actively participating, that there is actually quick employment generated and that reconstruction is achieved as quickly as possible. Yes, in that sense we do try to encourage as quick a disbursement and activity as possible.

**Senator PAYNE**—Thank you, Chair.

**CHAIR**—Any more questions on East Timor? I understand you have some questions on Burma, Senator Schacht.

**Senator SCHACHT**—The government has made the announcement about initiating a human rights training program in Burma. I do not have a deep knowledge of Burma but I have some knowledge. I visited there earlier this decade. That is almost a contradiction in terms, having a human rights training program inside Burma. Can you give us any details of how this human rights training program will be conducted in Burma?

**Ms Gauci**—The government's policy on Burma remains focused, as it has always been, on improving the human rights situation in Burma and advancing democracy. In developing policies and approaches on human rights issues, we have been conscious that neither the constructive engagement approach nor the isolationist approach taken by some other governments has been successful. The aim of the government in putting forward the proposal for the human rights institution and the human rights training program is to work in small ways to try to make a difference there to help the human rights situation. There were two courses announced in the budget. There is the human rights and responsibilities course, two workshops planned to be held starting in July.

**Senator SCHACHT**—In Burma?

**Ms Gauci**—Correct. The second is an international law overview, which is planned to take place in September.

**Senator SCHACHT**—From my knowledge of Burma, following it in the last decade since the present regime has been in place, if someone attends one of those training courses almost by definition you will be arrested.

**Mr Dauth**—No, that is not right, Senator. This has been agreed with the government of Burma. Can I just say that the government is not going into this exercise—

**Senator SCHACHT**—Do you trust the government of Burma on these issues?

**Mr Dauth**—Sorry, perhaps I could just finish what I was saying, Senator.

**Senator SCHACHT**—Sorry I interrupted. The chairman will pull me up.

**Mr Dauth**—Good. I was saying that the government does not go into this exercise in some naive spirit. We know very well that the likely impact of this exercise is at the margin. It is something which we have agreed. The government of Burma is looking for some measure of engagement with the outside world. We have made the judgment, the government has made the judgment here, that it is better to engage in some measure of engagement with them than to seek to isolate them. The policy of isolating Burma has had no effect whatsoever. The policy, which a number of governments have pursued for 10 years now, has delivered not one jot of progress towards democracy, not one jot of progress towards better human rights in Burma.

Human rights abuses in Burma are appalling—and we say so. We are seeking to capitalise on a judgment that it is better to engage with the regime in Burma than to isolate them and, by engaging them in this way, to seek to have some effect at the margin, to chip



away, so that over time human rights values are better respected. Frankly, Senator, we can argue about this until the cows come home—

**Senator SCHACHT**—Mr Dauth, we can argue—

**Mr Dauth**—Sorry, if I could just finish, Senator, please.

**Senator SCHACHT**—I have heard the arguments before 25 times.

**Mr Dauth**—Okay, that's fine.

**CHAIR**—We might hear the answer, Senator Schacht.

**Mr Dauth**—That is the government policy, Senator. I am afraid I am not here to debate that. I am here to say that that is the approach we are taking. We are not assuming this will have an immense effect on the human rights record, but we have decided to do it because we think it is worth while.

**Senator SCHACHT**—Thank you very much, Mr Dauth, for your eloquence. Ms Gauci, how many people will be selected to be in these two training programs.

**Ms Gauci**—It is planned that 25 participants will attend each of the workshops, with up to 75 receiving training in total.

**Senator SCHACHT**—Who does the selection of the total 75?

**Ms Gauci**—They will be civil servants who will be drawn from the Attorney-General's Department, the Ministry of Foreign Affairs and the Ministry of Home Affairs.

**Senator SCHACHT**—All of them are paid officials, in one form or another, of the present government of Burma?

**Ms Gauci**—That is correct.

**Senator SCHACHT**—Will you select them or will they select them and send you the people they want to send you?

**Ms Gauci**—I think that is going to be a process of consultation between the people selected through a tender process to deliver the workshops, in consultation with the Burmese government.

**Senator SCHACHT**—The Burmese government obviously, if these are all government officials, has the final say on who can attend and who cannot.

**Mr Dauth**—That is correct.

**Senator SCHACHT**—Do you have any concern that amongst the group who are sent there will be members of the Burmese secret police, the military intelligence, which has disgraced itself for years over its abuse of human rights, to spy on what the other people participating are doing and saying, how they are responding and, above all else, what the people we employ to provide the human rights training are actually saying?

**Ms Gauci**—It is impossible to comment on whether or not those sorts of people would be included.

**Senator SCHACHT**—I do not expect Brigadier Khin Nyunt to turn up. I wish he would.

**Mr Dauth**—Yes, indeed.

**Senator SCHACHT**—I wish he would. I am not sure that we could change his mind. I have only had one conversation with him in my life and I am not sure that anyone can change

his mind. What he has been guilty of in human rights abuse in Burma for a long time is well known.

**Mr Dauth**—He is not by any means the most culpable member of the government in that respect, though, Senator.

**Senator SCHACHT**—It is only a matter of degree of who we can actually get evidence from on actually what happened. He has been in charge of military intelligence in Burma for quite some time, has he not?

**Mr Dauth**—In part, yes, that is correct, but he is—

**Senator SCHACHT**—And in charge of military—

**Mr Dauth**—I have had meetings with him, too.

**Senator SCHACHT**—Yes, of course, I know. I am not Robinson Crusoe on that. Many people in your organisation have met him more often than I have. I had a very brief meeting with him. But military intelligence in Burma is the organisation that not only spies on people but detains people and interrogates them. Is that correct?

**Mr Dauth**—It is part of the state apparatus of control. It is a very important part. It is a central part.

**Senator SCHACHT**—All I am raising is that it would not be unusual to expect that, in the group of people provided by the Burmese government for this training, there will be some people, in one form or another, from military intelligence who are not going along there to have their view on human rights improved but to spy on who is doing what and how the other members of the Burmese people attending respond to the training. That would be a reasonable suggestion.

**Mr Dauth**—I do not think the dynamics of the training will be such as to expose participants to censure by the state apparatus. The other thing I would say is that I would be very surprised if the Burmese government, having agreed to this exercise going on, would disgrace itself so comprehensively by taking action against participants. That would be inconsistent with—

**Senator SCHACHT**—We might never know that they have taken action against them several months later.

**Mr Dauth**—They are civil servants. They are people who are in Rangoon whom we will no doubt continue to have contact with. I am not saying that the risk you identify is not there. I am not saying that at all, Senator. What I am saying to you, though, is I think it is impossible for us to offer you a definitive comment in answer to the question you are posing and, second, I do not think the risks are nearly as dramatic as you are painting them.

**Senator SCHACHT**—I hope you are right, actually.

**Mr Dauth**—So do I, because, even as a public servant, I do have some concern about my fellow human beings.

**Senator SCHACHT**—Yes, of course. I appreciate that, Mr Dauth. I hope my pessimism is proved wrong.

**Mr Dauth**—Good.

**Senator SCHACHT**—How long are the seminars going to last?

**Ms Gauci**—Several days each.

**Senator SCHACHT**—So there will be two groups and it will be a sort of nine to five job at a certain location. Are we sending people from Australia, or from where, to conduct the seminar and to give the briefings?

**Ms Gauci**—The facilitators will be from Australia. They have been selected through a tender process, but that is a process AusAID has looked after, not DFAT.

**Senator SCHACHT**—I will ask AusAID who has the guernseys.

**Ms Gauci**—Yes.

**Senator SCHACHT**—I will leave that till AusAID. In the negotiations with the Burmese government to achieve this outcome, did you suggest that people who are not members of the Burmese government, officials of the government, could also be invited?

**Ms Gauci**—I do not know the answer to that question. I think what was discussed was that military personnel would not be included, but their general perception was that civil servants would be the best receivers of the training because of the nature of the courses, being human rights training and international law courses.

**Mr Dauth**—Would you be advocating, Senator, that we should be indeed putting some non-government people at risk by ourselves including them over the wishes of the Burmese government? Are you suggesting we should do that?

**Senator SCHACHT**—I see we are going to have a good debate here, Mr Dauth.

**Mr Dauth**—No, Senator, I do not want to debate policy. Policy is decided.

**Senator SCHACHT**—I am just asking questions about how the process evolved and who got invited. That is a very good point you make. If you did invite non-public servants, they might end up in the insane gaol at some stage thereafter. I agree, but I just wanted to get the parameters. You did not even raise that issue because of that concern?

**Mr Dauth**—Whether it was not raised at all is not something we would swear to. I will see if we can check today before we finish and let you know, but it is not something that I think we thought it was either appropriate or reasonable to pursue.

**Senator SCHACHT**—AusAID let the tender and has appointed somebody. In drawing up what they have to do in the tender, was the department itself consulted about what was in the tender?

**Ms Gauci**—Yes, the department was consulted. The tender process came at the end of a visit to Burma in April. First of all, there was a visit to Burma at the end of last year and a DFAT official and an AusAID official attended there. That was where some of the scoping exercise was done which led then to the tender process being opened. Following that, two AusAID officers and two consultants did visit Burma but that is an AusAID area.

**Senator SCHACHT**—I presume when it went out for tender, those details of the nature of the project were in the tender which was publicly advertised in Australia.

**Ms Gauci**—That is correct.

**Senator SCHACHT**—I missed it in the paper obviously. I wonder if you could provide me with a public tender copy of it which has the terms of the nature of the job.

**Ms Gauci**—We do not have it but AusAID would.

**Senator SCHACHT**—AusAID would have it.

**Ms Gauci**—That is right.

**Senator SCHACHT**—Could someone make sure when they turn up that they have a copy of that available. Again it might be an AusAID question but—

**Mr Dauth**—The officers can do that.

**Senator SCHACHT**—I am sure Mr Dauth can spread the word, even by smoke signals, down to Foggy Bottom to get the answer back in time.

**Mr Dauth**—All right.

**Senator SCHACHT**—What is the expenditure on the program?

**Ms Gauci**—As I understand it, the total combined cost estimated is \$100,000.

**Senator SCHACHT**—Will this go as development aid, humanitarian aid or some other definition?

**Mr Dauth**—Why don't you ask AusAID that?

**Senator SCHACHT**—AusAID. You might notice, Mr Dauth, as you are so enthusiastic to enter these discussions with my questions—

**Mr Dauth**—I do not think it is fair for you to monster officers on the basis of policy which is decided.

**Senator SCHACHT**—Ms Gauci was more than handling this very well, Mr Dauth.

**Mr Dauth**—Ms Gauci is an extremely competent officer. There is not room for a debate about policy, Senator.

**Senator SCHACHT**—I am just trying to find out the nature of the program. Ten years ago I asked about large motorbikes for a dairy program of collecting for artificially inseminating bullocks in Mandalay which created some sensation and which was not policy, but never mind. I just want to know the details. Was there any discussion by our ambassador in Burma with the democratic movement in Burma of whether they approved or did not approve of this project?

**Ms Gauci**—The embassy and the teams from Canberra that have gone to Burma on developing this project have been in regular dialogue with both Aung San Suu Kyi and other members of the NLD to keep them informed of discussions with the SPDC, and that continues to this day.

**Senator SCHACHT**—I think it might have been on an SBS program in the last two or three weeks but I noticed Aung San Suu Kyi was interviewed. I do not know what the circumstances of the interview were but this issue was raised and she made it clear in quite unequivocal terms that she opposed such a program as giving succour to the regime. I think I can mention her by name without putting her at more risk than she already is. She has been on TV about it. Did she make that clear to our officials?

**Ms Gauci**—Yes, she has.

**Mr Dauth**—She of course has reservations about engagement with the regime of any sort. So with her, too, there is a fundamental policy issue.

**Senator SCHACHT**—Mr Dauth, I know that. I just wanted to get the record straight about the consultation, that she did express that privately. I appreciate the fact that the department did the correct thing in talking to her. I will not ask you to name other people in the NLD that you saw because that would clearly put them at risk. But Aung San Suu Kyi has publicly identified herself on Australian television and if the Burmese government's representatives in

Australia watch, they would not be surprised to see her say that. I do not think I am putting her at risk by discussing it. I am not into the argument about what I know her position is, but despite the fact that she is clearly still the leading figure of the democracy movement against the regime, on balance you believe that the policy is still correct. Mr Dauth, you might say so.

**Mr Dauth**—Yes.

**Senator SCHACHT**—Does the department still believe that, if there were a properly conducted free election tomorrow and there was a proper free election campaign, Aung San Suu Kyi as leader of the NLD would still get a similar result as she did in 1990; something like 70 per cent of the votes, 80 per cent of the seats right across Burma?

**Ms Gauci**—We have not done a recent assessment of what we think the result would be if an election were held now. Some commentary suggests that in fact support for the NLD and Suu Kyi herself has gone down over time but she would certainly still garner a deal of support if in the circumstances and conditions you have outlined an election were held.

**Senator SCHACHT**—If her support has gone down, whose support has gone up?

**Ms Gauci**—I think it is more of a question that people are less convinced that, leading the NLD, she is able to bring about the sorts of things that were once believed in. The commentary would suggest that is partly because she has demonstrated a degree of inflexibility on some issues. But it is a question of debate and I am passing on the views of only some people.

**Mr Dauth**—The truth is that nobody knows.

**Ms Gauci**—No-one knows.

**Senator SCHACHT**—No-one knows but I would have to say some people said that about her before the 1990 one as well—that she was inexperienced, she was a show pony, she did not really understand politics in Burma, and she waltzed off with 70 per cent of the votes and 80 per cent of the seats, a result that I would be more than happy for the Labor Party to achieve in any election in Australia. But I know that there are those different assessments. When will this program be carried out?

**Ms Gauci**—The first will be held in July.

**Senator SCHACHT**—July, and so therefore it ends by July.

**Ms Gauci**—It will be for several days and then the other two will be held. The last one is scheduled to be held in September.

**Senator SCHACHT**—At the end of the September period of course there will be an evaluation about the actual conduct of it, the response, et cetera.

**Ms Gauci**—Yes.

**Senator SCHACHT**—We will not know whether 70 people in the Burmese regime are suddenly taking a different attitude about human rights. We hope that is true but we will not know for a long time. Will that evaluation then lead to looking at any further projects?

**Mr Dauth**—That is a matter for the minister, Senator, and we are not able to give you an answer to that.

**Senator SCHACHT**—I am sure Ms Gauci could have told me that.

**Mr Dauth**—I am sorry —

**Ms Gauci**—That was the answer I was going to give.

**Mr Dauth**—the answer is that that is a matter of policy and it is for the minister and not for us.

**Senator SCHACHT**—There will be a departmental evaluation at the end of these three seminars by the end of September?

**Ms Gauci**—Departmental and AusAID.

**Senator SCHACHT**—Departmental and AusAID. That will go to the minister?

**Ms Gauci**—Yes.

**Senator SCHACHT**—I will put it—and I know you will probably ignore it, Mr Dauth—but is there any chance after that process and putting it to the minister that such an evaluation could be made available to this committee?

**Mr Dauth**—I would put that to the minister, of course.

**Senator SCHACHT**—Yes. I appreciate the fact that there might be sensitive material in the evaluation which might restrict it. I accept all of those things. Can you tell me, Ms Gauci, whether other Western governments are doing similar things to what we are now doing in Burma?

**Ms Gauci**—Do you mean human rights?

**Senator SCHACHT**—On human rights.

**Ms Gauci**—Bringing in international law programs?

**Senator SCHACHT**—Yes, for a start. Anything similar?

**Ms Gauci**—I cannot comment on that although my colleague might be able to add more to that. But I can say that some other governments are involved in educational programs, more English language training programs and so on. But on human rights and international law specifically, we are not aware.

**Senator SCHACHT**—Not aware. In other Western countries—I will use the OECD countries like those of Western Europe, Australia, Japan, et cetera—are there any other humanitarian or development aid programs run by any of the OECD countries in Burma?

**Mr Dauth**—Of course.

**Senator SCHACHT**—If you want to take it on notice to give me a rough list, I would appreciate that.

**Ms Gauci**—AusAID would be in a better position to provide that but we can certainly provide for you what we have.

**Senator SCHACHT**—Putting it around the other way, which countries—to use apparently Mr Dauth's description—are refusing to have anything to do with Burma at all and want to put Burma into absolute isolation and are sticking to that policy amongst the OECD countries? Who is the leader of that position?

**Ms Gauci**—The United States and the UK have taken quite an isolationist approach to Burma.

**Senator SCHACHT**—Is that followed by and large by Western Europeans in the European parliament?

**Ms Gauci**—A few of them, yes. At the other end of the scale of OECD countries, Japan is probably most engaged in Burma.

**Senator SCHACHT**—Japan has had a good experience in Burma, hasn't it? They have had a long experience of Burma, not all of it very kind, of course, over the last 60 years.

**Ms Gauci**—It has certainly taken a different approach to Burma in recent times to the United States.

**Senator SCHACHT**—Yes. I look forward to asking AusAID some questions. I appreciate, Mr Dauth, your intervention—and, Ms Gauci, I understand you are going to Cambodia?

**Ms Gauci**—I am.

**Senator SCHACHT**—Congratulations. I hope at some stage in the next couple of years I may be able to visit again.

**Ms Gauci**—Thank you.

**Senator SCHACHT**—I wish you well in that appointment. I have to say it is an appointment that many of us would strongly support, Mr Dauth. You got it right.

**Mr Dauth**—Thank you, Senator Schacht.

**Senator HOGG**—I go back to Indonesia. Do we still have the appropriate people here?

**Mr Dauth**—Yes.

**Senator HOGG**—On West Papua, today's *Sydney Morning Herald* newspaper reports that Indonesia's foreign minister has accused unnamed Australian NGOs of inciting violence in West Papua. It cites *The Indonesian Observer* newspaper as quoting Mr Shihab as saying:

Indonesia's foreign policy places Australia as an external factor that endangers its national integrity, especially in Papua ... Australia endangers our national integrity through upheaval ... provoked by Australian NGOs ...

What is the department's assessment of the general situation in West Papua at present? Has there been a high level of violence in the province? Has this violence been increasing?

**Mr Mules**—In answer to your broader question, I would say we obviously have seen a level of violence in the province of West Papua over recent times. There are still incidents which we would be unhappy about. I would say, however, that most recently the level of violence has probably gone down, I think largely as a result of the somewhat more conciliatory approach of the Indonesian government to the activities of those who are, in one way or another, unhappy with the central government. On the specific question of the recent allegations, it is important to note that the foreign minister's comments were largely directed at NGOs, rather than the Australian government, and in—

**Senator HOGG**—No, I was quite specific about that.

**Mr Mules**—Having listened carefully to that, we have also looked very carefully at the activities of NGOs. We have to say that we have no evidence that NGOs have been engaged in such activity. Of course, if they were engaged in activity or fomenting violence, we would deplore it.

**Senator HOGG**—Have we been approached by Indonesian sources protesting about the actions of Australian NGOs, not necessarily government sources?

**Mr Dauth**—We have been approached by government sources? In addition to what Alwi Shihab said in public, it is an issue he has raised with us officially, formally.

**Senator HOGG**—Sorry, I missed what you said.

**Mr Dauth**—The foreign minister has raised this issue with us quite formally.

**Senator HOGG**—It has been raised formally. Has it been raised by other sources as well? By the media or—

**Mr Dauth**—I think it is much talked about in Jakarta. There are many Indonesians in government and outside—in TNI and outside—who are deeply suspicious of the activities of Australian NGOs in respect of West Papua, yes.

**Senator HOGG**—Are there any Australian NGOs actually operating in West Papua?

**Mr Mules**—Yes. This comes from a recent ACFOA survey. As we understand it, there are about 22 projects being implemented by Australian NGOs in the province.

**Senator HOGG**—What has been our response to the statement that appeared and the approaches that have been received? How have we progressed our investigations? Have we spoken directly with the NGOs themselves or have we relied on our sources within West Papua to advise us of the activities of Australian NGOs?

**Mr Dauth**—Government policy on this, of course, is to underline our commitment to Indonesia's territorial integrity. That is articulated both in private exchanges with people like the foreign minister of Indonesia and in public statements, such as the one Mr Downer issued yesterday. I think there was a second part to your question about how—

**Senator HOGG**—Yes. Are there any visits—say from the embassy in Jakarta—which confirm or otherwise the activities of our NGOs?

**Mr Dauth**—The embassy does visit West Papua when it can, yes.

**Senator HOGG**—When was the last visit?

**Mr Dauth**—Quite recently, I think.

**Mr Blazey**—It was 9 to 16 April.

**Senator HOGG**—9 to 16 April this year?

**Mr Blazey**—That is correct.

**Senator HOGG**—Out of that visit was there any indication of the activities of our NGOs in West Papua being contrary to the Indonesian interests?

**Mr Mules**—I believe the answer is no, Senator. The embassy visitors who made that visit had contact with a number of Australians working with NGOs in the province. But that visit and certainly a subsequent search by AusAID through their own records of the activities of NGOs has revealed no indication of inappropriate activities.

**Senator HOGG**—Were they asked specifically to see if there were any activities being carried on by the NGOs there that were contrary to Indonesian interests?

**Mr Dauth**—I could not point you to a tasking telegram but they have enough good sense to know that they would be very—

**Senator HOGG**—It would have been an issue that would have been raised with them.

**Mr Dauth**—Yes.

**Senator HOGG**—All right. Next some questions on Ambon and Maluku. When did an Australian Embassy officer last visit Ambon?

**Mr Blazey**—It was 6 to 26 February, Senator. It was a visit by AusAID officers. From the political area of the embassy it was 9 to 13 January. That was to Halmahera, north Maluku.

**Senator HOGG**—In north Maluku?



**Mr Blazey**—That is correct.

**Senator HOGG**—What was the outcome of those visits?

**Mr Dauth**—Some very good reports.

**Senator HOGG**—If we could have—

**Mr Mules**—Those visits were able to provide us, at that stage, with an up-to-date picture of the situation on the ground there.

**Senator HOGG**—All right. As a results of those reports and the assessments that would have been made, have we expressed any concern to the Indonesian authorities about the upsurge of violence in Maluku?

**Mr Dauth**—Yes.

**Mr Mules**—Yes, indeed we have, most recently by our deputy head of mission in Jakarta last week, I believe. That was the most recent of a number of representations, including ones following from the visits.

**Senator HOGG**—Have we been considering the provision of any additional humanitarian aid to Maluku?

**Mr Mules**—In terms of how much we might be giving in the future, you might need to speak to AusAID about that. Certainly we have been very keen to make sure that we are making a responsible humanitarian contribution. Since the beginning of last year, I think we provided about \$2.3 million to that particular region, mostly food and medical aid. On 30 March this year, Mr Downer announced a further \$3.2 million for emergency relief programs in the Maluku provinces. I think that is divided up into \$2 million to UNICEF, \$1 million to the work of Action Contre la Faim and \$200,000 to a local NGO.

**Senator HOGG**—Was that last financial year?

**Mr Mules**—That is an announcement made by Mr Downer in March of this year for what we will be spending this year.

**Senator HOGG**—In the 2000-01 financial year?

**Mr Mules**—I think still in the 1999-2000.

**Senator HOGG**—Right, so that was additional for this year. Thanks very much for that. What support or assistance is Australia currently providing to Indonesia's national human rights commission?

**Mr Mules**—We are giving a very wide range of assistance to the human rights commission, including by helping on the ground in their secretariat. We are also in the process of organising a high level visit from the commission which will be sponsored by us. It will actually be organised by our own Human Rights and Equal Opportunity Commission. For a detailed break-up, again I suggest AusAID would be best placed to give that, but I do not know if Mr Blazey has more detail.

**Mr Blazey**—No, I do not have anything to add.

**Senator HOGG**—In the way of personnel or financial aid or other in-kind assistance, is that really best covered with AusAID?

**Mr Mules**—We are often in discussions with AusAID to make sure we are in fact making a reasonable contribution, but they are in direct dialogue with the commission and also with our human rights commission, which advises us in part on the best way to assist them.

**Senator HOGG**—Has the Australian government received any request from the Indonesian Attorney-General's office for assistance in identifying assets or property held or formerly held by the Suharto family and their associates in Australia?

**Mr Mules**—We have received no formal communication of that kind, Senator.

**Senator HOGG**—When you say 'no formal', is there some informal communication that has been received?

**Mr Mules**—Last year there was some very informal discussion. I do not know if it was from the Attorney-General's office, but through the Indonesian embassy here there was some discussion about that.

**Senator HOGG**—We haven't been asked directly for any assistance to pursue that issue?

**Mr Dauth**—Not by the government of Indonesia, no.

**Senator HOGG**—That is fine. That is what I wanted clarified.

**Mr Mules**—We have made it clear to Indonesia that under the umbrella of our agreed mutual assistance in criminal matters we would certainly be prepared to receive any such request.

**Senator HOGG**—If a request was received then would there be assistance forthcoming?

**Mr Mules**—Insofar as we were able, of course.

**Senator HOGG**—No, no—

**Mr Dauth**—To the maximum degree we can. You will know the legal apparatus of this country better than me.

**Senator HOGG**—I do not know about that.

**Mr Dauth**—It is not so straightforward, I think. Our initial impression is it would not be so easy but we would certainly be very happy to pursue it if we were approached.

**Senator HOGG**—The other areas about which I have questions are Pakistan and Sri Lanka.

**Mr Dauth**—We have officers here for that.

**CHAIR**—Are there any more questions on Indonesia?

**Senator HOGG**—No, I have no further questions.

**Senator QUIRKE**—I have some on Vietnam and a couple on Ambon, actually before we get off Indonesia.

**CHAIR**—I would like to ask a question on Indonesia before we leave it. Has there been any favourable feedback from the considerable commitment that Australia made to the elections in June last year?

**Mr Dauth**—Yes, is the short answer. In Indonesia, Australia has many critics these days. There are many Indonesians who still find fault with our intervention in East Timor, albeit of course that we intervened as part of a United Nations exercise and at the invitation of the Indonesian government. But there are still some raw nerves about that. But it has to be said that we have many friends in Indonesia too; many people who know us well; many people who appreciate the extent and depth of the relationship. Many of our friends have spoken to us very warmly about the support which we provided for the Indonesian elections.

**CHAIR**—Because it was a very considerable effort.

**Mr Dauth**—Absolutely.

**CHAIR**—With respect to the bilateral relationship between Indonesia and Australia, is there anything we can do, except with the effluxion of time, to put the East Timor problems that we had with Indonesia to one side and get on with the main game of having a very appropriate relationship to our nearest neighbour with 210 million people? Is time the only thing that will heal that particular wound, or are there other things that we can do to expedite it?

**Mr Dauth**—Time would help it, but vigorous diplomacy also. Mr Downer's visit at the end of January was an important first step which was appreciated by the Indonesian side. Our invitation to the President of Indonesia to visit Australia, which we hope will be taken up some time reasonably soon, will make another important contribution. There are other milestones in the government-to-government relationship like that coming up over the course of the next year. They will all contribute. In the meantime, a lot of events, a lot of exchanges go on very much interrupted and make their own contribution to, as you put it, healing the wound—the education links, the commercial links which are vigorous and expanding.

**CHAIR**—Mr Dauth, just for the immediate record, when was the last Indonesian presidential visit to Australia?

**Mr Dauth**—In 1975.

**CHAIR**—Since that time how many Australian prime ministers have visited Indonesia?

**Mr Dauth**—I think there have been 12 visits.

**Mr Mules**—Certainly every Australian head of government has visited.

**CHAIR**—Finally, since March of 1996, how many times has Prime Minister Howard visited Indonesia?

**Mr Dauth**—Three times.

**CHAIR**—Thank you.

**Senator SCHACHT**—Which countries has President Wahid visited since he came to office?

**Mr Dauth**—He has visited many countries.

**Senator SCHACHT**—Two dozen?

**Mr Dauth**—Possibly. I am not absolutely certain of the number.

**Senator SCHACHT**—So we hope that he visits us some time this year.

**Mr Dauth**—Yes. He is operating in a political environment too, Senator. He is coming up to a session of the Indonesian parliament in August which is clearly going to be quite important to his political fortunes. As you will see from public reports, there are quite a number of parliamentarian who have decided views about Australia. This is the environment in which he is operating. In any case, that is for them. We have invited him. He has said that he wants to come. He initiated a conversation with Mr Howard when Mr Howard was in Seoul recently and said during that conversation he wanted to visit. We will welcome him when he comes.

**Senator SCHACHT**—Can your department provide a list, as of today, of the countries President Wahid has visited since he became president?

**Mr Dauth**—We probably have that information.

**Senator SCHACHT**—It is freely available. It is not secret information.

**Mr Dauth**—No, it is not. It is just a question of compiling it. It would probably be better to ask the Indonesian embassy about that but, anyway, we will do it.

**Senator SCHACHT**—You can ask the Indonesian embassy.

**CHAIR**—Thank you, Mr Dauth. Senator Quirke has some questions.

**Senator QUIRKE**—I wanted to know what the current state of play in Ambon was. It seems there has been a deterioration there with the arrival of external forces who seem to be extremely well armed. I wonder if you could give us the department's assessment of what is happening in Ambon.

**Mr Mules**—Yes. I think it is fair to say that after a decline in the level of violence things seem to be a little more settled than they have been in the past. We have seen in recent days an unfortunate escalation of the violence, with a number of deaths. That appears to have coincided with the arrival of people from outside the province.

**Senator QUIRKE**—Is this principally a religious issue? Is it well-armed Muslim fundamentalists coming in and attacking the Christian community, or is that assessment wrong?

**Mr Mules**—I think we would not want to risk inflaming any communal sensitivities by pointing the finger at any one group or other, but it is true to say that certain rather radical Islamic groups have formed the bulk of the new arrivals there. They have also probably suffered the majority of casualties in recent days.

**Mr Dauth**—There is a good deal of sinning on both sides of the divide, sadly.

**Senator QUIRKE**—Has DIMA sought your assessment at all on Ambon and other Indonesian islands with a view to refugee status for persons claiming refugee status here in Australia?

**Mr Mules**—'Refugee status'—I am a bit cautious in terms of art, but we certainly have been providing DIMA with advice on the situation in different parts of Indonesia.

**Senator QUIRKE**—I will not ask you what that advice is here, because I am pretty sure I will not be told, but I think it would be fair to say Ambon in particular is a fairly explosive spot right now.

**Mr Dauth**—That is correct.

**Senator QUIRKE**—Mr Chairman, I have a couple of questions on Vietnam, if this is the appropriate time to do it.

**Senator SCHACHT**—I have one question on Ambon.

**CHAIR**—Please ask it, Senator Schacht.

**Senator SCHACHT**—I raise this wearing my hat as shadow minister for veterans' affairs. There is an extensive Australian war grave cemetery at Ambon. Is there any evidence that in all the unfortunate strife over the last year and a half there has been any damage to that cemetery?

**Mr Mules**—I am not aware of any such damage. Obviously, it is a matter of concern. Every time anybody from the embassy manages to visit Ambon, of course they do visit the cemetery.

**Mr Dauth**—It is true to say they have not been able to visit recently. One of the reasons why we would want them to visit is to indeed look at the memorial there. I have been there and you have been there—many of us have been there. It is a particularly important place for Australian ex-servicemen, but we cannot give you a precise answer.

**Senator SCHACHT**—The last time there was a report, there was no damage?

**Mr Dauth**—That is right.

**Senator SCHACHT**—Thank you.

**CHAIR**—Thank you, Senator Schacht. You have a question on Vietnam, Senator Quirke.

**Senator QUIRKE**—Yes.

**CHAIR**—Then we have some questions on Pakistan and Sri Lanka.

**Senator QUIRKE**—I wonder if the department can tell me if they are aware of what happened to a reporter from the *Lao Dong* newspaper, which last November alleged a fraud by a Vietnamese government official of some Australian aid. Does anyone know anything about this fellow? He does not appear to be writing for the newspaper any more.

**Ms Gauci**—No, I do not. We cannot comment on that reporter, no.

**Mr Dauth**—Do we have any information at all?

**Ms Gauci**—About the reporter?

**Mr Dauth**—Have we seen that report?

**Ms Gauci**—No.

**Mr Dauth**—We have not seen it. If it would be helpful, we could undertake to—

**Senator QUIRKE**—Just for the sake of the committee here, the newspaper alleged in an article by a local reporter there that \$16,000 in Australian aid had been fraudulently taken by a Vietnamese government official. There has been no follow-up and the reporter seems to have disappeared. I just wondered if this had been brought to the attention of the department.

**Mr Dauth**—One of my officers here may have some information. Could I check?

**Senator QUIRKE**—Sure.

**Mr Dauth**—Apparently we do know about the reported fraud but this report is the first we have heard that the reporter who had broken the story has disappeared. We will, if you would like us to, make inquiries with the embassy in Hanoi and see whether there is any information we can obtain.

**Senator QUIRKE**—He might have been transferred to the crosswords section, I do not know, but apparently he has not been heard of since on the whole thing. Can tell us about the whole question of political prisoners in Vietnam. Do we have an estimate of what the numbers of persons being held is?

**Ms Gauci**—The Australian government has been involved through some practical initiatives on human rights issues there. We make representations on a number of prisoners, political prisoners included, in Vietnam. We have seven people on the list on whose behalf the government has been making representations over recent times. The last representations made by the embassy were on 15 March this year, and two out of those seven people were in fact released during the 30 April amnesty announced by the Vietnamese government.

**Senator QUIRKE**—Do we have any idea of the number of political prisoners over there?

**Ms Gauci**—I cannot give you exact figures. The general sense is that there has been a general improvement in the freedom of religion and belief in Vietnam, although there are still obviously problems.

**Senator QUIRKE**—Thank you, Mr Chairman.

**Senator SCHACHT**—As a follow-up on that: has Amnesty or Asia Watch or a similar human rights organisation covering Asia provided the department with any lists of people they believe are detained as political prisoners, either without trial or after trial?

**Ms Gauci**—We do keep in touch with those NGOs and we do receive information from them. They assist us in the formulation of the lists that we put together which form the basis of representations we make.

**Senator SCHACHT**—You mentioned several who have been released. Has Amnesty or other NGOs interested in human rights indicated whether overall there are dozens, scores or hundreds of political prisoners in Vietnam?

**Ms Gauci**—I do not have the answer to that question in front of me, but we can come back to you on that, unless my colleagues in ILD have further information.

**Senator SCHACHT**—The other category is, of course, what we might call the prisoners of religious conscience—people who are imprisoned because of their religious activities.

**Ms Gauci**—Yes. On that, I can say the reports we have received have been that there has been a general improvement in the freedom of religion and belief as the government itself has moved towards regulation of religion rather than prohibition. For registered religions, there is general freedom of movement and activity. For religions that remain unregistered, either through the rejection of their applications or conscious resistance to the registration process, there are reports that they do continue to face problems and we monitor those.

**Senator SCHACHT**—Could you provide a list of those religions that have not been registered? Are any of those mainstream religious churches—Islamic, Christian, Buddhist, Shinto—who have not been registered?

**Ms Gauci**—I can certainly provide a list later. What I could say now is that relations between, for example, the Roman Catholic Church and Hanoi have developed in a positive way over recent times. The Unified Buddhist Church of Vietnam is an unregistered religious organisation and, as such, it is not officially permitted to carry out religious activities, although we understand that routine religious services are carried out. They are just two examples.

**Senator SCHACHT**—Does the Vietnamese government have any concern or try to involve itself in the appointment of Catholic bishops?

**Mr Dauth**—I cannot answer that.

**Ms Gauci**—The report of the UN rapporteur on religious intolerance noted that whilst the Vietnamese government had approved the appointment of six new bishops, it had apparently vetoed the appointment of a new archbishop in Hanoi.

**Senator SCHACHT**—The Catholic Church insisted on that appointment?

**Ms Gauci**—I do not know the answer to that question.

**Senator SCHACHT**—More importantly, when that rejection came from the Vietnamese government for the sake of peaceful relations, to use that term, between the Catholic Church in Rome and the Vietnamese government, did they back off on that appointment and let it slide away because they got five out of six or six out seven, whatever the number was? I

would be interested because, as Senator Quirke has had, I have had some constituents raising the issue of religious freedom.

**Ms Gauci**—My colleague from ILD can tell you that.

**Mr Potts**—I can add a little to the religious picture because it is something we follow also in ILD. The way I think the relationship with the Catholic Church and the Vietnamese government works is that the Vatican sends a delegation once a year. They put their nominations for dioceses or sees to the Vietnamese government. The Vietnamese government obviously form a view. If they give it a tick, the Vatican proceeds with the nomination. If they are unhappy with it, further discussion takes place. The Vatican either insists on the appointment and then it might go another round, or they put it to one side. This year the delegation visit took place a couple of weeks ago. The Vatican have put forward six names and the Vietnamese so far have approved two.

**Senator SCHACHT**—Approved two.

**Mr Potts**—Yes, and they have been announced—but not for Hanoi, which is the big prize.

**Senator SCHACHT**—For the government or the church?

**Mr Potts**—Both.

**Senator SCHACHT**—What you are saying is there will be another round of discussion. At the moment in the relationship, in the end if the Vietnamese government really insists on not appointing it, the Catholic Church by and large will step back.

**Mr Potts**—Yes. They had some problems back in 1975 when they made appointments without the government's consent and I think they want to avoid that this time around.

**Senator SCHACHT**—Does the Vietnamese government have theological experts on Christianity or any religion operating within the central committee?

**Mr Potts**—Ms Gauci might be able to help you here too. I think they have got an institute for the study of religion.

**Senator SCHACHT**—Which is run by atheists, I presume.

**Mr Potts**—They might have both at this point.

**Senator SCHACHT**—If they are communists they must be atheists.

**Mr Potts**—They coopt religious believers into it. It is part of the system.

**Senator SCHACHT**—I have always found it odd in these countries that you have people who are members of the communist party, professed atheists, in charge of the religious institute. The religious institute advising government and having relations, et cetera, about running and appointing everything from the Dalai Lama and the Panchen Lama right through obviously to Vietnam. Thank you for that, Mr Potts.

**CHAIR**—Thank you, Senator Schacht.

**Senator HOGG**—A question on Pakistan: is the department aware of recent international press reports that Pakistan has been making preparations for possible nuclear tests?

**Mr Dauth**—Yes.

**Senator HOGG**—What action, if any, has been taken to make representations to the Pakistani military regime to urge them to desist from any such preparations and against a nuclear test?

**Mr Dauth**—The Pakistan government can be under no illusion as to what our attitude towards further testing would be. When they tested the last time around, we took specific measures as to specific sanctions in the relationship. I am sure that our position is crystal clear to them.

**Senator HOGG**—Whilst our position may well be crystal clear, Mr Dauth, have we made any representations in the wake of that speculation?

**Mr Dauth**—No, I do not think we have made specific representations, unless Ms Gauci wants to correct me. But there are more much powerful countries than we—including particularly the United States, of course—who have made it very clear what their attitude would be. As I say, there can be no doubt in the mind of the Pakistan government as to what Australia's reaction would be.

**Senator SCHACHT**—On that issue, are we imposing some form of sanction if they let off another bomb?

**Mr Dauth**—It is a bit hard to tell. I can say it is something we will have to consider with the minister if it happens. We did of course impose a range of sanctions when they did last time—we withdrew defence staff—so a short answer is we will think about that when it happens but we are certainly—including by means of anything I might say today—making clear that we would be deeply disappointed with any further testing.

**CHAIR**—Are there any further questions on Pakistan?

**Senator HOGG**—No, no further questions on Pakistan, just a question on Sri Lanka. In response to the fighting in Sri Lanka's northern Jaffna Peninsula, there is growing international concern to both uphold humanitarian standards and to support efforts for a politically negotiated settlement. What concrete support for these needs has the Australian government given or intends to give to bring those things to fruition?

**Mr Dauth**—Before I get officers who work on this a bit more closely than I do to answer, let me say that we really have to remember that the scope for us having any sort of practical impact is extremely limited. So actions that we take would necessarily be largely symbolic; but Ms Gauci or Mr Lade might want to add to that.

**Ms Gauci**—There is not much really to add to that except that we, along with other members of the international community, have urged both parties to respect the humanitarian rights of the civilian population, and our High Commission in Colombo has made representations to the Sri Lankan government on this, and to enable organisations such as the International Red Cross to have access to those areas in order to deliver medical aid and to bring injured people out.

**Senator HOGG**—Have we done anything in either a bilateral sense or a multilateral sense to try and influence what is happening there? I have heard your answer to my question.

**Mr Dauth**—In the multilateral context, for example?

**Senator HOGG**—Yes.

**Mr Dauth**—The problem with engaging organisations like, for example, the Commonwealth, is that you have to have both parties agree and there is no immediate prospect of that occurring. These issues have been raised now over a very long while. I can remember being in Colombo with the then Senator Evans in 1991 and we teased out, pulled around, the idea of some sort of Commonwealth engagement but, unless the parties agree to that sort of involvement of an external multilateral organisation, you are going nowhere.



**Ms Gauci**—Might I just add to that, that we have welcomed and supported the efforts of Norway to try to assist in bringing the parties to the conflict to the negotiating table.

**Senator HOGG**—This is not criticism, but we are not offering any concrete steps that we see might lead to a de-escalation in the area.

**Ms Gauci**—No, except to encourage both sides—

**Senator HOGG**—Is it something that is in the too-hard basket in that sense?

**Ms Gauci**—As Mr Dauth said, the main objective has been to encourage both sides of the conflict to the negotiating table. In the absence of agreement by those parties to do that, there is not much that can be done.

**Senator HOGG**—Thanks very much for that. That ends my questions.

**Senator COOK**—The government has announced that it is taking a greater interest in the AFTA-CER negotiations and the minister intends to play a more direct role in those negotiations. Can someone provide me with a state of play report on where they are up to now?

**Mr Dauth**—We could do that now, because I think that Murray Cobban of MDD is with us; or we could do it a bit later, if you wish. The short answer is that there is, as you know, a group of experts, wise people, being commissioned to do some work to report back to AFTA-CER ministers in October on whether to take work forward on the possibility of concluding an FTA between AFTA and CER by the year 2010. So that is the point we are at. There is another meeting of that group to occur before the ministerial meeting. I think governments, including our government, will not know whether we are able to carry that forward in a vigorous way until after that report to ministers in October.

**CHAIR**—Thank you. Have you finished, Senator Cook?

**Senator COOK**—Unless there is anything to add. I notice an officer has come to the table.

**Mr Dauth**—I was just asking if what I said was right, and he agreed.

**CHAIR**—Mr Dauth, we are about to finish output 1.1.2 and 1.2.2, but Senator Harradine has some questions on China. Are you able to handle those?

**Mr Dauth**—The North Asia officials have gone, Senator.

**Senator HARRADINE**—Is anybody from CIS here, the Country Information Service of DFAT?

**Mr Dauth**—I am not sure of that organisation, Senator.

**Senator HARRADINE**—Forgive me: it is DIMA's CIS, the Country Information Service, and they have a substantial input from DFAT on the information that is available on the PRC's population control policies.

**Mr Dauth**—They are questions which you should really direct to DIMA.

**Senator HARRADINE**—The trouble is that I have the document dated 27/3/2000, a country information report from DFAT, which was sent—

**Mr Dauth**—That would have come from our North Asia division. Those officials were here but are not now.

**CHAIR**—I appreciate that, Mr Dauth. You can do two things: you can ask Mr Dauth, and he is pretty competent; or you can put your questions on notice. Would you like to fire away, Senator Harradine?

**Senator HARRADINE**—Either that, or I can do it tomorrow in the AusAID area.

**Mr Dauth**—AusAID certainly do not provide the advice to DIMA about country situations. No doubt there are AusAID programs in China that you would want to ask them about. If you want to ask about analysis of the situation in China, then it is really something for the department.

**CHAIR**—I think Senator Harradine could be satisfied in another way, Mr Dauth.

**Mr Dauth**—All right.

**CHAIR**—I understand that Senator Cook has one further question on South and South-East Asia. I apologise. Could those officials come back?

**Senator COOK**—There have been recent reports, one most recently in the *Australian* newspaper, that have suggested that relations between Australia and the Philippines have declined sharply, due mainly to decisions by AQIS on importation of Filipino mangoes, bananas and pineapples. There have even been suggestions that the Philippines may pull out of the Cairns Group. That has been written. When did concern about this issue first arise?

**Mr Dauth**—Concern on the part of the Filipinos? Some time ago now; some months ago, Senator.

**Senator COOK**—When did it start to assume these more serious dimensions?

**Mr Dauth**—As you will know, it has been a particular issue for Secretary of Agriculture Angara. He has been very concerned about it.

**Senator COOK**—Edgardo Angara.

**Mr Dauth**—That is right. He has been making a public issue of it in the Philippines right from the start, for some time.

**Senator COOK**—Is it true that the Philippines have suggested that they may pull out of the Cairns Group?

**Mr Dauth**—I have seen that speculation in the media but I do not think it has formed any part of official exchanges between us and the Philippines on this issue.

**Senator COOK**—It would be a matter of concern if the Cairns Group lost a member over an internal spat, wouldn't it?

**Mr Dauth**—Obviously.

**Senator COOK**—In the light of those reports, have we done anything to check to see what the attitude is in Manila?

**Mr Dauth**—We have been doing our best to progress discussion of this issue with the Philippines, and we are prepared to agree that the issues are not resolved. Some of the highly technical issues are AQIS issues and no-one in our portfolio is in a position to answer those issues. The questions relating to the AQIS provisions that are irritating Secretary Angara are for AQIS to answer. We cannot answer any of those questions.

**Senator COOK**—Quite right.

**Mr Dauth**—The ambassador and indeed Canberra officials have had discussions in Manila on an ongoing and intensive basis on all of the issues involved.

**Senator COOK**—Part of the problem is, is it not, that AQIS itself is overloaded with a long queue of issues that it is required to undertake in-depth scientific assessment about? It

cannot turn around those questions promptly—causing delay and anxiety among some of our trading partners.

**Mr Dauth**—I will get into terrible trouble, Senator, if I start commenting on what AQIS can and cannot do. They are questions for AQIS; they are questions for another portfolio, not for us.

**Senator COOK**—But they do arise in your portfolio.

**Mr Dauth**—I agree completely that the issues at the heart of Secretary Angara's problems are AQIS issues. Very recently, in the week before last, AQIS officials accompanied our officials in Manila to try and sort through some of this stuff. As to what they can and cannot do, that is really for them.

**Senator COOK**—We have a ministerial dialogue, do we not, with the Philippines? It was initiated some years back.

**Mr Dauth**—By Mr Downer, yes.

**Senator COOK**—Yes, by Mr Downer. When he attends, does he speak on behalf of the trade minister at these gatherings?

**Mr Dauth**—Trade issues have arisen. Mr Downer has frequent meetings with his ministerial counterpart, Secretary Siazon. The Philippines-Australia dialogue, which is what I suspect you are referring to, is actually a one and a half track process. It involves the two ministers, Secretary Siazon and Mr Downer, and other government officials and a range of other non-government people, including business people. I have been at one of them and I have had accounts of the others. These agricultural issues are laid on the table at those meetings in a very blunt way, and certainly Mr Downer always speaks up for Australia.

**Senator COOK**—Is it true that Trade Minister Vaile has never been to one of these meetings?

**Mr Dauth**—It is not something that trade ministers go to; and neither has the Philippines trade minister been to one.

**Senator COOK**—But the questions of trade are ventilated at these meetings; we agree with that?

**Mr Dauth**—Sure. These agricultural issues are, and so are a range of other things. One of the very important new elements in the relationship with the Philippines in recent years has been the growing defence relationship. It is a very good area for cooperation that has developed significantly in recent years. That is talked about, too. The point about the Philippines-Australia dialogue is that it covers the waterfront. It is something which assesses the state of the relationship in the broad, and looks for ways to have it grow. So, certainly, the trade issues are raised and the agricultural difficulties are laid on the table and are discussed.

**Senator COOK**—Yes. The Philippines has enjoyed with Australia long-term good, stable, warm relations. It has been a staunch member of the Cairns Group; it has worked with us in international trade fora. And on the table between us as a point of friction is this issue on trade. Business people attend these fora, as you have said. There is an Australian business contingent that attends. The character of these fora, while of course focusing on what I might term foreign relations, nonetheless has a commercial dimension which is quite significant.

**Mr Dauth**—Yes, Senator.

**Senator COOK**—But our trade minister has not ever been.

**Mr Dauth**—No, because it is not a forum that he or his Philippines counterpart ordinarily attend. They have other meetings.

**Senator COOK**—Yet the one friction point between us of any significance is regularly ventilated here and we have a commercial contact here.

**Mr Dauth**—Let me say to you that Mr Vaile has been extremely focused on this issue. It is inconceivable to me that his attendance at a Philippines-Australian dialogue would make the slightest bit of difference to the handling of this issue.

**Senator COOK**—It might make some difference on the basis that we are taking their trade concerns seriously and that we regard them as an important member of the Cairns Group and deserving of closer attention.

**Mr Dauth**—There is no question but that the Philippines knows that we are taking their concerns seriously. There is no question but that Mr Vaile's Philippines counterpart knows of his personal engagement in the issues.

**Senator COOK**—There is no question that there is serious friction between us and the Philippines on this point.

**Mr Dauth**—That is right.

**Senator COOK**—And a bit of personal diplomacy would not hurt. Isn't it the case that the agricultural minister recently snubbed Mr Vaile when he sought a meeting with him on these matters? He did not make himself available?

**Mr Dauth**—It was true that Secretary Angara was unavailable to see Mr Vaile. That is true. If I might suggest, the fact that Mr Vaile proposed the meeting does suggest a degree of personal commitment and involvement on his part, doesn't it?

**Senator COOK**—But the unavailability of the agricultural minister in a pointed way suggests a quite serious difficulty, does it not?

**Mr Dauth**—Yes. Frankly, if you have any suggestions as to how we might crack through what seems to be an *idee fixe* on the part of the agricultural secretary in the Philippines, we would be glad to hear. This is a matter of great concern to us, particularly of great concern to Mr Vaile and to Mr Downer. They have been vigorous and creative, working with us to try and work this through.

**Senator COOK**—You are asking for a suggestion from me? I am quite happy to offer some suggestions. Funding AQIS so it can turn around these inquiries at a more rapid rate would be a positive thing to do.

**Mr Dauth**—I have said to you, Senator, that I am unable to answer questions about AQIS. If you want to ask questions about AQIS you will have to ask it of another portfolio.

**Senator COOK**—Yes, but it is a policy question for the government. I appreciate it is not a question you can answer.

**Mr Dauth**—If it is a policy question for the government, may I suggest you ask ministers in the House. We are here to give you information about the vigorous efforts which we are making to try and engage the Philippines system as a whole in discussion to try to resolve these problems. More than that I cannot offer you; sorry.

**Senator COOK**—Since that is the extent of what the department can do, it may well be that I will pursue the minister in the appropriate parliamentary forum about the policy issues of this, because it is quite a significant issue. Is it intended that a bilateral be sought with the

Filipino trade minister at the forthcoming Darwin APEC meeting to try and resolve these matters in some way or at least to have a further discussion about them?

**Mr Dauth**—I am not absolutely certain but I think that the Philippines trade secretary is not able to come to the Darwin meeting. In fact, he is sending the head of his department to that meeting.

**Mr Mules**—That is correct, and there is a bilateral schedule for Mr Vaile to meet with that officer.

**Senator COOK**—And doubtless this matter will be canvassed at it.

**Mr Dauth**—My colleagues have pointed out to me that of course Mr Vaile has written to Secretary Angara. It is a relationship that he has put a lot of work into in the time that he has been minister, and it was in that context that he found it particularly disappointing that Secretary Angara was unavailable when he tried to see him.

**Senator COOK**—That suggests that even more work is necessary, does it not?

**Mr Dauth**—It suggests that we should keep on working at it. We are doing that with great vigour because all of the difficulties and risks that you are talking about are very well known to us. We are very mindful of all the sorts of issues that you are raising.

**Senator COOK**—You are being very careful, Mr Dauth, to point out that AQIS, of course, obviously belongs to another portfolio and that you cannot comment on its funding base or its ability to turn around investigations in anything like a more rapid time span. Do you make representations to other portfolios about these issues when they come onto the trade scene like this one does?

**Mr Dauth**—We have been in very close dialogue with AQIS on this issue and, as I said to you earlier, AQIS officials accompanied our very senior officials of our department on a visit to Manila last week.

**Senator COOK**—Have any questions been raised that, because AQIS is in the agricultural portfolio, delay in dealing with their matters may be seen as some sort of way in which our agricultural producers are manipulating the mechanisms of sanitary and phytosanitary investigation as a non-tariff protection?

**Mr Dauth**—Those claims are made all the time, of course, but we reject them.

**Senator COOK**—We reject them?

**Mr Dauth**—We have a scientifically based system. You know it, frankly, far better than I do, Senator.

**Senator COOK**—I am not sure that I do.

**Mr Dauth**—Of course you do. There it is; that is our system. I cannot offer you specific comment about it. It would be wrong of me to do, and it would be quite unwelcome to my minister or the minister responsible for AQIS for me to do so.

**Senator COOK**—Do you agree that conferring the agriculture portfolio always on a National Party minister raises perceptions in foreign eyes that this is somehow manipulated to serve the needs of domestic agricultural producers?

**Mr Dauth**—I am obviously not going to answer that question, Senator.

**Senator COOK**—Would you be so kind as to make a remark, Minister?

**Senator Alston**—I was just wondering if you might like to spend some time exploring who other countries appoint to particular portfolios and see whether they could ever be accused of having someone with a particular interest in a portfolio. I suspect—

**Senator COOK**—Do you think shifting the blame to another country absolves us of any allegations?

**Senator Alston**—I am simply saying that it is perfectly acceptable to have people with particular expertise in a portfolio area given responsibility. Most other countries would understand that. They treat you on the merits of how you respond to issues. They do not assume that because someone has a rural background and they are appointed to an agriculture portfolio they are somehow going to be acting irrationally.

**Senator COOK**—You do not think that the long tradition of self-congratulation by the National Party about pork barrelling in any way can get used against us here?

**Senator Alston**—I would be very surprised if our overseas counterparts spend much time reading—

**CHAIR**—I suspect they might not have the chips on their shoulders that some of our political opponents have.

**Senator COOK**—You might be very surprised in that case, Minister. I have no further questions on that point.

**CHAIR**—Thank you, Senator. We move now to outputs 1.1.3 and 1.2.3, Americas and Europe.

[5.19 p.m.]

#### **Ourputs 1.1.3 and 1.2.3—Americas ands Europe**

**Senator WEST**—In relation to Austria, what contact has our ambassador in Vienna had with ministers in the new Austrian government?

**Mr Quinlan**—He has had no contact with ministers in the Austrian government. He did present credentials to the president who, of course, is the head of state. That was in early May. I think it was 3 May. That is the sum total of his contact.

**Senator WEST**—Is it intended that he have contact with ministers in this current government?

**Mr Quinlan**—I think, Senator, when Mr Downer announced the policy on this in late February, he made clear that the level and nature of our contact bilaterally with the Austrian government would depend on the circumstances of how they demonstrated their commitment to upholding democratic principles—or to principles in fact that they enunciated in the preamble to the coalition agreement. Clearly that is an assessment that would have to be made if it was felt there was a need for such bilateral contact. But that is not the circumstance at the moment.

**Senator WEST**—Thank you. What about Macedonia? Has the government given any consideration to the possible establishment of a consular presence in Australia by the former Yugoslav republic of Macedonia?

**Mr Quinlan**—Yes, Senator. That matter is still under consideration. I am advised that there is an honorary consul in Australia but the question of a more fundamental representation and diplomatic representation is under active consideration.

**Senator WEST**—Active consideration just at the Australian level or including Macedonia?

**Mr Quinlan**—At the Australian level. The Macedonians, and this was a matter of discussion in this committee before, having indicated an interest in establishing representation in Australia at an appropriate time.

**Senator WEST**—What impediments are there for allowing a Macedonian consular presence in Australia? Are there any?

**Mr Quinlan**—As I said, Senator, the question is under consideration. It is under consideration by the government. I cannot comment on the question of whether there would be impediments or not. I do not think that would be appropriate in a public forum. All efforts involved are being considered by the government at ministerial level.

**Senator WEST**—Thank you. That is all I have on those two areas.

**Senator COOK**—Australia does not have a framework trade treaty with Europe, does it?

**Mr Quinlan**—No, Senator, it does not.

**Senator COOK**—Why not?

**Mr Quinlan**—Senator, I should step back a moment. It depends how you are defining a framework agreement. The government does have, with the European Union, a joint declaration on relations which was concluded in June 1997, which of course goes very much to the sort of framework principles that apply to the relationship.

**Senator COOK**—But we both know that that is, in ranking order, at the lowest end of the food chain and not the highest form of trade relationship nations or groups of nations have with the European Union, don't we?

**Mr Quinlan**—Whether it is at the lowest end of the food chain or not I am sure would be a matter for debate but it is certainly less than a treaty status agreement.

**Senator COOK**—Yes. We were close, were we not, in 1996 leading into 1997, to concluding a treaty status agreement with the European Union?

**Mr Quinlan**—Consultations, negotiations, at that stage were fairly well advanced, yes.

**Senator COOK**—Why did it never happen?

**Mr Quinlan**—The government took a decision at the time that the continuing insistence at that stage by the EU to include provisions which in fact would have allowed either party to suspend or terminate the agreement unilaterally—and essentially on the basis of undefined criteria—had created a situation where it was not possible to conclude an agreement. There was, in effect, an impasse over that issue.

**Senator COOK**—And thus the talks collapsed?

**Mr Quinlan**—The talks were then diverted into the channel of concluding a joint declaration instead of a treaty.

**Senator COOK**—Moved down the food chain to a joint declaration.

**Mr Quinlan**—Yes, Senator. I should repeat the point, Senator, that the joint declaration does include the essential principles and elements that would have been included in the earlier document that was being talked about.

**Senator COOK**—I will come to that in a second. What you are talking about is the issue over which these negotiations, as you put it, collapsed. It was what is colloquially known as the 'human rights clause', isn't it?

**Mr Quinlan**—Yes, Senator.

**Senator COOK**—That condition was that both of us, Australia on our hand and Europe on its, would recognise the UN Declaration on Human Rights as the benchmark for testing human rights abuse.

**Mr Quinlan**—Yes, Senator.

**Senator COOK**—This is a provision that the European Union has sought in all trade treaties of recent years, isn't it?

**Mr Quinlan**—To my understanding it is, Senator, yes.

**Senator COOK**—A number of countries that might be thought to have less of a commitment to human rights than Australia have accepted this provision.

**Mr Dauth**—This has all been rehearsed in public a hundred thousand times, Senator, in recent years.

**Senator COOK**—I am sorry, Mr Dauth.

**Mr Dauth**—This has all been gone over in public many times in recent years.

**Senator COOK**—So you agree?

**Mr Dauth**—What you are doing is recounting something that has been discussed between the government and the opposition a lot. It is not as if we are providing information here.

**Senator COOK**—No, I am just re-establishing the facts. If you are happy to concur with the facts, that is fine. I can move to my next point. Since the treaty collapsed in 1997, has there been any analysis of opportunities forgone because we do not have a treaty arrangement with the European Union? What have we missed out on?

**Mr Quinlan**—Senator, frankly, that is an impossible question to answer because we can never know what we have missed out on in a variety of trade situations that exist.

**Mr Dauth**—It is perfectly possible we missed out on nothing.

**Mr Quinlan**—Yes, indeed.

**Senator COOK**—And it is perfectly possible, on the other hand, we missed out on quite a lot.

**Mr Dauth**—Mr Quinlan has answered that question by saying you cannot know that, but my gut instinct is that we have missed out on very little or nothing.

**Senator COOK**—I would like your definition of 'very little'.

**Mr Dauth**—No, I do not want to offer a definition in this context. I just think, Senator, you are looking for us to provide you with a point and not only can we not do so but I think in fact the point is not there.

**Mr Quinlan**—Senator, the economic relationship of the EU is extremely robust when you take them as a single entity. They are, of course, our largest trading relationship. In these situations, in a mature economic and market situation when we confront with the EU and the relations between the two of us, the market really determines ultimately what the commercial transactions will be. Demand is pushing us in the direction as required and those needs are met. They are met in the marketplace itself. It is the healthiest economic relationship we have.

**Senator COOK**—I do not dispute that it is a good relationship. What I am coming to is that it could be an even better relationship and, because of this government's dogged resistance on the human rights clause, our commercial links are being inhibited. That is the point I am coming to.



**Mr Dauth**—That is an assertion of yours, Senator. What we are saying to you is that there is no evidence to support such a proposition.

**Senator COOK**—There is no evidence?

**Mr Dauth**—No.

**Senator COOK**—You are saying that?

**Mr Dauth**—I am saying that there is no evidence, at least available to us, that there has been any inhibition of the growth of our bilateral commercial relationship with Europe.

**Senator COOK**—Last month there was a quote that appeared in the *Australian Financial Review* from the ambassador from the European Union to Canberra, which said that the existence of such a treaty would enhance the relationship considerably but we would have to wait for a change of government for it to arrive.

**Mr Dauth**—You would not expect him to say anything very much. Was that Aneurin Hughes?

**Senator COOK**—Yes.

**Mr Dauth**—I assume he gave some examples, did he, of where commercial opportunities had been lost? I do not know of any and the department does not know of any.

**Senator COOK**—I read it in the *Financial Review*. You have to ask the reporter whether he gave examples that were not reported. What was reported is what I have said.

**Senator Alston**—The rhetoric was reported.

**Senator COOK**—The rhetoric is very important.

**Senator Alston**—I said the rhetoric was reported.

**Senator COOK**—What is your point, Minister?

**Senator Alston**—That there was no substantiating evidence to support it.

**Senator COOK**—You think this is an unsubstantiated statement?

**Senator Alston**—Yes.

**Senator COOK**—You do?

**Senator Alston**—Yes.

**Senator COOK**—And you would say that to the ambassador?

**Senator Alston**—Yes, absolutely I would.

**Senator COOK**—You would?

**Senator Alston**—Often do, actually.

**Senator COOK**—Are you aware that if we had treaty status with the European Union there would be many more bureaucratic resources devoted to Canberra and the bilateral relationship than there are now? Are you aware of that?

**Mr Quinlan**—Senator, we have seen the media story that you are referring to and have noted the quotation that is alleged to have been made by Mr Hughes. As the minister has indicated, the rhetoric is clear on his part. I think what you are referring to is the fact that because we do not have treaty status, in terms of the budget formatting by the commission they find it difficult to identify a line in their budget to allocate to Australia. That means that there are certain administrative hiccups which they encounter every now and again when

funding activities relate to Australia. The EU recognise that. It is an administrative hiccup. We understand that there are efforts to correct that on their part and that is a matter for the EU. We do not assess that to be, in any pragmatic sense, a constraint.

**Senator COOK**—I would have to turn to my personal experiences, which are somewhat extensive of late. If you want me to go to particularities I will but, for the sake of saving time, when I was recently in Europe it was drawn to my attention that there are all sorts of arrangements the European Union engages in with Canada, with North America and with other economic entities—which it does not engage in with Australia—in the areas of research and development, IT and a whole raft of other industry sectors. It is because we are not of a treaty status level. You want some examples; there are three of them. We are not on the screen. The other nations are. Surely that is reported back to you from posts. This is a laughing matter, is it?

**Mr Dauth**—No, it is not, Senator.

**Senator COOK**—Well, why are you laughing?

**Mr Dauth**—I am not laughing.

**Senator COOK**—You are!

**Mr Dauth**—Absolutely, I am not laughing, Senator.

**Senator COOK**—All right.

**Mr Dauth**—I am saying that you have a view on this and that the view of the government is different and that we are just engaged in scoring points here in this discussion. We are not able to offer you information and we cannot take account of the policy prescription that you would prefer the government took up. That is it. We have reached, it seems to me, a point which we often reach in these exchanges where we are unsatisfied. But we cannot take it forward. Spare us! You are critical of the government's policy, Senator, and that has been recorded and is now even more clear to us than the last time you raised it. But, frankly, what do we do? How do we take this forward?

**Senator COOK**—That is a good question, so let me rephrase my question which picks up that point. Have you had a look at countries that have treaty status with the EU and the type of interchange that goes on between the EU and those countries, compared to the type of interchange that goes on between the EU and Australia? Have you done that analysis?

**Mr Quinlan**—Senator, in the preparations for the earlier negotiations, both for the treaty and then for the joint declaration, I understand that kind of analysis was done. We try our best to pick up good ideas from wherever we can in the marketplace and of course to apply best practice. We have an extremely pragmatic and, as I said, robust relationship with the EU. We have a whole range of specific agreements relating to a whole series of areas of cooperation—sectoral areas and others. As the market requires, those sorts of things are addressed on a case by case basis. Just looking at science and technology and R&D that you mentioned, since the conclusion in 1997 of the joint declaration, within the framework of that agreement 37 new projects, for example, have been undertaken with the EU in that area.

**Senator COOK**—I have not denied that we have a strong relationship with the EU but my question was different from that. My question was, have we looked at the nature of the relationship that other nations have that have got treaty status, a status we do not have? Have we assessed whether it is more beneficial to them, because of that higher level of expression of relationship, than the one we have—a straightforward analytical issue. Have we done that?

Mr Dauth asked me what suggestions I have. I did not realise it was my job to make suggestions to the department but maybe I can suggest if you have not done it, it is worthwhile doing that.

**Mr Dauth**—I do not think the government has in its mind, Senator, the possibility of changing the set of institutional arrangements we have with Europe. The agreement reached in 1997 is, I think, where the government wants to be on this.

**Senator COOK**—And you do not propose to conduct any in-house analysis to assess whether we are missing out on commercial opportunity or not?

**Mr Dauth**—What we do in-house and how we advise ministers is not appropriate territory for this committee or, indeed, any committee.

**Senator COOK**—You added what you advise the minister. I am asking are you doing any in-house analysis of opportunity forgone?

**Mr Dauth**—I am not able to answer that question, Senator.

**Senator COOK**—Why not?

**Mr Dauth**—Because I am not able. We do work that ministers want, Senator. We do not get off on frolics on our own. The process of government—you know it, as I keep saying, better than I—is a matter of our offering advice to ministers and ministers asking us for advice.

**CHAIR**—As you very well know, Senator Cook.

**Mr Dauth**—On this issue the government is comfortable—

**Senator COOK**—I do not very well know it.

**CHAIR**—You were a minister for a very long time.

**Senator COOK**—But I do not very well know it. In my experience it is often the case that the department will come forward with what it regards as a helpful suggestion. Having done a bit of analysis it will say, 'Here is an interest that you might wish to consider, Minister.' It does not wait always to be directed on everything in a micro-managed way, as you are suggesting.

**Mr Dauth**—Senator, the government has been very clear on this subject. It is very comfortable, very content, with where it got to with the agreement in 1997.

**Senator COOK**—What is our objection on the human rights basis? What particularly do we find offensive about the Universal Declaration of Human Rights?

**Mr Dauth**—That has also been a matter of public discussion some years ago. Ministers of the day of those times, still the same ministers—the Prime Minister and the foreign minister—answered questions about this. I am not sure we have anything to add to what has already been said.

**Senator COOK**—So we have not changed our position?

**Mr Dauth**—No, we have not.

**Senator COOK**—And we still cannot say 'sorry'.

**CHAIR**—Thank you, Senator Cook. Do you have more questions on Europe?

**Senator COOK**—I have a lot more questions.

**CHAIR**—Then let us proceed.

**Senator COOK**—You cannot tell me whether or not there has been any internal analysis about opportunities forgone by not having treaty status?

**Mr Dauth**—I think we have answered that question.

**Senator COOK**—You are not going to tell me. That is the answer, I understand.

**Mr Dauth**—We have answered the question.

**Senator COOK**—I thought one of the objectives of the department was to enhance Australia's trading relationship. That is an objective set down in your performance indicators. Doing such analysis would suggest a prudent way of framing advice to achieve that outcome, wouldn't it?

**Mr Dauth**—Senator, you are flogging a dead horse here. I have given you an answer.

**Senator COOK**—You are very evasive.

**Mr Dauth**—No, I am not evasive at all, Senator. I have said to you that the government's position on this issue is very clear. It has been clear now for at least three years.

**Senator COOK**—Let me ask a question specifically to this: do you do any analysis in trying to deliver the corporate objective of the department of trade on where there are opportunities forgone because of our treaty relationships? Let us not relate it just to Europe; let us relate it across the board. Do you do any of that analysis?

**Mr Dauth**—I am sorry, I do not see that we can give you an intelligent, helpful answer here. You want us to say something which—

**Senator COOK**—I would just like you to say yes, you do, and that you are an alert department, keeping an eye out for opportunity wherever it might arise. That is what I would like you to say.

**Mr Dauth**—Is that your impression of us, Senator, or not?

**Senator COOK**—Given the evasiveness now, I have to seriously question it. I have to seriously question it.

**Mr Dauth**—Senator, the government has a policy on this issue. It has had a policy in place for three years. It is not for us to debate that policy.

**Senator COOK**—I am not asking you to debate the policy—

**Mr Dauth**—Okay.

**Senator COOK**—Because the last question I put was, does the department do any analysis in trying to achieve its objective in improving Australia's trade performance about where there might be opportunity forgone?

**Mr Dauth**—The department does a tremendous amount of work. As you know, our people are constantly on the lookout for trading opportunities. We spend more than half our resources looking for trade opportunities. There are all sorts of ways in which we do that and, as a former minister for trade, I am sure you will be aware of many of them.

**Senator COOK**—So you do an analysis? If you had told us that in the beginning, you would have saved a lot of time.

**Senator FERGUSON**—You have answered your own question, Senator Cook. Perhaps we could move on.

**Senator Alston**—You are essentially wanting the department to sign on to your political agenda, right? You are entitled to have your view. You have made it abundantly plain that you disagree with the government's approach. You certainly have not persuaded me that there might not be a whole raft of reasons why the EU might have stronger relationships with some countries rather than others and it may have nothing to do with treaties, so the premise seems to me to be flawed in any event. To keep insisting that somehow the department should tell you what their policy agenda is is something you well know is not available to you, and you would have resisted vigorously if you were still sitting on this side of the table.

**Senator COOK**—Thank you for that quite unhelpful intervention, Minister.

**CHAIR**—One you would have given, yourself, Senator Cook. Let's move on.

**Senator COOK**—No, I would have expected the department to be alert to opportunity, wherever it might occur. I actually take the fact that Australia needs to improve its trade performance as being quite an important issue, both for the economy of the country and—

**Senator Alston**—You should not insult the department by suggesting that they are not interested in maximising trade opportunities.

**Senator COOK**—I beg your pardon?

**Senator Alston**—You should not insult the department by suggesting that they are not interested in maximising Australia's trade opportunities.

**Senator COOK**—I should not? I said I take—and perhaps you should listen carefully, Minister—the objective of maximising Australia's trade opportunities quite seriously and regard it as important for the economy and for the nation.

**Senator Alston**—There is nothing to suggest that anyone else does not. Are you suggesting the department does not? If not, we are in agreement and we can move on. If you are, it is insulting.

**Senator COOK**—I would hope there would be more exhibition from the department about what they are doing to try and find areas of maximising Australia's performance than the answers to the questions I have put have shown, and if you regard that as insulting, I am disappointed that you take it that way and not as constructive criticism.

**Senator O'BRIEN**—Firstly, I wanted to ask some questions which relate to trade with the EU and Denmark in particular. I wanted to find out: has the minister or the department initiated discussions with the Danish government regarding subsidisation of Danish pork exports to Australia?

**Mr Quinlan**—Perhaps I could ask my colleague Sue Tanner to answer that one.

**Ms Tanner**—Senator, we believe that is being handled principally in AFFA, in another department.

**Senator O'BRIEN**—Not a trade matter?

**Ms Tanner**—It is a trade matter, and our people in TND are looking at the access questions, so they may be able to help as well. It was certainly going to be on the agenda of the discussions which we were to have in May with agriculture officials of the European Union who were coming to Australia.

**Mr Quinlan**—Those discussions will be held slightly later in the year. We are still settling the date, Senator, for those.

**Senator O'BRIEN**—Slightly, or a lot later?

**Mr Quinlan**—The dates are not yet settled. In fact there is a range of possibilities, but in the next few months.

**Mr McKinnon**—We have, along with our AFFA colleagues, looked at the issue of subsidised Danish pork to determine on what products the subsidies are being applied and to what extent and whether the Europeans are acting in consistency with their WTO obligations. We found that the pork subsidies that have been applied have been applied in a way that is rather hard to identify but in basically a WTO-consistent fashion and they have run out. The WTO obligations mean that the Danes have up until now an entitlement to subsidise about 700,000 tons of pork a year, and that dropped sharply to 400,000 tons as a result of the Uruguay round outcome. The remaining pork that has been subsidised in the Australian market is, we understand from our inquiries with both government officials and also with people who are actually conducting that trade, very much the last drops coming through the pipeline. There is no new trade being written.

**Senator O'BRIEN**—That is of subsidised pork or pork generally?

**Mr McKinnon**—That will be all the pork from Denmark; the bulk of the pork that is being exported at the moment.

**Senator O'BRIEN**—When you say it will have run out, they will have used up their entitlement to export subsidised pork?

**Mr McKinnon**—To apply subsidies to their pork exports, so that the upsurge has been as a result, we think, of an application of subsidies to pork that is being exported to the Australian market, but with the extinguishment of their entitlement to apply those subsidies the Australian market is no longer attractive to them.

**Senator O'BRIEN**—So for the coming financial year the pork industry can expect no further importation of pork from Denmark?

**Mr McKinnon**—We would expect there would still be some exports of pork in the more specialty smallgoods type area, but not the bulk exports of pork that we have seen. That is our expectation at this time and we are monitoring it on a monthly basis and reporting to our minister, who has a great interest in it. But the latest information we have from the trade is that they are not writing any more trade, so our expectation is that we will see a drop-off of pork exports from Denmark to Australia.

**Senator O'BRIEN**—What is the likelihood that the United States will be pursuing access to our market for fresh or frozen pork?

**Mr McKinnon**—I could not say, Senator. I think our market in world terms is a reasonably priced market. That is, if we look at prices per kilo for pork around the world, our market is generally an attractive one, and for that reason the US has got an interest in our market, as would any other significant pork producer. Similarly, we have an interest as a significant pork producer in any market that might buy pork but I do not know of any specific application they have made or interest that they have shown.

**Senator O'BRIEN**—I think there are issues between different sorts of pork imports, fresh frozen and different cuts, et cetera. What effect has the current Australian dollar rate had on importation of pork products, if any, or would you like to take that on notice?

**Mr McKinnon**—I would rather take that on notice, Senator. My instinct is, if the Australia dollar is weaker, then that would make the pork imports again less attractive.

**Senator O'BRIEN**—Yes. I believe that case has been put on many occasions so it would be interesting to see the reality.

**Mr McKinnon**—The figures that we were able to get for pork imports from the Australian Bureau of Statistics lagged by, on average, a couple of months. We tend to find that they are seven to eight weeks behind. I think maybe again that would be something that would reinforce that trend out of Europe to less pork.

**Senator O'BRIEN**—Going back to the meeting with the Danish government that we were referring to earlier, when do you think it will be known when that meeting is to be held?

**Mr McKinnon**—This is the consultation in fact with the EU generally, of course, in which Denmark will participate. As I say, those dates are being actively considered at the moment. On both sides there are a number of slight problems just in locking in schedules. We are certainly putting every effort into it at the moment and we are hoping to conclude some dates in the next 10 days or so. I cannot commit that that will be the outcome then, but that is certainly the ambition we have, yes.

**Senator O'BRIEN**—Is it not appropriate to seek to meet with the Danish government about the matter? Is that an inappropriate or an irrelevant action?

**Mr McKinnon**—No.

**Senator O'BRIEN**—I am trying to find out why we do not seek to talk to the Danish government.

**Mr Quinlan**—It is in no sense inappropriate.

**Mr McKinnon**—No, it is not inappropriate. We have, I think, approached it in several different ways. We have picked it up with the commission to find out what subsidy regimes are applicable on a commission wide basis to pork and how that applies to the Danish pork. I believe also that Minister Truss wrote to agriculture commissioner Fischler to point out that Australia was concerned about the level of Danish pork imports into Australia, so we have picked that up in several different ways. Our industry has also had discussions with the Danish pork industry but again, for the moment, with the pork imports, as a result of all that activity and inquiry, and having established from the people who are doing the trade themselves that they are no longer riding the trade, we are hopeful that we will see a fairly sharp drop-off in pork imports from Denmark revealed over the next couple of months, which is not to say that we would leave that issue. We would be concerned if in the future there was a refreshing of any entitlement and the Australian market became attractive again for any other reason, to see again a surge in pork from Denmark, but at the moment the trend is, as I say, in the opposite direction.

**Senator O'BRIEN**—When you say 'a refreshing of any entitlement', I got the impression from your earlier answers that the entitlement to subsidy was effectively on its last legs or dead. What do you mean by 'a refreshing of entitlement'?

**Mr McKinnon**—In the most simple terms, coming out of the Uruguay Round they had an export subsidy entitlement which was stepped down over six years. But, because of a quirk in the way those agreements were written, some of the entitlements that were not used in earlier years were saved or banked and brought forward into later years, so in fact what the Europeans had been able to do was—rather than having to cut their subsidised pork exports in line with those commitments that they made in the Uruguay Round to cut their subsidy entitlements—bank some of the subsidy entitlement and apply it to later years, so we saw a slight upsurge in later years and the effect of the cuts should have been the opposite.

But now that we have come to the end of the implementation period they no longer have such flexibility, so we are down at the bottom of the step. Where it had surged up, they had to come right down, and they are back at a floor level. The effect of that is that their subsidy entitlements drop off from about—I am not sure that these are the exact figures—in the order of 730,000 tonnes, they are entitled to apply subsidies to around 430,000 tonnes; quite a significant drop. Australia was a marginal market given the distance and I think that is what gives us some hope that we will see a significant drop-off.

**Senator O'BRIEN**—I thought I understood what you were saying before. That is why I was asking about your comment that their entitlement might be refreshed. I did not understand that.

**Mr McKinnon**—We are down to the 400,000 level, but that is yearly, so in a new year they could again do 400,000. My hope would be, given that that has been a sharp drop, that that 400,000 tonnes would not see Australia as a first market or as a positive market.

**Senator O'BRIEN**—I suppose the currency issue will play some factor there. Thank you for that.

**Senator FERGUSON**—Mr McKinnon, is it true that during the past 12 months Australia has achieved record inputs and record exports of pork?

**Mr McKinnon**—I cannot guarantee the figure for imports. I think that is true, it is the case for exports.

**Senator FERGUSON**—It is for exports?

**Mr McKinnon**—It is for exports, yes.

**Senator FERGUSON**—And at some stage during that 12 months there were also record prices?

**Mr McKinnon**—We did touch on some very good prices about three to four months ago where it was something like \$2.40 a kilo. It has come down a little bit since then. The pork farmers were telling me that the prices were not good enough but we believe they were better than they were before.

**Senator FERGUSON**—And all that was achieved without banning any imports?

**Mr McKinnon**—That was done without banning any imports for trade reasons.

**Senator FERGUSON**—I would love to be able to contact some of the people who organised meetings of pork producers prior to the 1998 election, but they are very hard to find.

**Mr McKinnon**—They are still there and they still ring me up, Senator.

**Senator FERGUSON**—Thanks, Mr Chairman.

**Senator O'BRIEN**—I am sure we can find them for you, Senator Ferguson, and I am sure they will all be rejoicing about the Singapore market, which has been the difference for the industry. I do not think they can be accused of starting the disease in Malaysia which did it for them!

Can I go on to the Americas part of this subject. Firstly, I wanted to ask some questions, which I have already asked of AFFA and they have referred me to this department, which relate to consultation between Australia and Uruguay with regard to the US beef market. I understand that informal contact was made with Australia with regard to this matter, that Uruguay contacted the United States to seek quotas beyond their quota limit for beef into the US market and they were told that there was no prospect of an addition to their quota, given



the fact that this was election year in the United States, and it was suggested that they may be able to persuade Australia to grant them, in some form, part of the unused part of Australia's 380,000-tonne quota into the United States.

**Mr Quinlan**—I should, just by way of explanation, explain that on these market access issues in fact both the geographic divisions and the Multilateral Trade Division obviously work very closely and, because of the particular WTO angle on most of them, a good deal of the work, of course, is led by the multilateral trade division—so Alan McKinnon.

**Mr McKinnon**—There was such an approach from Uruguay, Senator. As I understand it, at the instigation of the United States as well, they suggested to the Uruguayans that they might approach Australia for a reallocation of some underutilised quota.

**Senator O'BRIEN**—Without going into the specifics—and AFFA have put a view to me that there would be consequences if we could redirect part of our quota in terms of the price of beef in the US but, without going to that argument, is it possible for Australia to make arrangements for another country to use part of our quota entitlement for United States beef that we are not using?

**Mr McKinnon**—I think in practical terms, if the United States were open to such an arrangement, it would be possible.

**Senator O'BRIEN**—Would it be possible to make such arrangements without prejudice to our existing quota rights?

**Mr McKinnon**—Again, the quota allocation is basically at the US's behest and no-one is questioning that, so if they were to say that that is the basis on which the arrangement was being done then it may be possible.

**Senator O'BRIEN**—I understand that we advised Uruguay that we would not be agreeable to the proposition that they put to us. Is that the case?

**Mr McKinnon**—That is the case, Senator.

**Senator O'BRIEN**—Was that decision a matter for the trade minister or another minister?

**Mr McKinnon**—Mr Vaile made that decision after—as with all of these things—discussion with industry and after establishing what their interests were to the detail of the particular commercial concerns that were driving them. But Mr Vaile had personally spoken to the meat industry to get a sense of their interest in this matter and then he explained it to the Uruguayan ambassador here who said he completely understood that that is the position that industry took. We did our best, we had a look at it. Industry had an industry perspective, and the Uruguayans completely understood that when it was explained to them.

**Senator O'BRIEN**—Is there any potential danger to our quota rights in the US given that we are using only 280,000 of the 380,000 tonne quota per annum?

**Mr McKinnon**—No. To my understanding there is no such danger. It is within a quota amount—that is where the market equilibrium basically is—and were the prices in the US market higher, we could utilise more of that market.

**Senator O'BRIEN**—Are there potential consequences in terms of the shares, the access to the US market that is available to other producers, particularly given the Argentinian situation where they have now been declared free of foot-and-mouth?

**Mr McKinnon**—This is a rather complex and fuzzy area of trade law and policy and it will be a big issue in the next round of negotiations to sort out the rules governing the allocations of quotas within a tariff rate quota. But at the moment I think the basic allocation

of the quota by country is the responsibility for the importing country, and I do not see such an issue arising, as you are suggesting, Senator, in this case.

**Senator O'BRIEN**—You do not see it arising in this case? That is, it cannot affect the allocation of quotas? Is that what you are saying?

**Mr McKinnon**—Because this is a rather complex and fuzzy area of law it is not impossible that the basis of quota allocation could be challenged for any quota anywhere. But there has not been a great incidence of that and I cannot see it is likely in this case.

**Senator O'BRIEN**—Going back to your answer in relation to our 380,000 tonne quota, seeing it in the light of a significant beef producing player who now has a changed status which would make it a more attractive producer for the US market, is it reasonable to assume that factor might interconnect with the factor of us not using our quota?

**Mr McKinnon**—I have not seen any suggestion in anything I have seen in the US, in anything the administration has issued, nor have I seen that suggestion raised by our industry as a concern. They are more generally of course concerned that Argentina is a big and ambitious competitor on the world-wide markets.

**Senator O'BRIEN**—I am given to understand that the main threat from Argentina in terms of beef production is not into our market but into the markets that we export beef to.

**Mr McKinnon**—That is right.

**Senator O'BRIEN**—That is quality beef exported to markets in competition with Australian beef.

**Mr McKinnon**—I am sorry, Senator, that is what I was referring to also. Generally our industry is very alert to that.

**Senator O'BRIEN**—One of those markets would be the United States?

**Mr McKinnon**—One would be the United States.

**Senator O'BRIEN**—If there is a reallocation of quota, whether it affects our quota entitlement or not, if there is more Argentinian beef and not a subtraction from someone else, then there would be more export beef going into the US market.

**Mr McKinnon**—If there is a reallocation of quota?

**Senator O'BRIEN**—Yes.

**Mr McKinnon**—Again the whole genesis of this particular approach from Uruguay was that the United States did not want to reallocate its own quota.

**Senator O'BRIEN**—I have moved from Uruguay to Argentina. I think Argentina has made some proposal to us in relation to trading beef into the EU for example. But I am interested to know, given on the one hand we have Uruguay seeking access to part of our unused quota for a particular season, one season only, on the other hand we have Argentina with changed circumstances already seeking access for their beef into the European Union as a trade for access for our lamb and some sort of swap.

What I am leading to is we have got a quota entitlement for beef into the US of 380,000 tonnes. We are using 280,000 tonnes of that quota, as I understand it. I understand industry was opposed to the request made by Uruguay because they thought it would affect price in the US market, or that was their explanation. Really I am looking at the interconnection with their view of the market and a player like Argentina whose beef would be very attractive in the

United States who have some sort of reputation for quality beef. I am just wondering what matters the department is considering in relation to potential threats to our quota given its under-utilisation and the challenges which are emerging from the other parts of the Americas.

**Mr McKinnon**—Again, Senator, that is why I referred back to the Uruguay example, because it was the US unwillingness to change quotas, even for a relatively small producer like Uruguay which led them to suggest that Uruguay come to us to see if we would reallocate part of our quota. So Argentina being perhaps a much bigger case, you could perhaps surmise as well that the United States would be again unwilling to make significant adjustments to their quota. But to answer your question more directly, I do not see any direct link at this stage to the fact that we are not utilising our full quota and the fact that Argentina has emerged as a foot-and-mouth free producer.

**Senator O'BRIEN**—In relation to the Uruguay matter, it was Mr Vaile, and not Mr Truss, that made the decision in relation to Uruguay's contact, if I could put it that way.

**Mr McKinnon**—I am sure Mr Truss was involved as well. I am not sure of the extent to which he was involved but I followed the issue through my involvement with Mr Truss's office and was in the meeting with Mr Truss when he relayed the result of all the deliberations to the Uruguayan ambassador. I drew the conclusion that it was Mr Vaile who had then made the sole decision but that may not necessarily be true.

**Senator FERGUSON**—Mr Truss is in charge of—

**Mr McKinnon**—That illustrates my point, that Mr Vaile might have had carriage, but with the Uruguayan contact—again maybe through that Cairns group contact. He was the one who relayed that decision to the Uruguayan ambassador in Canberra.

**Senator O'BRIEN**—Could you check that matter and give us a considered answer on notice just so that there is no confusion between the two ministers as to whose decision it was?

**Mr McKinnon**—Certainly.

**Senator FERGUSON**—Could I just ask one thing. Senator O'Brien might be interested in this because we actually visited Uruguay and a request was made by the Uruguayans who were in the midst of the most devastating drought for, I think, a hundred years. Whom did the minister take advice from before deciding that some of our quota could not be allocated to Uruguay on a one-off basis, which was all they asked for. Was it the Meat and Livestock Australia or the NFF or was it the foreign affairs department or the trade department rather? Who actually tendered the advice to the minister that would have caused him to make that decision?

**Mr McKinnon**—In the first instance Minister Vaile requested advice from us in the agriculture branch in the Trade Negotiations Division of Foreign Affairs and Trade. We spoke with our colleagues in AFFA in the meat and livestock area, again to my knowledge there may have been a completely parallel request at that same time. We took information from the meat and livestock branch from their contacts in the meat industry. I do not know exactly which part of the meat industry that was. We provided that information to the minister and subsequently the minister, as I understand it, had direct contact himself with MLA and at no stage did I know of the National Farmers Federation being involved. It was done directly with meat interests, the meat industry.

**Senator FERGUSON**—Do you know whether at any stage of the discussions any weight was given to the fact that this is a Cairns group partner who supports us in practically all of our deliberations and all of our submissions and all of the decisions that are made, which was

suffering a one-off devastating drought, the worst in living memory? Was that part of the consideration when the decision was made not to reallocate what I think was a small portion of our quota? I think they were looking for 15,000 tonnes.

**Mr McKinnon**—It mostly was a consideration, I think. If it had not been Uruguay the minister might—I should not speculate on his motives but he went directly to the industry himself to ascertain to his own satisfaction what the industry concerns were. He took bureaucratic advice but then also went to the industry directly to talk to them. I think his reason for doing that was because he wanted, if it was at all possible, to do something for Uruguay. He was well aware of the situation in Uruguay and also Uruguay is such a good Cairns group partner. I do not know if I would characterise them as supporting us but they are a very active—often to the forefront—member of the Cairns group. That was something that paid out positively in our assessment of it—not to their ultimate positive effect, I know.

**Senator O'BRIEN**—I understand, going back to comments you made, the Americans were not prepared to do anything in relation to additional quota. My understanding was that the American departmental office had said to Uruguay, 'There's no point in approaching us about additional quota this year. It's election year and we won't get anything through Congress.' Is that the way it was reported to the department?

**Mr McKinnon**—Not to my recollection.

**Senator O'BRIEN**—That would be a quite reasonable view from departmental officials in the United States. The reality is they would not have got anything through Congress, would they?

**Mr McKinnon**—That may or may not be the case. Similarly, when the view was relayed to the Uruguayan ambassador, he said he completely understood that government had to do what our industry saw as in their best interests. It is completely consistent with that.

**Senator O'BRIEN**—I suppose. Ever the diplomat. In relation to the situation with the US of course we have had—I am not sure if Senator Cook has touched on this—the most recent farm bill, the \$US28 million—

**Senator COOK**—No, not yet.

**Senator O'BRIEN**—I just want to touch on that but you will probably develop it much more fully. I note that in relation to that farm bill there was a story on *AM* on Tuesday of this week. The Minister for Agriculture, Fisheries and Forestry, Mr Truss, is quoted as saying in relation to this farm package:

What it in practice has done has meant that the United States level of farm support is now back to similar levels, in fact perhaps even higher, than what it was when the GAT round of trade reform began. So the Americans—their lawyers I guess, have been smarter than the diplomats. They devised ways to get around trade rules and in doing so they've completely undermined the integrity of trade reform.

Does the department agree with the minister's view as to the undermining of the integrity of trade reform by the United States?

**Mr Dauth**—We would not be so bold as to comment on the remarks of a minister of the government. That is something you would have to ask ministers about. I am sorry, I do not want to be unhelpful, Senator. There has been, I think, a model of useful information exchange but I do not think it is fair to ask us to comment on the public statements of any minister, let alone the minister of another portfolio.

**Senator O'BRIEN**—If I had asked the question another way—as to whether the action of the United States does undermine the integrity of trade reform.

**Mr Dauth**—That is an easier question to answer.

**Senator O'BRIEN**—Yes. Let me rephrase my question. Has the action by the United States, the passage of the \$28 million farm bill package, undermined the integrity of trade reform?

**Mr Thomson**—I think the government view is that these large sums of money which the United States is proposing to pay to its farmers do not help the overall cause of bringing about a fairer and more equitable trading system for agricultural products. The question as to whether those sums of money breach the World Trade Organisation agriculture agreement levels is an issue which officials are examining at the present time. At face value and at the argument of the United States, these would be called green subsidies and permissible under the United States's obligations. But we are looking at all of the detail very carefully.

**Senator O'BRIEN**—If they are permitted, the point can be made nevertheless. I suppose that is the basis of my question. Haven't they devised a way to undermine the rules, although being potentially, at least, within the rules under their legal definition?

**Mr Thomson**—That is the concern, Senator, yes.

**Senator O'BRIEN**—It is more than a concern, isn't it? If they get away with increasing the subsidy in this form, they will have established a loophole in trade reform which can be used by, for example, the EU.

**Mr Thomson**—Senator, it is a moot point as to whether it has established a loophole. The knowledge has always been that the Uruguay round agriculture agreement, which was a sea change on what existed beforehand—which was virtually nothing—was a first step. That is fundamentally why we have all been working assiduously to see another round of negotiations launched. We are at the threshold of that. There is still a big task to wind up the disciplines so that they are increasingly more effective. You heard earlier this afternoon of one example in pork, where the export subsidy disciplines are in fact somewhat effective but the perspective of the government across the whole sector, across each set of commodities, is to make the system more disciplined and more effective so these kinds of decisions are not within the rules.

**Senator O'BRIEN**—Wasn't it the case that in the US election year, this year, it was always on the cards that ways would be found to extend farm subsidies?

**Mr Thomson**—Senator, that is a disappointing perspective on political behaviour—in the United States.

**Senator O'BRIEN**—I think that you would really like to correct that answer, because I do not believe the department is so naive. The reality is, isn't it, that this was always on the cards and the department knew it?

**Mr Thomson**—We are constantly concerned and our concern heightens in every second even year in regard to the United States.

**Senator O'BRIEN**—I understand your answer. Therefore, what additional activities, if any, was the department engaged in, given this was one of those high risk years?

**Mr Thomson**—The starting point was really the end of the Uruguay round with the expectation of working to see a seamless connection into the next round. That has not been achieved but the principal step in that regard was the hope that the Seattle ministerial meeting

of the World Trade Organisation last year would take that step. It has not. We have moved, however, to see this year the agriculture negotiations nonetheless get under way, but it is not that seamless connection that we had hoped for. So we have been doing that. In the meantime there have been continuing representations made at all levels of government.

**Senator O'BRIEN**—So the government was well aware that this was a year in which there was a high or higher risk that there would be setbacks to the trade reform agenda?

**Mr Thomson**—The difficulty of proceeding was at a higher level than perhaps in some earlier years.

**Senator O'BRIEN**—Are you saying that the department was not of the view that in fact there was a distinct possibility that the agenda would be set back this year?

**Mr Thomson**—Was not of the view?

**Senator O'BRIEN**—Yes.

**Mr Thomson**—We have always taken the view that achieving ongoing reform of agriculture remains a very difficult challenge and we work with that piece of information constantly.

**Senator O'BRIEN**—That is the going forward part of it. Perhaps I did not phrase my question correctly. What I am suggesting to you is that this year there was a greater risk of a setback in the agenda, of taking a step away from trade reform, and that it was a high-risk year because it is one of those years where certain other events impact on it.

**Mr Thomson**—I think in my comments I have, in the broad, agreed. In particular, there were some additional factors in the United States Congress's decision, including some fairly severe climatic considerations. On the one hand, one cannot precisely foresee those occurrences but, if one looks at agriculture in a global context—you were mentioning the Uruguayan drought—somewhere on the globe often there is an unseasonable situation. We see it, for example, in our own country in relation to the Queensland sugar industry at the present time, including some assistance as a possibility to help those farmers cope with that calamity.

**Senator O'BRIEN**—But this new farm bill, which runs for five years, will impact on the sugar industry here, won't it?

**Mr Thomson**—Yes, indeed.

**Senator O'BRIEN**—I would expect that any government receiving the sort of advice that I think you were given, given the department's view, would be very wary of expecting positive outcomes this year in terms of trade reform, notwithstanding the fact that you would pursue them nevertheless.

**Mr Thomson**—Maybe that is a separate issue.

**Senator O'BRIEN**—Thanks for that.

**Mr Thomson**—Chairman, one of the reasons I came to the table was to add something to the discussion, if I may, on the issue of the Uruguayan beef quota. As someone who, on the government side, has been involved in the negotiation of the arrangement with the United States, there are two points that perhaps are worth making, additional to those made by my colleague Alan McKinnon.

The first is that in terms of the overall outcome of the Uruguay Round agriculture agreement negotiations with the United States, a significant element for Australia was the grant of a country quota for beef and, in particular, the grant of that country quota at a level which turned around the experience, in effect, of the previous 30 years where, as you would

know from the experience of the Australian cattle and sheep meat industry—because mutton is included—the experience has been that in many of those 30 years prior to the Uruguay Round the actual limitation imposed on imports by the United States was at levels which were seriously disruptive and damaging to the Australian industry.

The outcome from the United States was to achieve a quota level which would, in foreseeable normal circumstances—and that would mean a drought year or a succession of drought years in Australia, with a big turn-off of cattle—be sufficient to place those cattle into the United States market. So this concept of a shortfall can be a little erroneous. It would be nice if every year we filled the quota, but I think the expectation of both the government and the industry in Australia at that time was that in most years we would not fill the quota.

**Senator FERGUSON**—How many years has it been in place?

**Mr Thomson**—The current quota has been in place since 1995, but the US meat import law in various configurations was introduced in 1964.

**Senator FERGUSON**—Have we ever filled our quota?

**Mr Thomson**—In many years we have filled our quota.

**Senator FERGUSON**—No, I mean with this new quota.

**Mr Thomson**—Not since we have had the quota, for the reasons that I have tried to explain. I just wanted to add that to the thinking. The second thing that I wanted to say very briefly, Mr Chairman, was the idea that a one-off reallocation of the quota, no matter how worthy the reasons for that are, would inevitably establish a precedent, and therefore a lot of other quotas which are enjoyed not just by Australia but by other countries would be possibly, very probably, able to be removed. That, too, was a consideration by the industry.

**CHAIR**—We will shortly be breaking for dinner, but Senator Cook and Senator Hogg have two short questions. Senator Cook.

**Senator COOK**—Thank you, Mr Chairman. I have a question to Mr Dauth on a matter we were dealing with before, the Philippines-Australia ministerial dialogue, and you may wish to take it on notice now. Have any trade officials attended those talks?

**Mr Dauth**—I have attended, and I am an official of the Department of Foreign Affairs and Trade.

**Senator COOK**—But your speciality is not trade, is it?

**Mr Dauth**—I do not oversight the Trade Division, no. That is a cute answer, I am sorry. The short answer to your question is that Mr Downer, in attending those meetings, is usually serviced by people out of the South and South-East Asia Division.

**Senator COOK**—Thank you.

**CHAIR**—Senator Hogg.

**Senator HOGG**—Thank you, Chair. My question again is to Mr Dauth. In response to questions today from Senator Faulkner on the federation guard, you are undertaking to pursue that matter. Can you tell us where that has progressed to at this stage? Do you have any further advice?

**Mr Dauth**—Nothing further at this stage. You will recall, Senator, that we undertook to check on what announcements Mr Flood might have made, or other substantial media comment on an attributable basis that he might have made, and, no, I am sorry, we have not

been able to check that. We did say that we would have to check with London overnight, so I doubt whether we will get an early response.

**Senator HOGG**—Excluding the check with London overnight, will you be checking the sourcing of the document on pork?

**Mr Dauth**—We will have to ask for that. The information I currently have on that—and I am a bit reluctant to be too forthcoming, for fear of misleading you—is that that was not an announcement, it was not a press release by the High Commissioner, it was questions he answered on the record with a journalist who put questions to him. But, as I say, it is better if I get chapter and verse on that and let the committee know when I can.

**Senator HOGG**—All right. It may well be that Senator Faulkner may wish to pursue that to a small degree this evening, a further degree. I do not know, but thanks very much for that.

**CHAIR**—Thank you, Senator Hogg. It being 6.30, we shall adjourn until 7.30.

**Mr Dauth**—I have some information. We did some checking on the Vietnamese journalist. I understand there was an article written in November of last year but the journalist in question is still working at that newspaper as of this morning.

**Senator QUIRKE**—Good.

**Proceedings suspended from 6.30 p.m. to 7.33 p.m.**

**CHAIR**—We are continuing our consideration of outputs 1.1.3 and 1.2.3—Americas and Europe. Before I call on Senator Cook for some final questions, I understand that you have a short statement to make, Mr Dauth.

**Mr Dauth**—Simply to add to the answer to a question that Senator Cook asked me about Sue Boyd's leave. She, in an admirably efficient way, approached us first about this on 11 April. We responded quickly on 13 April, approving that. She, of course, reviewed all of that in the lead-up to her departure. She went on leave and then turned herself around.

**Senator COOK**—Thank you, Mr Dauth, for that information. I had some questions on the agricultural subsidies that the US have just implemented. I think Senator O'Brien has covered most of that. All I would say is that, in terms of the statement made by the minister for agriculture that he cited, I can certainly empathise with all of the aspirations that are expressed in that statement. Obviously, this is an area where there is a very strong bipartisan view about what needs to be done.

However, I have a question concerning EU tariffs on an Australian company called Leading Synthetics. In the *Financial Review* on 20 May, it was stated that Leading Synthetics, a Melbourne based textile firm, has been hit with punitive tariffs by the European Union for alleged anticompetitive conduct and reliance on Australian government assistance schemes. My first question is: are we aware of this?

**Mr Dauth**—We can take it now but it is really within the responsibilities of the trade negotiations division.

**Mr Thomson**—Senator, we are, and have been, in touch with the company. The basic issue is a countervailing case. It is working its way through the European system at the present time. I add that some of the press reportage perhaps has not been entirely accurate about the facts as we understand them.

**Senator COOK**—I see. What penalties have been imposed?



**Mr Thomson**—At this point I am not aware that any penalty has been imposed. It is a traditional countervailing investigation which is going through that process. If a prima facie case is found, the expectation would be that the commission, the community, would apply a countervailing duty.

**Senator COOK**—Is it for the company to deal with the case or do they call on the government in any way for assistance?

**Mr Thomson**—They have been in touch and some advice has been given, but these are issues that relate to the company's particular circumstances and what use it has made of particular assistance. Somebody has complained, in the same way that our system would work, Senator. They are going through a process of investigation. As we understand it, there are at this point no exceptional aspects.

**Senator COOK**—They have sought advice and what advice the department can offer has been offered. Is the department now awaiting the outcome of this in order to form its own opinion about whether there is—

**Mr Thomson**—No, we are monitoring the situation and are in touch.

**Senator COOK**—But before you make any further decision would you await the outcome?

**Mr Thomson**—Probably, on the facts that are available to us at this point.

**Senator COOK**—How frequently does this occur—that particular companies are dealt with in this way in Europe?

**Mr Thomson**—In Europe from time to time, in the United States from time to time, in other jurisdictions from time to time. I would say, on average, in any particular year, there would be maybe one or two of these cases; in perhaps exceptional years three or four.

**Senator COOK**—Is there anything in recent behaviour to suggest there has been a tougher line taken and there are more cases or is it regarded as about—

**Mr Thomson**—I could not say that there was a tougher line taken.

**Senator COOK**—I have a number of other questions on Europe but I would propose at this stage to put them on notice. I will not be in a position to provide them on notice tonight. If it is okay with you, Mr Chairman, I will provide them tomorrow morning.

**CHAIR**—Certainly, Senator Cook.

[7.39 p.m.]

**Outputs 1.1.4 and 1.2.4—South Pacific, Africa and the Middle East**

**Mr Dauth**—We have covered Fiji and the Solomon Islands.

**CHAIR**—We have indeed.

**Senator WEST**—Unless you have got something new to add.

**Mr Dauth**—I wish we did.

**Senator WEST**—The news was not terribly good tonight.

**Mr Dauth**—No, it is dreadful. I am not able to report back. Ministers were meeting in the national security committee of cabinet this afternoon to consider the situation, but I have not talked to Mr Downer or anyone since then. It is a very bleak picture.

[7.40 p.m.]

**Output 1.1.4 and 1.2.4—South Pacific, Middle East and Africa**

**Senator SCHACHT**—I have some questions on Africa about the dreadful circumstance of the war between Eritrea and Ethiopia. First of all, we do not have permanent—

**Mr Dauth**—We are accredited in Ethiopia from Nairobi. Philip Green, our High Commissioner in Nairobi, is accredited in Ethiopia.

**Senator SCHACHT**—Who is accredited in Eritrea?

**Mr Dauth**—Do we have accreditation?

**Senator SCHACHT**—You must be accredited.

**Mr Dauth**—Yes we are, the same place.

**Senator SCHACHT**—Nairobi is the closest.

**Mr Dauth**—Yes.

**Senator SCHACHT**—I think the fighting has been on and off for nearly a couple of years, but how often does our ambassador in Kenya—or high commissioner, I presume; it is part of the Commonwealth—visit both Ethiopia and Eritrea?

**Mr Dauth**—Before I ask Mr Doran, who is the relevant director to answer, let me say that, since the intensification of the fighting, I do not think that we have made visits at all.

**Senator SCHACHT**—I would not blame you. It is pretty dangerous.

**Mr Dauth**—As you know, Philip Green is an extremely energetic and able head of mission.

**Senator SCHACHT**—I just wondered for the record. I am not in any way being pejorative in asking the question. I just wondered how often he has been able to visit, say in the last 12 months, both Ethiopia and Eritrea.

**Mr Doran**—I cannot be precise, Senator, but Philip Green is accredited to quite a number of countries.

**Senator SCHACHT**—Yes, I appreciate that.

**Mr Doran**—So he has extensive obligations to visit a number of places, and he is not the only one to visit. Often his first secretary or second secretary will go in his place.

**Mr Dauth**—We will check for you and let you know, but the answer is: not often.

**Senator SCHACHT**—I understand.

**Mr Dauth**—But we will give you an answer, yes.

**Mr Doran**—We do have an officer in Ethiopia at the moment, in Addis Ababa, who is there on routine business and has been able to make some representations in regard to—

**Senator SCHACHT**—Who do we subcontract out to—which other embassy—to do our consular work, whatever it may be? If we have a consular query, often we designate or reach an agreement with another country. Who handles our consular work, whatever it may be, in Ethiopia and Eritrea?

**Mr Baxter**—We have a formal consular sharing agreement with the Canadians, who have honorary consuls in that area, and we work through them.

**Senator SCHACHT**—Honorary consuls?

**Mr Baxter**—Yes, as well through our own mission.

**Senator SCHACHT**—Thank you for that. I want to turn now to the crisis, as I would call it, because of the large number of people who have been killed. Do you have any information about how many people have been killed in the fighting? It has been described as a variation of the Second World War-cum-First World War, with everything from trench warfare to blitzkrieg, tanks, artillery—you name it, they have been doing it to each other in the fighting. There is press speculation that the casualties on both sides are quite large.

**Mr Dauth**—Unless Brendan Doran really astonishes me with some insight, I think the short answer is that we do not have a real clear fix on that.

**Senator SCHACHT**—Other than what is speculated in the press.

**Mr Dauth**—Absolutely, yes. We have a certain amount of information from other sources, from other countries, but we do not have any precise answer on that, I am afraid. It is obviously terrible.

**Mr Doran**—If I could add one comment: obviously both sides at the moment are putting out different stories about casualties.

**Senator SCHACHT**—Yes, they have been doing that for 30 years.

**Mr Doran**—Yes. But over the past two years, up until the current outbreak of hostilities, we believe something like 100,000 have died on both sides.

**Senator SCHACHT**—Up until this recent crisis?

**Mr Doran**—Yes.

**Senator SCHACHT**—We have provided humanitarian food aid to both countries over the last 15 to 20 years directly and indirectly through NGOs and UN organisations. How much food aid are we providing this year? I will put to this to AusAID when we have them.

**Mr Dauth**—They are the people I think really.

**Senator SCHACHT**—Is there any other Australian involvement with what is going on in the Horn of Africa?

**Mr Dauth**—No.

**Senator SCHACHT**—There is nothing that we have done? Have we not been asked or involved in any way through any of the UN organisations?

**Mr Dauth**—No.

**Senator SCHACHT**—About pressuring the settlement?

**Mr Dauth**—No.

**Senator SCHACHT**—Do we not make a comment about what we know of who is more in the right and who is more in the wrong in how this whole sorry saga started in the last two years?

**Mr Dauth**—We would not be well enough informed and we are obviously an extremely marginal player.

**Senator SCHACHT**—Have there been any consular queries from the Eritrean side of Australians being warned not to go there, or Australians who are there to pull out? I think the Fred Hollows Foundation has got an intra-ocular lens factory which may have some Australians there from time to time and we might have aid workers through NGOs operating in the area.

**Mr Dauth**—I understand there are no Australians. Mr Fischer from the board of the Hollows Foundation was telling me that there were no Australians left, but they still have, as it were, some locally engaged staff. He was asking whether we could make representations to the Ethiopians about any targeting of the factory.

**Senator SCHACHT**—Not to bomb the factory?

**Mr Dauth**—Yes, that is right and I think the short answer to that is yes. We ought to be able to do that. We have got an officer there to let us take the issue up. We will make a serious effort to try and help but you cannot of course guarantee anything in these nasty conflicts.

**Mr Doran**—We have in fact made those representations overnight and have been given certain assurances by the Ethiopian government.

**Senator SCHACHT**—That they will not bomb the factory?

**Mr Doran**—Yes.

**Senator SCHACHT**—With all due respect to the Ethiopians, how can they tell where the factory is in Asmara?

**Mr Doran**—I think that is a fair point.

**Senator SCHACHT**—I know the factory is not actually at the airport, which they have bombed.

**Mr Doran**—Yes.

**Senator SCHACHT**—And the airport is not in the centre of the city obviously.

**Mr Doran**—Anyway, we can only do what we have done.

**Mr Baxter**—If I can add to that, Senator, we issued travel advice on 14 May advising all Australians to defer travel to Eritrea and Ethiopia and recommended that those people in Eritrea leave. There are currently nine Australians in Eritrea; three of those were scheduled to depart today. Obviously, that leaves us with six. At least three of those remaining six are dual nationals who have informed us that they do not have any intention to leave at the moment.

**Senator SCHACHT**—Are the other three who are not dual nationals involved in aid programs?

**Mr Baxter**—Generally, but there are some people with commercial interests there as well.

**Senator SCHACHT**—The mining industry?

**Mr Baxter**—Yes.

**Senator SCHACHT**—The only area I can think of where we may have an indirect influence is, if Ethiopia or Eritrea have any bids in to the World Bank or the IMF for financial support, we do have a vote and representation. Have you provided or been asked to provide any advice to our directors or whatever you call them on such issues?

**Mr Dauth**—I do not believe so.

**Senator SCHACHT**—I know they are Treasury reps in effect or they are appointed by Treasury.

**Mr Dauth**—They are. Greg Taylor of course is our representative at the IMF. There is consultation across the government on these issues and if the issue were to arise we would no doubt join with others in trying to bring appropriate pressure to bear. But I do not think actually that that has—here is a piece of real information, Senator.

**Senator SCHACHT**—Good.

**Mr Mugliston**—There is perhaps one issue here that we could mention and that is in respect of the so-called Heavily Indebted Poor Countries initiative. I draw your attention to the press release of the Treasurer and the Minister for Foreign Affairs of 21 April this year which announced that Australia will forgive 100 per cent of bilateral debts owed to Australia by those HIPCs eligible for debt relief.

**Senator SCHACHT**—Is Ethiopia eligible? Is that a HIPC?

**Mr Mugliston**—It is, indeed.

**Senator SCHACHT**—Is Eritrea one, or has Eritrea never got around to getting a loan yet to be indebted?

**Mr Mugliston**—What is relevant here is that of the so-called HIPCs, there are two that have outstanding debts due to Australia—Nicaragua and Ethiopia.

**Senator SCHACHT**—What is the Ethiopian figure?

**Mr Mugliston**—It is \$12.6 million.

**Senator SCHACHT**—How long has that been outstanding?

**Mr Mugliston**—I would have to check with a colleague. It has been outstanding for a number of years.

**Mr Dauth**—The essence of the senator's question will be: what are we going to do about it?

**Senator SCHACHT**—Why should we forgive the debt when the Eritreans, and particularly the Ethiopians, are spending a large amount of money on arms?

**Mr Dauth**—That seemed to me, on the face of it, to be a significant question which has not yet—

**Senator COOK**—The HIPC initiative, as I understand it, involves forgiving debt or easing debt on countries of this nature in exchange for commitments by them to spend the savings on education and health programs within their countries. It would seem to be manifestly the case that a great lot of revenue in both Ethiopia and Eritrea is not being spent on health and education at the moment, it is being spent on armaments.

**Mr Mugliston**—Yes. The point is that the debt relief for Ethiopia under this initiative has been put on hold due to armed conflict. That is the important piece of information.

**Senator SCHACHT**—I do not think anyone would object, Mr Dauth, if it stayed on hold and the Ethiopians were told we will not forgive it or make those arrangements.

**Mr Dauth**—Yes.

**Senator SCHACHT**—The other question I raise is that I see in one of the press reports that Russia was mentioned as one of the major suppliers of arms to Ethiopia. They certainly were in the Menghistu days. The old Soviet Union kept the whole place propped up with weapons in particular. Do we have any information on that?

**Mr Doran**—The old Eastern bloc countries have supplied arms to both sides. Quite recently—I think about a week ago—the UN Security Council imposed an arms embargo for a period of 12 months, to be reviewed after that.

**Senator SCHACHT**—The circumstantial evidence is that Russia and the old Eastern bloc countries in one form or another are still supplying arms to Ethiopia. Is that true?

**Mr Doran**—Yes.

**Senator SCHACHT**—No Western country was dirtying its hands, supplying weapons in the last two years, that you are aware of?

**Mr Doran**—I could not be precise about that. I am not aware of it.

**Senator SCHACHT**—My colleague has just suggested the French will sell something to anybody in the arms area, with all due respect to our French colleagues.

**Mr Dauth**—We would not be able to comment on that, of course.

**Senator SCHACHT**—Mr Dauth, I know this area is not a high priority within our focused resources, but I would appreciate it if, from time to time, any further information comes through that you forward it on.

**Mr Dauth**—Sure.

**Senator SCHACHT**—The reason for that is that, during the 1980s and early 1990s, a large amount of non-government aid went into Eritrea and Ethiopia on donation from the Australian public. It was not just a few hundred thousand dollars, it ran into millions. Those of us who visited at that time saw it. I think it is a bit distressing that after a small pause they are back into each other again over a border dispute that to say is like Gilbert and Sullivan would be a modest description. Therefore, I ask that any information you have you provide, maybe not so much to this committee because we do not meet that often, but to the Joint Committee on Foreign Affairs, Defence and Trade—

**Mr Dauth**—Or to you, personally.

**Senator SCHACHT**—and to other members of the committee. If the figure of 100,000 has been killed during the last two weeks of fighting, that makes it one of the worst wars in the last 10 years, by far.

**Mr Dauth**—God only knows. Yes, it is terrible.

**Senator SCHACHT**—Thank you.

**Senator WEST**—To start with, I turn to Iran's World Bank loans and the trial of Iranian Jews. Was the department consulted or otherwise involved in the government's decision to vote in favour of two loans from the World Bank to Iran totalling \$232 million?

**Mr Dauth**—I am sure the answer is yes.

**Senator WEST**—Did the US make any representations to Australia seeking support for a decision to postpone the loans?

**Mr Bowker**—The answer is yes.

**Senator WEST**—And what was Australia's reaction?

**Mr Bowker**—Mr Downer considered the representation, and his instruction was that, in the event that there was a consensus for deferral of consideration of the loans, then Australia should support that consensus. If a consensus did not emerge then, in accordance with longstanding government policy, the question should be determined upon the merits of the particular proposals. In the event that no consensus did emerge for deferral, and given that the proposals matched the criteria of technical and developmental effectiveness, Mr Downer determined that the vote should be in favour of those proposals.

**Senator WEST**—And that was the reason for Australia voting in favour?

**Mr Bowker**—Yes.

**Senator WEST**—Can you outline in more detail the merits, please?

**Mr Bowker**—It is an issue which is probably better put to AusAID and to Treasury, but my understanding is that the proposals had been judged by the management of the World Bank to be well within the criteria normally accorded to such proposals.

**Senator WEST**—So AusAID should be asked that as well.

**Senator COOK**—The criteria does not tie the loans to human rights abuses, as far as I know, does it?

**Mr Dauth**—That is right, Senator.

**Senator WEST**—Is it the department's assessment that Iran is continuing to seek to develop weapons of mass destruction—nuclear, chemical, biological, ballistic missiles—and ballistic missiles as means of delivery?

**Mr Dauth**—It is not an issue on which we are prepared to make public comment, Senator.

**Senator WEST**—Okay, and therefore you are not prepared to make comments about concerns that you might have in what is happening in that region?

**Mr Dauth**—We have acute concerns. Australia has been a leader in issues relating to WMD development for many years. The previous government and this government together have been very vigorous on these issues. I am quite unprepared to offer specific comment about individual countries, but you may rest assured that, wherever there are suggestions that WMD development is possible, we pursue those concerns with great vigour.

**Senator WEST**—Has our embassy in Tehran sought to observe the trials of the Iranian Jews currently facing charges of espionage?

**Mr Dauth**—Yes.

**Senator WEST**—And what representations has the government made to the Iranian government in respect of this issue?

**Mr Dauth**—I think we have made clear our views on a number of occasions, both in Canberra and in Tehran.

**Mr Bowker**—I could add to that, Senator, that the government has made 18 separate representations over the past year expressing our concern over the arrest and the trial of the 13 Iranian Jews, and Mr Downer has personally made five representations on that issue to Iranian ministers and other senior officials.

**Senator WEST**—Thank you. I turn to Iraq now. I am wondering whether you can outline the government's current position in respect of the UN's sanctions on Iraq.

**Mr Dauth**—We observe UN sanctions. We are good international citizens. If the Security Council agrees on sanctions we go along with it. We are not a member of the Security Council but we abide by UN sanctions as determined by the Security Council.

**Senator WEST**—Are they an effective way of forcing Iraq to comply with the UN Security Council resolutions concerning its weapons of mass destruction programs?

**Mr Dauth**—There is a much vaunted debate about that issue, and as good international citizens we have to take the view that this sort of action through the UN is at least one way. It has obviously not been possible to completely deal with the issue of WMD programs in Iraq through sanctions, though the international community simply has to keep on, in our view, trying on this issue.

**Senator WEST**—What is the department's assessment of the current humanitarian consequences of the sanctions?

**Mr Dauth**—There are clearly some consequences. It is impossible for us, in the absence of representation in Baghdad, apart from anything else, to reach clear or definitive conclusions.

**Senator WEST**—Does the government or the department consider there is a case for the international community to lift sanctions and pursue a program of engagement to elicit cooperation from Iraq?

**Mr Dauth**—That is not an issue which we are prepared to comment on in public. We are good international citizens—we abide by UN sanctions.

**Senator WEST**—Other good UN citizens would actually not persecute their countrymen, I suppose. Could I turn to Zimbabwe. I am wondering if you can provide the committee with its assessment of the election campaign so far in Zimbabwe.

**Mr Dauth**—I will ask Mr Doran if he has got any, as it were, factual comment to offer, but it is not our practice as the foreign ministry of a sovereign nation to offer a running commentary on the election campaigns of another country. But maybe Mr Doran has got something of a specific and factual nature to offer.

**Mr Doran**—The campaign is well under way. The elections are to be definitely held on 24 and 25 June. Our chairman today, Senator Sandy Macdonald, will be going as one of the Australian observers on the Commonwealth team. Ms Julie Bishop, MP, has already departed. There is little comment that I can make about the campaign. The potential candidates have until 2 or 3 June to register for the elections, so it is still not clear which parties will be contesting the election. Things will be a little bit clearer next week.

We have briefed the Joint Committee on Foreign Affairs, Defence and Trade, and a number of individual members of parliament, on aspects of the election. I think we would be happy to continue to do that, but that is about all I can offer at this stage.

**Senator WEST**—What is the level of violence and intimidation at present? We see some comments in the media, we see some organisations are happily spamming away on the emails, but it is very hard to actually get some sort of factual understanding. Is the violence and intimidation that we see in the media across the whole of Zimbabwe, or is it in pockets of the country?

**Mr Doran**—The level of intimidation is very high. At present it is mainly confined to the rural areas, although there has been some violence in the bigger cities in Harare and Bulawayo, for example. The current death toll from all the politically motivated violence is about 24 at the moment, but there have been literally hundreds of beatings, serious assaults, and quite extensive property damage.

**Senator WEST**—The initial reports of the unrest—and this is not looking at the election campaign—tended to imply that it was black against white, but from my other understandings of what is happening there that is not necessarily the case. There is an opposition party that contains black and white that is being persecuted because, presumably, the leadership wants a single party state almost. Is that an assessment that is—

**Mr Dauth**—I do not think we are prepared to sign on to all the words you used. The proposition you put, that it is not a simple black/white divide, is absolutely right. But we would want to be pretty economical about what we said in public about the government in Zimbabwe.



**Senator WEST**—I have not spent 20 years in the department of foreign affairs and picked up your finer nuances of the language, I am sorry. I simply see it in more straightforward terms.

**Mr Dauth**—You are entitled to, Senator; you are a senator. I am a simple public official representing a foreign ministry.

**Senator SCHACHT**—There is only one word I would agree with you there on!

**Mr Dauth**—It is a serious point I make. Foreign ministries around the world do not go around commenting on governments in other sovereign states. It is not our practice. I am sorry, we are just not prepared to do that.

**Senator WEST**—That is okay.

**Mr Dauth**—As I say, it is entirely your prerogative how you describe other governments.

**Senator WEST**—The opposition forces, as I understand it, are an organisation who have not proposed the rule of force, they actually support the rule of the ballot box, which would mean they have some democratic principles and policies in their platform. Do they have that in their platform?

**Mr Dauth**—Is that the opposition?

**Senator WEST**—The opposition parties there.

**Mr Dauth**—As I understand it, yes.

**Senator WEST**—You mentioned, Mr Doran, that we did have some monitors going. What arrangements are in place? How many observers from Australia will be going to monitor?

**Mr Doran**—At the moment there are two, who are part of a Commonwealth contingent. The Commonwealth contingent is 32 strong and there are two from Australia.

**Mr Dauth**—Those numbers were not negotiated by us but by the Secretary-General of the Commonwealth.

**Senator WEST**—Yes. Presumably the organisation will be responsible for their security? It is not within our—

**Mr Dauth**—They are a Commonwealth delegation, a Commonwealth observer group, but I am here to reassure Senator Macdonald that we will be taking a very active interest in the welfare of the Australians.

**CHAIR**—Thank you, Mr Dauth.

**Senator WEST**—That is good. We do not want another casual vacancy in the Senate, do we?

**CHAIR**—No. I know how fond you are of me.

**Senator WEST**—That is right. So there will be nobody else from Australia to observe the election? DFAT is not sending any additional officers to Zimbabwe?

**Mr Dauth**—No. It has not been entirely straightforward for Don McKinnon, the Secretary-General of the Commonwealth, in negotiating the observer group. I do not think it would be very easy for us to propose any other Australian observers. Obviously, we have a very able mission in Harare. Ms Fisher, our High Commissioner there, is a very good officer, and she and her colleagues will themselves be taking a great interest in the conduct of the election. We will be looking to her to provide thorough reporting on it.

**Senator WEST**—Okay.

**Mr Doran**—If I could add something to that, in addition to sending the two observers as part of the Commonwealth team we have provided \$150,000 to support the Commonwealth effort there. On the question of the possibility of additional observers, Mr Downer did indicate, when he made the announcement about the two Australians going as part of the Commonwealth team and the money to be provided, that he would look at other ways in which we might be able to support the observation effort. I cannot go much further than this at this stage, but there are some consultations under way between the government and the parliament on that.

**Senator WEST**—Thank you, Mr Doran. That is all I have got on that.

**CHAIR**—I think that brings us to the end of our consideration of South Pacific, Africa and the Middle East. We now move to outputs 1.1.5 and 1.2.5.

[8.11 p.m.]

**Outputs 1.1.5 and 1.2.5—Multilateral Trade Negotiations**

**Senator COOK**—It is clear to me and, I imagine, to all observers of the trade debate, that there is a rising tide of protectionist sentiment in the world, not just in the United States but equally so in Australia. What is the department doing, if anything, to explain the virtues of our trade policy to the community?

**Mr Dauth**—This is a very large question. Mr Thomson is significantly more expert at multilateral trade negotiations than me. That, of course, is only one part of trade policy. I am preaching to someone who knows this very well. I am sure Mr Vaile would want us to make clear that we are taking whatever opportunities that arise. It is a particularly important issue for ministers that we explain as thoroughly as possible what the benefits of our trade policies are. In that respect, Mr Thomson's division, and also the market development division, Mr Cobban's division, are very active in all sorts of ways—in meetings, publications and all sorts of ways which I am sure that you know all about. We are very vigorous. It is very important—you are quite right—that we as a department do what we can to support the government to spread a message about the national benefit which flows from the sorts of trade policies which have been, in the broad, you might say, bipartisan for many years in this country.

**Senator COOK**—It is the sort of thing that is often referred to in APEC leaders' communiques and whenever trade ministers meet and need to explain their policies. The department, during Mr Fischer's period as minister, published a booklet which went to some pains to try to answer issues that are raised in popular debate about free and open trade. I am just wondering whether there were any initiatives in the works currently, given the expectation that, within the next year or two, we may be launching a new trade round.

**Mr Cobban**—Senator, you are correct. The meeting of ministers responsible for trade in Darwin next week will have as one of its agenda items the very question of the message of the benefits of trade expansion in our own region. We will have a publication under consideration which has been prepared by us. That was one of the tasks that was allocated to us at the last meeting. That publication is being looked at by senior officials this week and will be taken by ministers next week with, we hope, the possibility of that being more widely disseminated. Further work will be done on that publication for the APEC leaders' meeting towards the end of the year. There are a range of other publications and studies under way.

As I explained to the committee last time we met, there is a range of specific regional brochures in Australia designed to point out to the communities in 33 areas what the benefits

of trade have been in their immediate area to make it more apparent domestically. There is a consolidated booklet on our experience and the gains made in preparation for, hopefully, the end of the year. And there are other documents under active preparation, including some which address the issues of globalisation and its impacts from the more positive aspect than we have heard it from some of the other side.

**Senator COOK**—Do you have any proposals to promote this, apart from publishing it, or target areas where the information will be most useful, programs of that nature?

**Mr Coppel**—We are promoting it through the departmental website, and through a range of seminars. Where we have those brochures available that I referred to, they are usually launched at a local seminar or presentation of some form to get it out to the immediate community. The booklets will be similarly widely publicised. We are setting up specific websites to deal with various market access issues that people can access. We have provided copies so far of all the material that we have released publicly to members of the parliament and we are making it available through our regional offices. We have also got elements of this issue built into various road shows of our heads of mission and suchlike for getting the message out there.

**Senator COOK**—My point is that in the popular way this debate is conducted, it is unlikely that people will tap into the department website. Maybe research people will, but in shaping community opinion it is unlikely that that will occur. I think it is probably unfair to saddle the department with the responsibility solely. It is government policy; it is a matter for government. Are there any other proposals elsewhere that you are aware of that might take this into the popular media and explain in terms accessible to the person in the street what we are talking about? The big argument here is that trade language is impenetrable and austere or remote and particular to the field and not easily understood in common discussion.

**Mr Coppel**—I would agree with that, Senator. That is one of the reasons we have pursued the booklet program and the public seminars and media briefings on those and regular media briefings on the issue of APEC to try and engage people on this very issue. The booklets themselves are designed to target local audiences by relating to their local industries. They can see the benefits there; they are written in very non-jargon language, and so will the consolidated report be, which we will push out. Beyond that, I am not conscious of anything in particular.

**Mr Dauth**—It is the sort of Hundred Years War, isn't it, Senator? It is a big issue and it is getting harder, as you say. I personally think that it is very hard to win the man in the street if you do not win elites before then. One of the problems is that some commentators take a totally jaundiced view of the benefits to Australia of the free trade policies we have pursued and I think we have to try and bring them along. But this is a front-of-mind issue for Mr Vaile, I know. He is very much focused on it in every conversation he has with us.

**Senator COOK**—I take your point about the elites, but just as a comment—and then I will turn to the next question—one of the elements of this debate is that the elites are suspect and rejected at the common, popular view—

**Mr Dauth**—Sure.

**Senator COOK**—as not representing the views of ordinary people or—

**Mr Dauth**—Perhaps I expressed myself badly. I very much hesitate to name names, but I listen to Alan Jones on the *Today* program saying things which really distress me because they are not what I believe is in Australia's national interests.

**Senator COOK**—He is a voice for protection.

**Mr Dauth**—Yes, he is, that is right, and I think it is powerful competition for the sort of message that the government tries to spread.

**Senator COOK**—Perhaps I can look forward to the day in which we unchain our trade and have a series of commercials promoting that. Is there a departmental usage when we talk about ‘free trade’ or ‘fair trade’ these days? Is there a preference of how we frame those words?

**Mr Thomson**—It is not a format that I think is in common usage by departmental officials. I think we tend to talk more in terms of trade liberalisation, open markets and transparency, rather than the simplistic label of ‘free trade’ or ‘freer trade.’ In the trade world, freer trade has the connotation of protectionism in fact.

**Senator COOK**—What is the connotation of fair trade in the trade world?

**Mr Thomson**—That is a little bit down that same path too, but that said, you will recall that the Cairns Group is called—

**Senator COOK**—Yes, I know.

**Mr Thomson**—the group of fair agricultural traders. But in a lot of terminology, ‘fair’ is a pseudonym for some kind of interference, management or protection.

**Mr Dauth**—The AFL-CIO always talk about fair trade.

**Senator COOK**—Yes, and so does the minister from time to time, and so do the presidential candidates in the United States elections. It is one those lovely words that I think, without insulting the craft to which I belong, of politics, it often gets used in politics because it means whatever the hearer wants to read into it and therefore glosses the problem over rather than deals with the economic argument. It does not take the issue any further. So, is there a view that fair trade ought to be used at all by the department, or is that just something that the minister reserves for his speeches?

**Mr Thomson**—I think that is a choice.

**Mr Dauth**—I think Mr Thomson makes some very good points about the sort of language that we do use. We are focused on really quite specific language, the benefits of more liberal trading arrangements.

**Senator COOK**—I understand that at the table we have Mr Pierce, who is in charge of services, the sector of trade negotiation. I am not asking this question simply because he is here to make his day waiting to get on worthwhile—

**Mr Dauth**—He has been here since 9 o’clock.

**Senator COOK**—but while we are on this subject of popular misrepresentation or misunderstanding, that is particularly rampant in the services sector. It has been put to me by people who absolutely believe it that the services negotiation is about imposing on governments the requirement that we privatise our public hospitals and education services. Mr Pierce, what exactly are the services negotiations about?

**Mr Pierce**—Certainly, Senator. You would have seen a press release issued by the minister yesterday about the road map we agreed last week in Geneva for the services negotiations.

**Senator COOK**—I have not seen that. Unfortunately, I was tied up in the economics estimates.

**Mr Pierce**—Concerning the point you make about privatising health insurance, there was a small public campaign before Seattle which alleged that in the health negotiations we would be obliged to allow unfettered entry for American private health service providers. As you would know, there is no such obligation on us. In a request offer format of negotiations, any member of the WTO can request whatever they like. What we decide to accept depends upon the overall balance of the deal, but there is certainly no obligation of any kind on us to accept private health providers from the United States, as was the specific suggestion, or to privatise any part of the social security infrastructure in Australia.

What are the service negotiations about? Article 19 of the GATS is probably more useful to us than my colleague Mr McKinnon's article 20 of the agriculture agreement that the services negotiations are about achieving progressively higher levels of liberalisation in services trade. How do we get at that? Firstly, we work at the GATS itself, which was after all the first go at a services agreement. It is not a complete agreement. We need to work out how big parts of it apply in practice. The most important of those is domestic regulation. You mentioned before the array of barriers in the services trade. The problem we have, as compared with my colleagues, is that services trade barriers are more oblique, less transparent, harder to detect. So you find that we have nothing like a tariff equivalent in the services sector. We are looking at domestic regulation in order not to deny the legitimacy of domestic regulation but to try to hem it in, to try to work out when regulations are unnecessarily burdensome to trade and to try to make sure that what countries do by way of regulation does not undercut what they have done in the scheduled commitments that they have made in the services.

We are looking now, with the road map agreed, to a request offer phase in the negotiations early next year. We have started substantive work on whether there should be an air transport annex in the GATS. There is discussion of a tourism annex as well. On Monday and Tuesday of this week there was the first review of the MFN exemptions which countries have taken out. There is a lot of work going on but, Senator, you asked about the objective. The objective is to try to achieve progressively higher levels of liberalisation. In the services we do not talk about free trade because, as you rightly say, the array of barriers is so daunting that we content ourselves with talking about higher levels of liberalisation. That in itself is an ambitious goal.

**Senator COOK**—Thank you. In the forthright way in which you have dealt with the meaning of the services trade with respect to education and health, could you comment on what it means to cabotage on the Australian coast? Does it mean that we would be required somehow to change that policy?

**Mr Pierce**—None of the negotiations require us to do anything. We will be exploring other means of negotiation: cluster negotiations, horizontal formulas, model schedules. But the bedrock of the negotiations is request offer. Ministers would determine the balance of advantage to Australia in the national interest at the conclusion of the negotiation. If it were a wider round, then there would be a bigger critical mass of issues concerned and there would also be wider scope for trade-offs. But there would be no requirement for us to adjust our domestic policies. It would be a calculation by the government of the day of the best way to protect the national interest.

**Senator COOK**—What you are saying, as I understand it, is that it is a national sovereignty decision. No faceless international organisation is going to impose rules on this country that we will not have a say in.

**Mr Pierce**—That is certainly my view. All the decisions will be taken here in this building, in this town, rather than in Geneva.

**Senator COOK**—I discussed earlier in a series of questions—directed mostly at you, Mr Dauth—when we are dealing with North Asia, the Prime Minister’s initiative in causing a discussion about the exploration of an Australian Korean trade arrangement— and you asked me to reserve the question but let me ask it—is the policy of open regionalism still a primary element of our approach to trade negotiations in this region?

**Mr Cobban**—I think that the prime objective remains the WTO negotiations which we have talked about, the concept that within the region we are exploring all the possible options which might be of advantage to us. They include the scope for various free trade arrangements on the basis that those free trade arrangements would be building blocks towards wider liberalisation either within the region or in support of the WTO round and that they had objectives which were similar, in other words, that they had broad coverage and they were compatible with our WTO situation.

**Senator COOK**—Do we approach this exploration of a possible trade arrangement with Tokyo as an element that we would keep foremost in our mind? Is it a guiding principle of this exploration or is it something that is on the table to be considered within it?

**Mr Cobban**—With the Korean matter?

**Senator COOK**—Yes.

**Mr Cobban**—It would be an integral part of the whole exercise, when we get to that stage, but we have not got that far.

**Senator COOK**—So you would put it on the table for consideration within the whole, not as something which you have as a principle with which you approach this exploration?

**Mr Cobban**—No, the latter.

**Senator COOK**—The latter? So you approach the exploration of a treaty with Korea on the basis that it must conform to the principle of open regionalism?

**Mr Cobban**—With the principles of the WTO.

**Senator COOK**—MFN?

**Mr Cobban**—Yes.

**Senator COOK**—That is another way of stating the same principle, isn’t it?

**Mr Dauth**—I think we are dancing on a pinhead a bit here. I am interested to hear whether Mr Cobban has got anything to add, but as we said earlier, we are going into these exploratory talks with the Koreans without, as it were, any preconditions. We will come out of those with a decision as to whether it is worthwhile, in terms of our commitments, principles and beliefs about what is in our national interest, to embark on a negotiation. It is very much a pre-negotiation. But Mr Cobban has done his best to respond to the sort of theological principles that you are asking about.

**Senator COOK**—I think it has been answered. Mine is a really simple question. I have understood we have always had this as a principle—whether we express it as open regionalism, which is a term used in the context of APEC, or of MFN, the WTO principle; we have had this as a foremost idea. My question is: is that for consideration now or is it part of how we approach this package? I think you have answered that it is part of how we approach this package.

**Mr Dauth**—Yes.

**Senator COOK**—Earlier, we had a discussion in the North Asia area about a possible Korea-Japan—I think I put it as Korea-Japan-China; the report is on Korea-Japan—trade relationship, which is something between them and, I understand, is an idea at this stage. What is the status quo of that? Where is it up to?

**Mr Thomson**—I think it is very much being explored. We talked a little bit about the concept of elites. It is being explored between, if you like, elites. There was a conference yesterday, I believe, in Seoul. The host of the seminar was the Korea Development Institute—an institute that I think you have possibly visited.

**Senator COOK**—I may have visited it with you, Mr Thomson.

**Mr Thomson**—Yes, indeed you may have. The conclusion was simply that this was a good idea—this idea of bringing together countries in the region—but that, at this point, there was not sufficient community support for it. One of the road blocks to that was the whole area of agriculture and also the view that the requirement of a WTO member to enter into a free trade agreement with another WTO member—Korea and Japan, in this case—is such that substantially all of the trade has to be covered under article 24 of the GATT of 1994.

So this is an objective on the hill. Perhaps in two years community attitudes will have changed somewhat. I think this approach underpins all of these dialogues, whether it is AFTA CER or the getting under way of a matching kind of dialogue in relation to Australia and Korea. These are all considerations that are issues of exploration at this stage and that we are building support for. They are not about to happen in the next year.

**Senator COOK**—Yes, but we are keeping an eye on this.

**Mr Thomson**—Looking at the way the world is moving—the European Economic Space, developments in parts of Latin America and other parts of the world and the example of NAFTA—the reality is that, in considerable parts of the world, these arrangements have taken significant root, and the question now being asked increasingly in the Asia-Pacific region is whether similar kinds of things should start to happen here. You can see there is a healthy dialogue under way. At this point, the conclusions have not been reached.

**Senator COOK**—Is it too rash a statement to say that this is on the agenda in some way but is still being approached distantly—as you put it, a dialogue of the elites rather than a dialogue having popular support in either Japan or Korea? Did that suggest in any way a lessening of commitment to APEC by either of those two countries?

**Mr Thomson**—It is a matter of looking at the same basic issue—how, in today's world, one achieves progressively further liberalisation. I think, as this government would say, the first and best way is through the multilateral process. But equally, there may be other ways and we are working through the whole three-phase agenda: multilateral, regional and, perhaps, bilateral. There has not been a bilateral initiative with New Zealand—it took a long time—since 1956 or 1963, which culminated in CER in 1983 through to 1988. But there may be some bilateral agendas opening up.

**Senator COOK**—I have no criticism of that construct of approach. The first and best option is the WTO. The only problem with it is that if you slip to the other options they can consume your resources and attention so that the energy necessary for your first best option is not there. Do you have a comment on that?

**Mr Thomson**—Not really, Senator, other than I do not think it is a real concern at this point. One would hope that, given the bipartisan view on these kinds of issues that

substantially continues to exist in Australia, appropriate resources would be made available if that were to be the agenda.

**Mr Cobban**—To turn back to your original question on the impact on APEC, Senator, I would just note that both the Japanese and the Korean ministers will be at the meeting in Darwin.

**Senator COOK**—Next week, yes.

**Mr Cobban**—The Japanese have a number of initiatives on the table, so I would suggest that they are still actively engaged.

**Senator COOK**—Yes. I am not suggesting that it involves any question of current commitment, but the fact that this is now on the screen and was not there before—and it was, I understand, a straight-out FTA that was being discussed—it does raise the question. Thank you for the answer. I would like to turn to the prospects of a new round. I have just spent some time in Europe—and I meant to say this earlier when we were dealing with Europe—and I would like to thank the department for the professionalism in the way in which they provided support for me. They provided no more than they ought to have, but no less than they ought to have, and they provided it, I thought, to a high level of professionalism. I would just like to say that and record it.

**Mr Dauth**—Thank you, Senator.

**Senator COOK**—But clearly it seems to me that there is still a strong commitment on the part of the Europeans to try to get a round going this year by the European Trade Commissioner, Pascal Lamy. He has certainly quite a personal commitment to the project. What chance do we have for a new round and how do we rate it at a departmental level?

**Mr Thomson**—Senator, I think you are correct in detecting that, unlike some observers, the prospect of getting a comprehensive round of trade negotiations in the WTO off the ground is not a lost cause by any means. In fact, probably it would be our assessment over the last couple of weeks that the possibilities have increased rather than diminished. The principle reason for that is twofold: governments of both the developed and developing countries realise that the alternative is a much worse alternative; and, secondly, the change that has occurred in the congress with the success recently of the passage of the China legislation in the United States. I think there is a real confidence that the Senate will now confirm the quite substantial vote of the House of Representatives.

**Senator COOK**—There is a majority of 40.

**Mr Thomson**—And in fact we might see now quite a focus from the Clinton administration on clearing away the undergrowth for a successful launch of the round. We are very engaged in this process. I do not think a lot can be said of the process beyond what I have said. There are perhaps some elements that would interest observers whereby some of the difficult issues are under serious dialogue and there is an indication of flexibility. For example, we are at the very centre of the debate on trade and labour issues. In time you will see people come towards the position we have taken. It is not just our position. I think there is some increasing optimism, but one does not want to be overoptimistic because these are going to be tough issues to settle. But, as you say, the Europeans are very committed to working to a solution. Increasingly, we see the United States turning finally to having explored all the other alternatives to do what probably is necessary. Some developing countries, too, come into that position. In the last couple of weeks, there is a deal more optimism, but there is still a long way to go.



**Senator COOK**—I am in a position where I will probably be announcing my attitude on trade and labour in the very near future. When I do, I will be interested to see how close or how far that resembles the government position. Just turning to the round again, when I was in Geneva, Mike Moore, the Director-General of the WTO, was proposing a package of confidence building measures aimed at developing countries to encourage their participation in the round, given the views that they as a group expressed quite strongly at Seattle. What is our position to the confidence building measures advanced by the director-general?

**Mr Thomson**—We have been very supportive, but I think to be very particular about them, fundamentally, Mike Moore has been saying—I apologise for the jargon—that the quads had to show particular leadership in this area. By the quads, we mean the United States, European Union, Japan and Canada. The leadership that they have shown frankly has been disappointing. That said, it is probably not unrealistic, and developing countries understand that the only way their real commercial interests will be advanced is not from a mendicant kind of position but that they will have to be participants in a negotiation. The other considerations about the launching of a round relate to the principal developed countries coming to some settlements about the ambition of the agenda, the inclusion of particular issues, and that is what they are working on at the present time. Some of the other issues which relate to the implementation of the Uruguay Round results will have to be, I think, revisited. But the momentum is moving in a positive direction again in all of these areas.

**Senator COOK**—One of the elements of the confidence building measures concerns a matter that was on the table at the UNCTAD meeting in Bangkok about three months ago and which involves the least developed economies. I think there are 54 least developed countries—LLDCs is the jargon—being given access for textiles and agriculture to Europe and North America. This fell off the table over wording at UNCTAD by the inclusion of words that the developing countries felt still gave the impression of access but maintained the principle of discrimination. What was Australia's position with respect to that issue?

**Mr Thomson**—We were not with the quad countries, and I hope you would understand and expect that we were not.

**Senator COOK**—Yes.

**Mr Thomson**—The issue was about a debate as to whether the developed countries would extend duty-free and quota-free access for the least developed countries. These are the very poorest of the countries—

**Senator COOK**—Seeking access to the very richest markets.

**Mr Thomson**—and this was a proposal that was initially put by the European Union. But when the United States, in particular, was not able to embrace the issue—although to be fair to the United States, it has been moving in the last little period through the passage of the so-called Africa bill and the Caribbean bill to improve access to the US market for the least developed countries. But it was a very partial gesture, which the European community then fell back to. But neither the developing countries nor countries such as Australia could, in that issue of the United Nations Conference on Trade and Development in Bangkok in February, change the position of the so-called quad countries.

**Senator COOK**—Did we seek to change the position of the quad countries?

**Mr Thomson**—Yes. But there was a certain realism about UNCTAD in that UNCTAD is not a kind of hard-edged negotiating group in the way that, for example, the WTO would

insist on outcomes. The developing countries themselves, I think, backed off to live to fight another day.

**Senator COOK**—As you say, these are the poorest countries in the world and they are seeking access to the richest markets in the world. I think the 54 of them constitute 0.3 per cent of world trade. They are not a big player.

**Mr Thomson**—They have a very small place with, essentially, very singular or twofold interests in particular products in world trade. Most of them are dependent on one or two products for the great bulk of their export income and their debt servicing capacity and so on.

**Senator COOK**—Do we see this as a precondition that needs to be met in order to get around moving?

**Mr Thomson**—I would say that it is one element that will help but, at this point, it is frankly not the issues that are going to make or break the launch of a round.

**Senator COOK**—How do you define those issues?

**Mr Thomson**—They are more the issues of overall liberalisation for which the developed countries themselves must take the lead. What is to be included are the issues of agriculture, services, industrial products, rules issues and, in particular, the ‘trade and’ agenda. Precisely how that comes out—trade and labour, trade and competition, trade and investment are the ones that most readily come to mind.

There is a significant difference, which I have said today is narrowing, we think, in some of these ‘trade and’ issues but there is still a distance to go. Essentially, the European Union and the United States have to come to some conclusions about the ambit of what each wishes to seriously negotiate. If these issues are not solved at the time of launch, what they will do is plague the progress of the negotiation and inhibit the conclusion of the negotiation. So setting objectives that have a wide measure of consensus is what the issue is about at this point. In our assessment, the least developed countries will stand to benefit from a round that is a market access round, a round that is essentially about removal of distortions and not simply or substantially addressing some of the issues that principally interest a few of the major developed countries.

**Senator COOK**—Yes. I think you have just answered the question I was going to ask. The point is that this is not a matter of simply Europe and the United States reaching a broad agreement.

**Mr Thomson**—Absolutely not.

**Senator COOK**—This is a matter of Europe, the United States and the developing countries all being in broad agreement, not to leave aside the role of Australia in the Cairns Group in all of that.

**Mr Thomson**—As at the launch of the Uruguay Round and throughout the negotiation and at the conclusion, agriculture and agricultural trade liberalisation will be a litmus test and an essential element at the launch and absolutely an essential element in terms of meaningful results at the conclusion.

**Senator COOK**—In referring to the ‘trade and’ issues earlier and just now, you referred to trade and labour standards and you referred to an Australian position that you thought other powers might come to. What is that Australian position on trade and labour?

**Mr Thomson**—I do not want to be too definitive at this stage, but the basic element is obviously a dialogue that is not within singly the World Trade Organisation, it will have to be

outside the World Trade Organisation, but a dialogue that comprehends the whole scope of development, in particular development for developing countries, and the social dimension, not a single focus on any particular element of the social dimension but so that we can all engage in and see the benefits of social development.

**Senator COOK**—At Seattle, the developing countries, chaired in this case by South Africa, got close to but did not finalise a communique that pointed in that direction. I think there were one or two developing countries that were not included in those that had signed on to the idea. But the view I got from the developing countries was that, had they had more time and the chance to do more work, they all would have signed on to a communique which emphasised development and said, 'PS: If you want to talk about these other matters we will talk about them too, but development is a matter of our interest and we would like, outside the WTO but with some UN organisations and the international financial institutions, to deal with these matters.' Is that the sort of thing you were talking about?

**Mr Thomson**—Yes.

**Senator COOK**—Thanks very much.

**CHAIR**—Thank you, Senator Cook.

**Senator COOK**—I am sorry, there are some more questions that have just been brought to my attention. I was not reading my own running sheet.

**CHAIR**—You have cost us a lot of time.

**Senator COOK**—There are two elements of this. I am talking about the WTO dispute settling mechanism. I think it is because it works that everyone who has a dispute would like to use it to settle their problem, but that is another matter and is probably one for public debate. A number of arguments have developed about the need for greater transparency in the WTO about what its activities are, for some capacity building for developing countries in order to be able to participate in the organisation and feel part of the decision making process—issues like that. Has the Australian government got a view on transparency and capacity building?

**Mr Thomson**—Yes.

**Senator COOK**—Can you tell us what it is?

**Mr Thomson**—It is quite an active view, and it is backed up by practical measures. We take the view that there are substantial grounds for assisting developing countries to play a fuller role in their own interest in the WTO. We are providing means to achieve that end. For example, we assist in a number of ways: the payments are made and funded through AusAID but there are a range of programs whereby assistance is given to developing countries in progressing their accession or ultimately training them in particular elements. Some of the delivery is also done through APEC. APEC has, for example, substantial programs in relation to intellectual property protection and enforcement which relate, at the bottom line in part, to the WTO obligations that those countries have.

I think we will be there when it is settled as part of the process—probably of a launch—with the other developed countries. I would certainly hope that we would be—and I have no reason to believe that we would not be—extending some additional assistance to help developing countries obtain the benefits from the Round and from the existing WTO agreements.

**Senator COOK**—There is a legal fund concept being developed within the WTO. Would we be a supporter of and contributor to that?

**Mr Thomson**—I think that is an issue still for the government to take a decision on. I think the considerations on the one hand would be ‘yes’ if there was a particular issue that seriously warranted dispute settlement and the resources were not there. We would look positively on that. But, equally, I think the more significant benefits for developing countries probably would be from fuller participation in the system—helping them with their own domestic arrangements, either in the form of taking commitments and implementing liberalisation or running a trade policy. In the first iteration, I think the benefits would come more from the second category than from the first. I think there will be donors available in the Northern Hemisphere to fund the first element sufficiently. So, I think we will be looking at where we can deliver the most practical element. Our experience with the Cairns group will condition the kind of approach that at least we in the department would recommend.

**Senator COOK**—What you are saying is right, that one of the welcome but perhaps initially unintended consequences of the Cairns group is that it brings developing and developed countries together and forms a way in which you can road test some ideas.

**Mr Thomson**—Yes, absolutely, and with bigger benefits than perhaps are derivable from any idea that one should set up a little group of lawyers to engage in litigation.

**Senator COOK**—Hear, hear! That goes to another question of reform, which I will not go into in great detail now—the question of trying to hold back the momentum of the WTO towards being increasingly litigious; trying to find some basis of dispute settlement that is less legal based. But that is another discussion for another time and it is not an estimates discussion. In September 1999, Minister Vaile announced that a series of public meetings would take place to discuss the WTO dispute resolution procedure. Have any of those meetings been held and, if so, where?

**Mr Thomson**—Yes, they have. I believe they have been held in all state capitals and members of parliament have been advised of those seminars.

**Senator COOK**—This is not that group of meetings we talked about last time we met, is it?

**Mr Thomson**—Not with me, but I did read the *Hansard* and I understand the issue.

**Senator COOK**—That is the same bunch of meetings?

**Mr Thomson**—No, this is separate. The dispute settlement seminars have been conducted in the last six weeks or so with the advice of all members of parliament. Mr Vaile wrote a letter to all members.

**Senator COOK**—I do not recall receiving mine but I will have to check the mail again.

**Mr Thomson**—It was certainly prepared and sent.

**Senator COOK**—You may wish to take this on notice: can I be provided with a list of what meetings were held and where?

**Mr Thomson**—I could probably do that now—

**Senator COOK**—You said all capital cities but I think were some other centres as well. If you can do it now, do it now.

**Mr Thomson**—We can certainly provide that information. Joan Hird has the information if she can find a seat.

**Senator COOK**—If it is in a typed form maybe it can be tabled.

**Mr Thomson**—Is it typed?

**Ms Hird**—No.

**Mr Thomson**—We will table it.

**Senator COOK**—What I would like to know is: where they were held, when they were held, and how many people attended.

**CHAIR**—Thank you, Senator.

[9.02 p.m.]

**Outputs 1.1.6 and 1.2.6—Trade development/coordination and Asia-Pacific Economic Cooperation**

**Senator COOK**—Can you tell me what the Australian objectives are at the ministerial to be held in Darwin next week?

**Mr Cobban**—Yes. Basically I think you could group them into three categories: firstly, adding impetus to the efforts that Mr Thomson has described to get a new round under way; secondly, to discuss the impacts that the activities of APEC have had on liberalising the economies of the region and the benefits that have flowed from that; thirdly, to canvass a range of the activities that have gone on under the APEC program and see how they can be further advanced. That covers: areas of paperless trading; further work on the individual action plans and how they can be improved in presentation, coordination and comparison; the new web site on doing business in the APEC region; and improving APEC services to business, trade facilitation issues—that whole agenda. They are really those three core components.

**Senator COOK**—Australia is stepping into the breach, which I think is very welcome in helping Brunei handle its hosting responsibilities. What will it cost us to do this, or is Brunei picking up the tab?

**Mr Cobban**—Not quite, Senator, no. I think our estimate—and some of that is still a little uncertain—is roughly \$500,000.

**Senator COOK**—Do you know what the total bill is for the event?

**Mr Cobban**—That is the total bill.

**Senator COOK**—So Brunei has not outsourced this to Australia; we have decided to shoulder the cost ourselves.

**Mr Cobban**—Brunei, I think, will contribute in some peripheral ways but essentially it is ours.

**Senator COOK**—Will this issue we have just been talking about be one of the things looked at at the trade ministers' meeting—the WTO and what APEC countries might do to further that agenda? Is that part of the objectives?

**Mr Cobban**—Yes, it is.

**Senator COOK**—Will any of the IAPs be on the table next week?

**Mr Cobban**—We expect that a number of countries will make presentations on where they have got with their IAPs. If you mean by that a review process, my understanding is no. There will be a discussion on the modelling that we have done for an IAP database which will allow greater consistency in the reporting and therefore a comparison of where countries have got to at this point in time.

**Senator COOK**—Now that the US House has voted on PNTR and the Europeans have reached an accord with China, the expectation is, as I understand it, that by the time China

clears all the other much more minor hurdles, it will not be until about the middle of next year that you would be talking about the formal admission of China to the WTO. Will there be any discussion about how APEC nations might assist China to clear those hurdles in the next one year to 18 months?

**Mr Cobban**—It is not specifically down on the agenda, obviously. Bearing in mind that the three Chinese economies are all there and represented, I would be surprised if there were not discussions about how they will proceed over this period.

**Mr Thomson**—There is, and continues to be, a great deal of discussion between China and China's trading partners about the remaining issues to be resolved in China's accession. The view of 18 months before China becomes a member, I would say, within the group of people engaged in China's accession, would probably be very much the outer limit. The Chinese have not quite said that they wish to accede this year, but from a number of things that they have indicated, there is a deal of optimism if they undertake the necessary data collection and presentation to the working party on accession of China in Geneva. We, for our part, have worked with others to say that we will make ourselves available in Geneva to do all of the necessary work. We are looking at possibly three meetings of the working party between now and September. It is my judgment that, provided China is in a closure mood, China could become a member this year.

**Senator COOK**—That is within the next six months. That is a very positive and useful comment. Thank you very much for that. Finally on APEC, are we happy that the movement towards the Bogor declaration goals is strong enough to make those goals achievable?

**Mr Cobban**—I think that we have seen, as we have with the WTO, a bit of a sea change as the economies of the APEC members have revived post the crisis. Some momentum has been lost. There are pressures out there but we are hoping that the meeting next week will come forward with a reaffirmation of those goals by the individual member countries.

**Senator COOK**—Where does Russia stand with respect to those goals?

**Mr Cobban**—I am not sure where Russia stands at all at the moment. Given the confusion of their ministry, which disappeared overnight and their minister with it, I do not think they have even been able to nominate yet who is attending.

**Senator COOK**—They are entitled this time, though?

**Mr Cobban**—Yes, they are.

**Senator COOK**—But they would be regarded in the 2020 objective, wouldn't they, not in the 2010 objective?

**Mr Cobban**—Yes.

**Senator COOK**—They are regarded as a developing country, not a developed country?

**Mr Thomson**—If one looks at the WTO classification—and this was an issue with China—it is a mixed answer. In other words, they have some characteristics, if not significant characteristics, of a developing country but they have some substantial characteristics of a developed country as well.

**Senator COOK**—This is what we call an economy in transition.

**Mr Thomson**—Yes.

**Senator COOK**—So if the goals are free trade by 2010 for developed, and 2020 for developing, which goal does Russia have to answer to?

**Mr Thomson**—I think the answer will come, hopefully, progressively, particularly keeping in mind the opportunities and life of the Russian people themselves. The Russians are also seeking accession to the WTO. Their accession moved forward a little bit a year ago but it is not going anywhere fast at the present time, and, in that sense, I suppose, exhibits some similarities of the past to the Chinese accession which moved forward significantly at times and then was in a quiescent phase for a period. These are difficult times, obviously, for the Russian people and the Russian government but one hopes that they will come with renewed vigour at some point. I think it will then be more realistic to answer that kind of question.

**Senator COOK**—I know the less than ideal circumstances from our point of view in which Russia became a member of APEC. But my understanding was that they were required to embrace the goals as a condition of membership.

**Mr Thomson**—Yes.

**Senator COOK**—So they signed up to the Bogor declaration but we are just not quite sure which timetable they are working to. Is that the situation?

**Mr Thomson**—Yes. I think if you compare their economy with all of the other APEC member economies, it is very feasible to see the Bogor commitments being met because of the progressive liberalisation that has either been pursued or is being pursued or the distance that they have made. The problem at this point with the Russians is that until they get on a path of liberalisation, it is hard to see how they could meet the goal at this point having, nonetheless, accepted the goal.

**Senator COOK**—So we could say, ‘The Russians are coming but we’re not quite sure when they’re going to get here!’

**Mr Thomson**—I think at a more serious level in terms of geopolitics and so on, it is a real issue of concern to the international community and to the Australian government to see the Russians make some forward momentum in their economy.

**Senator COOK**—Is there any proposal—God help us—for APEC to enlarge itself that is on the horizon at the moment?

**Mr Cobban**—No.

**Senator COOK**—No-one is nominating new members—trying to expand it?

**Mr Cobban**—No.

**Senator COOK**—Thank God for that. One final question, which I should have asked you in the previous section: now that the green light is there and the earliest that China could become a member of the WTO could be this year, how soon would it be anticipated that Taiwan might be granted membership?

**Mr Thomson**—Taiwan’s accession is nearly complete. By that I mean Taiwan has basically negotiated market access, commitments with its trading partners in the WTO, and it has virtually met all of the requirements of the working party. The expectation would be that Taiwan would accede very shortly after China accedes.

**Senator COOK**—Thank you.

**CHAIR**—We move now to outputs 1.1.7 and 1.2.7 on international organisations, legal and environment.

[9.14 p.m.]

**Outputs 1.1.7 and 1.2.7—International organisations, legal and environment**

**Senator HOGG**—I have a number of short questions on the Timor Gap treaty. I understand that the Timor Gap Treaty is an interim arrangement pending the final settlement of the seabed boundary. Is that correct?

**Mr Potts**—That is correct, Senator.

**Senator HOGG**—Does the Australian government maintain Australia's longstanding claim to the entire continental shelf in the Timor Gap?

**Mr Potts**—Can we take that on notice if you do not mind.

**Senator HOGG**—That surprises me. You can take it on notice but I thought you would have a ready answer.

**Mr Potts**—It is just that there are shades and dimensions of this in a sense.

**Senator HOGG**—Yes, I understand that. That might be covered in my next question, which you may well also have to take on notice. Is the government aware of the assessments that changes in the international law of the sea in the years since the negotiation of the Timor Gap Treaty would support an East Timorese claim to all of the Timor Gap up to the median point line—that is, the entirety of the zone of cooperation area A?

**Mr Potts**—Can I make several responses to that.

**Senator HOGG**—Yes.

**Mr Potts**—Firstly, it is more a matter for the Attorney-General's Department than for ourselves. Secondly, certainly we are aware of claims to that effect. Thirdly, we would not necessarily share those claims. We would want to work through a proper discussion of that.

**Senator HOGG**—All right. In giving me the answer to the first question I posed, if you can give me a more fulsome answer there, that would be welcomed in the light of when you are away from this place.

**Mr Potts**—Yes, certainly.

**Senator HOGG**—Has Indonesia formally renounced any claim to any part of the Timor Gap zone of cooperation?

**Mr Potts**—We held discussions with Indonesia at the end of January for disengagement from the Timor Gap Treaty. We concluded with initialling an arrangement, which would lead to an exchange of letters. The Indonesian foreign minister has now written to Mr Downer conveying his part of the exchange of letters and we are expecting a response within the next few days. It is all but done.

**Senator HOGG**—Thank you very much.

[9.18 p.m.]

**Outputs 1.1.8 and 1.2.8—Security, nuclear disarmament and non-proliferation**

**Senator HOGG**—Could the department give an assessment of the state of the negotiations in Geneva for a verification protocol for the biological weapons convention?

**Mr Newman**—At the moment, our assessment is that the negotiations are going slowly and we would not expect an outcome this year.

**Senator HOGG**—So if there is not likely to be an outcome this year, is it then likely to conclude in the early part of next year or is it something that is just going to slowly crawl along?



**Mr Newman**—We would hope that we could have an outcome by the time of the review conference next year.

**Senator HOGG**—Are there any identifiable obstacles that are holding up the progress of these negotiations?

**Mr Newman**—There are a number of factors.

**Senator HOGG**—Can you identify those?

**Mr Newman**—Industry groups in some of the countries that are part of the negotiation would be one factor.

**Senator HOGG**—Right, and the others?

**Mr Newman**—Just the general looking and examining of the cost and benefits of the verification protocols as against other instruments that are available in terms of export controls.

**Senator HOGG**—Thanks very much. If I can move on to the safeguards office, what is the budget for the Australian Safeguards and Non-proliferation Office, ASNO, for 2000-01?

**Mr Leask**—For the upcoming financial year, ASNO is funded for a staff of 13. That is an increase of one over last financial year. That salary budget is included within the report of the Department of Foreign Affairs and Trade. Our specific administration budget will be nominally \$487,000.

**Senator HOGG**—How does that compare to last year's budget?

**Mr Leask**—That is a very slight reduction which is caused by the efficiency dividend.

**Senator HOGG**—What was the efficiency dividend?

**Mr Dauth**—One per cent.

**Senator HOGG**—Have you got an actual figure for last year readily available?

**Mr Leask**—Not instantly at hand.

**Senator HOGG**—If you can take that on notice and give that to me at some later stage. Does the budget that you have just quoted cover the cost of the comprehensive test ban treaty monitoring stations in Australia?

**Mr Leask**—The budget that I have just described?

**Senator HOGG**—Yes, the administrative budget.

**Mr Leask**—The administrative budget allows for the operation of the national authority under the Comprehensive Nuclear Test Ban Treaty Act in Australia. The operating cost of the international monitoring system stations which are currently functional is covered by separate moneys currently administered by ISD.

**Senator HOGG**—Separate money?

**Mr Leask**—Yes, there are separate funds from government which account for the operating of the arrangement. That is covered by a separate sum of money administered by ISD.

**Senator HOGG**—Thanks very much. Are you able to give me a breakdown of the staff handling international safeguards, nuclear materials accounting, the comprehensive test ban treaty and the chemical weapons convention implementation?

**Mr Leask**—Within the Australian Safeguards and Non-proliferation Office there is the director-general and myself and one support member of staff. We have two members of staff

who administer the Chemical Weapons Implementation Office, we have two members of staff who implement the CTBT arrangements, we have two members of staff who specifically address the issue of nuclear materials accounting and control, and we have three members of staff who specifically address international safeguards issues.

**Senator HOGG**—Thanks very much. Is it planned to increase ASNO's staff in the coming financial year?

**Mr Leask**—ASNO's staff was increased by one during the financial year we are just ending. That increase, bearing in mind that it was specifically for a new member of staff to undertake safeguards work, represents an increase of nominally 20 per cent. At this stage we do not have an expectation that that will be increased further in the financial year that we are about to start.

**Senator HOGG**—Thanks very much for that. At the additional estimates on 3 June I asked a number of questions about the arms control and disarmament implications of US national missile defence policy. Among the questions asked was whether the department could confirm that the US defence support program satellites have been involved in national missile defence intercept trials and whether the DSP system and its successor, the space based infra-red system, would be essential elements in any NMD system deployed by the United States. In reply to my question, Senator Hill said the government would not answer any questions of a security nature, and Mr Dauth at that stage declined to give an answer. Can you confirm that these are classified matters and are thus inappropriate to be pursued in a public forum?

**Mr Dauth**—Our answer has not changed from the last time.

**Senator HOGG**—Has DFAT been consulted in respect of any proposed legislation to put the Australian Secret Intelligence Service on a legislative basis? Are any legislative proposals the subject of current consideration by the department?

**Mr Dauth**—ASIS, of course, is a part of the portfolio and we have extremely close working relations with them. But, in essence, the work on the legislation which is currently under consideration is between them and the minister.

**Senator HOGG**—So this is something that—

**Mr Dauth**—We are conscious of it.

**Senator HOGG**—You are conscious of it but you are not directly involved?

**Mr Dauth**—I think that exchanges go on. The Director-General is someone we know very well. We are conscious of where he is at and we talk about these things. In essence, the work is between the Director-General of ASIS and the minister.

**Senator HOGG**—Given the nature of ASIS, how does this committee pursue that issue?

**Mr Dauth**—I am sorry, I do not know. It is something you will have to take up with the minister. I cannot answer for ASIS this evening.

**Senator HOGG**—I understand that, but given that they are part of your department, Mr Dauth, I thought you might be able to shed some light on it.

**Mr Dauth**—Part of our portfolio, not the department. It is a matter for the minister.

**Senator HOGG**—I will accept that.

**CHAIR**—We move now to output 1.3—Secure government communications and security of overseas missions.

[9.28 p.m.]

**Output 1.3—Secure government communications and security of overseas missions**

**Senator HOGG**—Did the department undertake an internal review into information security in the department last year?

**Mr Crighton**—Yes, security of information is under constant review. There is no particular timeframe—

**Senator HOGG**—There was no specific review last year?

**Mr Crighton**—We have regular reviews of information security.

**Senator HOGG**—Who conducts those reviews?

**Mr Crighton**—The way the division is set up is that we distinguish carefully between the information management folk and the security folk. It seems to us to be appropriate that security matters be run from a security part of the department. So where information security is under investigation or consideration, that is usually led from the security branch.

**Senator HOGG**—How often would these reviews be conducted? Two times a year; three times a year? Can you give me some idea?

**Mr Crighton**—As required, but regularly.

**Senator HOGG**—Generally, how many times would that be?

**Mr Crighton**—It is a source of constant concern and a serious responsibility for us, so you would expect it to be a continual concern for us. If an event occurs, of course, that would trigger another review of procedures or policy.

**Senator HOGG**—Can you give me an idea of how many reviews were conducted last year? I am trying to get a feel for this; and, if you can, the type of conclusions that the reviews came to. I am not asking you to disclose any secure matter but to give a broad outline of the results of those reviews.

**Mr Dauth**—I think Mr Crighton is probably talking about an ongoing process rather than a series of, as it were, specific discrete reviews. In short, I think the outcome along the way has been to find that we are in not bad shape.

**Senator HOGG**—That was going to be my next question, Mr Dauth. Did the review or reviews that have been conducted confirm a high standard of information handling and distribution procedures?

**Mr Crighton**—Yes.

**Senator HOGG**—Were there any major deficiencies revealed by any review?

**Mr Crighton**—No. Whenever we look at the issue you can always find ways to improve what you do.

**Senator HOGG**—I accept that.

**Mr Crighton**—Technology changes, people change, and all the time we are improving. I should have added that there has been one particular formal review called the Max Hughes report which was conducted last year, but I took your question to be addressing the regular surveillance of our procedures.

**Senator HOGG**—You might inform me about the Max Hughes review.

**Mr Crighton**—That was a comprehensive review of the way we deal with information in the department. It was quite a widespread, thoroughgoing review. A senior officer was appointed to do that. He put forward a comprehensive report and it confirmed a lot of what we already knew, but as I say, every time you look at these things you can sometimes find ways of tweaking it because it is the most important thing to us, to protect the information that we have.

**Senator HOGG**—In general terms, how has the department strengthened its electronic audit facilities and increased its capacity to investigate unauthorised disclosures of information?

**Mr Crighton**—Again, that is a long story. Last year we introduced a new form of computer software on to our systems which facilitate audits. That allows us to track and provide quite a lot of detail about access to information. That has been a major step forward in our ability to monitor information. Quite recently the senior executive approved further measures which will just strengthen that system.

**Senator HOGG**—So one could draw the conclusion that the department is confident in the strengthening that has taken place there.

**Mr Crighton**—There is always more to do.

**Senator HOGG**—It is like: how long is a piece of string?

**Mr Dauth**—The answer to your question is yes.

**Senator HOGG**—I am just trying to get a degree of confidence in the system there. I understand that ADCNET is the main system for transmission of classified cables and email between Canberra and posts. Is that correct?

**Mr Crighton**—That is correct.

**Senator HOGG**—What is the SATIN HIGH system?

**Mr Crighton**—SATIN HIGH is a new secure system; ADCNET has been in existence for quite a long time. By world standards it is still regarded as extremely efficient, but the underlying infrastructure for that has become obsolete and so the department is now introducing a replacement for that based on modern software and hardware technology.

**Mr Dauth**—At the risk of really offending techos, SATIN HIGH is an upgraded ADCNET.

**Senator HOGG**—You have every right to feel offended! Mr Crighton, using Mr Dauth's very lay terms there, can I take it that ADCNET will be phased out and SATIN HIGH will replace it?

**Mr Crighton**—It is already happening.

**Senator HOGG**—Are the two systems working side by side, or are they working in conjunction with each other?

**Mr Crighton**—One is a significant step forward in technology. We have designed it so that we can progressively replace one with the other and provide sensible interface between the two systems. For the user, apart from the additional functionality that they have with the new system, it operates in exactly the same way in terms of security.

**Senator HOGG**—When will the ADCNET system be phased out finally?

**Mr Crighton**—In the department it will be phased out by the end of next month. The program for replacing the secure system overseas is yet to be decided by the senior executive, but I would imagine that that would happen by the end of next year.

**Senator HOGG**—All right. Is there an allocation in this year's budget for the replacement of the system overseas?

**Mr Crighton**—Not at this stage.

**Senator HOGG**—I have got Mr Dauth nodding—

**Mr Dauth**—Not yet. I was agreeing with him.

**Senator HOGG**—You do confuse things, Mr Dauth.

**Mr Dauth**—I am working on it.

**Senator HOGG**—I was getting very clear answers over here and nods over there. Thank you very much. Those are the questions that I have relating to 1.3.

**CHAIR**—We will move on to output 1.4 on international services to other agencies in Australia and overseas.

[9.35 p.m.]

**Output 1.4—International services to other agencies in Australia and overseas**

**Senator QUIRKE**—I wonder if we can be provided with a breakdown of the annual numbers of members and senators, government and opposition, who have been assisted by the department in regard to their overseas travel since March 1996. I am not asking for names and addresses but you might want to take it on notice.

**Mr Dauth**—We can easily do that.

**Mr Robilliard**—We would have to take that on notice.

**Senator QUIRKE**—I would have thought so. I would have been very impressed if you had pulled the list out. Is it possible for you to tell us what the cost of this output was in 1999-2000 and what is the budget for 2000-01?

**Mr Robilliard**—I cannot provide you with that detail at this time. We have not, of course, completed the financial year at this stage. But we can take that on notice and provide you the detail later.

**Mr Dauth**—I think it is very difficult to provide it anyway, isn't it? We will do our best. You have to attribute costs to resources that are doing other things as well. It will not be such a straightforward exercise but if Mr Robilliard is prepared to commit himself in that way, I do not mind.

**Senator QUIRKE**—I prefer his answer to yours.

**Mr Robilliard**—We will make our best endeavour.

**Mr Dauth**—He does work for me, though.

**Mr Robilliard**—We will make our best endeavour.

**Senator QUIRKE**—He is a much more forthcoming chap than you, Mr Dauth. That is all we want on that particular section. We are into consular and passport services now, Mr Chair.

**CHAIR**—You are very easy to please, Senator Quirke.

**Senator QUIRKE**—Very easy, indeed, particularly as the clock goes on.

**Senator FERGUSON**—Mr Robilliard, you will have to take into account the fact that there were so few Labor members in 1996-98. That would have to be balanced out.

**Mr Robilliard**—We will take that into account.

**CHAIR**—Are there any questions on the remainder of Output 1.4?

**Senator HOGG**—No.

**CHAIR**—There being no further questions on Output 1.4; we move on to Output 1.5—Services to diplomatic and consular representatives in Australia. You do not have any of those, Senator Hogg?

**Senator HOGG**—I cannot see any questions. At this stage, there are none as far as I can see.

**CHAIR**—We could come back to it.

**Senator HOGG**—No, if there are, I will put them on notice. I cannot see them.

**CHAIR**—We move now to output 2.1 on Consular and passport services.

[9.38 p.m.]

**Output 2.1—Consular and passport services**

**Senator QUIRKE**—Can the committee be provided with a list of the changes made to consular fees in the budget?

**Mr Baxter**—Yes, certainly. I can table that here.

**Senator QUIRKE**—What is the anticipated revenue gain as a consequence of these changes?

**Mr Baxter**—The estimated revenue is \$1.1 million per year. That is an estimate, and depends on demand. That is additional revenue as a result of the increase in fees.

**Senator QUIRKE**—That is all we are interested in.

**CHAIR**—Are there further questions on consular or passport services?

**Senator HOGG**—I need a little bit of guidance, Mr Dauth. I have a question on your department's compliance with annual reporting guidelines and staffing levels. Where are those questions asked? I have a note here under 2.1, but that does not seem correct to me.

**Mr Dauth**—Under enabling services.

**Senator HOGG**—All right, I will include them under there. Thank you.

**CHAIR**—We move now to output 3.1.

[9.41 p.m.]

**Output 3.1—Consular, passport and immigration services**

**Output 3.1.2—Projecting a positive image of Australia internationally**

**Senator WEST**—DFAT has contributed to the budget of the International Media Centre, Sydney, which is to provide support for international media that do not have accreditation for the Olympic Games. What is DFAT's contribution?

**Mr DeCure**—Our contribution to that is \$2 million.

**Senator WEST**—On your web site there is a link to the Media Focus Australia page, which is designed to assist international media reporting on Australia in the lead-up to the Olympic Games. Who is responsible for maintaining this service?

**Mr DeCure**—That service is funded by the department but it is outsourced to a private company.

**Senator WEST**—How much does the outsourcing cost?

**Mr DeCure**—The total contract over a period of about 14 months, including the design and set up of the site, maintenance and answering of inquiries, is about \$120,000 or thereabouts.

**Senator WEST**—Who won the contract for the outsourcing?

**Mr DeCure**—It is a consortium of a company based in Canberra and a couple of individuals, who are essentially journalists who do much of the writing. I cannot remember the name of the company offhand.

**Senator WEST**—I want to know what tender process was undertaken to award the contract, the total value of the contract and who got it.

**Mr DeCure**—I am trying to remember whether it was a public or selective tender.

**Senator WEST**—I am happy for you to take it on notice so we have it accurately rather than your having to write me a letter saying, 'I'm sorry, I inadvertently didn't tell you the whole truth.' I understand the site includes a quantity of reference material and fact sheets on a wide range of topics—Australian government, multiculturalism, scientific achievement and a raft of things. Who drafts that material?

**Mr DeCure**—The material is provided from a range of sources. Much of the material is produced by the department and then placed on that site, but some of it is drafted by the contractors and cleared with the department before being placed on the site.

**Senator WEST**—Some of it was prepared within DFAT, some was prepared using DFAT material and some was prepared totally independently?

**Mr DeCure**—Some was also prepared by other agents. We look for material that may be of interest to international media and place it there.

**Senator WEST**—What other departments were involved in this process?

**Mr DeCure**—No other departments were directly involved but if our public affairs area becomes aware of material that may be of interest to the international media then we seek their agreement to place it there.

**Senator WEST**—Who approves the material before it is posted on the web site?

**Mr DeCure**—It would be one of the directors in my branch.

**Senator WEST**—Is that for all material going on or just the material for which DFAT has been responsible?

**Mr DeCure**—All materials should be cleared with us.

**Senator WEST**—Were any other departments involved in that clearing process?

**Mr DeCure**—Where other agencies, for instance, provide material or the material is sourced from them, we would, as a matter of practice, clear that material with them to make sure that, particularly where it is perhaps edited or shortened, the meaning is not distorted.

**Senator WEST**—Thank you. That is all I have got.

**CHAIR**—We now move to enabling services.

**Senator HOGG**—Is this where I ask a question on the DFAT compliance with annual reporting guidelines? Does it matter where I ask it within this?

**CHAIR**—No.

**Senator HOGG**—In March this year, the Senate Foreign Affairs, Defence and Trade Legislation Committee, chaired by former Senator Brownhill, released *Scrutiny of Annual Reports, No. 1 of 2000*. Referring to the DFAT 1998-99 annual report, our committee said—and I quote:

... in many areas, there is still a tendency to report activities rather than use the indicators as a basis for evaluating performance ...

We also said:

... where sub-programs provide only page after page of activities and successes, with no attempt at evaluation and little or no hint of difficulties encountered during the year, their credibility must be open to question.

At paragraph 2.23 it stated:

However, not all areas of the Department complied with the requirement for evaluation of their performance. For example, although sub-program 1.2 referred in a couple of places to feedback, there was no other attempt at evaluation and, incredibly, experienced no glitches at all, according to the report!

The question is: does DFAT accept the criticisms of this committee as being accurate? If it does accept the criticisms, have these problems been discussed? What measures will be taken to overcome those defects identified by this committee in a unanimous way in the next annual reporting situation?

**Mr Dauth**—We certainly accept, in part, those findings. As Mr Barsdell knows very well, we are in a lively dialogue with parliamentary staff about the points made in those reports. I can promise you that a very significant discussion goes on in the department about the points raised and we take the preparation of our annual report extremely seriously. It drives some of us near mad, every year.

**Senator HOGG**—It also drives some of us near mad trying to read it. That is why we have made the criticisms.

**Mr Dauth**—I do take that point. We are trying. I think that we have made some progress in recent years, specifically because we have been responsive to points made to us by parliamentary committees. The short answer to your question is that we hear that, we are in lively dialogue with officials of the parliament and we hope we will do better next year.

**Senator HOGG**—As I said, it is a bipartisan view.

**Mr Dauth**—I know. I understand.

**Senator HOGG**—We do find the reports, as you say, trying.

**Mr Dauth**—When I say it drives us near mad, some officers worked so hard this year—I cannot tell you how hard they worked—to try to get it right. There was, of course, some praise for our report as well, and the praise was gratifying to those who had put so much effort into getting it right. We will pick ourselves up off the floor and try harder next year.

**Senator HOGG**—But knowing that this is just around the corner, it was an appropriate time to raise it.

**Mr Dauth**—Absolutely, I take that point.

**Senator HOGG**—The next question I want to ask is in respect of staffing levels. Some of this may well need to be taken on notice. As of today, how many staff does DFAT employ? How many of these are located in Canberra? How many are on overseas postings?



**Mr Thomas**—Based on actual bodies, there are 2,056 Australian based staff on our books at the moment.

**Mr Dauth**—Most of them alive!

**Mr Thomas**—Yes. When I say ‘bodies’—

**Senator HOGG**—That is very good. Coming from a simple person, Mr Dauth, that is very good.

**Mr Thomas**—Nonetheless, they are not all whole bodies, Senator. That number includes part-time people, and if you talk about full-time equivalent people, there are 1,986.

**Senator HOGG**—How many full-time equivalents?

**Mr Thomas**—It is 1,986. Returning to real people again: of those, 533 are currently overseas and 1,523 are in Australia, so about 26 per cent are overseas.

**Senator HOGG**—How does that compare to 1990? I understand the figure at that stage showed that about 35 per cent were overseas?

**Mr Thomas**—About 32 per cent. It is lower, but there have been 147 A-based positions withdrawn from overseas, and 101 of those positions have been fairly junior administrative support positions, which over the past few years have been either removed because of IT advances where we have not needed as many keyboard staff and things like that or they have been localised as a way of saving money. So there has been very little reduction in the actual hard end of the department overseas. This is mostly junior level support positions.

**Senator HOGG**—Do you have within the department an optimum percentage of staff that you should have in your overseas postings? Is there a simple rule of thumb?

**Mr Thomas**—There is no rigid formula. We think that it is about right at the moment; we probably would not want it to get much lower overseas. Indeed, with various post openings that are planned, the number is going to creep up again slightly and there should be about 28 per cent of staff overseas by June 2002.

**Senator HOGG**—Thank you very much, Mr Thomas. I will move on to records management. Has the department completed work on the volume of historical documents concerning East Timor 1974 to 1976?

**Mr Dauth**—Yes, Senator.

**Senator HOGG**—When will the volume be published?

**Mr Dauth**—There are some processes, I think, to be gone through, including review of the documentation by an institution called the committee of final review, which involves the foreign minister as the chair, the Prime Minister’s delegate and the delegate of the Leader of the Opposition. Mr Downer has been in dialogue with Mr Beazley about that process.

**Senator HOGG**—Can you give me any indicative time line that is envisaged for the release of that document?

**Mr Dauth**—Not really. It will be sometime soon, we hope, but I would not wish to pre-empt the opposition’s—

**Senator HOGG**—I accept that. Again, I am just trying to get a feel for what is happening there. Do we know the total cost of this project?

**Mr Dauth**—I think we probably do not have a final cost.

**Senator HOGG**—Could you give me a preliminary cost, or a cost to date?

**Mr Dauth**—Yes, I could do that.

**Senator HOGG**—If you could, I would appreciate that. What further volumes are scheduled for production by the Historical Documents Unit?

**Mr Dauth**—It is one of the great institutions of the department, and it publishes volumes in its historical series on a regular basis. I do not have in my head, but perhaps Mr Wilcock does, an indication—I think the next volume is on Malaysia. Perhaps we had better take that on notice.

**Senator HOGG**—Would you take that on notice—unless Mr Wilcock can assist now?

**Mr Wilcock**—No. I can to some extent, but there is a volume to be produced also for the Centenary of Federation and it will be the department's contribution to the Centenary of Federation related to Australia's engagement with Asia, but that will be some time well into next year.

**Mr Dauth**—They have been producing volumes for a long time.

**Senator HOGG**—A usual line of production.

**Mr Dauth**—There is a couple in the pipeline and we will tell you what they are.

**Senator HOGG**—How many staff are employed in this unit?

**Mr Dauth**—I will have to check.

**Senator HOGG**—Could you take that on notice. And the budget for this year compared to last year—is that available?

**Mr Dauth**—Yes, sure. We can give you that.

**Senator HOGG**—Thank you. When were the functions and value of this unit last reviewed by the department? Has there been a review in recent times?

**Mr Dauth**—All parts of the department are reviewed annually. In addition, the secretary of the department conducted a thorough review of funds allocations in April of last year. Like all parts of the department that was reviewed. So it is reviewed, along with every other part of the department, on a very regular basis. But there is quite a widespread view, not just within the department but very broadly in Australia, that this is a very important national asset.

**Senator HOGG**—All right. Seeing it is such an important national asset, none of these reviews has given any consideration to the winding up of the unit or the subcontracting out of its work to appropriately qualified historians outside the department?

**Mr Dauth**—I guess a consideration of that sort is always implicit in every review, but it is certainly not the instinct of the present secretary of the department by any means.

**Senator HOGG**—Thanks very much. Next: executive support. How many meetings of the Foreign Affairs Council have been held since its establishment? On what date were these meetings held? And can the committee be provided with a list of the current members of the council?

**Mr Dauth**—They are easy questions and if Ms Adamson, who is the head of the executive branch, was with us, she could provide you with the answers. We can do that very simply.

**Senator HOGG**—All right. What are the total costs of the council operations since its establishment? Obviously, as Ms Adamson is not here, you will take that on notice as well?

**Mr Dauth**—Sure.

**Senator HOGG**—Earlier this month the US Secretary of State released a major policy statement on measures to strengthen the capacity of the Department of State to integrate science and technology considerations more fully into US foreign policy. Has the department and its executive implemented any specific programs to strengthen DFAT's ability to deal with complex science and technology related issues?

**Mr Dauth**—Nothing specific, no.

**Senator HOGG**—Is there anything that the department is considering?

**Mr Dauth**—No.

**Senator HOGG**—There is nothing that has been at the early stages of consideration within the department at all?

**Mr Dauth**—No.

**Senator HOGG**—We are getting very close to the end of these questions. Under security services, how many security breaches have taken place in the department over the past year?

**Mr Dauth**—There is a bit of a definitional issue there, but I will look at what information we can responsibly provide on that and get back to you.

**Senator HOGG**—If there is a definitional problem, could you give me some idea of where the difficulty lies with the definition?

**Mr Dauth**—Yes, of course. We will respond in as appropriate and helpful a way as we can. Can I just make a point about that. This has been an area of singular focus for the secretary of the department. The secretary of the department has put a tremendous amount of personal effort into significantly reducing the number of security breaches in the department and he has succeeded. I think it is quite a remarkable reduction that has been achieved during the course of the current financial year—we measure performance in financial year terms. It is really quite remarkable, building on a similar achievement in the last financial year. I would just make that general point and we will do our best to provide some data.

**Senator HOGG**—Mr Dauth, I think it was among the first questions that I ever asked of a Senate foreign affairs estimates hearing. We were worried then about the AFP person that was seconded to sort out some of the difficulties at that time. So if progress is being made in this area, then that is pleasing indeed.

**Mr Dauth**—A senior officer of the AFP, in a formal call he made on the secretary recently, pointed to many aspects of security management by DFAT as being best practice.

**Senator HOGG**—In giving me the figures for last year, could you compare those with 1998-99?

**Mr Dauth**—We will do our best. As I say, I just need to look at how we provide that information, but we will do our best for you.

**Senator HOGG**—If you are struggling definitionally, I would be only too pleased if the officer from your department who is struggling picks up the telephone and rings me, so that we do not then have to prolong this at additional estimates. I am sure you will sort it out. It is just that I do not want to get an answer but then have to go back to additional estimates.

**Mr Dauth**—Okay.

**Senator HOGG**—How many breaches in the past year involved leaks of information to the media. Do we know that?

**Mr Dauth**—As far as we know, the answer to that is none.

**Senator HOGG**—Is that because it is a figure that is not—

**Mr Dauth**—Mr Crighton might want to comment too, but there have been leaks of classified material, in what you might broadly describe as the national security community, from the national security community, which, of course, is a community that involves a number of other departments and agencies. The executive of the department has a very high level of confidence that none of those leaks came from the Department of Foreign Affairs and Trade. Some of them are still subject to police investigation, of course, but that is the view of the executive of the department.

**Senator HOGG**—So there were no deliberate leaks, to the best of your knowledge, from the department. And, to the best of your knowledge, there have been no matters as such referred to the Australian Federal Police concerning DFAT?

**Mr Dauth**—That is not—

**Senator HOGG**—I am talking about leaks now.

**Mr Dauth**—Sure.

**Senator HOGG**—Again, this is an issue that I have pursued in previous estimates.

**Mr Crighton**—Part of the problem is that we would not want to give the impression that a particular event is necessarily associated with a particular breach or a DFAT officer. Where there have been reports of unauthorised disclosure, it is quite common to seek the assistance of the AFP in trying to establish where and by whom those events have occurred. So if you are asking: have instances of unauthorised disclosure been referred to the AFP? The answer is yes. If you are asking whether they are specifically related to breaches on the part of DFAT officers, the answer is no.

**Senator HOGG**—I have asked the question about ASIS; that was about the introduction of the legislation and the parliamentary committee.

**CHAIR**—Thank you, Senator Hogg. We now have only one further—

**Senator HOGG**—If I do find some other questions, Chair, that I may have missed in my traversing, I will put those on notice to the department tomorrow.

**CHAIR**—We are going to have a five-minute break, and then we will deal with AusAID. Thank you, Mr Dauth, and your officials. We look forward to seeing you later in the year.

**Senator HOGG**—Could I thank you as well, Mr Dauth, and your officials.

**Proceedings suspended from 10.04 p.m. to 10.09 p.m.**

**AUSAID**

**Senator QUIRKE**—What is the funding allocated in this year's budget for the Human Rights Training Program in Burma?

**Mr Engel**—We do not have the final figure yet because we have not actually let the tender, but we are estimating that the cost will be between \$30,000 to \$40,000 a course, and there are three courses.

**Senator QUIRKE**—When will the training program commence?

**Mr Engel**—There are two courses going to be run in July and one in September.

**Senator QUIRKE**—What form is it going to take? What will the syllabus be?

**Mr Engel**—Essentially, they are courses in what international norms in human rights are—what the UN regards as the international norm. There are two separate courses. I will give you some of the actual topics in the course. The first one is on human rights and responsibilities. It is four days in length and it will be run twice. It is basically to introduce participants to international human rights conventions and the role of the United Nations in the promotion and protection of human rights. The second one is an international law overview. It is a nine-day course. This is the one to be run in September. It is basically for civil servants with legal training and responsibilities for legal matters in international law. It will provide participants with an overview of treaties and customary international law. I have got more detailed curricula if you want it but that is a brief overview.

**Senator QUIRKE**—Who is responsible for developing the course content?

**Mr Engel**—The course content was developed by a team which included two AusAID officers and two outside consultants.

**Senator QUIRKE**—Who is going to be responsible for delivering the program?

**Mr Engel**—We do not know that yet. We have let a tender. There are four organisations, all universities—law faculties, basically—who have expressed an interest in the tender and have got the tender documents. The tender does not close until 6 June.

**Senator QUIRKE**—Where will the venues for these courses be?

**Mr Engel**—In Yangon, the capital.

**Senator QUIRKE**—How many Burmese officials are likely to be involved?

**Mr Engel**—We are expecting about 25 for each course.

**Senator QUIRKE**—Who is going to nominate the particular officials to be trained?

**Mr Engel**—They will be initially nominated by the government of Burma.

**Senator QUIRKE**—Which ministries will be involved—Foreign Affairs, Home Affairs, Attorney-General's?

**Mr Engel**—That is correct.

**Senator QUIRKE**—Will any training be provided to the Burmese armed forces?

**Mr Engel**—No, there will not.

**Senator QUIRKE**—Will any Burmese armed forces personnel be involved through their attachment to civilian ministries?

**Mr Engel**—No, they will not.

**Senator QUIRKE**—What are the immediate objectives of this program?

**Mr Engel**—Can I correct that? It depends on your definition of armed forces. There will be no army involved. We believe there may be one or two police involved from the Ministry of Home Affairs.

**Senator QUIRKE**—What are the immediate objectives of this program?

**Mr Engel**—Basically, they are introducing Burmese government officials to what most government officials in most governments would deal with in terms of the international agenda on human rights.

**Senator QUIRKE**—It is probably a bit early to ask this but how will you evaluate the success or otherwise of this program?

**Mr Engel**—As part of the tender documentation the contractor will be required to do an assessment of the success of the actual course. The participants will be surveyed as part of that process.

**Senator QUIRKE**—The review is going to be built into it?

**Mr Engel**—That is correct.

**Senator QUIRKE**—What is the government's longer term objective in pursuing this initiative?

**Mr Engel**—Basically, it has emanated from a discussion between the two foreign ministers, when the government of Burma expressed an interest in receiving some assistance from Australia in the area of human rights. That was followed by a mission by the Human Rights Commissioner, Chris Sidoti, who had a number of discussions with different areas of the government. They indicated that they were interested in upgrading their knowledge in this area, possibly leading to the formation of an indigenous human rights organisation within Burma. The one in Indonesia has been mentioned as a model that they may or may not follow. So our objective, really, is to take them down that path and to basically try to improve human rights in Burma.

**Senator QUIRKE**—What is the government's overall assessment of the human rights situation in Burma?

**Mr Engel**—I am probably not qualified to answer that question. That is probably a question more correctly directed to DFAT than to us, but obviously it is not good.

**Senator QUIRKE**—We know that. What has been the response of the Burmese democratic opposition to this initiative?

**Mr Engel**—We have kept them fully informed. They are basically against it. They are sceptical about whether it will achieve results.

**Senator QUIRKE**—What has Aung San Suu Kyi said about it?

**Mr Engel**—Basically the same.

**Senator QUIRKE**—She is not happy with the arrangements?

**Mr Engel**—No, but she is not happy with any form of engagement with the government.

**Senator QUIRKE**—My next questions are on Vietnam.

**Senator SCHACHT**—The discussions with the opposition parties to the present regime included Dr Aung San Suu Kyi, who is on the public record as opposing it—and she was interviewed recently on, I think, SBS. Without naming the people, because I think that would be dangerous in the situation, did you talk to other members of the NLD?

**Mr Engel**—There have been a number of discussions with the NLD about the proposal.

**Senator SCHACHT**—In Burma?

**Mr Engel**—In Burma.

**Senator SCHACHT**—Was that the only opposition group you went to, other than Aung San Suu Kyi?

**Mr Engel**—I am not sure of that question because I know the post has been discussing with people. I am just not exactly sure whether the post has discussed it.

**Senator SCHACHT**—I just want to get this clear: did AusAID do the negotiations or did the post do the negotiations before Chris Sidoti turned up?

**Mr Engel**—Before Mr Sidoti turned up it was done by the post.

**Senator SCHACHT**—Who initiated this proposal? You said the two foreign ministers had a discussion: was that in the September round at the UN or somewhere where there are rounds of foreign ministers meeting each other?

**Mr Engel**—No, it was a discussion at the ASEAN Post Ministerial Conference.

**Senator SCHACHT**—And it evolved in those discussions?

**Mr Engel**—That is correct.

**Senator SCHACHT**—When did Mr Sidoti go to Burma?

**Ms Rawson**—I might answer that question—Laurie will correct me if I am wrong as he has found the answer—I think it was in August of last year.

**Mr Engel**—August 1999.

**Senator SCHACHT**—So it has taken a good 12 months to incubate this proposal?

**Mr Engel**—That is correct.

**Senator SCHACHT**—Mr Sidoti was paid or contracted by AusAID to do that work?

**Mr Engel**—Yes, we funded his visit there.

**Senator SCHACHT**—Again, before I came you might have answered this question to Senator Quirke, so please say so: the selection process of the officials from the government—you have explained how they were selected—

**Mr Engel**—As I explained earlier, we have gone to tender for the actual delivery of the courses, but the tender has not closed yet. It will close on 6 June.

**Senator SCHACHT**—No, but what I am asking is whether the selection of the Burmese from the bureaucracy who will go—I think 75 overall was the rough number mentioned—will still be a matter of discussion, or will you just accept what the Burmese government put up?

**Mr Engel**—No, the Burmese government already has nominated.

**Senator SCHACHT**—So you know the 75 names roughly?

**Mr Engel**—Yes, we do and we have had discussions with quite a number of them on the design mission. So we have had some assessment of them, and we will have a final assessment, or the managing agent who delivers the program will make a final assessment of them before the course starts.

**Senator SCHACHT**—On the general aid issue: we do not have any development aid programs going with Burma at the moment, other than this one coming up?

**Mr Engel**—We do. We have a program to Burma which is split between activities within Burma and activities on the border, in Thailand for example.

**Senator SCHACHT**—The ones within Burma, are they defined as development or humanitarian? You might say they are all humanitarian.

**Mr Engel**—We do not quite make that split, but they are basically humanitarian.

**Senator SCHACHT**—And the nature of those?

**Mr Engel**—They are mainly NGO programs and some UN programs we support.

**Senator SCHACHT**—What are they: distribution of food, modest training?

**Mr Engel**—Mainly in health, HIV-AIDS is the main thrust, there is some drug prevention activity.

**Senator SCHACHT**—How much have you got in the budget?

**Mr Engel**—For within Burma, \$1.4 million.

**Senator SCHACHT**—For things like health, aged programs, et cetera continuing. Any distribution of food?

**Mr Engel**—No, not at the moment.

**Senator SCHACHT**—Any distribution of medicines?

**Mr Engel**—Probably in some of the health projects there will be.

**Senator SCHACHT**—How much are you spending on the border?

**Mr Engel**—The total for the program is \$4.5 million.

**Senator SCHACHT**—That makes about \$3 million.

**Mr Engel**—Yes, \$3 point something million on the border.

**Senator SCHACHT**—That is basically provision of medicines, food and materials to refugees on the border, on the Thai side of the border?

**Mr Engel**—That is quite correct.

**Senator SCHACHT**—And they are delivered through NGOs?

**Mr Engel**—Mostly, yes.

**Senator SCHACHT**—Which NGOs are delivering that on the border? Are they Australian NGOs?

**Mr Engel**—Some are and some are international.

**Senator SCHACHT**—Just take it on notice for me, and provide me with it. Again, the NGOs in Burma, are they Burmese NGOs delivering this health program?

**Mr Engel**—We have an NGO health window in the program in Burma. They are basically Australian NGOs—World Vision, Care, those type of NGOs—but some of them are working with indigenous or local NGOs.

**Senator SCHACHT**—The money we provide through multilateral aid agencies, through the UN et cetera, can we trace that some of our money may have actually gone into programs they might be running in Burma?

**Mr Engel**—Through UN organisations?

**Senator SCHACHT**—Yes.

**Mr Engel**—Yes, there are a number of UN organisations we provided funding to. The United Nations Drug Control Program, for example, is one.

**Senator SCHACHT**—How much is that? What we give to them, you can trace what proportion is our money going into that program in Burma?

**Mr Engel**—Yes, we can.

**Senator SCHACHT**—Could you take that on notice, or do you have it already?

**Mr Engel**—It is \$1 million we have provided to UNDCP.



**Senator SCHACHT**—For that?

**Mr Engel**—It may not all be spent in Burma, but we expect the majority of it will be.

**Senator SCHACHT**—Is that the main UN agency we are funding that is doing something in Burma?

**Mr Engel**—That is the biggest one, yes.

**Senator SCHACHT**—Thank you very much.

**Senator WEST**—I have got some questions on East Timor. You may have heard me ask questions—I have tried Defence and I have tried Foreign Affairs—I will now have a go at AusAID. I wonder what the food distribution is like and what the food supply is like in East Timor?

**Mr Dawson**—There has been recently a crop assessment mission jointly by FAO and the World Food Program that looked at the availability of food and the likely results of the current season crop in East Timor. I think the conclusion of that study was that the crop is likely to be down somewhat on a normal year, probably something like 80 per cent of a normal year's crop, particularly in the western districts abutting the border and in the Oecussi enclave. But, generally, I think the assessment from that mission is that, with normal commercial imports and some likely additional requirements for aid supported supplies, there will be no serious food problem in the current season.

**Senator WEST**—How good is the food supply situation there now?

**Mr Dawson**—I was in East Timor about four weeks ago, admittedly on a very short visit, but during that period of time I visited One World food program depot. They had a large amount of supplies. They were engaged in distribution to a large number of vulnerable groups within that particular community, and they had good contacts with WFP across the territory. There was no indication from them that there was any serious food shortage.

**Senator WEST**—Is there adequate food in the markets? I am thinking in terms of Dili.

**Mr Dawson**—The Dili markets are probably one of the busiest parts of the city.

**Senator WEST**—Is it, though, at a price that the average East Timorese can afford?

**Mr Dawson**—I could not comment on that. I can say only that there is a good deal of food in the markets. The population of Dili is probably larger than it has ever been and there is no sign, as far as I am aware, or those who are watching the situation in Dili, of any kind of serious problem of malnutrition.

**Senator WEST**—Thank you.

**Senator PAYNE**—I would like to pursue a couple of issues in relation to that. I raised earlier this afternoon—it seems like days ago—with Mr Moraitis the question of the coffee crop. I do not know whether you were here at the time, Mr Dawson.

**Mr Dawson**—No. I am sorry; I did not hear that conversation.

**Senator PAYNE**—I have had raised with me some concerns about whether there is a capacity for the current coffee crop to be harvested—a very valuable crop in terms of East Timor's agricultural income. Do you have any awareness of that problem?

**Mr Dawson**—I have no specific information on that, but I can identify a number of things which might cause some impediment to that. Certainly the condition of the roads in a number of areas is likely to make it difficult to get that crop to market in a timely fashion, and

certainly in some areas there is likely to be some problem with storage facilities. From my limited knowledge, I think that there is a reasonable window of time for those sorts of activities to occur. Certainly a lot of work is going on or which will shortly start to make sure that the road system is made usable again after the wet season, and there is a good deal of construction material in country. I think the problems are probably solvable, but it is not an area that we have watched in a great deal of detail.

**Senator PAYNE**—So there is not a specific Australian aid involvement in that area?

**Mr Dawson**—The coffee sector has been one which has received a significant amount of assistance from USAID. They are interested in continuing with that, so it is not an area in which we have shown any particular interest ourselves.

**Senator PAYNE**—Thank you.

**Senator QUIRKE**—I have just a few quick questions on Vietnam. What conditions are attached to the grant of aid money to Vietnam that ensure there is accountability in expenditure?

**Mr Engel**—It is a very broad question. It is a question about the whole aid program, actually. Most of the aid is not delivered in cash; it is delivered in services or in goods. Most of it is delivered on behalf of AusAID by managing agents who are contracted and paid according to contracts.

**Senator QUIRKE**—Some must be delivered in money form. Is that right?

**Mr Engel**—Are you referring to questions you asked DFAT earlier today?

**Senator QUIRKE**—Yes.

**Mr Engel**—A small amount of it is provided through foreign affairs offices—through the ambassador. It is called the DAP program—direct aid program—and that is usually provided in cash within country.

**Senator QUIRKE**—So that question is better asked of them, who have now gone?

**Mr Engel**—That is correct.

**Senator QUIRKE**—Fine, lovely. Is the Australian government aware of any irregularities in the expenditure of aid monies to Vietnam, or again is it just simply that you will deliver services and people and products?

**Mr Engel**—We are aware of one case in Vietnam. We have an NGO window in the program and we provide about \$3 million a year to Australian NGOs that operate programs in the country. There was one particular program of one of those NGOs which the NGO thought might have not gone for the purposes which it was given. We have had a thorough investigation of the procedures of that particular NGO, which we do not think were particularly good, but we have not been able to conclusively ascertain whether the money was embezzled or not.

**Senator QUIRKE**—That raises the question of auditing the expenditure of aid money in that particular country. Do you have a process of expenditure audit in Vietnam, or is it a haphazard thing that is done at the end of various projects?

**Mr Engel**—No, not at all. The whole of the aid program is substantially audited, but perhaps Peter might want to talk about the audit process.

**Dr McCawley**—We have an audit section in AusAID which is within one of our branches. The audit process, as my colleague Laurie Engels says, is a thorough process covering the whole of the aid program. In the case that Laurie Engels referred to, our concerns about a

particular case in Vietnam arose from an audit that had been conducted. We have an annual audit plan. We have an audit committee that meets every month. At least one person from the Australian National Audit Office attends the audit meeting and so on. The audit process is a thorough and regular process of the aid program.

**Senator QUIRKE**—I just want to try and get this sorted out. There is an ongoing auditing process within your department?

**Dr McCawley**—Correct.

**Senator QUIRKE**—It deals with the whole program, or does it deal with the various parts of it like Vietnam and the other countries separately?

**Dr McCawley**—There is an annual audit plan drawn up at the beginning of the year. To draw up that program, staff of our audit section consult with senior officers across the agency. The audit process is conducted on a sample basis, that is, we do not attempt to audit the entire program every year, but we watch our auditing process quite closely to ensure that, on a sample basis, we have what we regard as a reasonable process, paying particular attention to the degree of risk, our estimates of the degree of risk in different parts of the program, and also the significance of the activities. So a larger activity, certainly a large risky activity, is likely to attract attention. A small activity which is judged to be of low risk is less likely to be audited in any particular year.

**Senator QUIRKE**—And it would be fair to say that this process actually unearthed a project that had problems in Vietnam that we heard about five or 10 minutes ago.

**Dr McCawley**—Correct.

**Senator QUIRKE**—Thank you, Chairman.

**CHAIR**—Thank you, Senator Quirke.

**Senator SCHACHT**—You said we should have asked that question of DFAT. They were here and said it probably should be asked of you. Senator Quirke mentioned a newspaper report in Vietnam of some—

**Senator QUIRKE**—No, we have had an answer to that. He was at his desk this morning apparently—

**Senator SCHACHT**—So he was not—

**Senator QUIRKE**—He was drawing cartoons. Our information was wrong.

**Senator SCHACHT**—Okay. I know that in each country there is a discretionary fund, a small amount of money, where the ambassador, on advice from staff, et cetera, can make small payments. What would be the local contribution to some community project? In a country like Vietnam, what would be available to the ambassador? Is that out of your funds or out of DFAT's funds?

**Mr Engel**—It actually comes from the aid budget but we transfer responsibility for it to DFAT and then they divide it up among the heads of mission according to whatever they think is the appropriate total amount. They normally get, at a rough rule of thumb, about \$100,000 a year. The grants they make under it are usually quite small, no more than about \$10,000.

**Senator SCHACHT**—And at the end of the year they give you an audited statement of the individual projects?

**Mr Engel**—That is correct.

**Senator SCHACHT**—Thank you very much. That is all I have got on Vietnam.

**CHAIR**—Thanks, Senator Schacht. Thank you for your contribution to the committee. Senator Hogg has got a couple of questions.

**Senator HOGG**—I have got a few questions on Fiji, which we were told were best asked here. Can you outline the elements of Australia's \$22.3 million aid program to Fiji? In doing so, can you tell me how much of this is in the way of bilateral aid and how much is delivered through multilateral and regional programs?

**Ms O'Keefe**—In terms of aid going to Fiji on a bilateral basis, the amount this year is expected to be \$21.6 million. In terms of regional contributions to Fiji through our regional program, I could not give you a breakdown of exactly how much would be going specifically to Fiji. Obviously, Suva is the headquarters for a number of regional organisations and, as such, benefits from the regional approach of that program.

**Senator HOGG**—So it is not possible to give an indication even as to how much of what goes through the multilateral and regional programs makes its way to Fiji?

**Ms O'Keefe**—We could do a breakdown for you, Senator.

**Senator HOGG**—With great difficulty?

**Ms O'Keefe**—I would have to take that on notice.

**Senator HOGG**—If you take that on notice, that would be fine. How much aid is directed towards the Fiji government or public sector?

**Ms O'Keefe**—It depends if you are going to look at it on an annual basis or whether you look at the value of the projects themselves. In terms of the value of the projects themselves, that will vary. Some projects have got a life of three years and some projects have got a life of about five years. I did a calculation earlier this evening to give us an idea of how much that would be and it comes to the vicinity of \$25 million, but that is over a varying period of time.

**Senator HOGG**—Do you have a list of those projects?

**Ms O'Keefe**—I certainly do.

**Senator HOGG**—If you can give me a list of those projects, the life of the projects that would be welcome.

**Ms O'Keefe**—Certainly.

**Senator HOGG**—How much aid is delivered through NGOs?

**Ms O'Keefe**—A very small proportion is delivered through NGOs. The NGO activity in Fiji, as indeed in most Pacific countries, is very small. It is not an area of great interest or activity by Australian NGOs.

**Senator HOGG**—Has Australia provided any support for human rights programs in Fiji in the past or present?

**Ms O'Keefe**—I could not comment on the past. As far as the present is concerned, my recollection is no, we have not provided any funds.

**Senator HOGG**—Do we provide any funds or support for programs that have been put in place to support democratic institution building?

**Ms O'Keefe**—We do provide support through a regional process, for example, through the Centre for Democratic Institutions, but that is an area which I would prefer to ask another colleague to comment on. It is not within my bailiwick.

**Senator HOGG**—Thank you.

**Mr Davis**—Beyond the scope that Annmaree has outlined, there have been some other things that are pretty relevant to the parliamentary system. For example, we did work with UNDP in a parliamentary library project, which was also within that bailiwick that you were talking about. There are other things that—

**Senator HOGG**—What was the amount expended there, do we know?

**Mr Davis**—I am not sure of the amount. We can get that for you.

**Senator HOGG**—All right, take that on notice, thank you.

**Mr Davis**—As well there have been other things in the program over time that have very much a human rights flavour to them, for example, support for the Fiji Women's Crisis Centre, which has been an area we provided support for over a number of years.

**Senator HOGG**—Have you got a cost of that?

**Mr Davis**—The current cost is \$476,000.

**Senator HOGG**—Per annum?

**Mr Davis**—That is the amount for 2000-01, yes.

**Senator HOGG**—So that is for a 12-month period. Has that been an ongoing project?

**Mr Davis**—We have supported that for a number of years, yes.

**Senator HOGG**—Good. Are there any other similar programs?

**Mr Davis**—Nothing that stands out on this list to me, no.

**Senator HOGG**—If when you leave us you find something that does stand out, if you would take that on notice and forward it to me I would appreciate it. Last but not least on questions about Fiji, has Australia been providing any support or assistance to the Fijian police and has any of this activity been funded by AusAID?

**Ms O'Keeffe**—There was a small amount of assistance to Fijian police for some training, but it was a very small activity and it has concluded.

**Senator HOGG**—What was the activity, as a matter of interest?

**Ms O'Keeffe**—I could not give you the actual details of what the training activities were.

**Senator HOGG**—Could you take that on notice and get back to me on that, please?

**Ms O'Keeffe**—Certainly.

**Senator HOGG**—I have only one other question which I was told to refer to you tonight—there were a couple of others, but I am going to leave those go. The particular one refers to Indonesia. What support or assistance is Australia providing to Indonesia's National Human Rights Commission?

**Mr Dawson**—We have an existing project with the Indonesian Human Rights Commission. The total value of that project is about \$1½ million, spread over about four years.

**Senator HOGG**—That is \$1½ million each year over four years?

**Mr Dawson**—No, \$1½ million in total.

**Senator HOGG**—When was that commenced?

**Mr Dawson**—The project commenced in August 1998.

**Senator HOGG**—So it still has a way to go?

**Mr Dawson**—It is due to finish in May 2002. There are a number of elements to that project, such as working in the area of public awareness, and assistance with the development of a strategic plan for the organisation. The chairperson and other senior members are due to visit Australia this year for training. We have been working on a computerised complaints handling system, training in human rights issues, office management for staff of the organisation, and training in complaints handling and investigations.

**Senator HOGG**—So that aid is not a cash aid necessarily; it could be an in kind aid as well?

**Mr Dawson**—I do not think there would be any cash involved in it. It would be all technical assistance or perhaps some equipment.

**Senator HOGG**—Right. Thanks very much for that. That finishes my questions.

**CHAIR**—Thank you, Senator Hogg.

**Senator SCHACHT**—There are a couple of things I want to raise about the portfolio budget statements. Can you show me anywhere in there where, as a matter of information in the PBS, you explain how much the appropriation of \$1,741 million is as a percentage of GDP?

**Mr Davis**—There is a much better document for that which is our budget paper, which we have produced on an annual basis over a number of years. That has a significant amount on the—

**Senator SCHACHT**—So what you are suggesting to me is that, though this is the PBS, which is produced in historical terms for the estimates, much more of the information is better in the budget paper.

**Mr Davis**—That is right.

**Senator SCHACHT**—What about the annual report? What does that have in it? In the old halcyon days three or four years ago you would get a list in the PBS per region of the aid program expenditure in each country.

**Mr Davis**—That is exactly what the budget paper provides.

**Senator SCHACHT**—Mr Chair, though it is incumbent upon all senators to show enough wit to work that out, we ought to have that drawn to our attention. The separation of that material makes this document almost useless. Though it meets finance department regulations, to work through this document in estimates is difficult. It is a document full of useless non-sequitur information in respect of what we should be asking questions about in a way that we can understand, you can understand and, the public, if they read the transcript, can understand. By the time the next one comes around, I will look at the budget book. Thank you for that.

In the determination of the figure of what we can claim as expenditure on foreign aid, we have just spent, in the last 12 months, close to \$100 million on taking 4,000 refugees from Kosovo at the request of the UNHCR. Is the government going to claim that \$100 million it spent on the 4,000 coming to Australia for a period. Is it a legitimate expenditure under the terms of foreign aid because we responded to requests from UNHCR to take them?

**Mr Davis**—We will certainly claim that amount which every donor would claim within the definitions for ODA as set by the OECD.

**Senator SCHACHT**—We will claim it. Will the OECD accept the definition?

**Mr Davis**—Absolutely. We will not claim anything that would not be acceptable within their definitions.

**Senator SCHACHT**—So the \$100 million of those refugees can be claimed.

**Mr Davis**—Sorry, I did not say \$100 million.

**Senator SCHACHT**—Or whatever the figure is.

**Mr Davis**—We are still working through what that final figure might be with DIMA.

**Senator SCHACHT**—Three weeks ago in Immigration, I think they said it was \$120 million including the East Timorese refugees who were brought here for a period at the height of the troubles last year. They said that the figure could approach \$120 million. That figure is not included, of course, in the blue book description as a percentage of GDP, or will that be in next year's calculation?

**Ms Rawson**—A proportion of that figure has been claimed as ODA. So far we have estimated, for example, that \$49.3 million of expenditure on Kosovo evacuees in Australia is able to be included as ODA. But we have some more work to do with the Department of Immigration and Multicultural Affairs and with other government departments in ascertaining the details of the expenditure. We have to see what it was for and then we have to look at that expenditure against the DAC guidelines to determine whether or not it is ODA eligible. So the short answer is that there is some of it in there but we have not yet arrived at a final figure.

**Senator SCHACHT**—The guidelines are available from the OECD?

**Ms Rawson**—Yes.

**Senator SCHACHT**—And that is what you are following?

**Mr Davis**—That is right.

**Senator SCHACHT**—What do you expect of the \$120 million—as an example, what could you not claim in that expenditure as being eligible to be put in the definition of 'overseas aid'?

**Ms Rawson**—I do not have with me all the details of that expenditure. I would not at this stage like to say to you that this—

**Senator SCHACHT**—Is there anyone present who could tell me?

**Ms Rawson**—The answer is that we are still in discussions with—

**Senator SCHACHT**—Could you take this on notice and provide me with the OECD guidelines of what you can claim? I have never seen such a document, but it may have been provided before.

**Mr Davis**—Certainly.

**Senator SCHACHT**—For example, is the cost of flying the refugees out to Australia in Qantas-hired jets claimable? That is a pretty big expense.

**Ms Rawson**—Our expectation would be that that is claimable.

**Senator SCHACHT**—Is the cost of providing barbecues for state premiers to go and have photographs taken with the refugees in order to big-note themselves claimable?

**Ms Rawson**—My expectation would be that that would not be claimable.

**Senator SCHACHT**—Very good to hear that. Could I just go on to this issue of the expenditure for the Kosovo refugees? According to Immigration it may be around \$80 million to \$100 million for 4,000. Has AusAID had any discussion about whether you could get better value for money and help more people by spending the \$100 million or near \$100 million in Kosovo? The aid would then be for several hundred thousand refugees, rather than the 4,000 who got the lucky draw to come to Australia?

**Mr Davis**—That was very much a government policy decision.

**Senator SCHACHT**—But you are the government. I hope you are. Otherwise you are here under false pretences.

**Mr Davis**—That was a decision taken by ministers. It was a policy decision.

**Senator SCHACHT**—I know it was taken by ministers. All I am saying is that there have always been those of us interested in overseas aid arguing for more money for overseas aid. There have been campaigns by various NGOs and members of parliament to get the figure up to the 0.7 of GDP, which is the UN figure and which we have never got near in a decade or more. You can say we can claim the \$100 million or thereabouts, but then I want to look at the figure and see if it is the best way to help in our overseas aid budget. Is \$100 million for 4,000 a better outcome than spending the \$100 million on providing the money for resettlement back and rebuilding Kosovo?

**CHAIR**—Can I interrupt you Senator Schacht? This is a cabinet decision. It was a crisis that was effectively responded to by the Australian government. I hardly think it is appropriate to speculate about the use of \$100 million. It was meeting the legitimate concerns of a very great number of refugees—many more than we took.

**Senator SCHACHT**—I appreciate it was a government decision—made with all the usual careful forethought of this government.

**CHAIR**—Come on, Senator Schacht, ask the question.

**Senator SCHACHT**—I think it is a reasonable question to ask the official body that carries out in a professional way the delivery of foreign aid in both humanitarian and development programs right around the world bilaterally and multilaterally.

**Mr Davis**—I can make a brief response.

**CHAIR**—Please do.

**Mr Davis**—I have two comments really. One comment is that there was within the aid budget the money appropriated to AusAID, funds that we used to provide humanitarian relief through the UNHCR and other international agencies for work in the area. That amounted to \$6.5 million. That was funding provided through the aid budget and then delivered in that area. In terms of the refugees that was something that was looked at in a much broader context and in part resulted from appeals from the head of the UNHCR, Mrs Ogata, for Australia to share its burden of the need to move the Kosovars to a number of different countries.

**Senator SCHACHT**—I appreciate that. When I was in Macedonia last year in April there were nearly a million Kosovars in refugee camps in Macedonia and Albania. But if you told the High Commissioners for Refugees that instead of taking 4,000 we would send them the \$100 million or \$80 million for refugee camps and resettlement back into Kosovo when the war ended, I think I know what the High Commissioner might have said. She would probably have said: 'I will take the \$100 million now.' Taking 4,000 refugees was a very very small drop in the ocean compared with the million who had been displaced.



**Mr Davis**—I cannot make any comment on that.

**Senator SCHACHT**—No, it is an argument now. I will say it elsewhere. I turn to the issue of debt forgiveness. Earlier today I asked questions about the Horn of Africa—Ethiopia. The budget papers for Foreign Affairs state that the \$11 million which they owe us could be forgiven, subject to their using the savings, rather than on making war with each other, on education, health, et cetera. On the debt forgiveness, will that \$11 million, if it is forgiven, be claimable as part of our aid program?

**Mr Muir**—On the question of Ethiopia, yes, that would be countable as official development assistance.

**Senator SCHACHT**—That is \$11 million for Ethiopia. I think there was a figure for Nicaragua; what was that?

**Mr Muir**—\$5.7 million.

**Senator SCHACHT**—As you are liaising with those multilateral banks or financial agencies, will we now, in view of the fact that the Ethiopians are in a fully-fledged war and spending enormous amounts on weapons, put a condition on the forgiveness—that we will not forgive it in view of their expenditure on defence?

**Mr Muir**—Yes. The situation is this: the government has agreed to provide bilateral debt relief to those HIPC countries that have debts with us that qualify under the HIPC initiative. Because there is a civil war going on in Ethiopia, it does not qualify at this stage.

**Senator SCHACHT**—They might not call it a civil war; they might call it an international war with Eritrea.

**Mr Muir**—Sure.

**Senator SCHACHT**—But it is the same thing?

**Mr Muir**—Yes.

**Senator SCHACHT**—In this portfolio paper for Foreign Affairs, those two countries are mentioned—Nicaragua and Ethiopia. Are there any other countries with which we have yet to reach a conclusion about forgiveness?

**Mr Muir**—No. Let me qualify that: there are three countries that were originally categorised as HIPC countries—Ethiopia, Nicaragua and also Vietnam. Vietnam, even though it was categorised, is not being considered for any qualification as a HIPC country at the moment because of its good economic performance.

**Senator SCHACHT**—Good economic performance?

**Mr Muir**—Yes.

**Senator SCHACHT**—It is all relative, isn't it?

**Mr Muir**—It is all relative.

**Senator SCHACHT**—Has any HIPC country, instead of responding to our very kind suggestion that we will forgive them the debt, said, 'We're going to repudiate the debt no matter what'?

**Mr Muir**—As far as I know, none.

**Senator SCHACHT**—What would be our response if Ethiopia said, 'We're going to continue our war with Eritrea. We're not going to accept the conditions and we're just going

to repudiate it'? What do we have open to us to collect the money or put any pressure on to get the money back, apart from a wing and a prayer?

**Mr Muir**—Unfortunately, that is beyond my scope to answer because that would be a Foreign Affairs matter.

**CHAIR**—If I can interrupt you, Senator Schacht—

**Senator SCHACHT**—I have a couple of final questions.

**CHAIR**—It is 11 o'clock. You have got one last question because I am calling Senator Harradine.

**Senator SCHACHT**—I want to ask about aid to Ethiopia and Eritrea. Do we have any humanitarian programs? I do not think we have any development programs. What are we providing to both countries in humanitarian aid, in view of the fact that there are suggestions that there are large numbers of displaced refugees internally, in Eritrea at least; there is drought, maybe famine and also this dreadful war?

**Ms Gillies**—Certainly there are large numbers of people, as you say, affected by drought in the Horn of Africa. In response to that the Australian government will be providing around about \$3.5 million.

**Senator SCHACHT**—To Somalia, Ethiopia—

**Ms Gillies**—Specifically that \$3.5 million will go to Ethiopia and Eritrea. The split between those two countries will be \$2.5 million to Ethiopia and \$1 million to Eritrea.

**Senator SCHACHT**—And how will it be delivered—by an NGO or direct to the government?

**Ms Gillies**—Not direct to the government, Senator. It will be a combination, as it is so often with our emergency programs, of multilaterals specifically World Food Program and Australian non-government organisations.

**Senator SCHACHT**—Which Australian non-government organisations?

**Ms Gillies**—A number of those are yet to be announced so I might provide you that advice shortly.

**Senator HARRADINE**—The ODA this year is what percentage of GDP?

**Mr Davis**—In the budget it is shown as 0.25 per cent.

**Senator HARRADINE**—As I see it, it was not 0.25 per cent the year before last. It appears to be amongst the lowest figures in the last five or six years—is that correct?

**Mr Davis**—The ratio of 0.25 per cent is the same as originally estimated in the budget for the previous year. However during the previous fiscal year there were add-ons which increased the ratio.

**Senator HARRADINE**—But that brought it up to 0.27 per cent then?

**Mr Davis**—That is right.

**Senator HARRADINE**—But this year it is 0.25 per cent including the commitments of East Timor?

**Mr Davis**—That is right.

**Senator HARRADINE**—Leaving aside East Timor, could you provide either now or on notice the effective ODA to GDP?

**Mr Davis**—I am sorry, Senator. I did not get that last one.

**Senator HARRADINE**—Leaving aside the emergency commitments to East Timor and Kosovo, is it possible to give us a figure then as to—

**Mr Davis**—That would be very difficult because it is very much intertwined with the rest of the program particularly in the case of East Timor. That is now moving in this coming fiscal year to being very much mainstream development activity.

**Senator HARRADINE**—Thank you. Could I then ask you about Africa? Africa would have to be almost the area of most need, wouldn't it? What is the drop in our ODA commitment to Africa? Is it down from \$140.9 million last year to \$118.3 million? I am just looking at page vii.

**Ms Rawson**—Firstly, in terms of the bilateral programs for Africa the program has been maintained in real terms from last year. That is a total of \$35.3 million for the bilateral programs. The total aid flows for Africa this year are estimated to be \$74 million. I do not have immediately to hand but I will have a look at it now. The expected outcome of expenses total flows to Africa for 1999-2000 is \$72.6 million.

**Senator HARRADINE**—So it is \$72.6 million, not \$74 million?

**Ms Rawlinson**—\$74 million is the figure for 2000-01; \$72.6 million is the figure for 1999-2000.

**Senator HARRADINE**—What about the figure which goes from \$0.5 million to \$35.4 million. Where is that?

**Ms Rawson**—The other is the figure of \$59.5 million, which is the expected outcome for 1999-2000. There is a footnote to table 1 which indicates that the size of that figure relates mainly to increases in other government department expenditure and one aspect of that is \$27.5 million for Kosovar evacuees in Australia.

**Senator HARRADINE**—Could we go to page 12 of your paper. I will try to keep my questions to an absolute minimum. The department might appreciate it if, either within the budget context or outside, I write them a note to ask questions, rather than keeping them up until midnight. On page 12 there is a statement made that 30 per cent of people in developing countries are malnourished, nearly 30 million children worldwide have inadequate immunisation and nearly 600,000 women die each year from pregnancy-related causes. What does that mean and what is the response?

**Mr Lonergan**—That figure would refer to birth complications, often caused by youthful pregnancies, poor spacing of children or, in some cases, to abortions that have led to premature death. But the most general problem would be the problem of pregnancy-related death in developing countries caused by inadequate medical treatment, by very youthful pregnancies or by rapid pregnancies.

**Senator HARRADINE**—Are you aware of the WHO 1998 report which says that tuberculosis kills more women than all the combined causes of maternal mortality?

**Mr Lonergan**—Personally, I am not aware of that report.

**Senator HARRADINE**—But you are the director of the area; this area of women's health is very important.

**Mr Lonergan**—I am well aware of how important it is, Senator, but I cannot recall seeing the specific report that you refer to. I am sure I have seen it but I cannot recall seeing it.

**Senator HARRADINE**—But if tuberculosis kills more women than all the combined causes of maternal mortality, isn't that something that is of concern to pregnant women?

**Mr Lonergan**—Certainly, Senator.

**Senator HARRADINE**—What is your answer to the problem of 600,000 women dying each year from pregnancy-related causes? Is your answer for them not to have kids?

**Mr Lonergan**—That is not what I said and that is not a view that I hold. I am not sure where you got that from but it is certainly not my view.

**Senator HARRADINE**—Going from the same fact sheet, 1.3 million women and girls die each year from diarrhoeal diseases. One million women and girls die each year from malaria. There are one billion people still without safe water. There are three billion still without adequate sanitation. Don't those matters affect women more adversely than men?

**Ms Rawson**—Senator, may I intervene here to say that it is my responsibility, together with the Director-General, for the preparation of the aid budget statement. In that process I am afraid we put some pretty strict limits on all areas of the agency in terms of the amount of information that they can give to us for the statement, otherwise it would be a fairly unwieldy document. So I should make the point that in all these areas there has been no attempt to canvass all the issues and all the facts that are relevant to each of the sectors we have identified. It is by necessity that we have to be selective about those which we put in there because of the limits on length. It is wanting to emphasise one issue over another, it is simply a matter of what space we have available to convey the information.

**Dr McCawley**—Mr Chairman, I work with Colin in this area. I would like to certainly acknowledge the very important point which Senator Harradine is making, and that is that there is a very wide range of health problems which in countries such as Australia we would regard as relatively elementary problems but which in developing countries—as Senator Harradine has pointed out both today and on previous occasions—are absolutely germane to living standards. We do have a paragraph briefly canvassing some of those other problems. We say:

Australia's assistance will focus on: communicable and vector-borne diseases, especially HIV/AIDS, tuberculosis ...

Senator Harradine—

**Senator SCHACHT**—Which page is that?

**Dr McCawley**—It is page 12, under the heading 'Health'. There is mentioned there tuberculosis and malaria. Both tuberculosis and malaria and, as Senator Harradine has mentioned, poor quality water, cause millions of deaths. Indeed, one of the most effective things that one could do to help poor people in developing countries would be to improve basic water supplies. Senator Harradine has made this point, as have other people on previous occasions. Senator, you would find a strong degree of support within AusAID for those sorts of policies.

**Senator HARRADINE**—Is that reflected in the priorities given by the department? We will come to that in a minute, if I can. Mr Lonergan, what are the major causes of maternal deaths? What are the major attributable causes?

**Mr Lonergan**—I think you have already listed them and quite accurately indicated what the problems were. There is a host of reasons associated with the problems of maternal deaths and deaths of young female children in the developing world. You have correctly identified respiratory diseases, poor sanitation facilities, tuberculosis and HIV AIDS. The situation will vary from country to country.

In looking at the tables, I would say that many of the interventions are not included under 'Health' but under, for instance, 'Infrastructure'. Substantial amounts of money that the agency and the government allocates to water supply projects will be included under that heading. That clearly has a very beneficial health benefit in terms of disease mitigation.

**Senator HARRADINE**—That has had a drop, has it not, from last year's budget?

**Mr Lonergan**—Which one, Senator?

**Senator HARRADINE**—The one that you just mentioned, water—

**Mr Lonergan**—Can I take that one on notice?

**Senator HARRADINE**—Please yes. Infectious disease control has had a drop?

**Mr Lonergan**—Again, I will take that one on notice.

**Senator HARRADINE**—Thank you. When you were talking about 600,000 women dying each year from pregnancy related causes, are you talking about maternal mortality as such across the board, or are you talking about maternal deaths directly related to births et cetera?

**Mr Lonergan**—Could you please repeat the question?

**Senator HARRADINE**—Pregnant mothers die of tuberculosis, diarrhoeal diseases, et cetera. Are you including those people in that 600,000?

**Mr Lonergan**—No, that would be directly related diseases. Those people would be caught under other figures.

**Senator HARRADINE**—That is what I am asking you about. What are the four major causes of such maternal deaths?

**Mr Lonergan**—The causes in the maternal deaths are birth complications associated with the delivery of a baby, particularly haemorrhage or infections which can occur, or generally, the problems that can be associated with injuries to women as a consequence of the pregnancy or of the birth.

**Senator HARRADINE**—Hypertension and obstructed labour and so on?

**Mr Lonergan**—Yes.

**Senator HARRADINE**—You do not blame the pregnancy for that; you blame, in the latter case for example of the obstructed labour, the fact that very often it is too far for the people to walk to a centre which has the equipment et cetera?

**Mr Lonergan**—Yes. I think the notion of blaming a death on pregnancy is not a particularly good way to regard it. It is unfortunate many people die during the process of pregnancy and childbirth. You correctly attribute in the developing countries one of the major problems to be lack of access to medical facilities, lack of access to water, and lack of access to prenatal care.

**Senator HARRADINE**—Midwives et cetera.

**Mr Lonergan**—Exactly, and screening.

**Senator SCHACHT**—Access to decent contraception?

**Senator HARRADINE**—Is what Senator Schacht said part of your response to this?

**Senator SCHACHT**—I hope it is.

**Mr Lonergan**—What exactly is the question?

**Senator SCHACHT**—If young women got access to decent contraceptive advice and did not get pregnant too young, maybe they would not die in pregnancy?

**CHAIR**—I do not think this is the time for you to debate Senator Harradine.

**Senator SCHACHT**—That would be one of the reasons that I would put down as quite reasonable and so it should be.

**CHAIR**—There is an appropriate time for these sorts of discussions and now is not it.

**Senator HARRADINE**—Going to the question of the pie chart very quickly there, if you could take this on notice please, could you give me the pie chart for last year?

**Mr Lonergan**—Sure.

**Senator HARRADINE**—I appreciate that. Could you also provide specific details of every population and family planning related project funded under this budget and assessment of their compliance with the population checklist? I have asked this before. Could you take that on notice?

**Mr Lonergan**—The answer is yes.

**Senator HARRADINE**—And the list of drugs and devices used or trialled in family planning programs using Australian aid money? That again was asked previously. Could the department provide specific breakdowns of funding to international agencies such as UNFPA and IPPF and other population related agencies?

**Mr Lonergan**—Yes.

**Senator SCHACHT**—Can you also provide whether you give money to, for example, the Fistula Hospital outside Addis Ababa that does a wonderful job so that many women now survive pregnancy? I trust we do give a decent contribution to that hospital on a regular basis. A couple started it and it is now run by the widow. She is in her 80s, I think.

**Senator HARRADINE**—Following up on that, maybe you could tell us now whether you are continuing the contribution to that work?

**Senator SCHACHT**—I hope we do give money to the Fistula Hospital in Ethiopia run by Australians. By gee, if we don't there is something wrong.

**Mr Lonergan**—I can say with some pride that the new hospital facility there, which I had the privilege of seeing myself, was funded by the Australian government.

**Senator SCHACHT**—Is there recurrent funding?

**Mr Lonergan**—As to that issue, I will take that on notice.

**Senator SCHACHT**—Thank you.

**Senator HARRADINE**—I thank AusAID for providing answers. I know it was difficult, but I will have to ask questions about them because I have only just received them in the last couple of days. I understand your difficulties in obtaining the information. I asked in December a number of questions and you have supplied the answers to those. I must now go to the issue of the United Nations population fund, to which we contribute, and its activities in the PRC. Arising from the answers to the questions that I have asked and the information that has been given, I now ask: is it not a fact that the UNFPA is involved in the PRC's population control program and that in the areas in which they are operating—the two counties that were referred to previously—the PRC still maintains a system of fines and coercion to ensure that their population control policies are implemented?

**Ms Rawlinson**—On the project you refer to, yes, we have answered a number of questions on that. UNFPA's present assistance to China is within—

**Senator HARRADINE**—I am sorry, I cannot hear you.

**Ms Rawlinson**—I am sorry. UNFPA's project in China is in 32 counties and a precondition before the project started was the lifting of quotas and targets in those 32 counties, but it did not require the lifting of fines or incentives or the social compensation taxes in those counties. That was not a requirement for the UNFPA project before it commenced.

**Senator HARRADINE**—I am sorry, I did not hear.

**Ms Rawlinson**—I repeat, the UNFPA project is active in 32 counties in China. Prior to the project commencing, it was a precondition that quotas and targets should be lifted in those counties, but it was not required that incentives and fines were lifted before the project commenced.

**Senator HARRADINE**—Therefore the project does not conform with the principles of voluntarism and informed choice.

**Ms Rawlinson**—The project's overall intention is to try to demonstrate an effective voluntary approach to family planning in China. It is working within the system to try to demonstrate quality of care, free choice. That is one of the objectives of the program. It is trying to achieve and demonstrate change to the Chinese authorities.

**Senator HARRADINE**—Ms Rawlinson, you have indicated that the UNFPA did not insist that the system of fines and other forms of coercion are lifted before they operated there?

**Ms Rawlinson**—That is correct. They did not require the lifting of fines and incentives. They did require the lifting of quotas and targets.

**Senator HARRADINE**—I will come to that in a minute. If they did not insist upon the lifting of fines and other forms of coercion, isn't it therefore an involuntary program? What are the fines for? The fines are imposed on women and men for not observing the population control policy.

**Mr Tapp**—It is fair to say that we do recognise in AusAID that social taxes, fines, incentives or what have you can, in particular circumstances, be regarded as coercive. But we are prepared to support multilateral activities in such a context in the interests of trying to achieve change. In this particular case we are satisfied that the UNFPA programs do not have any aspect of coercion and that that program is able to work to achieve change over the longer term. That is the reason why we remain engaged.

**Senator HARRADINE**—How does it not involve coercion? The program clearly involves coercion.

**Mr Tapp**—The context within which we are working may be considered to be a coercive environment. The project itself is promoting voluntarism.

**Senator HARRADINE**—This is a very important point because it does cover the clear policy of the government in respect of voluntarism. The UNFPA over the years has not only supported coercive programs but in fact gave to Vietnam the population award for last year. That has a brutal population control program.

**Mr Tapp**—The award to Vietnam was not an award of UNFPA. It was a United Nations award.

**Senator HARRADINE**—UNFPA was the secretarial agency.

**Mr Tapp**—There was the secretariat, yes.

**Senator HARRADINE**—That is right. I have asked the question as to whether the officer from UNFPA voted for Vietnam to receive that award.

**Mr Tapp**—The ballot in relation to that award is a secret ballot. UNFPA have not, for perfectly understandable reasons, disclosed what their vote was in relation to that award.

**Senator HARRADINE**—But giving money to the UNFPA is not secret. It is taxpayers' money and we are entitled to know.

**Mr Tapp**—The award is a United Nations award. It is not an award of UNFPA. They are merely the secretariat to that.

**Senator HARRADINE**—That is correct, but I repeat my request to—

**Mr Tapp**—We have passed on a request to the UNFPA. The response that they have given us is quite clear.

**Senator HARRADINE**—Going to the question of—

**Senator SCHACHT**—That was a secret ballot. Is that right?

**Mr Tapp**—It was a secret ballot and they will not indicate in terms of what they voted and neither would anybody else who was voting in that particular ballot.

**Senator HARRADINE**—Has the executive director of UNFPA stated that there is no coercion in the Chinese population control program?

**Mr Tapp**—UNFPA have signed off on the checklist which we asked them to sign off on, which indicates that their activities are based on the principles of voluntarism. You all have a copy of the checklist, which we have provided to you.

**Senator HARRADINE**—Mr Tapp, that was not the question I asked you.

**Ms Rawlinson**—I could perhaps add to that, Senator. We wrote to UNFPA and sought their advice and we have received a letter back. So there is a slight addition to the answers that you have just received. We forwarded the question, asking UNFPA whether they had any additional information. I have a letter from them. They say they believe it is a matter of interpretation—and I quote:

to determine whether the SCF under circumstances described above lead to coercion. Through regular monitoring of the field office we have been informed that counties utilise the collected fees to further promote a client orientated voluntary reproductive health approach and improve reproductive health services and information in the counties.

This is within a letter that has just come to hand to us this last week.

**Senator HARRADINE**—Could I have a copy of that letter?

**Ms Rawlinson**—Yes, certainly.

**Senator SCHACHT**—Who was the letter from?

**Ms Rawlinson**—UNFPA.

**Senator SCHACHT**—From Nafis Sadik?

**Ms Rawlinson**—The Director of Information External Relations Division, Stirling Scruggs.



**Senator HARRADINE**—I turn to the question of the China population control program, the responses that you have given us and the report of the monitoring visit. In the report of the monitoring visit of UNFPA and formal executive board visit, you state:

In both counties members formed the impression that key principles of voluntarism and informed choice were being implemented.

You then state in answer to my questions on notice, when I asked about coercion:

While it is necessary to consider the particular circumstances of each situation, in general fines, loss of promotion and bonuses and other similar measures are not consistent with a voluntary approach to family planning.

Yet the nominated two counties are involved in a program in those countries which is coercive. So how can it be said that UNFPA is not involved in a coercive program? I am not asking you whether UNFPA officials go and grab the nearest pregnant woman who is pregnant outside the rules and have her forcibly aborted. I am not saying that, but they are involved in a program that is coercive.

**Mr Tapp**—I would go back to my previous answer which is that the environment within which the program is being implemented can, in particular circumstances, be regarded as coercive. The actual aim of the program is to promote voluntarism. The program itself is not coercive and the activities of UNFPA are clearly—

**Senator HARRADINE**—What do you mean, the program is not coercive? It is coercive.

**Mr Tapp**—No, the project that UNFPA has implemented is not coercive. It is seeking to actually promote voluntarism. That is very clear.

**Senator HARRADINE**—But they have accepted the coercion that takes place in the program.

**Mr Tapp**—The context in which the project is being implemented may be perceived to be coercive. We are prepared to support the activities of this project in that context in the interest of trying to achieve change. The change is what it is that we are looking to achieve here.

**Senator HARRADINE**—But they have not achieve change. You have admitted that they have not even sought to have the coercive fines and other standover tactics—

**Mr Tapp**—The project is working towards trying to achieve that change. In one of our responses we have indicated some of the change which has occurred. One could argue that the fact that the targets and the quotas have been removed in the counties is a change which has been—

**Senator HARRADINE**—On the targets and the quotas, where, in the newspapers and media in the actual provinces or counties, has that been printed? Has that news been printed that there are therefore no more targets?

**Ms Rawlinson**—The answer to that is yes. Part of the project was in fact the publicising of the fact that targets and quotas have been lifted.

**Senator HARRADINE**—In the daily newspapers?

**Ms Rawlinson**—I could not give you the detail of what papers. I could take it on—

**Senator HARRADINE**—You have taken what the UNFPA have said?

**Ms Rawlinson**—No, it is within the project document that that is what is required and it is also subject to monitoring visits. I could not give you the detail, but we could take it on notice and give you further details.

**Senator HARRADINE**—Whilst you are at it, could you provide us with information as to precisely when this occurred and what effect it has had? Has it had the overall effect of producing voluntarism? In other words, can those in that particular county disregard the national family planning policies without fear of punishment?

**Mr Davis**—We will see if we can get that information for you.

**Senator HARRADINE**—That is the key issue. Chairman, I have a number of things but I can put those on notice.

**CHAIR**—Are you happy to put those on notice now, Senator Harradine?

**Senator HARRADINE**—I have not got them now.

**CHAIR**—That is all right.

**Senator SCHACHT**—I cannot find it in the blue book—I may have missed it—but how much are we going to give to the UNFPA agency for the year 2000-01?

**Ms Rawlinson**—It is in the blue book. There is a listing of the multilateral UN agencies on page 55.

**Senator SCHACHT**—Yes, I see that: \$2.2 million.

**Ms Rawlinson**—Correct.

**Senator SCHACHT**—That is a very small amount. Why can't it be \$12.2 million? I have been to these estimates for 12 years and I consistently complain that both Labor and Liberal governments do not give this agency anywhere near the funding they should. What is the policy deficiency that we only give \$2.2 million to this agency?

**Mr Davis**—Budget decisions are not the province of us to make.

**Senator SCHACHT**—This figure of \$2.2 million never shifts. What other figure do we therefore give to bilateral aid for family planning? Is there a figure we have got on that?

**Mr Lonergan**—Yes, Senator.

**Senator SCHACHT**—There are many of us in this parliament who strongly support a significant increase in funding for family planning around the world.

**Mr Lonergan**—The answer to your question is that in 1999-2000 it is estimated to be \$36.2 million on reproductive and health activities as a total.

**Senator SCHACHT**—As a bilateral?

**Mr Lonergan**—No, that includes the total.

**Senator SCHACHT**—It includes the \$2.2 million?

**Mr Lonergan**—Yes, Senator.

**Senator SCHACHT**—So we give \$34 million bilaterally?

**Mr Lonergan**—No, the total was \$36.2 million and taking away what we put to the multilaterals. There are a number of multilaterals, but it will be over \$30 million.

**Senator SCHACHT**—A bilateral figure?

**Mr Lonergan**—Yes.

**Senator SCHACHT**—So we give over \$30 million for family planning bilaterally? Specifically for family planning? I hope that is correct?

**Mr Lonergan**—No, the categories for that \$36.2 million are population policy and administrative management, reproductive health care, family planning and STD control, including HIV-AIDS.

**Senator SCHACHT**—Take out HIV and STD and give me the figures for the breakdown for each of those?

**Mr Lonergan**—On notice, Senator.

**Senator SCHACHT**—You have to do that on notice? I think when you break some of those out, you will see that HIV is a health issue and it obviously has an impact on family planning. When we get down to the nitty gritty of what you are actually providing, for example, for \$2.2 million, how much of that do we know is spent on buying condoms, IUDs, diaphragms and other forms of contraceptive devices and distributed by the UNFPA in Third World countries?

**Mr Davis**—Like any other multilateral contribution, our contribution goes into the much bigger pot and it is pretty difficult then to identify how much of that particular amount goes in.

**Senator SCHACHT**—Whatever it is, it would not be buying that many, would it for \$2.2 million? Does any of our money—and I hope it does—go to buy contraceptive devices that are made freely available to women in particular, in developing countries?

**Mr Lonergan**—Are you referring to through the multilaterals or through—

**Senator SCHACHT**—The United Nations Fund for Population Activities is \$2.2 million. Do we know whether any of that was actually spent on providing contraceptive devices to women in developing countries?

**Mr Davis**—We can get details from UNFPA on how their programs are divided up.

**Senator SCHACHT**—In the bilateral program—once we separate out the HIV program and so on, and we might provide condoms for that as a protective health issue—how much of the money are we providing to buy contraceptive devices of various kinds for women in developing countries?

**Mr Lonergan**—Within the bilateral program there is not a lot of procurement of contraceptives. That is largely the responsibility of our recipient partners. On occasions we will procure contraceptives, but the quantities and the financial arrangements—

**Senator SCHACHT**—Can you ask the recipients whether they actually spend the money on providing contraceptive devices to women in their own country, or does the money go on endless seminars and meetings?

**Mr Lonergan**—I am not sure that we are in a position to ascertain that, Senator.

**Senator SCHACHT**—Hang on! You have evaluation of these various bilateral programs, which is part of the program—

**CHAIR**—Senator Schacht, it is a little late to spend your time provoking Senator Harradine.

**Senator SCHACHT**—No, I am asking for information. Senator Harradine has quite rightly sought a whole range of information. I am asking, from another perspective, for information that shows we are actually getting some response for the money we are spending

so that the women in the Third World get a choice and access to contraceptive devices. So far the witnesses are taking it on notice. I do not think it is an unreasonable question to ask the recipient countries to tell us they are not using this money for bureaucratic seminars and administration, but that it is actually getting down to the women who need it.

**Mr Lonergan**—That really is the most difficult question. We would need to define the boundaries and the geographic spread in terms of a very tight definition of that question.

**Senator SCHACHT**—Mr Chairman, Senator Harradine has raised Vietnam and China. Do we provide bilateral money to both of those countries for family planning?

**Mr Lonergan**—We do in China.

**Senator HARRADINE**—Because they are—

**Senator SCHACHT**—Okay, then—

**CHAIR**—Order! Let's settle down. Don't speak over me, thank you, Senator Schacht.

**Senator SCHACHT**—In these hearings Senator Harradine has every right to raise these issues from his perspective. I will give you two countries—Vietnam and China—which Senator Harradine has raised. If we give bilateral money to both of those countries for family planning, how much do they actually spend on providing decent, safe, contraceptive devices for women in those countries? It is not an unreasonable question, because that is what the program should be about.

**Mr Lonergan**—I am sure that AusAID will do their best to find out the answer.

**Senator SCHACHT**—They will do better than their best.

**Mr Lonergan**—Senator, our best is pretty good.

**Senator SCHACHT**—I know it is very good. I am actually supporting what you want to do. I do not like you being intimidated by certain people consistently saying you should not be in family planning.

**CHAIR**—Senator Schacht, have you got any further questions you would like to put on notice?

**Senator SCHACHT**—No, I wanted to finish on that point.

**CHAIR**—Thank you very much, Senator Schacht. Senator Harradine, please be brief.

**Senator HARRADINE**—I am sorry, but could you confirm please that contraceptives are now the sixth most frequently purchased item by UN agencies, whilst water purification equipment does not even make the top 10? Could you also confirm that, according to UNICEF, five million children die each year from diseases directly related to unclean water and inadequate sanitation?

**Mr Davis**—On the first part of your question, Senator, we can ask the UN agencies; on the second part, it is pretty obvious—the answer is yes, that unclean water and inadequate sanitation leads to millions of deaths.

**CHAIR**—Thank you, Senator Harradine. Thank you, AusAID. I would like to thank my colleagues on this estimates committee, the secretary, Paul Barsdell, Pam Corrigan and Dr Kathleen Dermody, Hansard and Sound and Vision. It has been a long three days and we have covered a lot of ground. The committee stands adjourned.

**Committee adjourned at 11.47 p.m.**