
The Parliament of the Commonwealth of Australia

Canada and Germany

Report of the Australian Parliamentary Delegation

14 to 28 April 2007


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Membership of the Delegation

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Member for Blaxland (New South Wales)

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Member for Makin (South Australia)

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Member for Forde (Queensland)

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Senator for South Australia

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Acknowledgments

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Special thanks are due to Mr Tōnu Onu, Ms Fiona Bladon and Ms Manon Champagne from the Canadian parliament and Dr Maria Sauckel and her team from the German parliament for all their work in coordinating the visit.

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Delegation to Canada and Germany

The delegation

- 1.1 From 14 to 28 April 2007, an Australian parliamentary delegation visited Canada and Germany. The visit provided an opportunity for Australian parliamentarians to explore issues of common interest with their Canadian and German counterparts, find out about political, social and economic developments in North America and Europe, as well as promote opportunities to broaden and strengthen Australia's relationship with Canada and Germany.
- 1.2 The delegation was led by the Speaker of the House of Representatives, David Hawker, and included three other members of the House of Representatives: Michael Hatton (Deputy Leader), Trish Draper and Kay Elson; as well as two senators: Anne McEwen and Kay Patterson.

Aims and objectives

- 1.3 The delegation's aims and objectives for its visit to Canada were:
 - renew and strengthen ties with the Canadian parliament;
 - gain an understanding of key political, social and economic issues;
 - obtain an appreciation of Canada's views on issues of mutual concern, including the struggle against international terrorism, the conflict in Afghanistan, and security and economic cooperation issues in the Asia Pacific region, including the evolution of APEC;

- review current trade, investment and commercial relations and explore new directions; and
- discuss ways and means to strengthen people to people relationships, such as cultural exchanges and tourism.

1.4 The delegation's aims and objectives for its visit to Germany were:

- renew and strengthen relations with the Bundestag and Bundesrat;
- obtain an appreciation of Germany's social, economic and political issues, particularly its policies on energy (renewables, coal technology, nuclear), climate change, defence and foreign policy;
- examine Germany's policies for containing the challenges of terrorism;
- encourage Germany to engage further in cooperation in the Asia Pacific region on counter-terrorism, aid and good governance;
- gain an appreciation of Germany's aims in reviving the European Union constitution process and its outlook on the European Union's future development;
- explore new opportunities in trade, commerce and investments; and
- explore new opportunities to increase people to people contact through the arts, education, tourism and cultural exchange.

1.5 The program arranged by the Canadian and German parliaments provided a range of opportunities for the delegation to meet these objectives. The delegation's observations relevant to its aims are detailed in this report.

1.6 Many of the issues discussed during meetings the delegation held with parliamentary, government and community representatives in both countries are matters of ongoing debate in the Australian parliament and the broader Australian community. These include economic development, trade, the environment, security, employment, immigration and agricultural development. The delegation is hopeful that its observations in this report will help to inform that ongoing debate.

Canada

Introduction

- 2.1 Australia and Canada have much in common, despite our geographical separation. The similarities between our two countries and the strong relationship we share were evident to the Australian parliamentary delegation that visited Canada from 14 to 21 April 2007.
- 2.2 Both countries operate a federal system of government, founded on the Westminster model of parliamentary democracy. The delegation had the opportunity to explore the challenges of federalism in the Canadian context when it met with both federal and provincial representatives in Ottawa and British Columbia. At the same time, the unique circumstances of the bilingual system operating in Canada were observed by the delegation.
- 2.3 There is a similarity in the challenges both nations are confronting and in the responses being taken to many key issues. The discussions the delegation held with Canadian parliamentarians often turned to the cooperation between our two countries and the ways that could be enhanced.
- 2.4 Both Canada and Australia are enjoying strong periods of economic growth fuelled by a resources boom. This, however, is creating skills and employment challenges, some of which are being met through importing of labour. The delegation was particularly interested in one employment program targeting the rural sector.

- 2.5 Indigenous issues are also the focus of attention in both countries, with responses required at both the federal and provincial level. The delegation was advised of progress in these matters during its time in Canada.
- 2.6 We also share a desire to promote free and fair trade. With both countries being large trading nations, the delegation welcomed the opportunity to discuss with Canadian parliamentarians the forward agenda for trade reform. At the same time, the delegation had the chance to explore the different trading environments facing Australia and Canada, given Australia's focus on Asian markets compared to Canada's geographic connection to the United States and its immense economy.
- 2.7 There is also a common commitment to peace and security at the international level, with both countries actively engaged in operations in Afghanistan. Canadian views on these engagements were discussed during the visit.
- 2.8 The meetings held with parliamentary, government and community representatives enabled the delegation to gain a Canadian perspective on issues where we share a common interest. The information obtained and issues discussed at the various meetings are outlined in this chapter of the report.

Economic issues

- 2.9 The Canadian economy is growing strongly – some would even say booming. Driving the economy is the demand for Canada's rich natural resources, including its oil, timber and minerals, along with growth in its manufacturing, technology and research sectors. Unemployment is around 6 per cent, the lowest in three decades. Inflation is around 2 per cent.
- 2.10 Discussions the delegation held during its visit to Canada pointed to a number of economic challenges that are the subject of current debate. Many are similar to issues facing the Australian economy.
- 2.11 The economic relationship between Canada's federal and provincial governments is under consideration. A fiscal imbalance between the federal government and Canada's provinces was raised as an issue in discussions the delegation held while visiting British Columbia and its Legislative Assembly.
- 2.12 British Columbia, one of Canada's western provinces, is generating considerable wealth through the exploitation of its rich natural resources.

According to the Minister of Intergovernmental Affairs John Van Dongen, with whom the delegation met, his government's emphasis has been on pursuing growth through economic development, good fiscal management and the reduction of taxes.

- 2.13 In particular, the government has placed emphasis on rejuvenating the mining industry and on improving the environment for business and investment. There has also been support for moving people out of inefficient industries and retraining them, with the government taking the view that it is better to subsidise transitions to new employment rather than continuing to support industries that are not profitable.
- 2.14 There are concerns within the provincial government that not all of Canada's provinces share British Columbia's commitment to strong fiscal management. Overspending was a particular concern, with some provinces expecting federal assistance ahead of reining in their own spending.
- 2.15 While there has also been investment in technology to improve the efficiency of industries in British Columbia, such as the forest industry, the delegation heard that similar investment is not as evident in other provinces. In some provinces, government assistance to some industries needs to be questioned.
- 2.16 The delegation gained the impression that the federal system in Canada generates the same economic tensions that are evident in Australian federalism. The ongoing debate within Canada about economic relations between the federal government and the provinces should be of interest as Australia continues to explore the economic boundaries of its own federal system.
- 2.17 Canada's approach to balancing economic and environmental considerations was also of interest. During its meeting with Prime Minister Stephen Harper, the delegation was told environmental issues are a priority for the Canadian government, but the government also wants to ensure that action taken to meet Kyoto targets does not have major detrimental effects on the Canadian economy. The Prime Minister indicated that the existing five year timeframe for meeting Kyoto targets could not be met without major economic dislocation.
- 2.18 Skills shortages are another economic challenge facing Canada, as they are in Australia. With a low unemployment rate, a high demand for resources and a significant services sector, Canada is examining as a priority ways in which it can meet its ongoing and future skills demands.

- 2.19 Increasingly one option being used by Canada is bringing in workers from overseas. Canada's Citizenship and Immigration Minister Diane Finley told the delegation that in 2005 approximately 100,000 temporary foreign workers entered Canada to address short-term labour and skill shortages. Almost one third of those workers were from the United States and Mexico.
- 2.20 Skills assessment is an important issue, with 800,000 people currently on the waiting list to come to Canada. The minister indicated that Canada had learnt from Australia's approach to foreign credentials recognition.
- 2.21 One downside of a low unemployment rate is that traditional industries, such as agriculture, often find it hard to find workers to undertake the difficult manual work associated with the industry. This is a problem common to Canada and Australia, so the delegation was interested to hear from the Immigration Minister about a Canadian program bringing in foreign agricultural workers.
- 2.22 Canada's Seasonal Agricultural Workers Program permits the organised entry of foreign workers to meet the temporary and seasonal needs of Canadian agricultural employers during peak harvesting periods, when there are traditional shortages of Canadian workers. In 2005, around 20,000 workers came to Canada under this program.
- 2.23 Agreements currently exist between Canada and Mexico, Jamaica, Trinidad and Tobago, Barbados and several other Caribbean countries. The bilateral agreements set out the administrative arrangements for the governments, employers and workers.
- 2.24 Work permits are issued for up to eight months. The average stay is four to five months. Many workers return to Canada each year and may return to the same employer by request.
- 2.25 Standardised contracts ensure that employers provide appropriate working conditions, accommodation and a portion of transportation costs. Those contracts also require workers to return voluntarily to their home country at the end of the work season.
- 2.26 Under the program, foreign workers receive similar labour protection to that offered to Canadians working in the agricultural sector. Wages are consistent with the prevailing wage rate that Canadians receive, and have increased on an annual basis in recent years. Employers are required to have their seasonal housing inspected and approved by the appropriate provincial authority.
- 2.27 According to the Immigration Minister, the program works well because all participants in the program have an incentive to ensure its success. The

participating countries and employers take responsibility because they want to ensure the program operates from year to year and without additional restrictions. Employers in some areas of Canada rely heavily on such workers. The source countries benefit from the income the workers make and take back with them.

- 2.28 For the workers, there is a strong incentive not to breach the conditions of their entry or to overstay. Many workers wish to undertake the program from year to year and know if they do not abide by the conditions they will not be able to participate in future years.
- 2.29 Each year intergovernmental review meetings are held with key participants. The meetings address issues arising each year so the program guidelines can be revised as required.
- 2.30 The delegation was impressed by the comprehensive nature of the program and the benefits it is bringing for all participants. Given similar labour issues facing Australian agricultural industries, the applicability of a similar scheme to Australian circumstances would be worth exploring.

Foreign policy issues

- 2.31 Shared foreign policy interests between Australia and Canada were discussed by the delegation when it met with Canada's Prime Minister Stephen Harper and Foreign Minister Peter MacKay. At the outset of those meetings the Prime Minister and Foreign Minister highlighted the common approaches our two countries have adopted on a number of key international issues.
- 2.32 The joint commitment in Afghanistan was praised by the Prime Minister and Foreign Minister, with both commenting on the strong cooperation between Canada and Australia, including in intelligence sharing. They stressed the importance of an ongoing commitment to deal with a persistent and determined enemy.
- 2.33 Mr Harper and Mr MacKay also indicated a growing Canadian focus on the Asia Pacific region, with Canada strongly committed to APEC. The Prime Minister highlighted the importance of APEC meetings in bringing together Asian, Pacific and North American countries to discuss key issues of relevance to such an important region of the world. He was hopeful Australia and Canada would continue to work together to push the APEC agenda forward.

- 2.34 Support for emerging and struggling democracies was also highlighted as a significant issue for the Canadian government. In particular, the Canadian government was stressing the importance of governance and capacity building as part of any foreign aid. The Foreign Minister indicated that promotion of democracy and good governance were matters where cooperation between Canada and Australia made good sense.
- 2.35 International cooperation on environmental issues was also seen as vital. The Canadian government is interested in moving the debate forward to developing and implementing practical measures to deal with environmental issues. The Foreign Minister indicated that the government is reticent to sign international agreements unless they can give practical effect to them, particularly in the environmental field. The government is particularly interested in capitalising on technology in dealing with environmental problems, and in getting citizens involved in dealing with the issues and implementing practical solutions at the local level.
- 2.36 The Foreign Minister told the delegation one international issue on which Canada wants to engage more with Australia is the draft declaration on Indigenous rights. The Canadian government was keen to ensure the declaration and the way it was drafted did not present any negative implications in terms of potential court actions and claims for Canada. The Foreign Minister understood Australia shared some concerns in this regard and indicated he would discuss the matter further at ministerial level.
- 2.37 Another international issue on which there may be opportunities for more engagement between Australia and Canada is maritime security. The Foreign Minister indicated that coastal security is challenging for both countries. It was an area where more attention was being focused by the Canadian government and where sharing of experiences and knowledge would be beneficial, taking into consideration the different geographical environments of both countries.

Trade issues

- 2.38 The United States is Canada's largest trading partner, with more than 80 per cent of Canadian exports going to America. In January 1994, Canada, the United States and Mexico launched the North American Free Trade Agreement (NAFTA) and formed the world's largest free trade area.

- 2.39 Canada's Agriculture Minister Chuck Strahl highlighted the benefits of NAFTA during a meeting he held with the delegation. Mr Strahl told the delegation the free trade agreement has been a tremendous deal for the countries involved and those who predicted adverse impacts have been proven wrong.
- 2.40 Overall exports have increased dramatically, the delegation heard. Friction and court cases over trade between the countries have been reduced. While some sectors in Canada did lose out, with egg processing for example moving to Mexico, other niche markets have benefited, with potato processing now an export industry.
- 2.41 More recently the provinces of British Columbia and Alberta have signed agreements establishing inter-provincial free trade zones. This has provided for common standards, regulatory reform and mobility of the workforce across the provinces.
- 2.42 The Agriculture Minister also told the delegation while Canada supports the multilateral benefits of the World Trade Organization, it was continuing to pursue bilateral agreements because of uncertainties associated with the Doha round. Nevertheless Canada, as a member of the Cairns Group, was eager to pursue a successful completion of the Doha round, as systemic issues could not be addressed simply through bilateral agreements.
- 2.43 Mr Strahl indicated that Canada's dairy industry remained "supply managed", as it is protected by strict import quotas and tariffs. He was interested in Australia's experience of reform in the dairy industry. The delegation explained the transition in Australia's dairy industry from being heavily government subsidised to its current position as highly competitive internationally.

Indigenous issues

- 2.44 Reconciliation with indigenous people is another area where Canada and Australia have a like interest. While in British Columbia, the delegation was interested to find about the reconciliation process being followed.
- 2.45 Figures indicate there are around 750,000 indigenous people in Canada. Around 150,000 live in British Columbia.
- 2.46 Canadian constitutional requirements and various court cases led the federal and provincial governments to undertake treaty negotiations with indigenous people. The delegation was told that in British Columbia

tripartite negotiations have been underway for more than a decade, involving the federal government, the government of British Columbia and First Nations people.

- 2.47 Currently there are more than 40 treaty actions being considered. The treaties seek to define the rights and responsibilities of First Nations and the federal and provincial governments over matters such as land ownership, governance, wildlife and environmental management, financial benefits and taxation.
- 2.48 British Columbia's Deputy Minister of Aboriginal Relations and Reconciliation Lorne Brownsey told the delegation the aim is to establish a new relationship with the First Nations people. That new relationship is based on principles of negotiation and collaboration.
- 2.49 An important emphasis is on closing the economic and social gap experienced by many First Nations people. Each ministry of the British Columbian government is now required to produce service plans for indigenous issues, including for example a health plan and an education plan.
- 2.50 A \$100 million trust has been established to provide practical support for reconciliation. The aim of the fund is to "provide First Nations with tools, training and skills so they can participate more fully in land and resource management, land-use planning processes and also develop social, economic and cultural programs for their communities".
- 2.51 According to the minister, the treaty process is complicated, involving thousands of transactions. Considerable time and resources have been devoted to the negotiation processes, which initially were to be concluded within 10 years but are lasting much longer than that.
- 2.52 The delegation was impressed by the level of commitment demonstrated towards reconciliation with Canada's indigenous people. This includes a commitment to indigenous rights and practical initiatives to improve the social, financial, health and education outcomes for First Nations people. At the same time, the delegation recognised the complexities that have been experienced in negotiations, including the significant time and resources devoted to those processes. The Canadian experience is noteworthy in the Australian context, given the current emphasis on practical reconciliation and the complexities being experienced in its achievement.

Parliamentary matters

2.53 During its visit to Ottawa, the delegation was briefed on various parliamentary matters which were of interest to the delegation, given the similarities between the parliamentary systems of Canada and Australia.

Reform

2.54 Canada's Minister for Democratic Reform and Leader of the Government in the House of Commons, Peter Van Loan, advised the delegation about a range of proposals for democratic reform being pursued by the government. They included:

- reforming the Senate by establishing eight year terms for senators (the existing rule was that senators served until they reached the age of 75) and including a provision for Canadians to be consulted on the appointment of senators;
- introducing identification requirements when people go to vote; and
- establishing fixed four year terms for the House of Commons.

2.55 The proposals were being debated in the parliament during the delegation's visit. The Minister for Democratic Reform told the delegation the government was keen to make the parliament more representative and to ensure the integrity of the electoral process. It was interesting to note that the reforms were being pursued at a time of minority government in Canada.

Administration

2.56 The delegation was also interested to learn about the arrangements for administration of the Canadian parliament. During meetings with the Speaker of the House of Commons Peter Milliken and the parliament's Clerks, the delegation was briefed on the way in which the parliament's budget is determined and managed.

2.57 The Board of Internal Economy, established under the Parliament of Canada Act, is the governing body for the House of Commons. The board:

- examines and approves the annual budget estimates of the House;
- approves and controls the budget expenditures of the committees of the House of Commons, and tables an annual financial report outlining the expenses incurred by each committee; and

- approves salary scales for non-unionised employees and authorises officials of the House to negotiate the renewal of the collective agreements of unionised employees and ratifies such agreements.
- 2.58 The board is chaired by the Speaker and comprises eight other members: four from the government, two from the official opposition and two from the other opposition parties. The government representatives include two ministers and the Chief Government Whip. The opposition representatives include the Chief Opposition Whip.
- 2.59 The delegation was told that, through this representation, the board remains in touch with the needs of parliamentarians and the political parties in determining the services and level of expenditure required. The board generally follows trends in government expenditure (for example it would not seek an increase in expenditure beyond the level of expenditure being sought by government departments).
- 2.60 Parliamentary committees receive an overall budget allocation and individual committees then put in their bids for funds. The delegation was advised some committees do better than others in the bidding process.

Australia-Canada relations

- 2.61 Throughout the delegation's visit, Canadian parliamentarians and other community representatives with whom the delegation met highlighted the long-standing good relations between Canada and Australia. At the same time, they indicated an eagerness to progress the comfortable relationship we share to a new level.
- 2.62 Prime Minister Stephen Harper told the delegation his government was placing a higher priority on some of Canada's traditional relationships, including with countries such as Australia. He felt that too often nations are forced to focus on issues which challenge them and, as a result, spend too little time on their relationships with friends.
- 2.63 A similar view was expressed by Australia's Trade Commissioner and Honorary Consul in Vancouver, Kevin Lamb, who told the delegation Australia's relationship with Canada sometimes suffers from an "out of sight, out of mind" attitude. Mr Lamb and Australian High Commissioner Bill Fisher both highlighted to the delegation the significant opportunities that exist, and that are being worked on, to boost the relationship between our two countries.

- 2.64 At the core of the relationship are the long established ties, the similar culture, like economies and comparable business practices. All of this makes Australians and Canadians comfortable with each other, and particularly comfortable in doing business with each other.
- 2.65 There is a significant Australian expatriate community in Canada, numbering some 30,000 people. There are also some 2,000 Australian and Canadian companies doing business in each other's country.
- 2.66 There is, however, a feeling that many Australian exporters are not thinking enough about Canada as a potential market. This is despite the successes that have been experienced by some exporters, such as Australian wine makers.
- 2.67 Australians are also having success in Canada under its working holiday program, which enables young Australians to undertake some employment in Canada as part of an extended holiday. The delegation was told young Australians are highly regarded within Canada's tourism and hospitality industries, particularly at some of Canada's major tourist resorts, such as its ski fields.
- 2.68 The delegation met with representatives of the Whistler Blackcomb ski resort and with young Australians working there. They all acknowledged the benefits they reap from the program. The resort operators would be happy to have more Australian working holiday makers, but Canada currently imposes an annual cap of 8,000.
- 2.69 The delegation discussed this cap with Prime Minister Stephen Harper and Immigration Minister Diane Finley. They both indicated to the delegation they would look into the issue.
- 2.70 The overall impression the delegation gained from its visit was that there would be significant benefits for Australia in deepening its relationship with Canada. The delegation commends the Australian High Commission for the work it is already doing in this regard, noting that many Canadians with whom the delegation met praised the work of the High Commission in promoting broader relations between our two countries.
- 2.71 At the parliamentary level, the delegation considers there should be increased opportunities for Australian and Canadian parliamentarians to share knowledge, experiences and views with each other, to build on the relationship between our two countries and to capitalise on the similarities we share. One way to do this would be through a regular committee exchange program, as currently operates between Australia and New Zealand. The delegation considers there is merit in considering such an exchange program between Australia and Canada.

Germany

Introduction

- 3.1 The Australian parliamentary delegation's visit to Germany from 22 to 28 April 2007 took place during an important period of international engagement for Germany. At the time of the visit, Germany held the Presidency of the Council of the European Union and also the Presidency of the Group of Eight (G8). This provided a unique opportunity for the delegation to find out about Germany's approach to key international issues and how those issues were being advanced through Germany's leadership of those international bodies.
- 3.2 It was also an interesting period in the political development of Germany, with the federal government consisting of a grand coalition between Germany's two main political parties, the Christian Democratic Party/Christian Social Union and the Social Democratic Party. The delegation was able to get an insight into the workings of that coalition.
- 3.3 Almost two decades after German reunification, the delegation was able to find out about the integration of east with west and how that has progressed. Issues of economic and social development were of particular interest.
- 3.4 The delegation also welcomed the opportunity to visit the cities of Stuttgart and Frankfurt. There the delegation was able to undertake site visits to important German industries, including the automotive, agricultural and manufacturing industries.
- 3.5 The timing of the delegation's visit also meant it was able to participate in the ANZAC Day ceremony held at the Berlin War Ceremony. The poignant ceremony allowed the delegation to pay its respects to those who had given their lives to defend the freedoms we now all enjoy.

- 3.6 The discussions the delegation held with German parliamentarians, provincial leaders and industry representatives helped it to gain a good understanding of the issues that are of current significance for Germany. It also enabled the delegation to gain a better appreciation of Germany's focus in the international arena, including in its relations with Australia. The issues discussed and information obtained from those meetings are outlined in this chapter of the report.

Economic issues

- 3.7 Germany is currently experiencing an economic upturn, resulting in a new level of confidence. Economic performance has improved over the past few years, with economic growth at 2.5 per cent in 2007.
- 3.8 Unemployment remains at a relatively high level of 9.8 per cent but is on a definite downward trend, the delegation was told. Some of the eastern sectors of Germany are experiencing much higher unemployment rates, in the vicinity of 22 per cent for some areas, reflecting ongoing difficulties in the transition to a full market economy following the east's reunification with the west. It was indicated, however, that the economic division between east and west is no longer as definite as people might expect.
- 3.9 Germany is the fifth biggest economy in the world and one of the world's biggest exporting countries. The delegation was told exports remain an underlying economic strength for Germany, with many German exporters benefiting from China's economic growth.
- 3.10 In its discussions with the German central bank (Deutsche Bundesbank), the delegation was advised that current economic challenges facing the nations of the European Union (EU) include the differing labour laws among the various EU nations, wages growth and energy efficiency. These are all matters which EU countries must address to ensure they can continue to benefit from the economic upswing being experienced in the Euro zone.
- 3.11 Housing and bank lending are two areas where the German central bank is keeping a close watch. There is a risk of a housing price downturn and there are concerns about the impact this could have on the economy, particularly if the financing of housing is not prudent. The Bundesbank is encouraging German banks to examine their lending practices to ensure the risks are well managed, given that traditionally housing loans have been in the range of 60 to 75 per cent of the value of the property and there are increased risks in moving beyond this ratio.

- 3.12 The delegation was also interested to hear from the Bundesbank that cheque clearance times are likely to be reduced to one business day from 2012, instead of the usual two to three business days. It was noted, however, that cheque processing is not a significant issue in Germany, as the use of cash, credit cards and electronic banking is more popular among Germans.

Foreign policy issues

- 3.13 A number of foreign policy issues were raised during discussions the delegation held with German parliamentarians. From those discussions, it was evident to the delegation that European and trans-Atlantic relations are the primary focus for Germany. At the same time, the delegation heard there is a growing level of interest in the Asia Pacific, reflecting the strong influence of economic considerations in Germany's international outlook.
- 3.14 The delegation was told the government of Chancellor Angela Merkel has been reviewing Germany's foreign policy during its first year in office, placing particular attention on its relationships with the United States and with Russia. There has been strong interest in promoting trans-Atlantic trade and investment as a cornerstone of relations with the United States.
- 3.15 Germany has also sought to use its presidency of the EU and the G8 to push forward initiatives on energy security and climate change. There is a strong recognition within Germany of the need to act at both the individual country level and at the multilateral level to deal with such issues.
- 3.16 The development of the North Atlantic Treaty Organisation (NATO) is another major interest for Germany. The delegation was told Germany recognises the potential for NATO to move beyond its primary European focus. It is eager to pursue partnerships with like-minded countries outside of Europe to broaden the security and defence cooperation benefits of the alliance beyond Europe. Closer cooperation between NATO and Australia was highlighted to the delegation as having support within Germany.
- 3.17 United Nations reform is also regarded as a crucial issue in Germany. In particular, there is a strong desire to reform the permanent membership of the Security Council. The delegation was told Germany is interested in having a permanent European Union seat on the Security Council or, if that does not eventuate, a permanent seat for Germany.
- 3.18 There is, at the same time, a growing recognition among German parliamentarians of the increasing influence and importance of the Asia

Pacific region in international affairs. Developing broader relations with China and India is regarded as a priority for Germany in the region. This includes promoting dialogue on issues such as the rule of law, development of civil society and the combating of terrorism.

- 3.19 In discussions with German parliamentarians, the delegation took the opportunity to acknowledge German support for a counter-terrorism institute in Indonesia and the recent cooperation between Australia and Germany in the reconstruction of a hospital in Indonesia. It was noted that Indonesia had previously not been a focus of any great attention in Germany, but that these recent developments indicated the importance of not overlooking such a significant country of the Asian region. The delegation said Australia would welcome greater EU focus on developing relations with Indonesia and the broader Asia Pacific region.

European Union issues

- 3.20 During its meetings in Berlin, the delegation was advised of developments in EU matters and Germany's approach to them. It was noted that the 50th anniversary of the Treaty of Rome, celebrated in 2007, was an occasion to reflect on the achievements of the EU and to consider the future of a community that is much larger and more complex than that which first joined together in 1957.
- 3.21 The increase in EU membership to now comprise 27 member nations has presented a number of challenges, particularly as the original emphasis of being an economic community has broadened towards political union. It was suggested to the delegation on more than one occasion that the EU could become the victim of its own success unless constitutional reform is achieved.
- 3.22 Having so many member states has placed pressure on many of the EU's political processes, the delegation was told. The delegation sensed a strong desire within Germany to achieve agreement on institutional reform, with Germany keen to move forward in the wake of the failed EU constitution referenda in the Netherlands and France in 2005.
- 3.23 German attitudes to further enlargement of the EU were also discussed with the delegation. It was suggested that without agreement on institutional reform, acceptance of any new EU members could not be considered.
- 3.24 The general feeling was that the next enlargement of the EU would realistically be some 15 to 20 years away. While some EU members were supportive of including new states, particularly as they were keen to

source labour from those nations, Germany was hesitant and wanted to ensure that any new members would meet all relevant legislative and institutional requirements for joining the EU.

Environmental issues

- 3.25 During the delegation's visit, Germany's Environment Minister Sigmar Gabriel presented to the parliament a major policy statement on the environment. The delegation attended the parliamentary session when that statement was delivered.
- 3.26 In the statement, the Environment Minister outlined the German government's climate agenda towards 2020. He highlighted the need to improve energy efficiency and expand renewable energies in order to meet Germany's climate protection targets. He also emphasised the importance of energy research and the adoption of new technologies, including for example carbon capture and storage at coal-fired power stations.
- 3.27 The minister noted that carbon dioxide emissions are 18 per cent below their 1990 baseline. Nevertheless, Germany remains three per cent away from achieving its climate protection target for the period 2008-2012. It needs to cut greenhouse gases by a further 37 million tonnes in order to fulfil its Kyoto commitments.
- 3.28 According to the minister, German industry has "failed to honour its pledges on the expansion of combined heat and power". In addition emissions trading "has not achieved the success that was hoped for", with the minister telling parliament that "far too many emission allowances were allocated free of charge". The resulting price level of 61 cents has not provided any impetus for the modernisation of the power supply and industrial production.
- 3.29 A 40 per cent reduction in greenhouse gas emissions by 2020 is the target that has now been set. Eight key measures were outlined by the minister to achieve this, including:
- an 11 per cent reduction in electricity consumption through a massive increase in energy efficiency;
 - renewing Germany's power plant park, with more efficient power plants;
 - doubling the efficient usage of combined heat and power to 25 per cent;

- reducing energy consumption through renovation of buildings, efficient heating systems and in production processes;
 - increasing the share of renewable energies in the heating sector to 14 per cent;
 - increasing efficiency in the transport sector and increasing the share of bio-fuels to 17 per cent; and
 - cutting emissions of other greenhouse gases such as methane.
- 3.30 The minister indicated this climate protection strategy offers Germany “a great wealth of economic opportunities”, which he said many people are still failing to recognise. He told parliament improving the energy efficiency of power plants, machinery, heating systems and cars through the use of state of the art technology would create jobs for Germany’s engineers and skilled workers in the longer term. As the largest industrialised country in Europe, the minister said Germany “should set the pace and drive innovation in this process”.
- 3.31 In discussions with German parliamentarians on the issues covered in the minister’s statement, the delegation was told there is broad support for the goals of reducing emissions and becoming more energy efficient. At the same, it was conceded the government would need to wait and see whether there is also broad support for the measures needed to reach those goals.
- 3.32 One parliamentarian suggested that tariffs should be considered for companies in countries that do not pursue good environmental practices. That sort of measure, it was argued, would place pressure on countries to improve their environmental outcomes.
- 3.33 Alongside the efforts of government and industry, the role of the public in contributing individually to energy efficiency was also emphasised. Recently, for example, there has been a boom in houses being equipped with solar energy.
- 3.34 German parliamentarians also saw opportunities for cooperation with Australia in energy research. They noted some joint research work is already being undertaken by Australian and German scientists, and encouraged further joint research.

Parliamentary matters

- 3.35 While visiting the German parliament, the delegation received a briefing from the Secretary-General of the Bundestag on the administration of the

parliament. The delegation was particularly interested in finding out about the budgetary arrangements for the parliament.

- 3.36 The delegation was told the Bundestag is responsible for setting its own budget. The proposed budget, as drawn up by the parliament's administration, is submitted to the Finance Minister. While the minister can question the details within the budget, the delegation heard that in practice the members of the Bundestag feel they are the ones who ultimately are responsible for the determination and oversight of the parliament's budget.
- 3.37 Anything relevant to the activities of the Bundestag is considered as part of the budgetary process, including the pay, staff and offices of members of parliament. While building works also fall within that budgetary process, any works are funded by the federal public works ministry.
- 3.38 The delegation was also interested to hear of the child care arrangements operating within the parliament. A child care centre operates within the parliament building, with priority given to parliamentary staff and any surplus capacity made available to members of parliament and staff of ministries. The decision to give priority to parliamentary staff was made by a committee of parliamentarians. While currently there is capacity for 40 children of parliamentarians, only four children of parliamentarians use the facility.

Industry visits

- 3.39 The delegation welcomed the opportunity during its time in Germany to conduct site visits in relation to three key industry sectors: the automotive, agricultural and manufacturing industries. During these site visits, the delegation gained an insight into developments and issues of significance within these sectors.

Automotive industry

- 3.40 The delegation visited the world's largest Daimler Chrysler plant at Sindelfingen near Stuttgart, where Mercedes-Benz vehicles are produced. The plant employs more than 36,000 people and has a production volume of around 400,000 vehicles annually.
- 3.41 Environmental protection measures were highlighted to the delegation during its visit. These included steps that have been taken to make the vehicles more environmentally friendly and also measures to reduce the environmental footprint of the manufacturing plant itself.

- 3.42 The delegation was told about a range of measures that have been introduced to reduce the environmental impact of Mercedes-Benz vehicles. These include increased fuel efficiency, use of recycled and renewable materials, reduction in driving noise, and recycling friendly design.
- 3.43 Life cycle assessments are now undertaken as part of product development to determine the environmental impact of those products over the life of the vehicle. According to Daimler Chrysler representatives, it is important for companies to challenge themselves not only to ensure that environmental standards set by government regulation are met, but also to ensure innovation. They also felt it was important to have such innovation so that customers are brought along with efforts to make vehicles more energy efficient and with a reduced environmental impact.
- 3.44 Environmental awareness was also evident in the approach the company has taken to managing the impact of its plant. The delegation was told the Sindelfingen plant has an integrated environmental protection strategy that covers issues such as land use, noise, impact on local climate, consumption of raw materials and energy use. These measures have resulted in a dramatic reduction of non-reusable hazardous waste and reduced noise emissions, the delegation heard.
- 3.45 As part of its environmental strategy, the company has introduced a number of innovative ways of monitoring environmental impacts. These include permanent acoustic monitoring, online monitoring of wastewater through use of luminescent bacteria, and bio-monitoring of exhaust air.
- 3.46 The delegation was impressed by the level of commitment to innovation and environmental management at the Daimler Chrysler plant. It was an impressive demonstration of the measures that industries can take to reduce the environmental impact of their products and their manufacturing processes, while maintaining and even improving their quality and innovation.

Agriculture

- 3.47 The delegation visited an agricultural community near Frankfurt, in the Wetterau electorate of federal parliamentarian Nina Hauer, who is chair of the Germany-Australia Friendship Group in the German parliament. During its visit, the delegation held discussions with community representatives regarding the issues and challenges they are facing.
- 3.48 The delegation was told the community has benefited considerably from subsidies and funding from local, federal and EU sources. In particular,

such funding has been used to construct agricultural facilities that could be used by the whole community through a cooperative arrangement.

- 3.49 The cooperative arrangement has worked well, the delegation heard, with the farmers association helping to organise and structure production, provide access to machinery needed by local farmers, and also market produce and the district itself. The emphasis has been on encouraging cooperation between producers to ensure a high performing agricultural region. The model of cooperation adopted in the district has been so successful that other districts are copying it.
- 3.50 Another important emphasis, the delegation was told, has been the cultivation of renewable resources. In particular, rape or canola has been cultivated for use as an alternative bio-fuel.
- 3.51 More than 42 million litres of bio-fuel has been produced and is being used as fuel for vehicles. This includes by trucks in one of the world's largest test fleets for bio-fuel.
- 3.52 The delegation appreciated the opportunity to see first hand a successful agricultural community in Germany. It was evident the combination of enterprising farmers, targeted funding, environmental awareness and the preparedness to tap into an emerging market has contributed to the success the community is now enjoying.

Manufacturing

- 3.53 During its visit to the Wetteraukreis district near Frankfurt, the delegation inspected the production headquarters of the Hassia Group, one of Germany's leading mineral water companies. Alongside the large German firms that are known throughout the world, such as Daimler Chrysler in the automotive sector, German manufacturing features a significant number of small to medium enterprises. The visit to the Hassia Group provided the delegation with an insight into the operations of one such enterprise.
- 3.54 The family owned business has been operating in the town of Bad Vilbel for more than a century. While maintaining a strong connection to its family traditions and the town it originated from, the company has grown to become a highly modernised enterprise with a focus on producing high quality products, developing its business and expanding its markets.
- 3.55 Managing Director Günter Hinkel told the delegation the reunification of Germany provided the opportunity for his company to expand its production facilities into eastern regions of Germany. This expansion put the company into a better position to compete against larger multinational soft drink companies.

- 3.56 At the same time, the company faced a range of challenges, including the different work practices, employment conditions and work cultures between the company's production facilities in the east and the west. According to Mr Hinkel, a strategy of cooperation and consultation was important to achieve consistency across the company's operations, with the process being one of gradual change.
- 3.57 Mr Hinkel told the delegation the company is looking for new opportunities to grow the business and its export earnings. In particular, prospects in Asia are being considered. It was another indication of the growing relevance of the Asian region for Germany.

Australian-German relations

- 3.58 Throughout its visit, the delegation was made aware of the high regard with which Australia is held in Germany. As the President of the Bundestag, Dr Norbert Lammert told the delegation, Australia remains a popular place for Germans, despite its significant distance from Germany.
- 3.59 Around 150,000 Germans travel to Australia each year. This includes around 12,000 working holiday makers.
- 3.60 There is also significant investment by German companies in Australia, to the value of around \$10 billion. Investment is particularly strong in the construction, automotive, finance and bio-technology sectors.
- 3.61 With Germany's focus on environmental issues, the delegation was told cooperation with Australia on energy research and climate change issues would benefit both countries. In particular, Germany has expressed a strong interest in carbon capture and storage, which is also being researched in Australia. The delegation considers opportunities for cooperation in this area should be actively explored.
- 3.62 On several occasions during its visit, the delegation was told about Germany's growing interest in developments within and contact with the Asia Pacific region. Trade, investment and security, including counter-terrorism, are areas where Australia and Germany already share strong interests. Australia should continue to capitalise on those links as Germany seeks to engage more actively with the nations of our region.
- 3.63 At the same time, it was evident to the delegation that Germany's role as a major player in the European Union and in the EU's relations with the United States and Russia often keep its attention focused far from Australia. The good relations that our two countries share make it incumbent on Australians, including Australian parliamentarians, to

maintain regular contact with counterparts in Germany, to ensure we can capitalise on their growing interest in developments within our region. For this reason, the delegation welcomed the opportunity to visit Germany at a time when Germany was taking such an important leadership role in the international arena. It is also why the delegation welcomed the visit to Australia by a parliamentary delegation from Germany in August 2007, to further build on the relations between our two parliaments.

The Hon David Hawker MP
Speaker of the House of Representatives and
Leader of the Delegation



Program

Canada

Saturday 14 April 2007

Arrive Vancouver, Canada and travel to Whistler

Sunday, 15 April

Briefing by Mr Kirby Brown, Communications Director, IntraWest

Meet with IntraWest employees, including Australian working holiday makers

Monday, 16 April

Travel to Vancouver

Working lunch with representatives of the British Columbia Regional Treaty Office and the Assembly of First Nations

Briefing by Mr Kevin Lamb, Honorary Consul and Australian Trade Commissioner

Reception with Australian business representatives

Tuesday, 17 April

Depart for Victoria

Visit to Butchart Gardens

Meeting with the Hon John Van Dongen MLA, Minister for Intergovernmental Affairs, British Columbia

Official luncheon hosted by the Hon Bill Barisoff MLA, Speaker of the Legislative Assembly of British Columbia

Attend proceedings of the British Columbia Legislative Assembly

Meeting with Mr Lorne Brownsey, Deputy Minister, Ministry of Aboriginal Relations and Reconciliation, British Columbia

Travel to Vancouver

Wednesday, 18 April

Travel to Ottawa

Official dinner hosted by the Hon Peter Milliken MP, Speaker of the House of Commons

Thursday, 19 April

Meeting with the Hon Peter MacKay PC MP, Minister of Foreign Affairs

Meeting with the Hon Diane Finley PC MP, Minister of Citizenship and Immigration, and Mr Ed Komarnicki MP, Parliamentary Secretary to the Minister

Meeting with the Hon Peter Van Loan PC MP, Leader of the Government in the House of Commons and Minister for Democratic Reform

Tour of Parliament Buildings

Meeting with the Hon Chuck Strahl PC MP, Minister for Agriculture and Agri-Food

Meeting with the Hon Noël Kinsella, Speaker of the Senate

Official luncheon hosted by the Hon Noël Kinsella, Speaker of the Senate

Attend Senators' Statements

Attend House of Commons Question Period

Meeting with the Right Hon Stephen Harper PC MP, Prime Minister of Canada

Meeting with the Hon Peter Milliken MP, Speaker of the House of Commons

Official reception hosted by the Speaker of the House of Representatives, the Hon David Hawker MP, and the High Commissioner of Australia to Canada, His Excellency Mr Bill Fisher

Friday, 20 April

Meeting with the Hon George Furey, Chair of the Senate Committee on Internal Economy, Budgets and Administration; the Hon Joan Cook; Mr Paul Bélisle, Clerk of the Senate; and Ms Audrey O'Brien, Clerk of the House of Commons

Visit to the Canadian War Museum

Travel to Niagara-on-the-Lake

Saturday, 21 April

Visit to Niagara Falls

Visit to Peller Estates Winery

Travel to Germany

Germany**Sunday, 22 April**

Arrive Stuttgart, Germany

Briefing by His Excellency Mr Ian Kemish AM, Australian Ambassador to Germany

Visit to the Mercedes-Benz Museum

Meeting with Mr Peter Straub MdL, President of the Baden-Württemberg State Parliament

Official dinner hosted by Mr Peter Straub MdL, President of the Baden-Württemberg State Parliament

Monday, 23 April

Visit to Daimler Chrysler automotive plant at Sindelfingen for briefings on the automotive industry and inspection of the plant

Official luncheon hosted by Mr Ernst Pfister MdL, Baden-Württemberg State Minister of Economics

Travel to Berlin

Tuesday, 24 April

Tour of Berlin and Reichstag Building

Meeting with Dr Norbert Lammert MdB, President of the Bundestag

Official luncheon hosted by Dr Norbert Lammert MdB, President of the Bundestag

Meeting with Mr Wolfgang Gibowski, State Secretary of the Bundesrat

Meeting with Dr Hans-Joachim Stezl, Secretary-General of the Bundestag, and representatives of the Bundestag administration

Official reception hosted by the Hon David Hawker MP, Speaker of the House of Representatives, and His Excellency Mr Ian Kemish AM, Australian Ambassador to Germany

Wednesday, 25 April

Attend meeting of the Finance Committee of the Bundestag

ANZAC Day Memorial Service at the Berlin War Cemetery

Reception hosted by His Excellency Mr Ian Kemish AM, Australian Ambassador to Germany

Roundtable discussion with German parliamentarians on reform policy and climate change

Roundtable discussion with German parliamentarians on foreign and security policy in the Asia Pacific region

Official dinner with the German Parliamentary Friendship Group for Relations with Australia and New Zealand, hosted by Ms Nina Hauer MdB, Chair

Thursday, 26 April

Attend plenary sitting of the Bundestag

Travel to Frankfurt

Meeting with Professor Franz-Christoph Zeitler, Vice-President of the Deutsche Bundesbank

Friday, 27 April

Visit to the Hassia mineral water company in Bad Vilbel and discussions with Mr Günter Hinkel, Managing Director

Official luncheon hosted by Ms Nina Hauer MdB, Chair of the German Parliamentary Friendship Group for Relations with Australia and New Zealand, and Mr Roland Schulz, Mayor of Karben

Visit to the Zuckerrüben agricultural community, Wetterau for briefings on agricultural issues and inspection of agricultural facilities

Saturday, 28 April

Depart Germany for Australia