



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION  
COMMITTEE

**Estimates**

(Public)

THURSDAY, 22 OCTOBER 2015

CANBERRA

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**SENATE**

**FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE**

**Thursday, 22 October 2015**

**Members in attendance:** Senators Back, Dastyari, Fawcett, Gallacher, Leyonhjelm, Ludlam, McEwen, Rhiannon, Ronaldson, Smith, Waters, Whish-Wilson, Williams, Wong, Xenophon.



**FOREIGN AFFAIRS AND TRADE PORTFOLIO****Department of Foreign Affairs and Trade****In Attendance**

Senator Brandis, Attorney-General

**Executive**

Mr Peter Varghese, Secretary

Mr Ewen McDonald, Deputy Secretary

Mr Justin Brown, Acting Deputy Secretary

Mr John Fisher, First Assistant Secretary, Corporate Management Division

Mr Paul Wood, Chief Finance Officer

Mr Jeff Roach, Assistant Secretary, Executive Branch

Ms Lisa Rauter, First Assistant Secretary, innovationXchange

**Outcome 1—The advancement of Australia’s international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities.**

**Pacific****Program 1.1: Foreign Affairs and Trade Operations****Program 1.2: Official Development Assistance**

Mr Daniel Sloper, First Assistant Secretary, Pacific Division

Mr Mat Kimberley, Assistant Secretary, PNG Development and Solomon Islands Branch, Pacific Division

**North Asia****Program 1.1: Foreign Affairs and Trade Operations****Program 1.2: Official Development Assistance**

Mr Graham Fletcher, First Assistant Secretary, North Asia Division

**Southeast Asia****Program 1.1: Foreign Affairs and Trade Operations****Program 1.2: Official Development Assistance****Program 1.4: Official Development Assistance—East Asia Australia-Indonesia Partnership for Reconstruction and Development**

Mr Allaster Cox, First Assistant Secretary, South-East Asia Maritime Division

Ms Elly Lawson, Acting First Assistant Secretary, South-East Asia Maritime Division

Mr Craig Chittick, First Assistant Secretary, South-East Asia Mainland and Regional Division

Ms Julia Niblett, Assistant Secretary, South-East Asia Maritime Bilateral Branch

**South and West Asia****Program 1.1: Foreign Affairs and Trade Operations****Program 1.2: Official Development Assistance**

Ms Kathy Klugman, First Assistant Secretary, South and West Asia Division

**Middle East and Africa****Program 1.1: Foreign Affairs and Trade Operations****Program 1.2: Official Development Assistance**

Mr Marc Innes-Brown, First Assistant Secretary, Middle East and Africa Division

**Americas****Program 1.1: Foreign Affairs and Trade Operations**

Dr Brendon Hammer, First Assistant Secretary, Americas Division

**Europe****Program 1.1: Foreign Affairs and Trade Operations**

Ms Louise Hand, First Assistant Secretary, Europe Division

**Multilateral policy, development, legal and environment****Program 1.1: Foreign Affairs and Trade Operations**

Ms Katrina Cooper, Senior Legal Advisor, Legal Division

Mr Andrew Goledzinowski, Ambassador for People Smuggling Issues

Mr Blair Exell, First Assistant Secretary, Development Policy Division

Ms Natasha Smith, First Assistant Secretary, Multilateral Development and Finance Division

Mr Michael Bliss, Acting First Assistant Secretary, Multilateral Policy Division

Mr Geoff Tooth, Assistant Secretary, Sustainability and Climate Change Branch

Ms Sally Moyle, Principal Specialist, Gender Equality Branch

Mr Benedict David, Principal Sector Specialist, Health

Ms Clare Duffield, Acting Assistant Secretary, People Smuggling Taskforce

**Program 1.2: Official Development Assistance**

Ms Natasha Smith, First Assistant Secretary, Multilateral Development and Finance Division

Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division

Mr Blair Exell, First Assistant Secretary, Development Policy Division

Mr Michael Bliss, Acting First Assistant Secretary, Multilateral Policy Division

**Program 1.5: Payments to International Organisations**

Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division

Mr Blair Exell, First Assistant Secretary, Development Policy Division

Ms Natasha Smith, First Assistant Secretary, Multilateral Development and Finance Division

Mr Michael Bliss, Acting First Assistant Secretary, Multilateral Policy Division

**International security, nuclear disarmament and non-proliferation****Program 1.1: Foreign Affairs and Trade Operations****Program 1.2: Official Development Assistance**

Mr Miles Armitage, Ambassador for Counter-Terrorism

Mr John Kalish, Assistant Secretary, Australian Safeguards and Non-Proliferation Office

**Services to other agencies in Australia and overseas****Program 1.1: Foreign Affairs and Trade Operations**

Mr Rob Tranter, First Assistant Secretary, Public Diplomacy and Communications Division

Mr John Fisher, First Assistant Secretary, Corporate Management Division

Mr Tim Spackman, Chief Information Officer, Information Management and Technology Division

Mr Scott Dawson, First Assistant Secretary, Contracting and Aid Management Division

Mr Jeff Roach, Assistant Secretary, Executive Branch

**Services to diplomatic and consular representatives in Australia****Program 1.1: Foreign Affairs and Trade Operations**

Mr Chris Cannon, Chief of Protocol

**Public diplomacy and communication****Program 1.1: Foreign Affairs and Trade Operations****Program 1.2: Official Development Assistance****Program 1.7: Public Information Services and Public Diplomacy**

Mr Rob Tranter, First Assistant Secretary, Public Diplomacy and Communications Division

**New Colombo Plan****Program 1.6: New Colombo Plan—Transforming Regional Relationships**

Ms Kate Duff, Assistant Secretary, New Colombo Plan Secretariat Branch

Mrs Lynda Worthaisong, Assistant Secretary, New Colombo Plan Secretariat Branch

**Progress against Australia's development policy and performance framework****Program 1.2: Official Development Assistance**

Ms Natasha Smith, First Assistant Secretary, Multilateral Development and Finance Division

Mr Blair Exell, First Assistant Secretary, Development Policy Division

Mr Michael Bliss, Acting First Assistant Secretary, Multilateral Policy Division

**Cross-regional programs****Program 1.2: Official Development Assistance**

Ms Natasha Smith, First Assistant Secretary, Multilateral Development and Finance Division

Mr Blair Exell, First Assistant Secretary, Development Policy Division

Mr Michael Bliss, Acting First Assistant Secretary, Multilateral Policy Division

**Emergency, humanitarian and refugee program****Program 1.2: Official Development Assistance**

Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division

Mr Blair Exell, First Assistant Secretary, Development Policy Division

Mr Michael Bliss, Acting First Assistant Secretary, Multilateral Policy Division

**Multilateral replenishments and global development partnerships****Program 1.2: Official Development Assistance****Program 1.3: Official Development Assistance – Multilateral Replenishments**

Ms Natasha Smith, First Assistant Secretary, Multilateral Development and Finance Division

**NGO volunteer and community programs****Program 1.2: Official Development Assistance**

Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division

Mr Blair Exell, First Assistant Secretary, Development Policy Division

**Outcome 2—The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas.****Consular services****Program 2.1: Consular Services**

Mr Jon Philp, First Assistant Secretary, Consular and Crisis Management Division

**Passport services****Program 2.2: Passport Services**

Mr Bob Nash, Executive Director, Australian Passports Office

**Outcome 3—A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate.****Security and ICT services****Program 3.1: Foreign Affairs and Trade, Security and ICT**

Mr John Fisher, First Assistant Secretary, Corporate Management Division

Mr Tim Spackman, Chief Information Officer, Information Management and Technology Division

**Property services****Program 3.2: Overseas Property**

Mr Kevin Nixon, Executive Director, Overseas Property Office and Services

**Committee met at 09:00**

**CHAIR (Senator Back):** I declare open this hearing of the Senate Foreign Affairs, Defence and Trade Legislation Committee. The committee has fixed Friday 4 December as the date for the return of answers to questions taken on notice. The committee has also decided that senators should provide their written questions on notice to the secretariat by the close of business Friday 30 October. The committee's proceedings today will begin with its examination Department of Foreign Affairs and Trade nontrade programs until six pm then continuing with DFAT until the dinner break at 6:30 and, if they are required, afterwards from 7.30. We will then move to other portfolio agencies in the following order: Austrade, the Export Finance and Insurance Corporation and then Tourism Australia until 11 pm.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee, you are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at Senate estimates:

Any questions going to the operations of financial positions of departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings.

I do remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised. Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of information or document.

*The extract read as follows—*

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.



(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

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

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

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

Minister, do you wish to make an opening statement?

**Senator Brandis:** No, I do not.

**CHAIR:** Secretary, would you to make an opening statement?

**Mr Varghese:** No thank you.

**Senator DASTYARI:** I want to start by talking about Syria and Australia's response to the humanitarian crisis in Syria. Mr Secretary, if I could begin with the announcement that was made on 9 September by the then government about the union and humanitarian assistance, would you start by running through what the cost of that is and what the quantum of that announcement was?

**Mr Varghese:** The headline figure was that we were contributing an additional \$44 million, as I recall, on top of the decision by the government to resettle 12,000 refugees from that area. Mr McDonald would be in a position to take you through how that additional humanitarian assistance is intended to be expended.

**Mr McDonald:** Of the \$44 million that was announced earlier this financial year, \$34 million went to Syria and the region of which UNHCR received \$20 million.

**Senator DASTYARI:** 'Went' as in they have received it?

**Mr McDonald:** Yes.

**Senator DASTYARI:** What date did that happen?

**Mr McDonald:** We will be able to give you the date. UNHCR received \$20 million for the region; WFP, \$4 million for the region; UNICEF, \$3 million also for the region; IMC, International Medical Corps, \$2 million for Syria; and there was another payment of \$5 million for Syria that we are not divulging for security reasons where that funding has gone.

**Senator DASTYARI:** But it is aid funding, right?

**Mr McDonald:** Yes, it is aid funding. The total for Syria is \$34 million. And then we also provided \$10 million for Iraq, of which \$5 million went to World Food Program and another \$5 million went to a partner that we prefer not to divulge for security reasons.

**Senator DASTYARI:** I am perhaps new to this so I am not familiar with this. Is that a common thing that we do, give aid money to partners that we do not divulge?

**Mr McDonald:** We can tell you but, because of the role they play in countries and for the security particularly of the people involved, we do not actually divulge publicly. It is for security reasons, no other reason.

**Senator DASTYARI:** So has the \$44 million been spent? Has it been handed over to partners?

**Mr McDonald:** It has been allocated. I can ask Mr Isbister or Mr Innes-Brown whether they know if it is actually.

**Mr Innes-Brown:** Of the \$44 million, \$42 million has been paid to partners. The other \$2 million will be dispersed very shortly, by the end of the month probably. We are just working through some contractual arrangements.

**Senator DASTYARI:** So \$42 million of the \$44 million has been spent. We know where all \$44 million is going. I want to get this straight. Out of that money, \$34 million has gone directly to Syria or the region, \$10

million has gone to Iraq specific projects, noting the issue seems to be the fact that the borders seem to be more meaningless there than elsewhere in the world which is part of the challenge.

**Mr Innes-Brown:** Yes, that is for 2015-16. That is not our total contribution. Our total contribution is \$230 million of which \$190 million has gone to Syria and the region and \$40 million has gone to Iraq.

**Senator DASTYARI:** Of that \$230 million, are you able to take on notice to give us the detailed breakdown of where that actually went? Could you break that down the way you have just broken down the other \$44 million. Without going into the specifics of who it went to, the \$10 million you think would be better not to divulge, what kind of humanitarian assistance is that for? I broadly know with World Food Program and UNICEF what it is being spent on. What kind of things is that being spent on?

**Mr McDonald:** I will ask Mr Ibister to provide that detail.

**Mr Ibister:** Yes, we can provide you the outline of a breakdown of that funding, to who it has gone to and what it has provided assistance to. In that, we can identify, as Mr McDonald said, the partners who we do want put on record. We can certainly communicate that in a table.

**Senator DASTYARI:** With the \$10 million specifically, has it gone to food programs?

**Mr Ibister:** Yes, it is fighting both health and food predominantly and, within it, there is some assistance for water and sanitation.

**Senator DASTYARI:** Obviously these types of announcements do not just appear on the minister's desk. Prior to that there would have been a consultation process with DFAT working out what is the appropriate level of funds. Correct me if I am wrong, that is all coming from existing budget. Is that correct?

**Mr Varghese:** Yes it is.

**Senator DASTYARI:** So prior to that, was advice sought from Department of Foreign Affairs and Trade, especially through the aid part of DFAT, as to what would be an appropriate contribution?

*Senator Ronaldson interjecting—*

**Senator DASTYARI:** To speak to the point of order, my understanding is and the precedent we have had in this committee and other committees is whether or not advice is given is within the bounds. What the nature of that advice is, we tend not to ask. Whether or not the advice has been given to government is a separate question. If I was asking what was the nature of that advice, that would be a different matter.

**Senator Brandis:** It all depends on the way in which the question is framed. It may be, given the preamble to the question, that the question, although merely asking whether advice was given, would, if it were to be fully responded to, disclose the nature of the advice as well as the time of the advice or the fact that advice was given. The proposition you have just stated, I think, is correct but, as I say, it depends on the way the question is put. Would you mind putting the question again?

**Senator DASTYARI:** I am happy to reword it for the benefit of the committee. Was advice given by the department to the government in the formulation of this policy decision?

**Mr Varghese:** The way this works is we have a global allocation for our aid program. Within that global allocation, we have a working budget for humanitarian responses. Humanitarian responses, by their nature, are unforeseeable or largely unforeseeable. When an issue such as this comes up, there is an interaction between the department and the minister about what would be an appropriate and affordable Australian response. So the short answer to your question is: yes, the department did give advice about what we could do in relation to Syria and about what was the most effective way of doing it.

**Senator DASTYARI:** Going back to the last budget papers and the PBS breakdown of Department of Foreign Affairs funding, this all came straight out of the humanitarian subset component of the aid component of the PBS, is that correct?

**Mr McDonald:** Yes, it came out of the emergency fund.

**Senator DASTYARI:** What is the envelope for the emergency fund?

**Mr McDonald:** Just to clarify, the humanitarian budget overall is about \$329 million. The emergency fund is \$120 million. We have had discussions here before about the government maintaining that figure at \$120 million after increasing it when they came to government. That \$120 million is used throughout the year to deal with, for example, the cyclone season here et cetera.

**Senator DASTYARI:** But is that where it came from?

**Mr McDonald:** Yes, that is where it came from.

**Senator DASTYARI:** A series of requests came in, as I understand, from the United Nations and others. When those requests come in, do they go to the minister or to the department? How does it work? I know obviously the UN and others have made requests.

**Mr McDonald:** It comes in both forms depending who they write to. There are often appeals. In this case there are appeals in place for Iraq and Syria and the region. I cannot recall whether there was a written piece of material in this case but there was certainly an appeal and that appeal is currently in place.

**Senator DASTYARI:** If you can take this on notice, my understanding is that as at 9 September the UN was requesting over \$7.4 billion in funds for, they were claiming, 18 million people. The breakdown of that was \$2.9 billion for the Syria Strategic Response Plan and \$4.5 billion for the Regional Refugee and Resilience Plan, the 3RP. Are you able to take on notice—I am sure it is information that you would not necessarily have—when those specific requests to participate in those programs were made to the Australian government and how they were made, whether they were made to you or to the minister's office.

**Mr McDonald:** We are happy to take that on notice.

**Senator DASTYARI:** Apart from those two requests, are you aware of any other requests that were made to contribute to the humanitarian assistance programs from the United Nations? I imagine you repeatedly get requests for funding from every agency and charity, so putting them aside.

**Mr McDonald:** It might be useful for Mr Isbister to take you through the process we go through to assess which partners are best placed to provide support, but I think it is important to say that when this announcement was made the Australian government received strong support and appreciation from the UN and from other partners in terms of not only the announcement but also how quickly that had occurred following those appeals being launched. I might ask Mr Isbister to take you through the process.

**Mr Isbister:** Jus to add to what Mr McDonald has outlined, we do have very regular engagement with our primary UN agencies. We have annual consultations with UNHCR, with the World Food Program, with the Red Cross Movement and with the Office for the Coordination of Humanitarian Affairs to talk about the key priorities and the challenges they are facing in response to global humanitarian crises. Obviously, Syria's situation, unfortunately, has been a humanitarian crisis for a number of years and we have been actively engaged in monitoring and looking at how we respond to that. It is not as though we wait simply for a request to come in. We are the humanitarian division but also our posts are actively engaged in monitoring the situations and how we can best respond and obviously we have a view as to which of them are best positioned to meet the specific needs at the time.

A point about when the appeals come: they are annual appeals, by calendar year. So those appeals that you mentioned in terms of specifically inside Syria and the 3RP in terms of the neighbouring region are UN appeals to go out annually and then we and other donors look at how we can best respond to meet the needs of and the appeals from different agencies.

**Senator DASTYARI:** Secretary Varghese, there are obviously many facets to our response to the situation in Syria. Yesterday we had Department of Defence estimates and obviously there is a defence component to our response to the situation in Syria. There is a humanitarian and foreign affairs component as well, which we are here to talk about today. Can you explain to us how important both parts of this are to be able to achieve our objectives in Syria.

**Mr Varghese:** They are both important. We are dealing with a set of issues that require some military response in terms of the threat posed by ISIL, but we are also dealing with a part of the world where ultimately an effective and durable solution will need to be a political solution. In the meantime, we have to deal with the enormous humanitarian implications of this conflict, the dimensions of which are quite staggering. So I think the whole-of-government policy framework will need to take into account all of those elements.

**Senator DASTYARI:** I know there are some buzz words thrown around in foreign policy circles by people much more learned than me, the hearts and minds component to these kinds of actions. Does the department see this aid function as a hearts and minds measure or would you see it as part of that?

**Mr Varghese:** Our humanitarian response is a response to an urgent humanitarian need; it is not part of a broader hearts and mind strategy. We are responding to a patently obvious need by people who are displaced, who need housing, who need clothing, who need shelter, who need sustenance. That is the focus of our humanitarian response.

**Senator DASTYARI:** Sure, but can Australia's humanitarian response serve more than one function? Are they mutually exclusive?

**Mr Varghese:** Sure they can. It is a stabilising move in and of itself. It serves many functions but the primary driver of a humanitarian response is the humanitarian need.

**Senator DASTYARI:** From a foreign policy perspective, what is Australia's overall objective as it comes to stabilisation of the situation in Syria?

**Mr Varghese:** We would support efforts to ensure that the conflict in Syria is able to be resolved, that the threat posed by ISIL, which is a threat across both the Iraqi and Syrian borders, can be effectively met, that the conditions of political stability are such that those two countries can proceed to pursue economic strategies that will serve the interests of their people. That is the end point of what we would like to see in both Syria and Iraq.

**Senator DASTYARI:** Minister, I know the government has been fairly vocal in its view—not everyone agrees all the time, nor will they—that there has been a largely bipartisan approach on these types of foreign policy matters, especially to do with the deployment of foreign troops. I know in your other capacity as Attorney-General you might be fairly involved in these matters on a security level as well. Is it a fair summation that these are matters in the Australian political scene which we have largely tried to deal with, where possible, in a bipartisan manner, more so than perhaps domestic policy?

**Senator Brandis:** As a generalisation, more often than not foreign policy and defence matters have been dealt with at least as between the government and that opposition in a bipartisan manner. That is not entirely true. During the 1960s there was not bipartisan support in relation to the Vietnam War. However, as a generalisation, what you say is correct. In relation to in particular to the conflict in Syria, the government welcomes support from the opposition for the positions we have taken. I know that this has been controversial within the Labor Party. I do not want to say too much about that but the government looks to the opposition—particularly when Australian forces are deployed overseas—and welcomes support for those deployments and engagements.

**Senator DASTYARI:** The bit that perhaps grates on me on this, Minister, which I want to draw your attention is that, on 18 August, Ms Bishop said, I believe in the House of Representatives—the report in the media did not say where the comments were made—in response to a call by the shadow foreign minister for an increase in aid funding towards the Syrian crisis:

If the Deputy Leader of the Opposition thinks that Daesh can be defeated by food not force, let's hope she never has anything to do with the planning of strategy in this country.

Then I note by 9 September that there was an increase in aid. We have gone through that now, \$44 million, and we have gone through where that aid is. We have heard from the department that that was an important and functional increase in aid, something the government initiated and supported, and I think it has been welcomed internationally. What changed between 18 August when calls for an increase in aid were labelled a 'terrorist picnic' and 9 September when the aid was granted?

**Senator Brandis:** Senator Dastyari, you have me at a disadvantage because I have not seen the *Hansard* of Ms Bishop's remarks. One of the problems we as the government face of course is that it is not always perfectly clear to us who speaks for the Labor Party on foreign policy, whether it is Mr Shorten or Ms Plibersek, because they do not always seem to be saying precisely the same thing.

**Senator DASTYARI:** I reject that, but that is a debated point. We can debate that in the chamber at a different point. I think you would find that on all major foreign policy decisions there is actually very clear agreement, but we can have a difference of opinion on that. Was that your answer?

**Senator Brandis:** There is nothing more I can add. Ms Plibersek has made some remarks about the relationship between the aid budget and other aspects of this reasonably complex strategic situation. I can merely tell you what the government's policy is and express the hope that the opposition will feel able, with reasonable clarity and unity, to support that position.

**Senator DASTYARI:** Mr Varghese, the requests for increasing humanitarian obviously came prior to the announcement made by the government on 9 September—is that correct?

**Mr Varghese:** I think what colleagues at the table have been saying is that requests come in many different forms and many different guises.

**Senator DASTYARI:** Sure—specifically the larger ones from the United Nations.

**Mr Varghese:** I do not think we needed a request to know that there was a very urgent humanitarian crisis in the region and that Australia would look to play a part.

**Senator DASTYARI:** Minister, putting aside the attacks by Ms Bishop on 18 August, as late as 5 September—

**Senator Brandis:** I would describe what you have quoted to me as a commentary on an opposition position, but anyways, let us not quibble about words.

**Senator DASTYARI:** Sure, the comments made—and you did note that you were at a disadvantage, that I have the comments in front of me and you do not have them in front of you. I am sure one of the very talented members of your staff may get them to you. As late as 5 September, Minister Bishop was saying that we would not increase humanitarian assistance and she rejected calls to increase humanitarian assistance. Then an announcement was made on 9 September. Minister, what happened between 5 September and 9 September to change the government's view?

**Senator Brandis:** You say the government's view has changed and you seem to be saying that on the basis that Ms Bishop made some critical remarks about a statement that Ms Plibersek had made at an earlier time.

**Senator DASTYARI:** No, on 5 September she [inaudible] assistance.

**Senator Brandis:** I am not sure that I accept the premise of your question, that that constitutes a change of position, but given that you have the remarks and you have the chronology and I do not, I think it is best if I just take the matter on notice, without accepting the premise of the question.

**Senator DASTYARI:** Sure. So what you would be taking on notice: on 5 September there was a media report from the *AFR Weekend* written by Geoff Winestock and Tess Ingram, with the headline 'Bishop rules out increasing aid in response to Syria refugee crisis'. Again, these are media comments. Sometimes journalists get it right; sometimes they get it wrong.

**Senator Brandis:** They are not just media comments. Honestly and truly, they are a headline.

**Senator DASTYARI:** No, I can read you the quotes.

**Senator Brandis:** The Australian government's foreign policy is not defined or identified according to what headline writers might say.

**Senator DASTYARI:** Sure, but if you want me to, I can read the quotes.

**Senator Brandis:** Anyway, I have taken the question on notice.

**Senator DASTYARI:** I can put the direct quotes to you, if you like. There are some clear quotes here from the minister. I can go through them all. 'It is not as simple as saying Australia should provide more aid. This is simplistic. This is a global issue that requires a response.'

**Senator Brandis:** I am sure that is true.

**Senator DASTYARI:** Then the minister goes on to rule out increasing. You will have an opportunity to read the article. I accept—

**Senator Brandis:** Senator Dastyari, I am certainly not going to be responding to a paraphrase by you of remarks attributed to a minister and captured by a headline in a newspaper.

**Senator DASTYARI:** I am reading quotes from the minister. If your response is that the minister has been misquoted in the paper, well, that is another matter.

**Senator Brandis:** You have asked the question. I have taken it on notice.

**CHAIR:** Senator Dastyari, the minister is taking this issue on notice.

**Senator DASTYARI:** I have got one final question to wrap this up. Mr Varghese, you said earlier that there were discussions between you and the government, as would be entirely appropriate. Before a government made an announcement of a significant amount of money, which is \$44 million, it would be entirely appropriate, as appears to have been the case, that there were discussions between your department and the government. You are taking money out of existing funds. There is a \$120-million fund there available for these kinds of purposes. It would be entirely sensible that, before that money gets allocated, people responsible for administering the fund, which is the department, would be talking to the government so I think that is more than appropriate. The question is: when were those discussions held?

**Mr Varghese:** There would have been discussions held over a period. They are not just held on one date or one morning or one afternoon. This is not an issue that came out of the blue.

**Senator DASTYARI:** So are you saying that over a period of time, there were discussions regularly between yourself and the government about increasing the humanitarian aid to the Syrian crisis?

**Mr Varghese:** Mr McDonald indicated that we have now given something in the order of \$230 million to humanitarian assistance in Syria over a period of time. Just the pattern of our payments reflects the fact that there is a regular exchange between the department and the minister about the nature of the humanitarian crisis in the

region and what Australia can do about it. So when you ask me: when did you do it? We have done it over a long period of time.

**Senator DASTYARI:** When were you advised the decision had been made regarding the \$44 million?

**Mr Varghese:** I would have to take that on notice unless someone at the table has that date.

**Senator WONG:** How long prior to the announcement was the decision made?

**Mr Isbister:** As the secretary said, up until then there had been consistent advice going around on what the needs were and what our response would be. In terms of the actual decision on the \$44 million, we will take that on notice.

**Senator WONG:** Who did you tell us the decision was made by?

**Mr McDonald:** The decision was made by the government.

**Senator WONG:** Thank you for that, no kidding. Was it a decision by the foreign minister? Was it a decision of a subcommittee of the cabinet? Was it a full cabinet decision? I am asking the level at which it was made. That is not an unreasonable question.

**Mr Varghese:** I am trying to recall the particulars. My understanding is that the decision followed a discussion at cabinet level or it appears to be NSC level and was subsequently announced. I do not know if that helps. **Senator WONG:** So can people please provide us with the date of that NSC discussion?

**Mr Varghese:** I am not sure we are in a position to do that.

**Senator Brandis:** I do not think we do that.

**Senator WONG:** I do not agree. Questions about timing of a discussion at cabinet or cabinet committees have been long asked and answered, not the content. I am not going to ask you about the content of the deliberation. I am asking for the date at which that was discussed.

**Senator Brandis:** I think you understand that the confidentiality of the NSC is very highly protected. I am not aware that even when it comes to the NSC or even questions about the date on which discussions may or may not have taken place are put into the public arena.

**Senator WONG:** We can have a long discussion about that today. Can I respond to your response?

**Senator Brandis:** I was merely going to offer, in order to avoid having a long discussion, that if I take your question on notice then, in responding on notice, we can set out clear and considered guidelines to deal with the issue that has arisen.

**Senator WONG:** You are entitled to take it on notice but the Senate does not have to accept what guidelines there are. We are a responsible opposition. I would not be proposing to ask the dates on which NSC considered something. Frankly, there may well be things that ought not be raised by a responsible opposition in these sorts of forums. But the evidence has already been: a decision was made; it was discussed at NSC prior to the announcement. I am simply trying to ascertain the date of that. The question around timing of cabinet consideration of matters has been asked and answered in these forums as long as I have been here, by both sides of politics.

**Senator Brandis:** I understand that and I, when I was in opposition, was strongly of the view, which I adhere to still, that the date and what more broadly could be called process questions, as long as they did not reveal the substance of deliberations, were proper questions. But the point I would make to you though is that NSC deliberations have always been most highly protected. I think you were not in the room when I had a somewhat similar exchange with Senator Dastyari. The point I made to him, which I would make to you, is, depending on the manner in which a question is framed and in particular preambular statements, it may be that that to respond to a question might acknowledge and therefore disclose matters that really should not be disclosed.

**Senator WONG:** That is fine except for the fact that what was discussed at NSC was revealed to from the table, not from this end. If there was a concern, it should have been dealt with there. It is hardly a concern to know that it was discussed. I was going to proceed to another topic if I may, Chair.

**Senator Brandis:** So I am taking your question on notice to get it clear. What I will try to do, because I think it will be helpful to the committee for the future, is, if on reflection the position is that the government does not propose to respond, I will set out the response with specificity the grounds.

**Senator WONG:** That would be a PIR claim under the standing orders, in effect. I turn again to the NSC. Before you give me a rather lengthy exposition about the importance of not talking about it, somebody from the government appears to have talked to Mr Benson at the *Daily Telegraph* about it. I do want to go to membership of NSC. I want to go through a couple of comments. The past practice in relation to NSC was that there were

members of cabinet who are members of NSC and there is a standing invitation to various public servants, I think, who are all member of SCNS. Is that right, Mr Varghese?

**Senator Brandis:** That is not necessarily right actually.

**Mr Varghese:** As you say, the pattern with NSC is you have a group of officials who are there in an ex officio capacity and then other officials who attend as required.

**Senator WONG:** But that ex officio capacity is that they are not actually full members of the cabinet subcommittee; it is a standing invitation for their attendance.

**Mr Varghese:** The members of the NSC are cabinet ministers, not officials, yes.

**Senator WONG:** That is correct because we have a cabinet system of government. Can someone explain to me then has a decision being made to make any public servant a member of the NSC?

**Senator Brandis:** No, nor could there be.

**Senator WONG:** That is correct. Because as Mr Varghese and indeed you, Senator Wong, pointed out, the NSC is a cabinet committee. It is a subcommittee of cabinet and it is no secret that it is chaired by the Prime Minister. Its membership from among members of the cabinet is as determined by the Prime Minister from time to time. It is also no secret that a number of senior officials attend NSC as required, ultimately, at the invitation of the Prime Minister. When Mr Abbott was the Prime Minister, very frequently the NSC was comprised merely of cabinet ministers meeting without officials, who, because the officials were secondees, but in most cases the NSC was a meeting between the members of the cabinet nominated by the Prime Minister and those senior officials invited by the Prime Minister.

**Senator WONG:** That is an interesting piece of evidence that the NSC met often under the previous Prime Minister without officials.

**Senator Brandis:** Let me qualify that in two ways so there is no misunderstanding here.

**Senator WONG:** It is pretty unusual.

**Senator Brandis:** It was not. In Mr Abbott's time, what happened quite commonly was that Mr Abbott, as chairman of the NSC, would say 'we will have a ministers-only discussion'. I do not recall any meeting of the NSC in Mr Abbott's time when no officials were present but it was not uncommon for part of the discussion to be between ministers in the absence of officials.

**Senator WONG:** Has there been a decision in relation to NSC membership involving ASIO, ASIS and ONA as per the public reports today?

**Senator Brandis:** I am not sure what public reports you are referring to.

**Senator WONG:** The headline is: Spy chiefs to get a seat at the top table.

For the first time the Turnbull government is considering giving the nation's top spy chiefs fulltime membership of Cabinet's National Security Committee.

The Daily Telegraph has learned that the heads of ASIO, ASIS and the Office of National Assessments will be given the elevated status on the powerful Cabinet subcommittee that oversees counter terrorism, and international and domestic strategic issues as well as military and intelligence policy.

The heads in the past have only had the observer and adviser roles. Then there is a quote which says:

This is an important and substantial shift, a senior intelligence source said.

The shift to include the agency bosses on the NSC as fulltime members probably -reflects the lack of experience that is now on that committee," the source said.

**Senator Brandis:** I have not read that article. Who is the author of the article?

**Senator WONG:** It is Mr Benson.

**Senator Brandis:** It is not correct to say that any officials are members of the NSC for the reasons we have discussed.

**Senator WONG:** I did not talk to Mr Benson.

**Senator Brandis:** I am not saying you did. The only members of the NSC are those members of the cabinet nominated by the Prime Minister to be members of the NSC. Officials routinely attend the NSC in an ex officio capacity but they are not members of the NSC. Because it is a committee of the cabinet, strictly speaking, the only members of the NSC are those cabinet ministers nominated by the Prime Minister.

**Senator WONG:** That is correct. The NSC and ERC are two cabinet subcommittees which can make decisions which do not go to the full cabinet. If this were the case, you would actually have nonelected members of a cabinet subcommittee making a decision which binds the cabinet.

**Senator Brandis:** I think I can say, without saying any more than I should, that the NSC under both Mr Abbott and Mr Turnbull does operate in a very collaborative way in which there is often no functional distinction between ministers and officials. The officials who are present in the room participate fully and freely in discussions.

**Senator WONG:** Yes, that is not the issue; the issue is that there is a story which is based on a senior source, which suggests membership of the committee of, in this case, three officers. I need to clarify this story is incorrect.

**Senator Brandis:** The use of the word 'member' is incorrect because neither the Director-General of ASIO, the Director-General of ASIS nor the Director of ONA are members of the cabinet and only members of the cabinet can be members of the NSC in the full sense.

**Senator WONG:** Did you have any knowledge of this story before it appeared? Were you asked to comment?

**Mr Varghese:** The first I heard of it was when you referred to it.

**Senator WONG:** Senator Brandis, I ask you the same question.

**Senator Brandis:** I had no knowledge of it until you referred to it. I think I have made it clear, but out of abundant caution let me make it clear that the directors of those intelligence agencies routinely attend NSC, as they have under previous governments.

**Senator WONG:** Yes. That is not the issue. Can you take on notice whether the foreign minister or her office had any knowledge of this story appearing prior to it appearing?

**Senator Brandis:** I will take that on notice.

**Senator WONG:** I was going to move to a different topic. Chair, do you want to give someone else—

**CHAIR:** No. Continue, Senator Wong. You are on a roll.

**Senator WONG:** That might be debatable.

**Senator RONALDSON:** I think that is perhaps taking it a little bit too far!

**Senator WONG:** Harsh!

**CHAIR:** There you go, Senator Ronaldson!

**Senator WONG:** Does DFAT ever use emojis to communicate in diplomatic engagements?

**Mr Varghese:** I am not aware of any such usage but I will just qualify that by seeing whether anyone from our public diplomacy area who handles our social media strategies in particular can add to that.

**CHAIR:** There is a bit of confusion as to what this term means.

**Senator Brandis:** They are those little smiley faces that you have on your text messages.

**Senator WONG:** Or grumpy faces or little figures of fingers up or love hearts. I could send you a whole—

**Senator RONALDSON:** I am just about to send you one, Senator Wong, but I just cannot decide which!

**Senator WONG:** As long as it is not a heart I'm all right!

**Senator DASTYARI:** I will send you one.

**CHAIR:** Wonderful!

**Senator Brandis:** This being a ministry for the 21st century, this mode of communication is not unfamiliar to us.

**Senator WONG:** I asked a question.

**Mr Tranter:** If your question relates to our social media channels and emojis, I am not aware of us drawing on them as part of our social media.

**Senator WONG:** So you do not. Does anyone in the department use emojis to communicate with counterparts or to make observations about other nations?

**Mr Tranter:** It may be the case in informal messages, but not to my knowledge.

**Senator WONG:** How about you, Mr Varghese?

**Mr Varghese:** No, I am not a user of emojis.

**Senator WONG:** You are an emoji-free zone?



**Mr Varghese:** Indeed.

**Senator RONALDSON:** I find the thumbs up and the thumbs down saves a lot of texting time.

**Senator WONG:** That's because you are a binary kind of guy!

**Senator RONALDSON:** Give us one more!

**Senator WONG:** Are you aware of the foreign minister's use of emojis?

**Mr Tranter:** Yes—

**Senator Brandis:** In what context? Are you talking about official communications?

**Senator WONG:** Public communications, yes.

**CHAIR:** And you answered 'yes'?

**Mr Varghese:** Yes.

**Senator WONG:** Have you ever been asked to provide advice about the use of same?

**Mr Varghese:** No.

**Senator WONG:** Has the department ever provided advice about the use of same?

**Mr Varghese:** Not to my knowledge.

**Senator WONG:** Does the department monitor the foreign minister's use of the emojis? I will start from the beginning. I presume the department monitors the foreign minister's Twitter account?

**Mr Tranter:** We are a follower of the foreign minister's Twitter account, and from time to time we will retweet messages from all of our ministers.

**Senator WONG:** But the Twitter account is handled in the personal office?

**Mr Tranter:** All of our ministers' accounts are handled by the ministers' offices.

**Senator WONG:** Have any aspects of any posts or tweets from the minister been the subject of advice from the department? I should be clear—not topics, because obviously they would go across topics. But have you ever had to provide advice about a particular tweet, its impact or its content?

**Mr Tranter:** As part of our public communications, depending on the nature of an announcement, from time to time we will provide suggested tweets for ministers to draw on as part of the presentation of a policy announcement.

**Senator RONALDSON:** I presume this is for struth, is it?

**Senator Brandis:** The nation hangs transfixed!

**Senator RONALDSON:** Struth or cut and paste! I am not too sure which is going to go into—

**Senator WONG:** I apologise. I was distracted. From time to time you—

**Mr Tranter:** For example, as part of an announcement of a policy matter the department might provide advice on a media release or media talking points. That might also include suggested tweets, images or infographics that the minister might wish to draw on as part of social media to follow that announcement.

**Senator WONG:** Do you have any guidelines on departmental diplomatic communications via emoji?

**Mr Tranter:** We have extensive guidance on social media and the use of our online channels. It does not specifically reference emojis.

**Senator WONG:** Does anyone else in the department? The DFAT Twitter account does not use emojis, does it?

**Mr Tranter:** No.

**Senator WONG:** I think it was made public, but there was I think an SMS or a tweet about Russian President Vladimir Putin, and there is a red-faced emoji as a response from the foreign minister. Are you aware of this?

**Mr Varghese:** I am not.

**Senator WONG:** Now I know the source of it. It was a BuzzFeed article via tweet interview. This is online as you know. BuzzFeed will be very happy they are getting a mention in DFAT estimates. The online BuzzFeed article from 16 February 2015 states:

Exclusive: World's first political emoji interview.

Australia's foreign affairs minister, Julie Bishop, simply loves using emojis to make a point. In a BuzzFeed News exclusive, we sat down with her for the world's first political emoji interview.

Are you aware of this media?

**Mr Varghese:** I am not.

**Senator WONG:** Is anyone in the department aware?

**Mr Tranter:** Yes. I recall the exchange, but I might just qualify my answer from before. My colleague has just reminded me that we run a large number of social media channels and about 70 Twitter accounts.

**Senator WONG:** Really? What is your total number of followers?

**Mr Tranter:** On the DFAT account it is 42,400—

**Senator WONG:** You've got to work on that!

**Mr Tranter:** and more than 160,000 across those other channels. But my colleague has reminded me that from time to time we have drawn on emojis as part of our social media—for example in the case of Smartraveller to draw advice to followers of our consular services. Also there was an example around the Eurovision Song Contest, in which we had an Australian contestant. There was some use of emojis to highlight Guy Sebastian's participation.

**Senator WONG:** You might want to get the link for the BuzzFeed interview because I am going to ask some questions about that and nobody has any IT at the table. It starts with a pretty easy one, 'Are you more of a dog person or a cat person?' Apparently she is a cat person. Her emoji 'patronus' apparently is a monkey et cetera. All of this is fine, but she was asked a question about Vladimir Putin, and he comes back as a red-faced man emoji. Are you aware of that?

**Mr Tranter:** I cannot recall that particular tweet, but one of my colleagues might be able to provide the exchange.

**Senator WONG:** Do you think that is an accurate or helpful public statement?

**Senator Brandis:** Context here is everything, and to isolate particular communications and ask the official about them without understanding the context of this exchange is a little unfair.

**Senator WONG:** We can wait until you get the BuzzFeed article, and I will come back to it.

**Senator DASTYARI:** You said there are 70 different Twitter handles that you manage. Do you have a list of them here? Or are you able to provide all 70 of them on notice?

**Mr Tranter:** Yes. We can do that and we provided that in the course of the last hearing as well. They are listed on our website.

**Senator DASTYARI:** All 70 of them?

**Mr Tranter:** Yes.

**Senator DASTYARI:** So does this fall under the \$5 million public diplomacy budget?

**Mr Varghese:** Some of these are at post, are they not?

**Mr Tranter:** Many of these are at post. We run a number of central handles like the DFAT central handle and Smartraveller. There are new handles that have been set up for the New Colombo Plan, the innovation exchange, recently. There are official handles by our heads of mission.

**Senator DASTYARI:** While you are getting that information I think it is also worth noting that there were also other questions asked about whether you could describe Prime Minister Abbott with one emoji, as an emoji of someone running away, which turned out to be more apt than was perhaps intended at the time. Another was about then communications minister Malcolm Turnbull, which is of a mobile phone of someone doing the numbers. Perhaps we are understating it, and maybe it is a good source of working out what actually goes on in this government.

**Senator RONALDSON:** Sam uses an abacus!

**Senator DASTYARI:** So you actually monitor her Twitter handle but you do not manage it? You follow it but you do not manage it—is that correct?

**Mr Tranter:** I think the correct phrasing is that we follow it rather than monitor it. It is the minister's account, but we do follow it and often retweet. I imagine quite often some of those tweets that we retweet would have emojis in them.

**Senator WONG:** I would like to understand what the diplomatic message is of the red face. Is it intended to suggest that the foreign minister is angry at President Putin? Is it intended to express something else? I am trying to understand. It is a public statement of the foreign minister, and I am trying to understand what DFAT understands it to say.

**Mr Varghese:** You have only just drawn my attention to this, so—

**Senator WONG:** But DFAT is usually so careful. You are a very good department at making sure you know everything that your minister says. It is one of the things generally we can count on.

**Mr Varghese:** I have nothing to add to what I previously said.

**Senator WONG:** Can someone explain to me what the public statement or message is in relation to the red face? Is it that we do not like him or are angry with him?

**Mr Varghese:** I am happy to take that on notice and ask the foreign minister.

**Senator WONG:** Really?

**Senator DASTYARI:** So formally you are taking on notice what an angry face emoji means?

**Senator WONG:** That is pretty funny.

**Senator Brandis:** That was not the question. It was red, not angry, apparently.

**Senator WONG:** It is angry.

**Senator Brandis:** It is angry too?

**Senator WONG:** It is red and angry.

**Senator DASTYARI:** The red is symbolic of anger. That is my interpretation.

**Senator WONG:** A red angry face. If I get this from my younger sister it usually means I have done something wrong.

**Senator Brandis:** It could be a reference to ideology. Or embarrassment at the questions at Senate estimates!

**Senator RONALDSON:** I am pinching myself—

**Senator Brandis:** You are pinching yourself, Senator Ronaldson, at the profundity of the Labor Party's penetration of foreign policy?

**Senator WONG:** If you want to go down that path—or at the lack of profundity of the foreign minister of Australia making comments about our relationship with President Putin by emoji. If you want to talk about profundity, I am trying to understand what is the public message from Australia's foreign affairs spokesperson about our relationship—which is obviously, shall we say, a difficult one—with Russia which is being expressed via emoji. If you are going to point the finger about superficiality, I suggest it is perhaps pointed towards the ministerial wing, not in this room.

**Senator Brandis:** Senator, that is why I said to you before that context is everything. Nobody suggests—and I do not understand you to be suggesting—that the communication concerned was a formal diplomatic demarche of any kind. People in political office do communicate with journalists and with members of the community in, shall we say, a variety of modes of formality or informality, depending on the occasion and the context.

**Senator WONG:** Sure, and I actually have no issue with the emoji exchange being used for her to explain whether she is a dog or cat person or what her emoji patronus is—I like the Harry Potter reference—or even the spirit animals or images that are associated with Mr Abbott, Mr Turnbull and so forth. But I think it is a different order of things in relation to an expression of our relationship with Russia and—it then goes on—also US, Australia, China and, I think, Indonesia.

**Senator Brandis:** But, Senator Wong, this is my very point—

**Senator WONG:** So my point is: I do not understand what the public message is in relation to the relationship with President Putin. It may be that the foreign minister is saying she is angry with him. It may be that she thinks he is a red-faced angry man. I do not know.

**Senator Brandis:** But, Senator Wong, this is my very point: that context and occasion matter. You have characterised this as—and I wrote your words down as you said them—an expression of our relationship with Russia.

**Senator WONG:** I was asking.

**Senator Brandis:** No, no. That is your characterisation of this emoji.

**Senator WONG:** No. I asked.

**Senator Brandis:** I think that is bizarre, frankly, that you would characterise—

**Senator WONG:** Please do not verbal me, George. Do not verbal me.

**Senator Brandis:** No, no. I am not verballing you. I actually wrote down verbatim what you said.

**Senator WONG:** I am asking. I am happy to move off this. I was asking what you say it meant.

**Senator Brandis:** Well, plainly not an expression of our relationship with Russia, which is the way in which you have characterised it. I think that is a bizarre characterisation, frankly, and entirely non-contextual.

**Senator WONG:** I am happy to move on. I think you have taken something on notice. Is that right? Let us go to aid transparency.

**CHAIR:** Senator Wong, just before you do, just for completeness—I have never heard what a Buzzfeed is in my life, but fortunately someone in my office has told me—question 5 was headed: 'Meanwhile, she,' being Ms Bishop, 'thinks Russian President Vladimir Putin is embodied in the red-faced angry man.' The question was: 'And Russian President, Vladimir Putin?' And, as you say, we see the red-faced man. So, for everyone who is not on Buzzfeed, to be fair, Ms Bishop was not asked for her interpretation of Australia's relationship with Russia. It is what she thought of Vladimir Putin, and it was the red-faced angry man. Thank you for that.

**Senator WONG:** I want to go to aid, if I may. Before I start on aid, I want to ask Mr Varghese this, about non-official communication systems. You may or may not have seen the questions in Prime Minister and Cabinet about the use of non-official communication systems to convey official information—

**Mr Varghese:** No, I have not.

**Senator WONG:** I think the context of the discussion was Wickr and Slack being used by ministers. Mr McKinnon gave some evidence about that, and Senator Brandis helpfully tabled some advice provided to the Prime Minister about the use of non-official communication systems.

**Mr Varghese:** I have not been briefed on that exchange.

**Senator WONG:** Has the department been asked to provide advice, or have you provided advice, in relation to non-official communication systems conveying official information?

**Mr Varghese:** Not to my knowledge, but I will check whether someone from our information management area can add to or subtract from that.

**Senator Brandis:** Let me make it very clear—because you and I, Senator Wong, were the participants in that exchange in the PM&C estimates—that, when we speak of official information, we are not speaking of confidential information.

**Senator WONG:** Which is why I asked the question the way I did.

**Senator Brandis:** Lest there be any misinterpretation, we are not—

**Senator WONG:** The only person who has used that word 'confidential' is you.

**Senator Brandis:** I know that, and I have done that for a very careful reason, because people listening to this broadcast may possibly think that your reference was an intended reference to confidential information, even though you did not use that word. What we are speaking of here is non-confidential information. You will recall that the example I referenced on Monday evening was a comment on recent economic statistics, like job statistics, that may have been published and put into the public arena and would technically be official information.

**Senator WONG:** Are we done with that—dealing with something I did not ask? Is that fine? Can I go on?

**CHAIR:** Please do.

**Senator WONG:** So could you answer my question, Mr Varghese.

**Mr Varghese:** I will see if Mr Spackman has anything to add.

**Mr Spackman:** No, we have not received any requests from offices for any communication methods other than the departmental-supplied systems that we supply.

**Senator WONG:** It might be systems, but you can utilise apps on the IT equipment that you provide, so this is not a systems issue only.

**Mr Spackman:** Correct.

**Senator WONG:** What is being discussed, for example, is the use of Wickr or Slack, or, I presume, WeChat or WhatsApp—any app which enables communication; the first two enable encrypted communication.

**Mr Spackman:** You are correct. We provide the devices. We do not get involved with what applications users put in those devices, and we do not provide any of those services.

**Senator WONG:** And you have not been asked to advise about guidelines, in the way that PM&C has, about parameters associated with the utilisation of such applications?

**Mr Spackman:** Not to my knowledge. It certainly has not come across my desk.

**Senator WONG:** Mr Varghese? Not to your knowledge either?

**Mr Varghese:** Not to my knowledge, no. I think if we had been, between myself and Mr Spackman, we would be aware of it.

**Senator WONG:** Do you have any knowledge as to whether the foreign minister utilises any non-official communication systems or applications on her departmentally provided devices?

**Mr Spackman:** Not to my knowledge, no.

**Senator WONG:** Do you have guidelines, Mr Varghese, about the use of non-official communication systems to convey official information?

**Mr Varghese:** We do have guidelines on the use of our systems in respect of conveying classified material and unclassified official material. I will just check with Mr Spackman whether that advice also extends to other apps.

**Mr Spackman:** We do provide 'acceptable use of IT' policies, particularly with the treatment of and dealing with classified information, but nothing specifically on third-party applications that we have no control of.

**Senator WONG:** What does that last sentence mean?

**Mr Spackman:** As I mentioned earlier, we provide the device, but I do not facilitate if someone wanted to put an application like WhatsApp, for instance.

**Senator WONG:** You do not facilitate that?

**Mr Spackman:** No.

**Senator WONG:** But you do not prohibit that.

**Mr Spackman:** We do not prevent it currently, no.

**Senator WONG:** But I am actually asking about whether or not a DFAT officer could use such an application to convey unclassified but official information.

**Mr Spackman:** We have a number of preventative measures in place, so I am confident that a user could not do that and pick up a piece off official information off our SATIN Low system, for instance, but I cannot control what someone may say.

**Senator WONG:** Actually, I was asking about policy and guidelines. What I am asking is: can a DFAT officer, under your guidelines/policy—whatever your management framework of that is—convey government or official information that is unclassified via such applications.

**Mr Spackman:** I believe that the policy is quite explicit. I am happy to take on notice some further information, but I believe that the policy is quite explicit about users not doing that.

**Senator WONG:** So explicitly not allowed to do that?

**Mr Spackman:** Correct.

**Senator WONG:** Why would that be?

**Mr Spackman:** I am not sure that I can comment about that other than: we have a responsibility to protect government information, but, as I say, we do not control those applications.

**Senator WONG:** So a DFAT officer could not use those apps to convey government information?

**Mr Spackman:** I am sorry; I do not want—

**Senator WONG:** Sorry. Not could not but is not permitted to?

**Mr Spackman:** Correct.

**Senator WONG:** I was using it in the vernacular. Is not permitted to?

**Mr Spackman:** Correct.

**Mr Tranter:** Just on WeChat: we do have two official WeChat channels in China, which we use for public diplomacy purposes, which are to engage the public, but they are not as part of our official internal messaging system.

**Senator WONG:** So, given that, I am going to read you this sentence from the document which was provided in PM&C:

I can confirm that official government information may be conveyed on non-government devices and systems that are not subject to ISM (Information Security Manual) controls in cases where that information is unclassified, not sensitive and not otherwise caveated with distribution limiting instructions such as 'Not for Release'.

To be fair, that is a statement from PM&C, but as I understand the answer that you have previously given, that would not be the case in relation to DFAT officers and that would not be DFAT policy?

**Mr Spackman:** My statement was that our policy requests that people do not do that, as a departmental issue. However, I cannot control third-party applications.

**Senator WONG:** In the conversation you are and I are having, I am not expecting you to police this; I am trying to understand what your guidelines, policy or management framework for this are. So that is understood. But what I have just read out is not consistent with DFAT policy?

**Mr Spackman:** I think that would be fair to say.

**Senator WONG:** Thank you.

**Mr Varghese:** I think there will always be a requirement to have some measure of flexibility in these areas. We essentially have two official systems: one that deals with unclassified traffic and one that deals with classified traffic. The general injunction on officers is that they use those systems for conveying official information, whether it is classified or unclassified. There may be circumstances where information needs to be conveyed and an officer does not have access to either of those systems, particularly if they are overseas or attending a meeting in some place where we do not have a mission, and it could be that there is a requirement for them to get information back to Canberra that is not classified, and they may use a Hotmail account, a Gmail account or some other account.

**Senator WONG:** You are caveating it. I am just observing that the Prime Minister department's advice to the Prime Minister—and if one is to understand the Prime Minister's public statements—enables communication on applications that would not be permitted for DFAT staff.

**Mr Varghese:** Except in some circumstances is my point.

**Senator WONG:** Sure—the sorts of unusual circumstances that you describe.

**Senator Brandis:** Without wishing to—

**Senator WONG:** I was moving on, Chair.

**Senator Brandis:** overcomplicate this, there is a slight difference between what is a policy and what is advice as to what may be done. What you have been told by the officials, as I understand their evidence, is that DFAT has a policy. The document that I tabled on Monday night was advice to the Prime Minister about what may or may not be done. So there is a difference, I think, between where there is an existing policy and where there is apparently not a policy but a minister seeks advice about what is appropriate that may or may not be done.

**Senator WONG:** But I do not think you demurred—I do not want to re-traverse Monday—from the proposition that the Prime Minister was utilising these apps.

**Senator Brandis:** No, I did not demur to that proposition at all. In fact, that is why I tabled the advice—to indicate the basis upon which, consistent with the advice that the Prime Minister had sought and received, that was the perfectly appropriate thing to do. Of course, something may be appropriate but, nevertheless, there may be a departmental policy or practice not to do it which puts it in a slightly different situation.

**Senator WONG:** With respect, I think that is sophistry.

**Senator Brandis:** No, it is not sophistry.

**Senator WONG:** The department has determined that this is not something that officers are allowed to do. The Prime Minister has determined it is something he can do.

**Senator Brandis:** He is not an officer of the Department of Foreign Affairs and Trade.

**Senator WONG:** That is true.

**Senator Brandis:** The Department of Foreign Affairs and Trade has a policy that binds its officers. The Department of the Prime Minister and Cabinet evidently has no policy. Certainly, the Prime Minister has been advised by his deputy secretary that there is nothing wrong with conveying non-confidential information in this manner.

**Senator WONG:** I will not traverse again the FOI and Archives Act implications of it. I want to move on now to aid, and to Mr Wood's very helpful table from the last Senate estimates. Also, I think there were—and I do not have the *Hansard* here—a number of questions about aid where DFAT indicated that there would be aid and investment plans which would be subsequently published. I understand they are now published; is that right?

**Mr McDonald:** Yes, they are.

**Senator WONG:** Can you confirm for me whether the full—I think it is \$982 million—cuts to the aid budget announced for 2015-16 have been implemented?

**Mr McDonald:** In relation to 2015-16, yes, the aid investment plans identify the priorities for the countries for this financial year. As the budget goes through this financial year, yes, it will arrive at its new total quantum, which I think is a \$4.052 billion budget at the end of 2015-16. The aid investment plans reflect the priorities that have been agreed with partner governments to implement priorities within that budget.

**Senator WONG:** And the \$4 billion represents the implementation of \$982 million of cuts for that financial year—is that right?

**Mr McDonald:** I think so. I will just ask Mr Wood.

**Senator WONG:** Is that the right figure?

**Mr Wood:** That is correct.

**Senator WONG:** So those plans reflect the entirety of the cut?

**Mr McDonald:** They represent the major country programs that we have. There are 25 of them that are on the website. There are other programs that we have such as the Australia Awards or volunteers, for example, that are not covered by a specific aid—

**Senator WONG:** I am trying to work out how much of the \$982 is reflected or given effect to in the plans.

**Mr Wood:** The majority of the aid program is covered by those, because it relates to our country and regional programs. There are other components of the aid budget, which are—for example—our own departmental resourcing and the multilateral commitments that are being dealt with through other mechanisms.

**Senator WONG:** Of the \$982, how much is not included in the plans or not given effect by the plans?

**Mr Wood:** I would need to check and come back on that.

**Senator WONG:** If you can take that on notice, but can you give me some kind of ballpark on that?

**Mr Wood:** I would probably estimate it to be maybe over half. Obviously, a large component was in Indonesia and some of the other South-East Asian countries.

**Senator WONG:** You think about half of the \$982 is given effect in the plans—would that be about right? And the remainder was departmental resourcing and what?

**Mr Wood:** Probably reductions to some of our multilateral partners. You may recall that last time we had a discussion around some of the reductions to funding of UN bodies. There was a slight reduction to the NGO program and some other reductions to our scholarship program.

**Senator WONG:** Do you have that documented or has it not changed since the last time? I cannot recall whether you gave me all of the detail of that last time.

**Mr McDonald:** I think we can do this again for you.

**Senator WONG:** No, if it has not changed, I do not want to create work.

**Mr McDonald:** The allocations for this year have not changed. The country programs—as you would have remembered from last time, in terms of those that were reduced or not—are the same.

**Senator WONG:** Different buckets, right? We have got a \$982 budget cut. You have said that has been allocated across a range of country programs, which is reflected in the aid and investment plans. Is that right?

**Mr Wood:** Correct. The \$982 reduction is reflected in the tables that we released on budget night. You may recall that we have the long table that added up to the \$4.052 billion. The presentation at that time compared the original budget estimate for 2014-15 and the revised budget estimate for 2015-16. Those 2015-16 estimates remain. Subsequent to budget night, we have issued a further document called the 'Development assistance budget summary', which reflects the 2014-15 budget outcome. You will recall that there was a discussion at the last estimates around the department providing advice on the estimated outcomes for the 2014-15 year.

**Senator WONG:** So we have got different buckets. We have got aid and investment plans, which are done on a regional country basis. Is that right?

**Mr McDonald:** Yes, that is correct.

**Senator WONG:** Then you have got multilateral, departmental and other reductions, all of which add up to \$982. You will just take on notice the exact proportion, correct?

**Mr Wood:** Correct. Also, just to note for the record, there were also reductions to other government departments as well.

**Senator WONG:** So finance into Indonesia or something like that?

**Mr Wood:** Correct—ACR into the entities.

**Senator WONG:** Do you have any further information that you can give me on that to update what you have given me previously?

**Mr Wood:** I recall that there was a discussion around the reductions to other government departments. In the budget document that I have referred to, we have a table which discloses the allocations—

**Senator WONG:** There has been no changes to that?

**Mr Wood:** No changes.

**Senator WONG:** What I am interested in is trying to understand the project impact.

**Mr McDonald:** I will try to help. As we talked about last time, we have the budget allocation—as you have just gone through—in terms of the program level. We have since had discussions with country governments about project or programs—as we call them, but 'projects' is what I think you mean.

**Senator WONG:** Hang on, no. I want to make sure we are not talking about something different. When you say program, can you explain to me what you mean?

**Mr McDonald:** What I mean is if, for example, we were talking about the program in Indonesia, what projects have been affected by that program.

**Senator WONG:** Correct.

**Mr McDonald:** What we do is we go through and have a discussion with the relevant countries—so, in this case, if we use Indonesia—about the priorities. The aid investment plan talks about the priorities overall and then we have a discussion about, within those priorities, which of those programs are consistent with that and then which programs are affected by the reductions. I think that is what you are talking about in terms of the specific projects.

**Senator WONG:** Yes. I would like to understand what we are not funding that we were or what has had to be rescoped. How do we get to that level of detail?

**Mr McDonald:** Each of the relevant division heads can address that as part of discussions. For example, if you think about the Pacific countries, there is not really an effect there. Most of those were not affected. But if you go into Asia—

**Senator WONG:** We can do it today and I can ask questions of all the program heads or you can help me by explaining how it would be easiest for you for me to put this question so that we can do this on notice.

**Mr Wood:** In addition to putting the aid investment plans out, there were updates to the country pages on the DFAT website. All our recipients have a country page.

**Senator WONG:** That is very helpful, thank you. All of that is what we will do. What I am trying to understand is—

**Mr Wood:** In addition to the information on the program, there was a category called 'our changing program'. That talked about changes that have occurred in the program as a result of the revised budget. For example, in Laos, it talks about a reduced number of Australia Awards; in Burma, it talked about ceasing a program—

**Senator WONG:** Okay.

**Mr Wood:** There is information on our website.

**Senator WONG:** Is that category comprehensive?

**Mr Wood:** There is information on every country page for those that have been impacted by budget cuts.

**Mr McDonald:** The idea was, when people come onto the landing page, to say, 'These are the priorities that have been agreed and these are the affected areas.' But you may wish to drill down below that.

**Senator WONG:** Is the best starting point for me to come back to this or someone to come back to this, have a look at that and utilise that as the basis from which to ask further questions for detail?

**Mr McDonald:** Yes. Or we can take on notice—

**Senator WONG:** I will do so and we will return.

**CHAIR:** We will take a break now and I will resume with Senator Ronaldson at 10.45.

**Proceedings suspended from 10:27 to 10:44**

**Senator RONALDSON:** We have had some discussions this morning about the aid budget, and I am just wondering whether you saw a press release from ActionAid on 16 October this year which stated:



Let's not forget that the recent trend of cutting the aid budget was initiated by Labor in 2012.

Did you see that press release, Mr Varghese?

**Mr Varghese:** I have not, but I think Mr McDonald is aware of it.

**Senator RONALDSON:** I am happy to table it. It was referring to the Labor Party's announcement about restoring \$30 million, which was described as 'entirely insufficient'. ActionAid said:

Tanya Plibersek is throwing Australian NGOs breadcrumbs in an effort to appease us...

I understand that ActionAid was referring to the \$5.7 billion, which I understand was cut from the aid programs in the last 15 months of the last government—is that correct?

**Mr McDonald:** I believe that is correct, but I will need to check that on notice.

**Senator RONALDSON:** Did that \$5.7 billion that Labor cut from the aid program include the \$750 million they diverted from the onshore processing of asylum seekers or was that an additional amount?

**Mr McDonald:** The funding for onshore refugees was ODA eligible, so it was within the budget—it would not have included it.

**Senator RONALDSON:** We had a \$5.7 billion cut and a further \$750 million was taken out of the budget for the onshore processing of asylum seekers. Can you confirm for me please that Australian aid to the following countries and regions was cut to pay for the onshore processing asylum seekers: the Solomon Islands, Vanuatu, Samoa, Fiji, Tonga, Kiribati, Tuvalu, Indonesia, Vietnam, the Philippines, Timor-Leste, Cambodia, Myanmar, Laos, China, Mongolia, Afghanistan, Pakistan, Bangladesh, Sri Lanka, India, Nepal, Bhutan, the Maldives, the Palestine territories and the Sub-Saharan Africa?

**Mr McDonald:** I would need to confirm that on notice, but I think it was an across-the-board reduction.

**Senator RONALDSON:** I do have AusAID additional estimates statements from around that time, which I would seek to table as well. Did the cut include a reduction in the humanitarian emergency fund? Can you give me some examples of what the humanitarian emergency fund is used for?

**Mr McDonald:** We will have to confirm that on notice as well, but my recollection is that the emergency fund was reduced from \$120 million to \$90 million, and it was later reinstated by this government. In relation to humanitarian support, we have talked earlier about Syria and Iraq and the support that the Australian government has provided for shelter and food and safety, particularly where winter was about to set in in that region. I suppose for a lot of Australians, they recognise very clearly and are very generous in their donations around natural disasters in our region. If you think about some of the cyclones and earthquakes that we have recently experienced in Nepal and in Vanuatu, the emergency fund has been an extremely important vehicle to be able to respond not only to the needs at the time but also in a very fast and urgent way, which, as you would appreciate, is important in these natural disasters.

We actually have the emergency fund estimating an expenditure of roughly \$10 million a month, and we keep it, as best we can, for this cyclone period that we are about to go into. As you know, last weekend we had the Philippines hit with another cyclone, and, again, we may need to draw on that fund as we go into recovery for the Philippines from that cyclone. So it is very important—

**Senator RONALDSON:** Any reduction in the humanitarian emergency fund must of course reduce our ability to respond to humanitarian crises?

**Mr McDonald:** It certainly reduces the amount of funding we have to respond to those humanitarian events that occur. As I said, we have traditionally had around \$120 million in that fund, and I think that is the essential quantum we need.

**Senator RONALDSON:** A \$30 million reduction in that essential quantum must, therefore—it follows naturally—reduce our ability to respond. Was the ERC decision to use Australian aid money to pay for the onshore processing of asylum seekers based on advice from the Department of Finance that the OECD DAC allowed such expenditure?

**Mr McDonald:** I will ask Mr Wood, who would have been involved in that, to respond to that question.

**Mr Wood:** It did involve discussions with central agencies, correct.

**Senator RONALDSON:** We have a situation where, because of the former government's failure to stop onshore arrivals, \$750 million has been diverted from the aid program on top of the \$5.7 billion that Labor cut. I note that the person who was asking the questions about aid budgets this morning was, indeed, the finance minister who would have been responsible, through the ERC, for taking advice in relation to the cutting of \$750 million from the aid budget.

Are you aware of comments made by Mr Bruce Hawker in the book *The Rudd Rebellion* on page 127 that, 'Labor had considered even further cuts to the aid program following former Prime Minister Rudd's return to the leadership'?

**Mr McDonald:** I am not aware of that myself.

**Senator RONALDSON:** Can you provide the—

**CHAIR:** Senator Dastyari, you have a point of clarification?

**Senator DASTYARI:** I note that different committees deal with these matters differently, so I am not sure what the precedent has been in this committee, but my understanding is that there is a precedent that we do not use these committees to ask departments questions about previous administrations. I am not sure how this committee has dealt with that in the past; other committees deal with it differently. I will defer to the Chair in how this committee deals with it or where that line gets drawn.

**CHAIR:** Thank you, Senator Dastyari. We have, in this committee, a fairly wide-ranging brief, so—

**Senator DASTYARI:** If we want to go on about the fact that year in, year out Labor increased aid funding and you have cut \$11.3 billion out of aid then we can have a very interesting day.

**CHAIR:** I heard your point.

**Senator DASTYARI:** \$11.3 billion cut.

**CHAIR:** Senator Dastyari, thank you.

**Senator Brandis:** Senator Dastyari, I am not aware that there has been that practice in this committee. I do not think that the practices of these committees, given that they operate under a uniform set of standing orders and Senate procedural rules, need differ one from another, so I—

**Senator DASTYARI:** I know the finance committee operates differently.

**Senator Brandis:** I stand corrected. Different chairs have different practices in the conduct of the proceedings, which is understandable, but in terms of the definition of 'relevant', as to what may be asked, it would be unusual if estimates committees operating under common standing orders and common Senate procedural rules had a different definition of relevance merely because they cover different government departments.

**Senator RONALDSON:** On the point of order, Chair, the question of aid funding was raised by Senator Wong. It is entirely appropriate for me to test Senator Wong and the Labor Party in relation to these matters. It is entirely appropriate for me to quote from ActionAid, who were bitterly disappointed with Ms Plibersek's promise to restore what they referred to as 'breadcrumbs'. And it is entirely within my right in any estimates to ask the officials questions about whether there had been funding cuts in any portfolio in any area at any time. What we have heard today is that despite questions from the opposition about cuts in funding for aid, they themselves cut \$5.7 billion from the aid budget to pay for their failed—

**Senator DASTYARI:** Sorry, Senator, but I reject that from the outset.

**Senator RONALDSON:** 'stop the boats', their inability to stop the boats with another \$750 million—

**Senator DASTYARI:** You have AusAID: 'cost to support refugees in other countries is an internationally recognised component of the aid budget since 1988'.

**Senator RONALDSON:** which was done by and via the then minister for finance herself.

**Senator DASTYARI:** I reject the use of the word 'cut'.

**Senator RONALDSON:** This is utter hypocrisy, and I have no qualms at all about raising these matters in this committee.

**Senator DASTYARI:** No, even AusAID has confirmed—

**CHAIR:** Gentlemen, thank you! Enough is enough! Senator Ronaldson, will you—

**Senator GALLACHER:** Chair, on the point of order as you have not made a ruling on it: the standing order does provide for these sessions to go into further days. I would ask the committee to consider, if we are going to have these wide-ranging debates about whether we should be doing this or that, thinking about how many days extra we need.

**CHAIR:** Thank you, Senator Gallacher. Now could you resume on the text of your questions, Senator Ronaldson.

**Senator RONALDSON:** Thank you; I am sure, given what happened this morning, we could probably have two hours on emojis, if you wanted to come back because if that is the conversation—it went on for nearly an

hour—that is going to drive the national debate, then I clearly have completely lost any understanding of what the Senate process is.

Can I go back to where I was, before I was so rudely interrupted, and talk about some of these other matters? Can you provide the committee please with those lists of projects that were delayed or cancelled as a result of the former Labor government's \$5.7 billion cut to the aid program and the \$750 million reprioritisation that occurred on the back of their complete and utter failure to protect our borders?

**CHAIR:** Get to the question, Senator Ronaldson, please!

**Senator RONALDSON:** I have asked for a list of the projects.

**Mr McDonald:** I am happy to take that on notice.

**Senator RONALDSON:** Thank you. I understand that according to OECD data the majority of the OECD DAC countries reduced their foreign aid budgets in 2014. Do you know how that compared to previous years?

**Mr McDonald:** I will have to take that on notice. I know a range of countries have reduced their ODA—their aid budget—over the 2014 calendar year, but I will need to take on notice just exactly how many.

**Senator RONALDSON:** Sure. I understand the Netherlands recently announced cuts in their foreign aid budget. Are you aware of other countries that have announced reductions in aid spending in 2015?

**Mr McDonald:** Yes, I am. That is the question I will respond to on notice.

**Senator RONALDSON:** Chair, I just seek to table the press release from ActionAid in relation to the disappointing and insufficient promise from Ms Plibersek.

**CHAIR:** Could I have a look at it? Does the committee agree that we table the media release? Senator Wong, do you want to have a look at it?

**Senator WONG:** You want an opposition media release tabled—is that right?

**Senator RONALDSON:** ActionAid.

**Senator DASTYARI:** It is already on the public record, I am sure.

**CHAIR:** Excellent. It is on the public record; it is tabled with agreement.

**Senator WONG:** I was just going to ask a question on notice arising out of the aid questions I was asking prior to the break. To save us all going through this laboriously, I want to make sure the terms of this are helpful. I have looked at the website and the 'Our changing program' category, which I think is the one you referenced. What I would like to know is which programs have been affected—by that I mean cancelled, rescope or altered—by the aid reductions. What is the best way to describe this? How would you like to describe this category?

**Mr McDonald:** I would say what programs are affected, cancelled, rescope or altered as a result of the 2015-16 budget.

**Senator WONG:** Correct, which is essentially the details of what the 'Our changing program' category on the website outlines in high level.

**Mr McDonald:** Yes.

**Senator WONG:** You think that you can do that?

**Mr McDonald:** Yes.

**Senator WONG:** That would be great. Thank you.

**Mr McDonald:** We would need to take it on notice.

**Senator WONG:** Of course. I was trying to construct the on-notice question in a way that everybody understood.

**Senator McEWEN:** I wanted to ask for a progress report on the Gender Equality Fund, please.

**Mr McDonald:** I will start off and see if our gender specialist Ms Moyle is here. The gender fund has had its first round of investment—

**Senator WONG:** He means in relation to the program.

**Mr McDonald:** My apologies.

**Senator WONG:** We laughed.

**Mr McDonald:** Maybe I was going too fast. My apologies. I was just going to mention that as of, I think, yesterday or the day before we signed off on the first round of investment proposals from the Gender Equality

Fund—the new fund. In that round of proposals there were quite a number of very good proposals put forward and there was a committee set up to consider those proposals. I will ask Ms Moyle, who was a part of that committee, to add to that.

**Ms Moyle:** As Mr McDonald said, we have convened a panel that comprised me, the first assistant secretary of the Multilateral Policy Division, the first assistant secretary of the innovationXchange and the first assistant secretary of the Contracting and Aid Management Division. We considered a number of proposals that were put to us from across DFAT—these were internal proposals for a competitive process—and we have made a decision that is in the process of being communicated now.

**Senator McEWEN:** So the fund did not call for expressions of interest for proposals from NGOs or other providers?

**Ms Moyle:** There are a number of different components of the Gender Equality Fund. One is—which Mr McDonald was referring to—the internal competitive element that asks DFAT posts and divisions to bid for funding. That was intended to leverage attention to gender equality across our aid program, to seed funding and to increase attention to gender equality and funding for gender equality.

There is a second aspect which is an external element. We have earmarked \$2 million for that this financial year—recognising that is a new approach and so a small, modest amount was allocated this financial year with the intention that that be scaled up, subject to our budget next year.

**Senator McEWEN:** The external allocation from the \$50 million fund will be \$2 million in this financial year—is that correct?

**Ms Moyle:** That is correct.

**Senator McEWEN:** And the internal allocation will be how much for this financial year?

**Ms Moyle:** \$14½ million.

**Senator McEWEN:** Are those ratios between internal and external proposed to be the same for the whole of the allocation of the \$50 million in the forward estimates?

**Ms Moyle:** That remains to be seen. That has not been decided yet.

**Mr McDonald:** We would expect that the external component would grow over time. As a start-up, I think it is a sensible allocation.

**Senator McEWEN:** Can you tell us what the internal proposals were? Were they existing programs within DFAT?

**Ms Moyle:** Some of them were new streams within existing programs. Some of them were new ideas that were being funded separately.

**Senator McEWEN:** New streams within DFAT—so is that \$14 million really new funding or is it simply funding that was already allocated being rebadged as part of the Gender Equality Fund?

**Mr McDonald:** No. The \$14 million is additional funding. The one that was not so much 'rebadged' but continuing to be funded was—you would know it—the women in the Pacific initiative.

**Senator McEWEN:** The Pacific Women Shaping Pacific Development?

**Mr McDonald:** That is it—thank you! We also had a new program that was developed, in Indonesia. And then there was this competitive process within the organisation for the other 14.

**Senator McEWEN:** So how much do the Indonesian and the Pacific Women Shaping Pacific Development programs comprise of the \$14 million?

**Ms Moyle:** As was discussed at the last estimates, I think that not all of the \$50 million was new money. Some of it was rebadged. The \$50 million comprises the following: there is \$12½ million for Pacific Women Shaping Pacific Development—the regional component; there is \$6 million that we have allocated for the Investing in Women Initiative that Mr McDonald has referred to—that is a new investment; there is \$15 million for global programs—funding for things like trust funds with the UN Women's Global Acceleration Instrument for Women, Peace and Security and a number of other global programs; and then we have \$14½ million for the internal competitive round and \$2 million for the externally focused round.

**Senator WONG:** Sorry, this is the breakdown of the \$15 million?

**Ms Moyle:** The \$50 million.

**Senator WONG:** While you are answering Senator McEwen's question, where on your website can I find that breakdown?

**Ms Moyle:** I am not sure that it is on the website yet, but we will certainly investigate that and come back to you.

**Mr McDonald:** If I can clarify: the reason—

**Senator WONG:** Was it in the press release? Was it in—

**Mr McDonald:** No, we only signed off on the investments yesterday or the day before. So it will be on there shortly.

**Senator WONG:** Sorry—would you mind then repeating the breakdown. I apologise—I thought I could find it online.

**Ms Moyle:** Sure. The broad breakdown should be online, but the detailed breakdown is \$12½ million for the regional component of Pacific Women Shaping Pacific Development—

**Senator WONG:** I have to write—Senator McEwen is quicker at taking notes! It was \$12 million for—

**Ms Moyle:** It was \$12½ million for Pacific women.

**Senator WONG:** Yes.

**Ms Moyle:** Six million dollars for the Investing in Women—

**Senator WONG:** That is an onshore program?

**Ms Moyle:** That is a new program that is focusing, as Mr McDonald said, on Indonesia, the Philippines and Vietnam. Then there is \$15 million for what we call 'global programs'—

**Senator WONG:** Being?

**Ms Moyle:** Being funding for UN trust funds and World Bank programs that do not have a home anywhere—

**Senator WONG:** Are those allocated internally already? The \$15 million?

**Ms Moyle:** Most of the \$15 million is allocated so far this year.

**Senator McEWEN:** Does that include the contribution to UN Women?

**Ms Moyle:** No. The core funding for UN Women, which is around \$8 million, is separate to the Gender Equality Fund. So then—

**Senator WONG:** Is that part of the 50—

**Ms Moyle:** No, it is separate to the 50.

**Senator WONG:** Okay. Are you able to give us the breakdown on the \$15 million?

**Ms Moyle:** I would have to take that on notice.

**Senator WONG:** Okay. So what are we out by—27½? Thirty-three?

**Ms Moyle:** Then we have the \$14½ million for the internal component and the \$2 million that is proposed for the external competitive element.

**Senator WONG:** And I think—

**Ms Moyle:** And I think that should take you to 50.

**Senator McEWEN:** With regard to the internal component, you have sought expressions of interest from within the department for programs to be funded from that. When is the decision likely to be made about those?

**Ms Moyle:** There has been an internal process. As I mentioned, the panel convened. There has been a decision made and we are in the process now of communicating that as required before we start talking about those publicly.

**Senator McEWEN:** You have already made the decision?

**Ms Moyle:** The decision has been made but it is still in the process of being communicated.

**Senator McEWEN:** Did you get expressions of interest totalling a value above \$14 million?

**Ms Moyle:** There was close to \$40 million worth of proposals.

**Senator McEWEN:** What is going to happen to the \$26 million worth of proposals that are not going to be funded by the \$14 million?

**Ms Moyle:** Either programs can consider funding themselves, or they can consider deferring them or they might decide that they will not proceed with those.

**Senator McEWEN:** Were any of those programs totalling \$26 million existing programs?

**Ms Moyle:** I do not think any of them were existing programs that would have to be cancelled. That was not the idea for the Gender Equality Fund. The idea was that this was leveraging further attention to gender equality. Of course, the \$50 million is not the only money that we spend on gender equality across our aid program.

**Mr McDonald:** I think it is important to say that this is a competitive fund, so you would expect a number of the proposals not to be funded, and they are assessed by a broad committee on a competitive basis.

**Senator WONG:** I am going to go to the process, if I may. With the \$14½ million, when you say 'internal component', can you clarify who was eligible?

**Ms Moyle:** Divisions from across DFAT, from our aid program.

**Senator WONG:** So only DFAT?

**Ms Moyle:** That is right, it is internal.

**Senator WONG:** So no NGO—

**Ms Moyle:** But, of course, many of the proposals that came from the divisions were funding NGOs or other implementing partners.

**Senator WONG:** I was going to get there. Let's perhaps step this out. No direct NGO, so it would not be a tender application?

**Ms Moyle:** Proposal.

**Senator WONG:** So proponents had to be divisions of DFAT?

**Ms Moyle:** That is right.

**Senator WONG:** Was there any narrowing of the scope of eligibility within the department?

**Ms Moyle:** No.

**Senator WONG:** Was anybody excluded?

**Ms Moyle:** Anybody who manages aid programs or was interested in managing aid programs.

**Senator WONG:** Was not excluded—was included?

**Ms Moyle:** Was included.

**Senator WONG:** It would be easier if you could just listen to my question, if that is possible. I am happy for you to answer the way you are, but I actually asked: was any part of DFAT excluded?

**Ms Moyle:** Sorry. No, but they needed to be able to manage aid dollars.

**Senator WONG:** When was that call?

**Ms Moyle:** I cannot remember the date. I can advise you. It was several weeks ago.

**Senator WONG:** And it has concluded but has not been determined?

**Ms Moyle:** It has concluded but it has not been fully communicated.

**Senator WONG:** I am trying to find the time frame for the process.

**Ms Moyle:** The call for proposals came out several weeks ago, and we closed those proposals I believe on 2 October. The panel—

**Senator WONG:** I will come to that. I am trying to understand the time frame between announcement and closing of the process.

**Ms Moyle:** The proposals closed on 2 October.

**Senator WONG:** I am trying to understand the time frame between when you first called for proposals and when the proposal had to be in by. What was the finishing date?

**Ms Moyle:** There were several weeks where we called for proposals before those proposals closed, on 2 October.

**Mr McDonald:** We could take a time line for you.

**Senator WONG:** So a few weeks?

**Ms Moyle:** That is right.

**Senator WONG:** Who is the decision maker?

**Ms Moyle:** A panel, as I mentioned, comprising four SES, made that decision.

**Mr McDonald:** And I signed off on the outcome of that through an internal note. I cannot recall whether that was yesterday or the day before.

**Senator WONG:** The internal note of the \$14.5 million?

**Mr McDonald:** Yes.

**Ms Moyle:** That is right.

**Senator WONG:** Which goes to the \$26.5 million. Did you ask for the criteria? Did we get written details of that?

**Ms Moyle:** There are several criteria. We were looking for proposals—

**Senator WONG:** Do you have the document?

**Mr McDonald:** We could get that for you.

**Ms Moyle:** We could provide it to you.

**Senator WONG:** You can go through it orally. I just thought it would be easy if we could see the email. I want to understand what notification and what was—

**Ms Moyle:** We can provide that on notice. Would you like me to take you through those criteria now?

**Senator WONG:** If it is not going to take forever.

**Ms Moyle:** No. They were either that a proposal is innovative, doing new things, or that it is rewarding good practice, so it is part of a program that is doing well and wants to do better. That is the first one. The second one is that it is aligned with our policy priorities in our aid strategy. The third is that there is demonstrated ownership by the home division, whether through co-funding or in-kind support or ongoing management.

**Senator WONG:** How many proposals were there?

**Ms Moyle:** There were 37.

**Senator WONG:** And of those, how many involved NGOs?

**Ms Moyle:** I would have to take that on notice.

**Senator WONG:** I think Senator McEwen was exploring the 26.5 of unsuccessful applications.

**Senator McEWEN:** Yes. I am just trying to get clear whether the proposals that come within that \$26.4 million will continue. If they are existing programs will they continue to their completion, will they be wound up midstream or are they new proposals which have not yet commenced? Do you have any statistical or other breakdown?

**Ms Moyle:** Not right now. We can provide that but, as I said, it was not intended that the gender fund picked up programs that were currently being funded by country or regional programs. They were intended to be new things. So it is not meaning that programs close.

**Senator McEWEN:** Does every proposal from within DFAT go through the gender equality lense? Does every proposal have to be put through the gender equality lense of the fund or some other mechanism?

**Ms Moyle:** The Gender Equality Fund does not comprise all of the gender equality focus programming in our aid program. There is much more than that. As you know, every investment we have over \$3 million is required to go through the annual aid quality check process, of which one of the questions is about how they effectively integrate gender equality. We have our aid target for the whole of the aid program which says that 80 per cent of those aid quality checks need to effectively address gender equality. The Gender Equality Fund is separate to that but we do require all of our aid programs to effectively address gender equality considerations. There are a number of internal processes that quality assure that.

**Senator McEWEN:** Going back to the \$26 million which was existing or proposed new programs, what proportion of the Gender Equality Fund that was announced as a \$50 million new fund was actually old or existing money?

**Mr McDonald:** I think we have answered that question. It is a new fund but there are some existing, as we went through with Senator Wong when we listed what was new and what was existing. The new is the \$14.5 and the \$2 million that we—

**Senator McEWEN:** So really new money is \$14 million, which is spent internally in DFAT and \$2 million that may be spent if you get applications that you agree to from NGOs?

**Mr McDonald:** It is important when we use the word 'internal' to say that they are internal proposals that would have external partners supporting the delivery of that program.

**Senator WONG:** But it is correct to say that, of the \$50, \$35½ is essentially funding existing programs?

**Mr McDonald:** The reason I would like to take this on notice is the Indonesia program I referred to earlier I believe is a new program.

**Senator WONG:** Okay. I am putting that proposition to you, if you are saying it is actually \$31. Obviously on notice you can confirm that.

**Mr McDonald:** Yes.

**Senator WONG:** The exception is that, with that caveat, there are \$14½ and \$2 which are funding for new purposes—correct?

**Ms Moyle:** These are new ways of doing programs.

**Senator WONG:** New ways of doing things. Decisions have been made but not announced on those?

**Mr McDonald:** That is right.

**Senator WONG:** You do not propose to announce them today, I assume.

**Mr McDonald:** No, Senator. It is not my role at estimates.

**Senator WONG:** You never know if you do not ask, right?

**Mr McDonald:** I was just trying to clarify that internal processes were completed a few days ago, that is all.

**Senator WONG:** I am sorry, I do not have with me your PBS, but what was your departmental resourcing for the financial period for which the 50 million subsists?

**Mr Wood:** Yes.

**Senator WONG:** I am trying to work out if you are just shifting money—let's be frank. Have your reduced your departmental resources and then gone, 'Whoopy-do! We're going to have 14½ million of a new fund and we're just going to allocate that between programs that we previously had to cut because we've had a reduction both in aid and in departmental resourcing'?

**Mr Wood:** The 50 million is from our administered budget allocation. So there is no cross-transfer or reallocation.

**Senator WONG:** What was your administered budget allocation reduced by in the 2015-16 year from the previous forward estimate figure?

**Mr Wood:** The total aid budget, as we mentioned this morning, reduced by the \$980 million—

**Senator WONG:** So a \$980 million reduction and a \$50 million fund.

**Senator McEWEN:** Chair, I think Senator Gallagher had a few questions following on from the gender—

**Senator GALLACHER:** From memory, Nauru attracts about \$25 million worth of foreign aid from Australia.

**Mr McDonald:** I will ask Mr Wood to confirm that.

**Senator GALLACHER:** While he is looking for that, it appears that approximately \$5 million is committed to support women's empowerment in Nauru and that in 2013-14 a two-year country plan was developed outlining the first activities in recruitment of a counsellor with expertise in domestic violence and, importantly, working with children. So is it correct to say that about 20 per cent of the aid to Nauru has been allocated to this sector?

**Mr Wood:** The total aid for Nauru is \$25.2 million. A major component of that is what we call our bilateral program, which is \$21.2 million. We may need some other assistance in terms of the breakdown.

**Senator GALLACHER:** My point is that a substantial portion of the aid has been allocated to addressing domestic violence and working with children and you have put in place a counsellor, is that right?

**Mr McDonald:** We need to confirm that. I do not know whether Mr Sloper is here and able to help us. I will need someone else to confirm that.

**Mr Sloper:** I am not sure where you are obtaining the \$5 million figure, whether that is funding out of our area.

**Senator GALLACHER:** Through the Pacific Women Shaping Pacific Development.

**Mr Sloper:** Yes, Pacific women.

**Senator GALLACHER:** The aid program performance report 2013-14.

**Mr Sloper:** Yes.

**Senator GALLACHER:** The figure is correct—five million?



**Mr Sloper:** I will have to take on notice exactly but the program is correct, we do fund that through the regional program.

**Senator GALLACHER:** So you made an assessment that there is serious investment required in this area in Nauru?

**Mr Sloper:** Across the Pacific.

**Senator GALLACHER:** And specifically in Nauru?

**Mr Sloper:** Indeed, we have a program in Nauru.

**Senator GALLACHER:** To the tune of about \$5 million?

**Mr Sloper:** I will have to take on notice the exact figure but we have 12.5 million out of the gender fund this year.

**Senator GALLACHER:** And that would be about 20 per cent of the total aid budget in that area?

**Mr Sloper:** What I need to take on notice is whether it is out of the bilateral or the Pacific Regional Program. I can come back to you later today on that. The reason is we have a range of initiatives through the Pacific Regional Program to support gender initiatives which complement the bilateral programs.

**Senator GALLACHER:** Right, so on your website it says that Australia's aid program contributed to addressing domestic violence and decision making through the placement of a gender based violence counsellor specialist working to expand women's roles in leadership. That is all correct?

**Mr Sloper:** That is on the website, yes.

**Senator GALLACHER:** Has the Australian aid program provided funding to the government of Nauru or to other service providers in relation to this investment?

**Mr Sloper:** I will need to take that on notice.

**Senator GALLACHER:** You do not know?

**Mr Sloper:** I do not have those details.

**Senator GALLACHER:** Does this include programs to reduce family and community violence and to increase respectful relationships?

**Mr Sloper:** Yes.

**Senator GALLACHER:** We have put \$5 million in; we have established that. Are staff available to counsel anyone who is seeking assistance or is perceived to be at risk? Is that the effect of the investment?

**Mr Sloper:** The programs that we provide through the aid program for Nauru are available to all residents and citizens of Nauru.

**Senator GALLACHER:** So there is someone there available to counsel or assist anyone deemed to be at risk?

**Mr Sloper:** I do not know the details but, as I said, I will come back to you later today on that. All of our programs, and it does not matter whether they are in this sector or in other sectors, are available to all residents in Nauru.

**Senator GALLACHER:** You would be aware of the media commentary over the last number of months and disturbing evidence to a select committee, and allegations which simply are allegations. It would seem to draw the dots together, that DFAT has made an assessment that there needs to be substantial investment in this area. Is that a fair assumption?

**Mr Sloper:** Our assessments for this program and for any of our other programs would not be based on those media allegations. They are based on an ongoing need on gender issues in the Pacific, including in Nauru.

**Senator GALLACHER:** In respect of the allegations, you have made an assessment that approximately 20 per cent of the aid budget in Nauru needs to be invested in this area.

**Mr Sloper:** In cooperation with the Nauru government. So it is a joint identified priority by both governments.

**Senator GALLACHER:** Are there any key performance indicators that relate to this investment? Do you measure its effectiveness? Can you point us to any effects that this investment has had?

**Mr Sloper:** I can come back to you on that. I do not have those details here on that specific program. But we do assess all of our programs at the program level.

**Senator GALLACHER:** On an annual basis?

**Mr Sloper:** On an annual basis—and we publish a performance report.

**Senator GALLACHER:** Is there a report for the previous year that we can look at?

**Mr Sloper:** I can obtain it for you. It should be on the website.

**Senator GALLACHER:** Can you tell me what a report like that looks like? Does it say, 'We counselled or offered counselling assistance to 100 people or five people'?

**Mr Sloper:** We have benchmarks for all of our programs. They are done at a high level—

**Senator GALLACHER:** What is the benchmark in this area?

**Mr Sloper:** I do not know what the program benchmark is for this specific program. I do not have those details with me, as I noted.

**Senator GALLACHER:** What would a benchmark look like in this area, in a generic way?

**Mr Sloper:** It could be the number of people we have provided assistance to.

**Senator GALLACHER:** That would be very helpful.

**Mr Sloper:** It could be the people, for example, in Papua New Guinea and, in a number of programs, the women or children who have come to a centre whom we would have then successfully located to another area and possibly provided a cash grant or other support to. It will vary according to the program, but we do measure the number of people we are engaging with and try to assess the success of those programs.

**Senator GALLACHER:** Would this counsellor actually provide counselling to all of the citizens in Nauru, including people who may be in the centre there?

**Mr Sloper:** Any service we are supporting in Nauru is available to anybody who is a resident, should they avail themselves of those opportunities.

**Senator GALLACHER:** So you do have a counsellor in Nauru? There is a current counsellor?

**Mr Sloper:** I do not know if they are on island at present.

**Senator GALLACHER:** So they are not permanently there? Do they fly in and fly out?

**Mr Sloper:** No, I am just making the point that, today, I do not know if the counsellor is there. People do fly in and out regularly—

**Senator GALLACHER:** Perhaps you can take that on notice whether there is a permanently placed counsellor, and that they are provided in situ, not fly-in fly-out.

**Mr Sloper:** Sure. I would be very surprised if it is fly-in fly-out. My only point was we have a range of staff and a range of programs, not always on island.

**Senator GALLACHER:** There was mention of improving Nauru's efforts in the justice sector in respect of domestic violence. Is there any information that you have on that?

**Mr Sloper:** We do training with the Nauru government of both the police forces and law and justice sector officials in this regard. I do not have the details of specific programs both in Nauru and in other programs. I am happy to come back to you on that.

**Senator GALLACHER:** The statement that I have here is:

- Australia is also assisting Nauru to revise its Crimes Act to include a chapter on domestic violence, continue funding the Country Focal Officer for the Regional Rights Resource Team, who supports efforts on domestic violence with the justice sector.

I accept that you do not have the details at hand. I would like the annual report, which should have some reports on key performance indicators; what progress you are making towards improving efforts in the justice sector; how many people have been counselled; whether it is a weekly service or a daily service; and whether, importantly, those people in detention have access to this service. I think that covers Nauru for me.

**Mr Sloper:** Sure. I will see if I can come back to you this afternoon with that.

**Senator FAWCETT:** While we are on that topic, can you just compare for me what we provide to Papua New Guinea in terms of services to victims of family and domestic violence and sexual violence

**Mr Sloper:** Sure. It might be useful to point to a range of successes, because this all relates to the original questions on Pacific women across the board. We operate in not only PNG and Nauru but a set of other countries. To give you an example, for responses to survivors of violence, we have programs in five countries that provided support services for 3,179 women and girls through that facility. Over 4,000 women and children victims of violence in PNG have been repatriated to safety. They received a small grant to help them reintegrate into different communities. That is through support to Oxfam. We are doing some market economic growth support also for small market vendors, for women, operating in a range of countries. In Papua New Guinea, we also work

with the police, with family and sexual violence units, in terms of training. So we have measured successes in these areas. That is not to say that challenges are not there. We recognise that the region has some fundamental challenges in regard to gender, but that is also accepted by most of the governments in the region, who we are working with as partners to address that.

**Senator FAWCETT:** That is good. I want to focus on outcomes; I will come to Ms Moyle in a minute to talk about outcomes. I am interested, given the previous line of questioning, to get a comparison of the quantum of that program in Papua New Guinea. Do you have a figure for how much we are spending in Papua New Guinea.

**Mr Sloper:** I can give you that; just bear with me. I have a breakdown of some of the top level programs and I have a breakdown specifically on gender. Total cost in this year related to gender—we have an equality and gender-based violence program which is estimated to be spending approximately \$12 million this year. That crosses different programs; it is a funding facility that sits on top of the programs.

**Senator FAWCETT:** So about \$12 million in Papua New Guinea on that program?

**Mr Sloper:** About \$12 million, that is right.

**Senator FAWCETT:** So clearly it is a priority for the government, working across a whole range of countries in the Pacific, to be spending quite significant amounts of money in this area.

**Mr Sloper:** Indeed. There is the commitment for \$320 million over 10 years, and that has a gradual increase across a range of programs in almost every country.

**Senator FAWCETT:** Ms Moyle, we had a whole range of questions before about process and internal process. Can I come to the question of outcomes. Can you talk to the committee about the outcomes that we are aiming for, particularly in the light of the 2030 goals, but also in terms of things like the gender equality fund? What are the outcomes we have achieved and are aiming for under that?

**Ms Moyle:** Across the aid program, there are three priorities that we are seeking to advance: one is promoting women's voice, agency and leadership; the second is empowering women economically; and the third is ending violence against women. While we want all of our programs to advance gender equality in the context in which they are working, we want to have a particular focus on addressing those three priority areas. Those are the three that we address.

**Mr McDonald:** You mentioned the SDGs. As you know, Australia have been involved in negotiating those over the last 18 months or so, and one of our major priorities is the gender goal, which is goal 5, and some of the targets that are incorporated in the SDGs for that. They reflect the priorities in the policy and the priorities of the foreign minister in relation to women and girls. When we are overseas, Australia's commitment to this area is repeated over and over again in terms of our leadership. I think it is worth making that point.

**Senator FAWCETT:** One of the foreign minister's key areas in terms of our aid has been the economic development. Do you have specific measures you can talk to in terms of a focus on women and girls and economic empowerment for them?

**Ms Moyle:** There are a range of programs, and I would not be able to canvass them all, but I can give a couple of highlights. Mr McDonald referred to the Investing in Women Initiative, which is in procurement now. It is a brand new program just about to start, focusing on Indonesia, Philippines and Vietnam. It is aiming to work with the private sector around supporting them to do better on gender equality and to take a leadership role in gender equality in the region. That is one program. A second program you might be interested in is the South Asia Regional Trade Facilitation Program, which is a standard trade facilitation program working with the World Bank, but it is taking a particular perspective to say that we recognise that trade facilitation needs to be gender-sensitive. This program is showing the way that these programs can become gender-sensitive. So that is another one. We also have what we call the MAMPU program in Indonesia, which works with women's organisations. One of its primary focuses is on economic empowerment. In our Pacific women program there is a number of economic empowerment focused programs, including working with women in markets and supporting business coalitions for women. Those are just a few of the highlights, but many of our programs aim to advance women's economic empowerment.

**Senator FAWCETT:** Mr McDonald or Ms Moyle, the innovationXchange has obviously been a key initiative of the foreign minister. Can you talk a little bit about what kind of programs are being developed through that? Are any coming up with new and innovative ideas for this gender equality area?

**Mr McDonald:** I might ask Ms Rauter to come up as well. She runs the innovationXchange. As you know, it was launched in March by the foreign minister. It is very focused on new ideas and partnerships and using those in a start-up way to trial new things. One of those areas of focus, for example, is health. There is an initiative that

we are doing with Bloomberg philanthropic where they are providing \$80 million to the initiative and we are providing \$20 million. They are looking at gathering data on health across a number of countries in our region—PNG and Solomon Islands, for example. The reason for this is that we do not know why 65 per cent of deaths that occur in the world occur. Therefore, our ability to implement arrangements to ensure that our interventions are most effective is restricted. We also see an opportunity in relation to this data—because they also provide an analytical capacity around the data by way of advice—to transfer that approach to other initiatives. You mentioned domestic violence. That is a good example, I think, of where we can foresee this initiative, if it is successful, flowing onto data in other areas that are a priority for us. That is a good example for women and girls. I might ask Ms Rauter to add to that.

**Ms Rauter:** Some additional work that we are doing to focus on gender in particular is around entrepreneurship and how we can better support women entrepreneurs and innovators, particularly those who come from developing countries. What we are finding is that innovation is obviously happening across the board, but a lot of those innovations are coming out of developed countries like America, the UK and Australia, and what we want to do is support local innovators as well so that they can equally compete for funds such as the Global Innovation Fund and other grand challenges that are on offer. We are at the early stages of working out how we might best do that in partnership with others.

We are also looking at how we better support women in partnership with our South-East Asia program through the Investing in Women program. We have contributed funding, or will contribute funding, towards that to particularly focus again on women entrepreneurs in South-East Asia and how we promote and build their business models so that they can access impact finance and grow their businesses and be employers of more women. We will have some Challenge funds opening relatively soon in the humanitarian and blue economy areas and, again, we will look at where we can prioritise those programs that focus on women.

**Senator FAWCETT:** So, in the whole InnovationXchange construct, you have had the DFAT Ideas Challenge and, coming out of that, approaches from the private sector and NGOs. How many initiatives have you actually funded to date and what are you putting in place to measure the outcomes that are achieved from them?

**Ms Rauter:** The programs that we have funded to date are, firstly, Seed Pacific. We have not actually funded any initiatives, but we have contracted or are in the process of finalising contract negotiations for the partner to help design that program. That is to, I guess, really work with the private sector, NGOs and academia on how we create shared value projects—projects that help promote economic growth and are commercially sustainable but which also create a development impact. We have also funded the Bloomberg project, which Mr McDonald has already mentioned. We have also provided a commitment and funding to the Global Innovation Fund, which is a partnership with the US, the UK, Sweden and the Omidyar foundation, to support global innovations in developing countries. We have also committed funding, as you mentioned, to the Ideas Challenge. We have run one of those so far and we had two winning ideas through that. One of those was a development idea, which we will fund. It relates to increasing taxation revenues in developing countries and how we incentivise the private sector to use their skills and incentives to work with countries to improve their taxation bases.

As to measuring our impact, we have a secondee with us at the moment from a Washington based organisation called Results for Development. They are working with us through our strategy development and developing a results framework for us. It will be around development impact, obviously, and whether we have increased the cost efficiency of the way that we can achieve that development impact. We will also be looking at how we have leveraged the funds of others through the \$140 million budget that we have and how we have used that to catalyse and leverage the skills, knowledge and capital of other organisations. It will be around those areas.

**Mr McDonald:** On the ideas challenge, it is important to talk about that in two ways. One is the ideas that have emerged. As you know, there were nearly 400 of them in the organisation and there was a collaborative website set up where people were able to comment on other ideas and build on them. The other aspect is around cultural change around innovation that we are embarking on in the organisation. Out of that ideas challenge, one of the ideas that have been picked up is not a development idea; it is around passports, in terms of a photographic approach to those rather than traditional passports and looking at piloting that between us and New Zealand, for example. Also, in relation to women and girls, there was an initiative that came out called the Last Taboo, which is about women's hygiene in the Pacific. That has been taken forward very well. It discourages people in terms of being able to participate in the workforce and the like. That particular initiative was put forward and was called 'The People's Choice'. It was the people of the organisation who selected that. The ideas challenge has had a couple of different purposes, some of which we did not expect, coming out of it.

**Senator DASTYARI:** Let's take a step back and unpack this for me. There is innovation exchange. I got a little bit confused. I tried to get on top of this. I went through the different announcements that were made. In 2014-15, it was listed as a \$20 million item, but you are saying that is part of the \$140 million.

**Mr McDonald:** Correct.

**Senator DASTYARI:** It is a \$140 million fund—correct?

**Mr McDonald:** Correct.

**Senator DASTYARI:** Is that from aid?

**Mr McDonald:** Yes.

**Senator DASTYARI:** It is part of our aid budget—\$140 million has been earmarked or siphoned—

**Mr McDonald:** No, it has not been siphoned. It has been allocated by the government.

**Mr Wood:** It is \$140 million over four years.

**Senator DASTYARI:** It is \$20 million in this budget year, and what is it next budget year?

**Mr McDonald:** It is \$20 million, \$20 million, \$50 million, \$50 million.

**Senator DASTYARI:** At the last budget estimates, there were five programs that you could identify that had funded through this. How many programs can you now identify have been funded through this?

**Ms Rauter:** The ones that we listed before. Some are commitments at this point and some we have funded. The ones that we have passed funding to so far are the Global Innovation Fund and the Bloomberg Data for Health. We have also funded the design cost so far for Seed Pacific and we have also funded design costs towards Humanitarian and Blue Economy, but the challenges have not been released yet.

**Senator DASTYARI:** That is four. Are there more?

**Ms Rauter:** No, that would—

**Senator DASTYARI:** What is Humanitarian and Blue Economy?

**Ms Rauter:** Humanitarian is a challenge the minister announced during the World Humanitarian Summit regional consultations in Auckland in August. It will be a challenge to identify humanitarian related innovations as to how we can better communicate and reach people in remote and isolated communities in the Pacific in the event of humanitarian disasters.

**Mr McDonald:** I could add to that. I was at the humanitarian consultations where this was announced. As you know, next year we have the World Humanitarian Summit in Istanbul, in May. As you know, the humanitarian system is under quite a deal of pressure given the amount of humanitarian crises that people are dealing with and the like. The idea of the challenge and the summit is to identify new ideas and new approaches to the problem.

**Senator DASTYARI:** You are saying this is in Istanbul—when?

**Mr McDonald:** In May.

**Senator DASTYARI:** Do you know who is going yet?

**Mr McDonald:** No, I do not, I am sorry.

**Senator DASTYARI:** That is okay.

**Mr McDonald:** Ms Rauter can add to this, but it is important—in terms of a challenge that you put out to the public to respond to—to effectively identify the problem so that you are getting the solutions coming in or the proposed solutions that will address that problem. We have spent some time between July and now scoping that problem and, therefore, when it is released we are hopeful that we are going to get the proposals from the public that we expect in relation to new ideas and the like. We would then look at looking at those ideas and taking them forward, potentially as one of the options coming out of the World Humanitarian Summit in May.

**Senator DASTYARI:** I just want to touch on this blue economy thing. But before we get to that, I just want to understand. Ms Rauter, the four programs you have mentioned, they are in addition to the five that we had discussed at the last Senate estimates. Now there are nine all up?

**Ms Rauter:** No, I believe they would be the same.

**Senator DASTYARI:** How were there five and now there are four?

**Ms Rauter:** I would have to look at what the last five were.

**Senator DASTYARI:** We have gone backwards!

**Ms Rauter:** They may be projects that we have—

**Mr McDonald:** No, we have not gone backwards.

**Senator DASTYARI:** We are losing projects and we do not even know what they are! They are so important we do not know which ones we are losing! I am being facetious.

**Mr McDonald:** I was going to say, hopefully—

**Senator DASTYARI:** Mr Wood, how much of that \$20 million has actually been spent?

**Mr Wood:** It is \$20 million per annum. I would need to take that on notice in terms of what we spent this financial year. I think we spent about \$20 million last year.

**Senator DASTYARI:** Are these four programs the totality of the \$20 million budget? Can you give me a breakdown of what the dollar allocation for each of these four programs is?

**Mr McDonald:** We are happy to take that on notice and provide that.

**Senator DASTYARI:** But surely you have that. You have got four programs of allocated money—

**Mr McDonald:** Of course we have.

**Senator DASTYARI:** But what I am saying, Mr McDonald, is I am sure you have that here.

**Mr McDonald:** I do not have it with me.

**Senator DASTYARI:** But Ms Rauter does.

**Mr McDonald:** Does she?

**Ms Rauter:** I can give it to you. The SEED Pacific initiative that was announced in March this year has an allocation of \$20 million, which will be put towards partnerships with the private sector and other organisations such as NGOs.

**Senator DASTYARI:** Is SEED Pacific the one where people can write in with their own ideas? Or no, that is something different?

**Ms Rauter:** No, SEED Pacific is the one where we are looking to partner, particularly with the private sector, to bring shared value projects to the Pacific. The challenge fund component of that, which is the \$20 million, has not opened yet for proposals.

**Senator DASTYARI:** Explain this to me, you have a \$140 million fund and within that fund you have put \$20 million aside to SEED Pacific?

**Ms Rauter:** Yes.

**Senator DASTYARI:** By its nature, is that to provide seed funding for projects?

**Ms Rauter:** That would actually be co-funded partnerships with the private sector.

**Senator DASTYARI:** Is that \$20 million a year or \$20 million over the four years out of the \$140 million?

**Ms Rauter:** It would be out of the \$140 million and over three years.

**Senator DASTYARI:** Over three years, okay. So \$20 million of it is for this special seed funding project?

**Ms Rauter:** Correct.

**Senator DASTYARI:** Has that money been reallocated again?

**Ms Rauter:** No, that money is still being set aside for SEED Pacific.

**Senator DASTYARI:** Who administers it? Is it a separate company? How do you set it up; how is it structured?

**Ms Rauter:** It is administered by the innovationXchange, which is part of the department.

**Senator DASTYARI:** You administer this \$20 million fund?

**Ms Rauter:** Correct.

**Senator DASTYARI:** This \$20 million fund—nothing has been decided yet on where that money gets spent?

**Ms Rauter:** Correct. What we are going through at the moment is we have been through a tender process to find a partner to work with us to co-design that process in terms of how we might make that challenge fund the most attractive to the private sector, how we might encourage the private sector to work with the NGOs and academia who have experience in the Pacific, and how we might best collaborate with those sectors through workshop processes so that we get the best results from that challenge.

**Senator DASTYARI:** Okay, so there is a tender process. Is that process underway?

**Ms Rauter:** No, the tender process for a partner has been completed and we are currently in contract negotiations.

**Senator DASTYARI:** This would be on the AusTender website, surely?

**Ms Rauter:** Yes.

**Senator DASTYARI:** So you have completed it and you have a partner, but you have not announced the partner?

**Ms Rauter:** Correct.

**Senator DASTYARI:** So you are at that stage?

**Mr McDonald:** Yes.

**Senator DASTYARI:** And then they are going to help you administer the \$20 million fund and then what? People will apply to this fund?

**Ms Rauter:** Correct.

**Senator DASTYARI:** Okay, that is \$20 million—that is the first one. What is the second one?

**Ms Rauter:** The second one is the Global Innovation Fund. That was announced in September last year.

**Senator DASTYARI:** How much is that?

**Ms Rauter:** That is \$30 million. Again, that is over four years. That is the fund where anyone across the world can apply who has an innovative idea for implementation in a developing country and the types of ideas that they are looking for—obviously, there are new technology—

**Senator DASTYARI:** This is the one where the Americans and the Brits have been quite active in putting money in?

**Ms Rauter:** Correct. So we contribute \$30 million of a \$209 million fund.

**Senator DASTYARI:** Obviously in the other one we are a partner, but in this one we invest in it and someone else runs it—like how the Global Fund works?

**Ms Rauter:** Correct.

**Senator DASTYARI:** We are funding someone else's program. I am not saying that is a bad thing.

**Ms Rauter:** The Global Innovation Fund is set up as a private sector organisation so that they are not restricted just to grant funding, as we would be as a donor. They can put equity or provide debt.

**Senator DASTYARI:** The third one?

**Ms Rauter:** The third one is Bloomberg. This is the Data for Health partnership—

**Senator DASTYARI:** Which you just went through.

**Ms Rauter:** which we have just been through. So we have contributed A\$15 million to that from the InnovationXchange. A further \$5 billion has come from the DFAT health program, and that contributes to a whole US\$100 million program.

**Senator DASTYARI:** Yes, you went through that. It sounds like an interesting program. The final one is the blue economy.

**Mr McDonald:** We are still scoping the blue economy at the moment with other partners like CSIRO and the university sector. That challenge is yet to be announced, which limits our ability to talk in detail about it. It will be announced soon but has not yet been announced. The blue economy initiative is in progress, if you like, heading towards an announcement in the future. What we can talk about is the work we have been doing to scope that, but we cannot go on and talk about—

**Senator DASTYARI:** How much money has been allocated to the blue economy from the fund?

**Mr McDonald:** It has not been announced.

**Senator DASTYARI:** So far you have announced \$65 million of the \$140 million being spent. Is that correct?

**Ms Rauter:** Correct.

**Senator DASTYARI:** So that means it would have to come from \$140 million minus \$65 billion. That is the envelope, unless the government is going to allocate more funding, or less. It will be less than that amount, unless there is more funding. Correct?

**Mr McDonald:** I think that is true, except if you take the Bloomberg Initiative, for example. It is a partnership between the InnovationXchange and our health area. So our health area has contributed \$5 million and InnovationXchange—

**Senator DASTYARI:** I put down \$15 million from InnovationXchange. It was quite clear.

**Mr McDonald:** It is not necessarily the one pool.

**Senator DASTYARI:** From the information you have given us, out of the \$140 million the amount remaining unallocated is \$75 million.

**Ms Rauter:** That is right.

**Senator DASTYARI:** Some of that would go to this. If it were to be more than that, there would have to be an extra allocation.

**Mr McDonald:** Yes.

**Senator DASTYARI:** At this point there is not, but that can always change because governments can change.

**Mr McDonald:** Of course, these are commitments and we will be assessing the projects. For example, in some of these projects we have what I call a 'stop/go point' where we assess whether the project is actually doing what we think it should do. That will also inform what we do with the funding going forward.

**Senator DASTYARI:** On the blue economy, Gunter Pauli says that the ultimate aim is that a blue economy business model will 'shift society from scarcity to abundance with what is locally available by tackling issues that cause environmental and related problems in new ways'. Is that the paradigm that is being espoused by DFAT?

**Mr McDonald:** We are taking advice from others who are expert in these fields about how you frame this challenge. I talked about universities and CSIRO. But our objective is to provide opportunity to address development needs. For example, in some cases it relates to food. In some cases it relates to protein. There are myriad challenges that you could put out on the blue economy and we need to think about what is best for our region. We are thinking about the Pacific and the Indian Ocean.

In the blue economy, just as background information, there are a number of other challenges that are in the wind, in the future, that others are looking to run as well. So we cannot be definitive on what it is actually for yet, because it has not been announced yet.

**Senator DASTYARI:** I am going back to the notes from the previous estimates. One of the things that were funded was the DFAT Ideas Challenge. That was not in the four you just mentioned.

**Ms Rauter:** Correct. Because that one was internal, I forgot to mention it. We committed \$2 million to the Ideas Challenge, again over three years, and out of that challenge there was one idea which was development related, which was the tax one I mentioned earlier. So we have committed half a million dollars to developing a business case and trailing that particular idea.

**Senator DASTYARI:** So the DFAT Ideas Challenge was broader than just the InnovationXchange.

**Ms Rauter:** Correct.

**Senator DASTYARI:** What about the other ideas—the Cloud Passport and the 'No Win, No Fee'? Where were they funded from? I thought the whole thing was InnovationXchange.

**Ms Rauter:** No. The Ideas Challenge was absolutely run by the InnovationXchange, but because of the broader interest across the whole department in promoting and engaging in the innovation agenda we opened that challenge to any foreign affairs and trade related idea. So there were ideas around trade, foreign policy, our corporate systems as well as development. Because we are funded by the development program, we could only fund the development related ideas from our budget.

**Senator DASTYARI:** One of them was development related. The two that you mentioned at the last estimates were the Cloud Passport and 'No Win, No Fee', which sounds like a legal service. I am not sure what it is.

**Ms Rauter:** 'No Win, No Fee' is the taxation idea. The implementation in developing countries we will fund.

**Mr McDonald:** That is a good example of an initiative that has worked in another country—in Africa, I think—that is being translated into our region. The other one that I would add to the Ideas Challenge, although Ms Rauter can correct me, is the Last Taboo, which I talked about earlier. We are proceeding to fund that idea as well.

**Senator DASTYARI:** So there are three ideas that are getting funded.

**Ms Rauter:** There are three ideas that are going to be funded. No payments have actually gone out yet.



**Senator DASTYARI:** The three ideas are 'No Win, No Fee', the Cloud Passport and the Last Taboo. Two of them are being funded out of other places.

**Ms Rauter:** One of them is—

**Senator DASTYARI:** One of them is being funded.

**Ms Rauter:** Two of them are being funded out of the InnovationXchange and the Last Taboo, because it is about women's access to feminine hygiene products in developing countries—

**Senator DASTYARI:** That is being funded?

**Ms Rauter:** That is being funded.

**Senator DASTYARI:** So that is coming out of the \$140 million. You keep adding more. A minute ago we were told there was \$75 million unallocated, but now you are telling me there are two other projects.

**Ms Rauter:** Sorry—I had not finished what I was saying when I was going through the list before. The Last Taboo we are funding jointly with the gender fund and we are contributing \$250,000 towards the development of a business case as to how we might partner with NGOs or potentially the private sector to deliver affordable, accessible products that are environmentally sustainable to women in the Pacific who cannot currently access reliable supplies of feminine hygiene products.

**Senator DASTYARI:** I will just put you on notice, Mr McDonald, that I am going to come back to this blue economy.

**Senator FAWCETT:** Secretary, earlier there was some discussion around the government's decisions in respect of Syria and refugees. Again, a lot of that focused on process. Looking at outcome, could you talk to the committee a little bit about the quantum of what was provided? How does that compare with other nations?

**Mr Verghese:** In terms of the humanitarian assistance?

**Senator FAWCETT:** Yes, humanitarian assistance and the settlement of refugees.

**Mr Verghese:** We have been through the humanitarian assistance in some detail. We broke down the \$44 million additional contribution and the total contribution of about \$230 million and explained which agencies were receiving that money and the channels we went through. I do not know if I have anything more to add to that. I think you may have been out of the room when we went through that.

On the resettlement, that is the responsibility of the Department of Immigration and Border Protection, so they are now well into the process of selecting eligible refugees for permanent resettlement in Australia. But as to the details of it—how far they have got and what the numbers look like at this stage—you would have to ask the Department of Immigration and Border Protection.

**Senator FAWCETT:** So DFAT does not have any role in helping to coordinate that function?

**Mr Verghese:** Obviously we assist at the margins, in that the selection process will require Immigration officials to be operating abroad, and through our global network we will provide them support. But the policy lead and the operational implementation is with Immigration.

**Senator FAWCETT:** Going to the cause of the refugee crisis, clearly it is the conflict in Syria, and that is predominantly, at its early stage, between the Assad regime and the broader Sunni opposition there. What role is Australia playing in seeking to find a political outcome for that situation?

**Mr Varghese:** Our role, firstly, is to help deal with the humanitarian crisis. We have explained that, in terms of our assistance to NGOs and international organisations as well as our resettlement objective. Secondly, our role is to deal with the very particular threat posed by ISIL, which is one element in the overall set of challenges, in this region, across Iraq and Syria. That involves, as you know, the commitment of Australian forces, in terms of aerial targeting, as well as the work we are doing with the Iraqi defence forces to train the Iraqi defence forces.

We also have a strong interest in the broader question of a political settlement. As we discussed a little bit earlier this morning—I think you might have been out of the room, at the time—this complicated set of issues, ultimately, can only be resolved, in any enduring sense, through a political settlement—a political settlement in Syria and, also, more progress than we have seen so far in accommodating Sunni concerns in Iraq. They are both vital elements to a broader settlement of the drivers of this conflict.

We will do what we can, in relation to contributing to that broader political settlement, but recognising that Australia is not a principal actor on those broader issues. We are supportive of the efforts the United Nations is making. We are supportive of the Geneva process, which has carriage of the architecture of a political settlement. The foreign minister has been active in the comments she made in New York during UNGA Leaders' Week and, subsequently, about the importance of a broader political settlement and to make the point that we all needed to be

open to a range of options, in relation to whatever transitional arrangements will be required—as, inevitably, they will be in Syria—as part of a broader political settlement.

**Senator FAWCETT:** On the broader front, we have canvassed in this forum, before, Australia's international engagement dealing with the fallout of the crisis in Syria and, particularly, the vacuum that has allowed ISIS or Daesh to establish. Have there been any developments since then, in terms of our engagement at an international level, to try to stem the impacts of terror?

**Mr Varghese:** Our focus, in relation to the terrorist challenge is, firstly, what we are doing to counter, contain and, ultimately, defeat ISIL. It is the training we are providing to Iraq. It is the commitment of our aerial assets for bombing ISIL targets, both in Iraq and across the border in Syria. It is the efforts we are making on the broader countering-violent-extremism agenda through the global forum on terrorism, through participation, for instance, in President Obama's summit on countering violent extremism, in New York, during leaders' week, through extensive cooperation on counterterrorism with a whole range of countries, including countries in the region, because there is a regional element to this.

We work closely with our partners in South-East Asia, because we are all facing this common challenge of fighters going across from our countries to participate in the conflict and then having to deal with the consequences of that as well as the whole radicalisation process. There are a number of strands to the way in which we are approaching the terrorism element to it. On top of that, there is that broader political settlement that I have just covered.

**Senator FAWCETT:** In terms of practical things—starving organisations of funds or restricting travel—are there any updates to announcements that we have made in the past about declared areas, numbers of passports confiscated or any of those issues?

**Mr Varghese:** We have not declared any additional areas, so there is no update on declared areas. Cancellation and suspension of passports continues. The foreign minister continues to exercise her authority to cancel and suspend passports. I do not have the latest figure off the top of my head, but I think it would probably be around 140. Perhaps there is someone here who does have that number. It is a number that keeps going up, not in tens or hundreds, but this is something that is kept under very close, continuous review.

**Senator RONALDSON:** Just on that point, I think Mr Dutton, I read this morning, made some points that about a third of those who leave these shores to fight overseas have been killed. I know the foreign minister has been very strong in her commentary about the fact that people should not be doing this. She is using both the public sense and also her inherent powers. How closely do you work with Immigration and Border Protection in relation to the communication of this message to the wider community about the inherent dangers and risks and what the ramifications might be?

**Mr Varghese:** There is a very strong whole-of-government effort here which brings together all the relevant agencies. It has been strengthened by the creation of the counter-terrorism coordination position, the one that Greg Moriarty is filling. We work very closely with all of the agencies that are involved. We work very closely with the intelligence agencies, with the Department of Immigration and Border Protection and with the Attorney-General's Department, because it is the complete spectrum of issues that we wanted to be dealing with, both at the hard end and in terms of what we do with this very complicated challenge of the transmission belt to terrorism, if you like, and how you counter violent extremism and what pre-emptive and preventive measures you can take. There is a large global conversation going on about those issues, and our partners are an important part of that global conversation. More specifically for DFAT, our Ambassador for Counter-Terrorism plays an important role in terms of building better relationships with other countries so that we can share experiences as well as share information and all the other things we need to do to address this challenge.

**Senator FAWCETT:** I would like to move to a different area if I could, and that comes back to the government's response to the cyclone in Vanuatu. I have mentioned previously here that committees from this parliament have been to Vanuatu on a number of occasions and seen the good work that DFAT has been doing over there. Clearly, a lot of that development work has potentially been undone as a consequence of the cyclone. I am interested to see where we are at with our support for that community to recover.

**Mr Varghese:** I will ask Mr Isbister and Mr Sloper to take you through some of the details. Can I just make one observation about this? It is actually a very good example of the merits of integrating aid and foreign affairs—in other words the merits of the AusAID integration. What we were able to do in Vanuatu in a more seamless way than in the past was to bring together our crisis response capabilities across consular and aid work and also to better ensure—these were threats that were there before and we dealt with them as best we could, but I

think having all of this under the one roof has meant that our foreign policy and aid objectives in Vanuatu, for instance, have been able to be much better integrated. I will leave the details to Mr Isbister and Mr Sloper.

**Mr Sloper:** As you are probably aware from our discussions last time, in response to the crisis there were a series of announcements providing \$35 million in assistance. That ranges from the immediate support through to supporting livelihoods, economic recovery, work in the private sector, repairing and rebuilding infrastructure and working in communities on how to address long-term livelihood prospects. The package aligns with what was identified by the Vanuatu government's national recovery plan. All our projects will be coordinated with the national government in Vanuatu and the release of those funds will be a joint decision on each occasion.

Vanuatu has recently finalised its national recovery plan. The first set of projects are due for consideration soon. We are finalising design. We are building on expertise in the current program. I can talk about what we have achieved so far, if you wish. It is worth noting that the current situation in Vanuatu has meant that at least for the last few weeks we have worked at officials level pending final decisions, but we have pipeline of work coming forward.

**Senator FAWCETT:** It is certainly going ahead. There are a couple of areas that I would be interested to understand. We had a fair investment previously. I think Senator McEwan was there with me when we did that last delegation and looked at that investment we had done in skills and trade training and development of infrastructure to support the growing partnership with Carnival, who were doing the cruise enterprise. I would be interested to know what is happening in terms of re-establishing the fairly substantial investment we had in that area. The other more specific interest was the seaside communities. We had some discussions post that delegation about wash, in terms of water and sanitation. DFAT had been engaged then to provide the individual households there with suitable containers for drinking water—really basic stuff. Clearly the cyclone had potential to completely remove all of that. I am interested to know whether we are looking to work with them to re-establish what was a fairly long and tortuous process for a simple and basic outcome of clean drinking water—whether we are looking to re-establish that level of amenity to the community.

**Mr Sloper:** The short answer is yes, we certainly are. In terms of building on our existing programs, we want to draw on expertise working with partners. The MOU with Carnival continues. Tourism is a key driver of the Vanuatu economy. Cruises resumed soon after the cyclone. There was initially work done to clean up the port. That company has visited and has engaged with the Vanuatu government. As you are probably aware, under a MOU with them they employ a number of Ni-Vanuatu as hotel staff on board. They have also expanded their cooperation now to include sets of handicrafts produced by local communities that cruise tourists visit. They are now in cabinets available for sale throughout their cruise ships that go into that region. That is providing immediate relief back to those communities.

In relation to the coastal communities. We may have discussed this slightly before. Their initial response focused very much on water, sanitation and hygiene. For the reasons you point out, it was not a lack of water but a lack of potable water—water that was safe to drink. We did provide assistance to over 30,000 people and that was complemented by shelter kits for those who had their homes destroyed, tools and seeds to other households and repairs to houses to help make them cyclone resilient. Part of our forward program will be to build better, so that should another event similar to this occur—and the likelihood of cyclones is high, of course—they are better prepared.

In terms of that preparation, it is also worth noting that the work we have done previously with the Vanuatu government on early warning systems facilitated increased safety in response to that. The comparable mark is probably the cyclones in the eighties, when we had a greater loss of life. On this occasion, because of that cooperation, most residents were prepared. Certainly the damage was extensive, but the loss of life was reduced.

**Mr Isbister:** Daniel has well covered some of the initial response aspect. In the last estimates we talked through what we had done in the initial relief aspect. The only point I would mention is that some of the investment that was put in, in terms of building government capability to manage disasters, paid dividends during cyclone Pam and is continuing to do so now. We continue to have personnel deployed under the Australian Civilian Corps working with the national disaster management organisation. We also have partnerships with the Red Cross movement and NGOs to help strengthen that capability. So communities and government can remain in the lead in response to those crises.

An area where Australia continues and will probably strengthen our investment is how we are bringing our Pacific partners together to share those experiences across the Pacific. There is a Pacific humanitarian meeting in a couple of weeks which brings our different NDMOs across the Pacific to look at the experiences, what is there to learn from it and, from that, the experiences in the future and how to manage responses.

**Senator RHIANNON:** This is about Bougainville and PNG, please. How is DFAT responding to calls for a possible referendum on independence for Bougainville?

**Mr Varghese:** I will see if Mr Sloper wants to add to this but, under the Bougainville Peace Agreement, there is provision to hold a referendum on the question of independence sometime in the period between 2015 and 2020. Our approach to this, I guess, is at a number of levels. Firstly, we are doing a substantial amount of development assistance work in Bougainville to ensure that we can do what we can to strengthen institutions and the economy of Bougainville. Secondly, we, obviously, want to see this process handled as smoothly as possible and therefore we encourage both the central government in Port Moresby and the Bougainville government to address these broader political questions about the holding of the referendum and the arrangements that can maximise, I suppose, the development opportunities of Bougainville and the dialogue between Port Moresby and Bougainville.

**Senator RHIANNON:** Have any DFAT representatives had talks with Mr Tanis in his position as the interim secretary of the Department of Referendum, Veterans Affairs and Peace with regard to this referendum proposal?

**Mr Varghese:** I will ask Mr Sloper if he is aware of any.

**Mr Sloper:** I am sure our staff have had discussions with Mr Tanis. Whether that particular proposal has arisen, I would have to take on notice. We are involved in discussions on a regular basis with both representatives from the Bougainville government and the Papua New Guinea government.

**Senator RHIANNON:** Did I understand that you are assuming that there have been discussions on the referendum or—

**Mr Sloper:** I am saying that we have regular discussions with Mr Tanis and other officials. Whether they have specifically focused on the referendum proposal as a subject matter, I do not know; I will take that on notice.

**Senator RHIANNON:** If you could take that on notice and if it is about providing resources and advancing the referendum; and any assistance that is being asked for or been offered.

**Mr Sloper:** I can answer that now: we have not received any formal—or informal requests, I should say—for assistance in that regard yet. I think a date has not yet been set for a referendum, and both the Papua New Guinea government and the autonomous Bougainville government are in discussion on that process as outlined by the secretary.

**Senator RHIANNON:** Thank you. What dealings has the department had with Adam Smith International with regard to mining in Bougainville?

**Mr Sloper:** Senator, if you just pause, I think we answered that question previously—and I can give reference to that both on notice and I can refer to the particular question—but we have not had meetings since that time.

**Senator RHIANNON:** I was also interested in the degree of DFAT advice on the new mining law, which I think is relevant to this question.

**Mr Sloper:** Sure. I might answer that first while I look for the reference to the previous question on notice and answer. We are not providing any mining related activity under the aid program at present. Previously, you have asked us with regard to that. We have outlined how we supported participation through the mining for the development initiative in some consultations with community members and other stakeholders on Bougainville. That was funding an autonomous Bougainville government led initiative. As part of that, there was a visit to Australia and a conference—and I can table that, as I said, in exact details as we have previously but they have not changed since then.

**Senator RHIANNON:** Apart from the aid budget, have there been any exchange, advice or interactions over the mining act?

**Mr Sloper:** As we discussed last time, the mining act has now passed and we also discussed the fact that a number of advisers had been provided to the autonomous Bougainville government as part of our broader program, some of whom provided advice on the drafting of the legislation.

**Senator RHIANNON:** I appreciate that you have given me the advice. I am just trying to understand the interaction. You just said that there were a number of advisers. Is that occurring currently?

**Mr Sloper:** We are not funding any mining related activity under the aid program at present. We do have a number of advisers in positions in the Autonomous Bougainville Government consistent with our broader program. They are not working on mining related activities as far as I am aware at this stage. There is no particular role in regard to that.

**Senator RHIANNON:** Could you take it on notice? You said as far as you were aware.

**Mr Sloper:** I can clarify that. I can give you an update on the table that we have provided previously on the current program, if you like.

**Senator RHIANNON:** Thank you. I understood that response was in the context of under the aid program.

**Mr Sloper:** Yes.

**Senator RHIANNON:** Separate from the aid program, is there any assistance interaction being undertaken with regard to advancing how the mining act will work?

**Mr Sloper:** Not in terms of advancing the mining act. We talk to the stakeholders, Australian companies, companies in Bougainville and Papua New Guinea, in Port Moresby, and community groups as part of our broader interaction with Bougainville and the PNG government.

**Senator RHIANNON:** Over what period of time has that been happening?

**Mr Sloper:** It continues. It is not a set period or a set initiative. It is when it occurs as part of broader discussions.

**Senator RHIANNON:** Is the intent of that to explain how the mining act will work and how the companies could operate under that mining act?

**Mr Sloper:** No.

**Senator RHIANNON:** Is that what you were referring to?

**Mr Sloper:** Certainly not. If we are asked, we may provide an opinion. But that is really advice that needs to be sought from the Autonomous Bougainville Government or the Papua New Guinean government. As far as I am aware, we have not been approached on how that act would apply.

**Senator RHIANNON:** Sorry; I may have misunderstood. I thought you were saying currently the interactions you or your representatives or your assistants are having are about the mining act.

**Mr Sloper:** No. I said that during discussions on broader issues in Bougainville, the mining act may arise in conversation but that we are not advocating a particular position with regard to the mining act and we are not providing advice on that.

**Senator RHIANNON:** Given evidence of mismanagement and corruption within the Autonomous Bougainville Government, what risks does the department see in achieving the timetable set out in the Bougainville peace agreement, given the stipulated requirement of good governance?

**Mr Sloper:** With regard to the aid program, as you are probably aware, Senator, we have a zero tolerance for fraud and, with most of our partners, we have agreements with them to investigate fraud and allegations of fraud when they occur. I do not think the specific cases in Bougainville suggest that things will change in terms of the broader objectives that you were seeking.

**Senator RHIANNON:** I understood that this year the Auditor-General's Office tabled its annual financial audit on the Autonomous Bougainville Government relating to 2011-13 and serious concerns were raised over the integrity of the Autonomous Bougainville Government and problems there.

**Mr Sloper:** Is that an Australian National Audit Office report?

**Senator RHIANNON:** No, I think it was their audit office.

**Mr Sloper:** I am not aware of the report; I am sorry. I can assure you that, whenever allegations of fraud are raised with us, we investigate them thoroughly and if funds are allegedly taken we then, with our partners, investigate them—if possible, leading to prosecution and recovery of funds.

**Senator RHIANNON:** So you have had no examples come before you?

**Mr Sloper:** I am aware of two cases of fraud which are both currently under investigation in the Bougainville program.

**Senator RHIANNON:** So you are aware of two cases of fraud and you operate with zero tolerance. Could you explain what zero tolerance means when you are dealing with two cases?

**Mr Sloper:** Zero tolerance means that when a case is alleged to have occurred it is reported directly to Canberra and another division has responsibility for fraud investigations. They then look at that case and the evidence provided and then pursue that. If it needs to be referred to law agencies it is then referred on. In cases in the Pacific, when we have identified that there has actually been fraud, we have then raised that with our partners and, if possible, have pursued prosecution and recovery of the funds. In some countries, we actually have a bilateral agreement on recovery of funds and then we see that back.

**Senator RHIANNON:** So zero tolerance means that you are going through the legal processes within that country—and this is my question; I am not trying to assume anything—and it does not mean that you are going to cut off the aid or the programs?

**Mr Sloper:** No.

**Senator RHIANNON:** So zero tolerance means that you will use local processes to deal with the corruption that has been identified?

**Mr McDonald:** I might be able to help. What we mean by zero tolerance is that whenever there is a referral to us of any perceived corruption or the like, we investigate that fully, as Mr Sloper has just been through. We pursue recovery of those and we pursue prosecution. In the design of our programs, we build in requirements around managing corruption and fraud. We also provide training for providers as well as our own staff.

So, when we talk about zero tolerance, we are talking about our whole approach to fraud in the program. As you well know, we work in a number of countries where corruption is an issue, and we need to make sure that both our program design and the training and support we give to our staff and partners can identify that fraud and then address it at the time.

**Mr Sloper:** I would just add one point. Ahead of the development of individual programs, we do make an assessment of the fiduciary risks involved. That guides how that program will be implemented, and it will vary according to the program in the country.

**Senator RHIANNON:** I want to move on. With regard to the TransPacific Venture mining executives, Mr Renzie Duncan, Mr George Nicholson, Mr Mike Etheridge and Mr David Ansley, there have been reports recently of activities and an information memorandum produced by the TransPacific Ventures Limited in July 2013 for a share issue under the Corporations Act. TransPacific Ventures claims it has been involved in high-level negotiations with PNG Prime Minister Peter O'Neill and the Autonomous Bougainville Government to ensure that their government is in a prime position to mediate on the island's resources. Could you comment on these reports?

**Mr Sloper:** I am not aware of those reports; so I cannot provide a comment.

**Senator RHIANNON:** You are not aware at all of the activities of TransPacific Ventures?

**Mr Sloper:** No.

**Senator RHIANNON:** And none of those people that I mentioned?

**Mr Sloper:** No.

**Senator RHIANNON:** Mr Varghese, is there anyone here who has had dealings with or has been monitoring developments to do with TransPacific Ventures, considering these high-level talks with the PNG government?

**Mr Varghese:** If the division head is not aware of it, I doubt there will be anyone else in the room that would be aware of it.

**Senator RHIANNON:** So you are not able to comment on whether they are in breach of Australian or PNG law in terms of how this Australian company is operating?

**Mr Varghese:** No.

**Senator RHIANNON:** In its family, health and safety study of the Bougainville region, the UN Development Program has reported high levels of post-traumatic stress disorder. Is DFAT aware of these reports and is any specific investment being made to help treat these victims?

**Mr Sloper:** I am not aware of a specific program targeting individuals recovering from post-traumatic stress disorder. Certainly we are aware of individuals experiencing that because of the conflict in Bougainville in the past. We do have investments in health in community health worker training, maternal child health, infrastructure prevention and communicable diseases. Whether as a subset we have an individual program that relates to post-traumatic stress, I am not sure. I would have to take that on notice, but I do not think we do.

**Senator RHIANNON:** Thank you; please take that on notice. Could you outline how the program for the training of the Bougainville Police Service officers is proceeding and the level of the involvement of DFAT and the Australian Federal Police?

**Mr Sloper:** This year we have provided approximately \$5 million towards strengthening law and justice agencies. That includes some training for the Bougainville Police Service officers, land mediators, village court officials and the construction of some housing and correctional facilities. In Bougainville, PNG and elsewhere we are in regular discussion with the Australian Federal Police on their programs. But questions on those specific programs that they are undertaking should be directed to them.

**Senator RHIANNON:** What proportion of the assistance going to Bougainville does this assistance to the police make up?

**Mr Sloper:** The law and justice program is \$5 million of a program that is estimated this year to total \$47.4 million. I cannot break down within that a smaller figure that relates directly to police assistance.

**Senator RHIANNON:** Where are the facilities being built and who makes the decision on where those police facilities should be built?

**Mr Sloper:** I will have to take on notice where the facilities are being built, but the decisions would be made in consultation with the Autonomous Bougainville Government and the Bougainville Police.

**Senator RHIANNON:** Is the decision on the possible location in the context of where the mining operations are and how that would need to be managed?

**Mr Sloper:** I am not aware of those considerations, but I can take that on notice. I suspect that considerations would focus on the Bougainville government police agency and the most utility.

**Proceedings suspended from 12:30 to 13:29**

**CHAIR:** We will resume.

**Senator WILLIAMS:** We are in outcome 1?

**CHAIR:** You just get underway, Senator.

**Senator WILLIAMS:** I refer to the official development assistance program, specifically Samoa. Who is responsible for that?

**Mr Varghese:** Mr Sloper.

**Senator WILLIAMS:** How much money are we giving Samoa in this financial year?

**Mr Sloper:** If you could just bear with me and I will pull it up for you.

**Senator WILLIAMS:** Thank you. I will guess around \$37 million—but only guessing.

**Mr Sloper:** An informed guess, perhaps. You are very good. You are right. Total ODA to the country scheduled for this year is estimated to be \$36.8 million.

**Senator WILLIAMS:** I was a couple of hundred thousand out.

**Mr Sloper:** It covers bilateral aid through a country program of \$23.6 billion and a Pacific regional program—so we have a regional program that delivers benefits to Samoa—which we estimate to be approximately \$9.5 million. Then there are some other aspects from global programs that will benefit them.

**Senator WILLIAMS:** Some of that money is directed to roads, I believe.

**Mr Sloper:** That is right.

**Senator WILLIAMS:** How much money for roads?

**Mr Sloper:** I would have to take that on notice. I do not have a breakdown.

**Senator WILLIAMS:** If you could that would be good.

**Mr Sloper:** If you just bear with me, I might be able to give you a broad—no, I only have urban development. I cannot break it down specifically for roads.

**Senator WILLIAMS:** Are they for specific roads for a specific purpose, like shifting agricultural produce or whatever?

**Mr Sloper:** I will check, but normally our investments are on what we describe as roads to sustain economic growth.

**Senator WILLIAMS:** Here is my problem. I have been to Samoa three times. The first time was Christmas 2011 and I have been trying to help the people ever since. I have taken Nabi Saleh from Gloria Jeans there to try to develop the coffee industry. When I went back in 2012, they had just had a stimulus package and the government were getting farmers to grow coffee trees. They were planting an early 1900s variety the Germans took there. It would be like me planting a 1900s variety wheat today, which would not be very successful. They are now picking the coffee beans three years later. I saw the agriculture minister and I said, 'How's it going?' He said, 'We've got a problem.' You see, Mr Sloper, when you pick coffee beans, the first thing you have to do is process them to get the skin and shell off them. They do not have a processing machine, so they are picking the coffee beans and throwing them away. Not a very smart stimulus package.

I learnt that they have about a \$2 billion GDP with a \$1.4 billion debt. They are going down the tube, the same direction as Greece. I have tried my best with the foreign minister and staff et cetera to develop some sort of

proper, modern-day coffee industry, so they can grow coffee, process it—whether it is arabica or robusta—and put it in a jar and sell it. If we do not help these people get industries going, they will go broke. It infuriates me that we give them money that, I think, is not directed properly. I have met with ACIAR and, in my opinion, that was a waste of time. What programs can be developed to actually get them to establish proper, ongoing, sustainable agricultural industries that will benefit their living standards and the health of their economy? Do you know of any? How do we assist them?

**Mr Sloper:** I might make a few points and, hopefully, that will contribute to the discussion and then we can take more on notice. Firstly, just to note that the priorities of the current program are those that are agreed with the Samoan government. We sit down with them and go through what they see as priorities for their economic development and then we work that through. The issue of debt sustainability is not distinct to them, but it is certainly a pressing issue for a number of governments in the region. One element of our aid program is focused on economic growth, enabling economic growth, and we do have schemes that work with local businesses in trying to support entrepreneurship. You mentioned roads before. We do invest in roads that are identified as leading to economic growth—that is, linking markets or farms and so on—or we work on roads that are identified by the government—

**Senator WILLIAMS:** The roads are very good—

**Mr Sloper:** Yes, they are generally very good.

**Senator WILLIAMS:** if you have something to cart on them, if you have something to carry on them. But if you do not have an industry to put on your roads to carry to market or processing, then to me that is a situation where you have the cart before the horse. This could be handled a lot better. What can I do from here? I am getting frustrated. Three trips I have made now, trying to help these people. They are good people. They have thousands of acres of land simply doing nothing. They have high unemployment. If we are going to put taxpayers' money in there, we should do something properly, whether it be cocoa, coffee—or both—to set up a proper industry that can sustain them and grow. The second-highest commodity demand in the world, the one behind oil, is actually coffee. They have the ideal climate to grow it but they are not doing it properly. What can we do to help?

**Mr Sloper:** We have some Pacific regional programs that work with agricultural producers to develop markets. Separately from this session, I am happy to take the details of the organisations and companies you are dealing with. I cannot guarantee that we will have a program that will fit, but we can look at those opportunities.

**Senator WILLIAMS:** Developing a market is fine, but you have to have something to sell into the market.

**Mr Sloper:** You certainly do. When you say, 'developing a market,' I am talking about assisting companies to take produce—be it vanilla beans, be it coconuts, be it coffee—and to work out how they can take that product through to a point of sale.

**Senator WILLIAMS:** The point is: they are not growing coffee and very little cocoa to take to market. Can we help them actually grow? Then we can help the market, but they have to grow something on their land. Their land is not being used. Couldn't you concentrate on that, to actually develop industries? Could I have a meeting with you one day in my office? Are you based in Canberra?

**Mr Sloper:** I am based in Canberra. I am happy to meet with you.

**Senator WILLIAMS:** Could you come up next parliamentary sitting and I will have a meeting with you?

**Mr Sloper:** Indeed.

**Senator WILLIAMS:** The second issue is sheep.

**Mr Sloper:** Sheep?

**Senator WILLIAMS:** Yes, they are starting to run sheep. They are buying Fiji Fantastic, as the sheep are called, out of Fiji. I believe they are paying about FJ\$3,000 a sheep, chartering a 767 to fly them in. I saw the sheep while I was there—I know a bit about sheep; I have shorn a few in my day. We should look at getting Dorpers here in Australia that can handle wet conditions, as they do on the north coast of New South Wales—a much quicker growing lamb at a much cheaper price.

**Mr Sloper:** I know that breed.

**Senator WILLIAMS:** I would like to talk to you about that as well, if I could. If we are going to put taxpayers' money in, let's get industries going or they are going to go down the same road as Greece.

**Senator DASTYARI:** In addition to what Senator Williams was saying, I have seen pictures of his 400 head of sheep, so he knows what he is talking about. I have seen photos of his farm.



**CHAIR:** Were they shorn, Senator Dastyari?

**Senator DASTYARI:** To be honest, I am not sure I can tell the difference. Mr Varghese, I just want to ask a few questions about China. I am not sure if you want to have the China desk person here or not—it is obviously up to you. I want to ask a few broader policy questions but, before we get to them, how would you categorise the situation at the moment in the South China Sea?

**Mr Varghese:** At the moment we have a number of unresolved issues in the South China Sea, and they are potential sources of tension for the region. These questions of how you address competing sovereignty claims and how we, as a region, deal with and respond to land reclamation all go to the heart of the kind of strategic culture that we want to see established in the region and, in particular, the ground rules for the behaviour of states.

From an Australian perspective, we would like to see these unresolved issues settled through an effective and peaceful process, which is framed by the foundation principles of international law, which respects freedoms such as freedom of navigation; recognises that unilateral actions that can raise tensions are not in the interests of the region; and encourages countries to arrive at a resolution within the framework of international law.

**Senator DASTYARI:** There are two things that I am going to ask you to explain to me. There has been a lot said in the media in the past few weeks about the term 'freedom of navigation'. My understanding is that that means the right to be able to travel on water. Can you explain to me what the term means?

**Mr Varghese:** I think there is probably two categories of freedom of navigation: one is the freedom of commercial navigation and the other is, broadly, the freedom of military navigation. All of that is governed by a system of rules under the law, the sea convention and under customary international law. I think the concern here is a putative concern—it is not as if, at the moment, there are serious obstacles to freedom of navigation. It is a concern as to whether some of the trends in the region may create an issue in terms of freedom of navigation.

**Senator DASTYARI:** This has been around on the internet and in international papers, so you would have obviously seen that this is all on the public record. From the photos that have been around, it would appear that the islands that have the ownership under dispute—I do not know if 'ownership' is the right word or 'sovereignty' or 'nationality'. Is it ownership or sovereignty? What is the word I should be using?

**Mr Varghese:** Sovereignty.

**Senator DASTYARI:** At a very simple level, and I know that it is far more complex than this, there is obviously a disputed number of islands within the South China Sea, the sovereignty of which is being challenged by the nations within the region.

**Senator Brandis:** Senator Dastyari, I think it is a little dangerous to generalise in an area as sensitive as this. It is undoubtedly true that there are rival territorial claims in relation to certain islands. It is also true that there has been some reclamation. There is a distinction in international law between islands and what are called low tide elevations, which are not islands and, potentially—this is not an entirely settled area of international law—different consequences in terms of, for example, the generation of a territorial sea flow from the topographical characterisation of these localities, to use a neutral word. The reason I make that caution is that the issues in relation to the various matters in the South China Sea have different dimensions and different characteristics depending on which island and low tide elevation one is speaking of.

**Senator DASTYARI:** Minister, I think that you have fantastically summarised and explained the situation in a general way more eloquently than I was going to be able to do.

**Senator Brandis:** I was not trying to do that. I was merely trying to say that we need to be a little more specific in our language, and if you can refer to particular localities by name so that we know which ones we are talking about, that would be helpful.

**Senator DASTYARI:** Mr Varghese, the AUSMIN talks were in Washington—was it last week or the week before?

**Mr Varghese:** They were in Boston last week.

**Senator DASTYARI:** Obviously, the Minister for Defence and the foreign minister attended. Did you attend those talks?

**Mr Varghese:** I did.

**Senator DASTYARI:** I imagine a series of representatives or a delegation from DFAT goes. Do you go every year to these talks?

**Mr Varghese:** I usually go to the AUSMIN talks, yes.

**Senator DASTYARI:** Can you explain to me how it works. Is it in the US one year and then one year in Australia?

**Mr Varghese:** That is correct.

**Senator DASTYARI:** So it is a kind of rotation. How many years has it being going on for at that level?

**Mr Varghese:** AUSMIN itself is a successor to what used to be the ANZUS talks, but when the New Zealand-US leg of ANZUS no longer operated, we turned into AUSMIN. It has probably been operating for 30 years now.

**Senator DASTYARI:** At the end of those talks there was a communique, which I have a copy of here on my computer, which is obviously standard procedure at the end of these kinds of discussions.

**Mr Varghese:** That is right. We normally have a communique at the end of AUSMIN.

**Senator DASTYARI:** I do not want to go too much to the nature of the talks, because the talks at that level obviously are fairly free-flowing and there are a fair few discussions that I imagine cover a wide range of topics, including China, the South China Sea, international events, Europe and other matters. But would it be fair to say that matters relating to the South China Sea were discussed as part of the talks? I think the communique outlines that as well.

**Mr Varghese:** Sure, and that is reflected in the communique.

**Senator DASTYARI:** There has been some media commentary that the US Navy is now reportedly planning to sail right into a 12-nautical-mile zone, which goes to what the minister was saying before: what is and is not territorial changes the fact of whether or not something is or is not a 12-mile zone belonging to a sovereign nation. It all comes down to ownership. You would be aware of those kinds of comments, Mr Varghese?

**Mr Varghese:** I am aware of the reports, yes.

**Senator DASTYARI:** Have you provided advice to government about those matters? I am not asking for the nature of that advice, but have you had provided advice to the Australian government about those matters?

**Mr Varghese:** About which matters in particular?

**Senator DASTYARI:** About two sets of matters. We will start more broadly. Have you ever provided advice to government about the sovereignty claims in the South China Sea?

**Mr Varghese:** We have provided advice about a number of issues that relate to the South China Sea, including explaining the legal framework that applies, as the Attorney-General has just indicated, and explaining what the positions of claimant states are and what the positions of other regional states are, because this is an issue which finds its way onto the agenda of many different meetings. It was there in AUSMIN but it is also an issue which is discussed regularly in the East Asia Summit; it is discussed regularly in the ASEAN Regional Forum. So there are many occasions on which the government addresses it.

**Senator DASTYARI:** Have you provided advice to government about the implications of participation in sailing into the 12-nautical-mile zone—what was reported in the papers?

**Mr Varghese:** There is no request to Australia on the table in relation to doing something with the United States along those lines.

**Senator DASTYARI:** So that is a no?

**Mr Varghese:** I can repeat what I said and—

**Senator DASTYARI:** I know you can repeat what you said. You are very good at repeating what you said. My question was not whether the Americans have requested it. My question was: have you provided advice to government?

**Mr Varghese:** On a request that has not been made?

**Senator DASTYARI:** No. I said: have you provided advice to government about participating? You can foresee potential things happening. If the answer is no, the answer is no. But you are not saying no.

**Mr Varghese:** Well, we tend not to provide advice to government on hypothetical requests.

**Senator DASTYARI:** So you have not provided advice to government on the consequences of participation in an exercise within what China will claim would be the 12-nautical-mile radius around the disputed islands?

**Mr Varghese:** I think it is fair to say that we have canvassed within the department a number of possible options.

**Senator DASTYARI:** What does that mean?

**Mr Varghese:** It means what it means.

**Senator DASTYARI:** So have you provided advice to government or not?

**Mr Varghese:** We have not provided advice specifically on the issue that you have raised.

**Senator DASTYARI:** And how would you define the issue I have raised—as in—

**Mr Varghese:** In the way that you posed it.

**Senator DASTYARI:** We are going to get ourselves into semantics around this. There were media reports following the AUSMIN talks that said that the US proposed no specific measure and Australia agreed to take no specific measures of its own. You are not going to be able to confirm or deny whether that is right or not, because I assume those talks were confidential beyond what was in the communiqué—correct?

**Mr Varghese:** That is correct.

**Senator DASTYARI:** Fair enough. So specifically you are saying no advice has been provided to government about the consequences or otherwise of Australia participating in or taking action to take sail into the 12-nautical-mile territorial claim—correct?

**Mr Varghese:** Let me put it this way: there is a nest of issues that arise from what is currently happening in the South China Sea and, from time to time, it has been the subject of consideration by the government. That has not required advice on the very specific issue that you have raised. But naturally when you are looking at a series of issues you are going to look at a number of possibilities and a number of options. That is the way policy framing works.

**Senator DASTYARI:** So you are saying that, on a narrow interpretation of what has or has not been provided, the answer would be no and that, on a broader interpretation of the options, risks and possible scenarios and events flowing from—

**Senator RONALDSON:** Chair, on a point of order: I am full of admiration for Senator Dastyari's method of getting around what we have agreed on, but this is really a backdoor attempt to find out what the nature of the advice is.

**Senator DASTYARI:** At no point have I asked about the nature of the advice.

**Senator RONALDSON:** You are canvassing a whole range of options as to what may or may not have been part of the advice. You have asked a question about whether advice was given, and you are now going through the back door to have an opt-in opt-out answer in relation to what advice may have been provided. Chair, I would ask you to rule it out of order.

**Senator DASTYARI:** Chair, I was just about to summarise where I thought we were at and I was actually about to move on. I see the point that Senator Ronaldson—

**CHAIR:** I agree with Senator Ronaldson's point. If you have not concluded your question, you can summarise your point.

**Senator DASTYARI:** Mr Varghese, I understand that, on a narrow interpretation of advice, perhaps the answer would be no. But as to a broader interpretation—as in 'Has advice been provided on the broader issues to do with that region, the consequences, issues relating to the South China Sea and that?'—the answer would be yes?

**CHAIR:** You are putting words in the secretary's mouth.

**Senator DASTYARI:** I am putting a question, so let's give him an opportunity to respond to that.

**Mr Varghese:** I would phrase it this way: we have provided analysis to the government on a range of issues in relation to the South China Sea; we have not provided advice in relation to what you specifically raised.

**Senator DASTYARI:** I want to ask about 'the blue economy'. I have gone back and checked some of the answers to questions on notice. I want to get the numbers right. We started with five, we went down to four and now we are up to six? Six measures have been funded out of this program?

**Mr Varghese:** Funding has been committed for six.

**Ms Rauter:** There are a few more in addition to the six. There is a difference between those that are contractually committed and those we have planned to commit money to. Those that are contractually committed include the Global Innovation Fund and Bloomberg. Those that are about to be committed or are going through contract processes are the SEED Pacific humanitarian challenge. Those that are yet to be announced are in the blue economy. We have also committed internally to contributing towards the Investing In Women in South-East Asia program, which is connecting women to impact investors. And we have also committed \$2 million towards the outcomes of the Ideas Challenge—both this year and another one that we will run next year. Mr McDonald

has already mentioned the two projects that we will fund through that, which is the Last Taboo and the No-Win No-Fee Tax.

**Senator DASTYARI:** Where we had the difference—and now I understand it—is that, in the previous answers to estimates, the information provided was that the Ideas Challenge was going to be funded from ODA but you felt it was inappropriate to have some of the entrants who won funded by the ODA because of the nature of the measures. Is that correct?

**Ms Rauter:** Correct.

**Mr McDonald:** Yes. As you know there is a definition for overseas development assistance, so the passport one does not fit within the criteria.

**Senator DASTYARI:** And you are going to run that again next year?

**Ms Rauter:** Correct. Possibly in a different form, but the same idea.

**Senator DASTYARI:** With the initiative, the InnovationXchange—obviously the decision to do it was the governance—but was that an election commitment or something from opposition that the government brought in? Was it from the minister?

**Mr McDonald:** The InnovationXchange is an initiative of the foreign minister.

**Senator DASTYARI:** I know there are different ways that things happen; some of these programs got committed to five or six years ago and some of them are newer. It sounds like a really exciting place. How many people work there?

**Ms Rauter:** We currently have nine full-time staff.

**Senator DASTYARI:** It was described in the *fin* review magazine by the minister as a:  
... gorgeous little funky, hipster, Googly, Facebooky-type place.  
Is that correct?

**Mr McDonald:** I would say her quote is correct, because I did read that as well. It is a very innovative space compared with the rest of the department—that might be a way to put it. Quite a stark contrast.

**Senator DASTYARI:** I have heard that.

**Mr McDonald:** It is a stark contrast if you cross the road—

**Senator DASTYARI:** Is it physically off-site?

**Mr McDonald:** and you are quite welcome to come down—

**Senator DASTYARI:** I would love to. It has got bean bags, and—

**Senator Brandis:** It would certainly lose its funky hipster status if you darkened its doors, Senator Dastyari!

**Senator DASTYARI:** Senator Brandis, coming from you—

**Senator Brandis:** Or me!

**Senator DASTYARI:** I will still take it as an insult! So it is physically off-site—where is it being housed?

**Mr Varghese:** It is not physically off-site. It is in a building across the road which the department leases. There are other departmental divisions that are in that building. But it is not in the RG Casey building, which is the headquarters, if you like.

**Senator DASTYARI:** So it is in your overflow building?

**Mr Varghese:** We do not describe it as an overflow building, but yes.

**Senator DASTYARI:** I have heard that you introduced it to the whole DFAT staff in a web video—is that correct?

**Mr Varghese:** Yes. We are into web videos. We use that as a means of communicating to a global staff.

**Senator DASTYARI:** And both you and Mr McDonald were in the video?

**Mr Varghese:** That is right.

**Senator DASTYARI:** Sitting on bean bags?

**Mr Varghese:** No. I assure you I was not sitting on a bean bag. I think we might have been sitting on a stool.

**Senator DASTYARI:** Is that right, Mr McDonald? Was it a stool or a bean bag?

**Mr McDonald:** No, definitely a stool. It is quite a small stool—it takes quite an effort to get out of it.

**Senator DASTYARI:** Was that a public video? Is that a video you can take on notice to provide us with a copy of?

**Mr Varghese:** It is not a public video. It is an internal staff communication. I would be a little bit careful about making it a public video because I do videos to cover a number of different issues that are internal staffing and management issues.

**Senator DASTYARI:** What was the purpose of this video? Was it to introduce this space?

**Mr Varghese:** It was to explain what the InnovationXchange does and, more broadly, to explain the priority that the foreign minister is applying to innovation as a key component of what she sees as the aid paradigm. From my point of view it was also to register the broader message that I am looking for more innovative approaches across the department's policy and corporate agenda, not just in the aid space.

**Senator DASTYARI:** Do you really think it is appropriate to be denying the people of Australia the opportunity to see you on a stool and not wearing a tie?

**CHAIR:** It is an internal communication.

**Senator DASTYARI:** So \$140 million—did the office and the office fit-out come from that \$140 million?

**Ms Rauter:** No, the office fit-out came from departmental capital funding.

**Senator DASTYARI:** I am not going to ask you about all that now; we will place a series of questions on notice. So the \$140 million is separate from the bean bags and—

**Ms Rauter:** They were funded from departmental capital, so yes, it is separate.

**Senator DASTYARI:** pool tables and ping-pong tables and all that stuff?

**Ms Rauter:** We do not have pool tables.

**Senator DASTYARI:** Do you have ping-pong tables?

**Ms Rauter:** We have a meeting table that is able to be converted to a ping-pong table, yes.

**Mr McDonald:** The fit-out is different, we have talked about that, but the cost is not. It is not set up as a traditional APS office with offices for people and areas set away. InnovationXchange works in one room around a large desk. It has a meeting room outside it, but in terms of the overall fit-out there is no greater cost than any fit-out we have anywhere else. It is just a different look and feel, for the reasons we have talked about.

**Senator DASTYARI:** Ms Rauter, you are running innovationXchange. How does the reporting structure of this separate kind of group work?

**Ms Rauter:** It works the same as any other division within the department—I report directly to Ewen McDonald.

**Senator DASTYARI:** Under the ODA. Okay.

**Senator LUDLAM:** I have some foreign policy questions. Regarding Bougainville—I am asking less from the foreign aid perspective and more from the foreign policy perspective—the last time there was large-scale mining on Bougainville it sparked a vicious and extremely deadly civil war. The mining act that passed the PNG parliament in March has triggered local concerns about a resumption of very large scale mining, including at the Panguna site. What is your assessment of the likelihood of further violence, or at least civil unrest, if mining recommences on Bougainville?

**Mr Sloper:** We are watching the situation, but, as you would appreciate, in the first instance this is a discussion between the autonomous Bougainville government and the Papua New Guinean government. Certainly, there are some concerns about mining. That is usually attributed to concerns about economic flows that might arise out of mining and how that would be distributed between communities—and the impact on those particular communities as well. I note that we are not involved directly in discussions about that, but, of course, we would encourage both sides to continue those discussions through political processes. Our assessment at this time is there is no sense that that will lead to a reopening of violence.

**Senator LUDLAM:** I understand the hands-off approach that you have taken at negotiations between different territorial regions, but, it is the case, is it not, that with Australian aid money and Australian expertise we are responsible, in large part, for the drafting of their mining legislation, which is now—

**Mr Sloper:** I answered some questions from Senator Rhiannon on this before. I note that we provide a whole range of advisers across the program. One of those advisers was involved in drafting legislation for the Bougainville government—working directly to the autonomous Bougainville government and not under our direction. The legislation that was drafted followed community consultations undertaken by the autonomous

Bougainville government with stakeholders from their own community. On that basis they drew that legislation together and drafted it, and then it was passed.

**Senator LUDLAM:** How do you rate the effectiveness of the community consultation? We had some conversations this morning, including with somebody from Bougainville who basically put the case very strongly to us that community consultations have been almost entirely lacking and that people now are only just waking up, effectively, to what has been passed. That is why I am bringing these questions to you now.

**Mr Sloper:** I think that is really a question for the autonomous Bougainville government, which ran the consultation process. They initiated that process and they engaged with community members and with company representatives and on the advice of their own government drew the legislation together and passed it. There was a public debate. There was an open debate, as I understand it, about that in their parliament.

**Senator LUDLAM:** Is there anything further that you want to let us know? Is Australia presently engaged in any way on Bougainville in terms of both our foreign aid budget and other forms of assistance? Do we have other projects that are underway at the moment in that part of the world?

**Mr Sloper:** We have a whole range of activities underway in Bougainville. We have a program estimated this year to total \$47.4 million in ODA—that is a subset of the assistance we provide to the Papua New Guinea government and it covers a range of objectives we have agreed with the autonomous Bougainville government. The primary areas of activity are in governance—election support, civil society, democratic governance, peace building, law and justice, education, health, transport infrastructure, agriculture, gender, youth and there is a small element devoted to rugby league and public diplomacy. That table that I am just a drawing on has been provided previously through a Senate estimates question on notice.

**Senator XENOPHON:** These are matters that Senator Rhiannon would have traversed earlier in the day. What is your assessment of the likelihood of outbreaks of civil unrest if mining resumes?

**Mr Sloper:** I do not think the prospect of mining resuming in the near future is high. I think consultations are going on between different interested parties. Certainly it is of interest but I do not see in the near future the prospect of mining on a large scale resuming, and do not think that would be in the interests of either the Papua New Guinea government or the autonomous Bougainville government. I make statements to that effect regularly.

**Senator XENOPHON:** I am certainly not proposing that it would be in anybody's interests.

**Mr Sloper:** No, I was not trying to suggest that. The key point here is that as a witness to the Bougainville peace agreement we are supporting both sides continuing their mediation and discussions.

**Senator XENOPHON:** I suspect this is a matter we will return to in due course, but thanks for coming down this afternoon. I have some questions relating to the upcoming elections in Myanmar. I wish to disclose before I start that I am hoping to attend the delegation to be an election observer at the upcoming elections in Myanmar on 8 November. I thank DFAT for the support they have provided thus far. I was a bit concerned to discover, and this is obviously a long-running issue, that hundreds of thousands of Rohingyas have been deregistered from the electoral roll and it appears that Muslim candidates or those who might have been seeking to represent their interests have been barred from running in the election. Given the quite important support that Australia has been providing the authorities there for a free and fair election, how have we raised our concerns with the government about what appears to me to be this deliberate disenfranchisement?

**Mr Chittick:** This relates to the broader issue of citizenship for people in Myanmar who identify as Rohingya. It then has implications for their place on an electoral roll. You are correct that a significant number of Rohingyas in Myanmar are not regarded by the government of Myanmar as citizens and have not been able to undertake a process towards citizenship, and that has meant that they are not on the electoral rolls and are unable to participate in the election. There is a similar issue with regard to citizenship and the means by which people in Myanmar can stand for election. There have been a number of cases that we have seen including Rohingyas but also others in Myanmar for whom the particular application of Myanmar's electoral laws this time around means that they are not able to be accepted by the Union Electoral Commission to participate as candidates in the election. As I said, that does include a number of Rohingya. That appears to be consistent with the letter of Myanmar's election laws. We have noticed a difference in application this year compared to the 2010 elections, which means that some existing MPs are no longer eligible to participate as candidates.

**Senator XENOPHON:** Recognising that the situation is fragile—this is the first time since I guess 1990 that there has been an attempt to hold an election on this scale—has Australia, given that we are a major donor and are in good standing with the authorities there, I think it is reasonable to say, raised concerns about that systematic disenfranchisement?

This is not hundreds of people we are talking about; it is hundreds of thousands.

**Mr Chittick:** Yes. Our advocacy in terms of addressing the large number of issues facing Rohingyas in Rakhine State and elsewhere in Myanmar is a central plank of our advocacy both through our embassy in Yangon and in our engagement with Myanmar ministers in regional fora. As I said, it all comes back to a citizenship issue, which then rolls on to have implications in terms of participation in the electoral process, but we do make regular representations to the government of Myanmar on these issues.

**Senator LUDLAM:** If they are not recognised as citizens of Myanmar, are they effectively stateless? What would their status be in international law?

**Mr Chittick:** I do not have an answer for you on that specific question. I am happy to take that specific one on notice. They have been some more positive developments in Rakhine State over the last year, notwithstanding what happened in May of this year. I think it is recognised that the Rohingya people are in a difficult situation. Many—not all but many—are not citizens and have what used to be called white cards and are now cards of a colour that is variously described as blue or turquoise.

**Senator LUDLAM:** What does that mean if you get one of those cards?

**Mr Chittick:** As I understand, that new card does not provide any more benefits than the white card did, so that process has not conferred any additional benefits. We are looking to help address the economic and political concerns we have about the situation of Rohingya, particularly in Rakhine State, and a good part of our aid program is devoted to developing the economy of Rakhine State to benefit all communities there, including the Rohingya, so that it can reduce community tensions. On the political side, as I said, it is a very important part of our diplomatic advocacy to the government in Naypyidaw that the Rohingya people should be given a clear path to citizenship. That would address a number, but not all, of the issues that the Rohingya community is facing.

**Senator LUDLAM:** I think that is pretty well said. Our aid budget in Myanmar took a significant hit in the last round of funding cuts. I understand that our aid commitment to Rakhine has been sustained. I do not know if it went up at all, but it was at least in large part sustained. Where was the aid drawn down as a result?

**Mr Chittick:** Our total ODA to Burma in 2015-16 is \$62.8 million. In order to meet that new budget reality, we have had to either withdraw or reduce funding in a number of areas. One of those is to not provide future contributions to the Three Millennium Development Goal Fund. Another is to reduce our funding to the non-government education systems, and a third is to reduce funding to the ACIAR research fund in Myanmar.

**Senator LUDLAM:** What was that relating to? Sorry, I am not familiar with that acronym.

**Mr Chittick:** That one is a research fund for food security.

**Senator LUDLAM:** What a disastrous thing to have to defund.

**Mr Chittick:** All of these programs are good programs, and as part of our strategy to develop a new aid program for Myanmar we have had to focus our efforts on a new budget, we have had to focus our efforts on a new aid strategy, and we have had to consolidate a number of our programs to improve efficiencies.

So the focus of our program will be on enhancing the human development, and that includes a very significant contribution in investment to Myanmar's education system and to promoting peace and stability. We have made, I think, very significant investments in Myanmar's progress towards peace with its ethnic armed groups, and I think that you will be aware that just last week a number of ethnic armed groups signed a nationwide ceasefire with the central government. That is the start of a political engagement process rather than the end, and our commitment through the aid program will continue on that front.

The third key pillar of our new aid program in Myanmar is promoting inclusive economic growth and government management. So we do believe that we have got a very credible aid program in Myanmar. It is one that addresses a number of areas that the government of Myanmar itself has identified as development challenges and where we ourselves believe that we have got a great deal of expertise and contacts in country to be able to make the most of that money.

**CHAIR:** Thank you.

**Senator RONALDSON:** We have seen unprecedented and quite stunning new trade relationships with much of the world under the guidance of the foreign minister and the Minister for Trade which I am sure have long-term positive ramifications for my grandchildren, which, of course, I am very excited about. But people-to-people relationships and the benefits to this country of building long-term relationships and building understanding are equally important in my view, and that is why I have enormous support for the foreign minister's New Colombo Plan initiative. I know it is very widely supported, and I would like to get an update on the progress of the plan, if we have an officer who can assist.

**Ms Duff:** Over the first three years of the program, the New Colombo Plan has supported some 10,000 Australian undergraduate students.

**Senator RONALDSON:** Ten thousand.

**Ms Duff:** Yes. The commitments made so far under the various awards now add up to 10,000 individual students being supported. These students are undertaking a variety of study and work based experiences around the region, as you say, strengthening people-to-people links. Thirty nine of Australia's 41 universities are participating so far in the program, so there is very strong support.

**Senator RONALDSON:** I am not going to ask you to name and shame the recalcitrant duo, but do those 39 of the 41 actively promote the plan on their own campuses?

**Ms Duff:** They do, and indeed we have so far had a much higher level of demand than we can obviously meet in the scale of the program to date. Certainly universities are coming forward with a significant range of programs, and we are funding as many as we can on the projected scale of the program.

**Senator RONALDSON:** The universities obviously see the significant upside from that long-term relationship building and that raised level of understanding.

**Ms Duff:** Indeed. For example, in the most recent round, the 2016 mobility round—the results of which were announced by the foreign minister in late August—we had \$20 million to commit to various program and we had 800 applications valued at \$34 million. So obviously we were able to commit up to that \$20 million figure, and that would cover 461 of those projects. So, indeed, there is significant demand.

**Senator RONALDSON:** How many will participate in the mobility programs next year?

**Ms Duff:** Next year's mobility program, the 2016 round, had funded 5½ thousand students. So the progression of the program over the first three years is 1,300, 3,200 and then 5,500 for next year, adding up to that 10,000 figure.

**Senator RONALDSON:** Can you give me some examples of the mobility programs?

**Ms Duff:** Certainly. Some students undertake, for example, some semester-length studies. A particularly interesting project that we have funded this time around is from Flinders University. Again, I do not want to pick too many individual examples, but it is a very innovative approach between Flinders University, CSIRO and Shandong province—there are a couple of institutions there, private institutions—to come up with a project looking at a range of agriculture development opportunities. So students will go and do a range of research projects over a semester of study that they get credit for at their home university.

Other projects include a range of teaching practicums, so preservice teachers in the final stages of their studies will go and do a period of time in a classroom in a school in the region. There is a range of medical and health related programs with similar natures, so students are getting very practical real-world experience on a daily basis through practicums and other work based learning. Again, the students are undertaking a range of internships and mentorships as part of their programs, so we are seeing those occur in both Australian companies offshore and local companies. Law, financial services and a range of other sectors are certainly engaging with those students.

**Senator RONALDSON:** And what were the applications numbers for next year? Was that an increase on the previous year?

**Ms Duff:** Because we have been scaling up the program's budget, we have been able to offer more each year. The numbers have been increasing each year by number of applications because we have had more opportunities to offer and so, yes, we have seen an upscaling in applications certainly.

**Senator RONALDSON:** And how many businesses have registered work opportunities for students under the internship and mentorship program?

**Ms Duff:** In July, the foreign minister launched a range of business engagement aspects of the New Colombo Plan, and one of those was a specific website—the Internship and Mentorship Network—which allows interested businesses or organisations to register opportunities, and that is accessible to Australian university students and also universities in Australia to search on behalf of their students. So far we have registered more than 130 separate opportunities for students to take up, and we have had quite a high tempo of activity on that website in terms of searches and levels of interest in what is on offer.

**Senator RONALDSON:** Can you tell me about the Business Champions Initiative as well?

**Ms Duff:** Certainly. The Business Champions Initiative was also launched by the foreign minister on 24 July in Melbourne at an event at ANZ with the head of ANZ, Mike Smith. The business champions have been engaged to undertake a range of outreach activities. For example, Jayne Hrdlicka from Jetstar has published an article



referencing, in part, the New Colombo Plan in one of her in-flight magazines. We have had business champions from KPMG, for example, participating in the selection processes for the scholarship program. We have had a range of other online publications from ANZ and other business champions on the program and how they see the benefit of students participating and gaining regional skills as part of their undergraduate degrees.

**Senator RONALDSON:** And by the end of next year, what are the anticipated numbers of those who will have benefited under the plan?

**Ms Duff:** For the end of next year, in terms of all funds that have been committed so far—that is, the 10,000 figure that I mentioned earlier—across the 2014 round, which is the pilot phase, the 2015 round and the 2016 round, the mobility outcomes for 2016 were announced in August and the scholarship outcomes are just being finalised now. That number, which has been advertised at around 100, will be finalised and published by the end of this year and then we will have a further round for 2017, but the detail of what is on offer is still being finalised and will be available by the end of the year we expect.

**Senator RONALDSON:** You are very passionate about this, aren't you?

**Ms Duff:** Yes; thank you.

**Senator RONALDSON:** Very passionate—as you should be. Thank you. I suspect that in many respects the outcomes of this, while they will be short to medium, will probably have longer term benefits for this nation as well. It is a very exciting program.

**CHAIR:** Ms Duff, which country is the most popular country that Australian students are wanting to study in?

**Ms Duff:** Certainly, in terms of the allocations so far and the applications received for projects, and given that we have a competitive process around selections, what we have determined so far, if you look at that first three-year period, for example—the 10,000 that we have funded—is that, of that, to date Indonesia is 2,000, and so that is a significant component of that 10,000. Then China is also a location of great interest, and India for mobility, and then there are a range of different numbers—

**CHAIR:** I was in a delegation in Indonesia two weeks ago, and in the Indonesian parliament they were telling us very proudly that their country was the most popular, so thanks for confirming that.

**Senator McEWEN:** Just a few follow-on questions from that. I know you gave some statistics there to Senator Ronaldson. I am not sure what you took on notice, but can you provide, on notice, the statistics that are kept about the number of applications received for the plan, the number of acceptances for the plan so far and the completion rates. I think, in additional estimates last year, there was an answer to a question on notice along the lines of the evaluation of the plan. Are there any statistics kept about that or information that you could provide?

**Ms Duff:** Yes.

**Senator McEWEN:** Have any students studying overseas under the plan required consular assistance?

**Ms Duff:** Yes. As we responded in our question on notice from last estimates, there has been one case and there have been no subsequent cases.

**Senator McEWEN:** Where was that? What country?

**Ms Duff:** It was one of the pilot locations. I am a little bit reluctant to identify individuals.

**Senator McEWEN:** That is all right. It is in the answer to the question on notice, is it?

**Ms Duff:** We have not been specific in the answer to the question on notice. We have just said one case.

**Senator McEWEN:** Could you have another look at that, on notice, and advise us of the country where that occurred?

**Ms Duff:** Sure.

**Senator McEWEN:** The new Colombo Plan guidelines booklet sets out how complaints and feedback would be handled. Have many, or any, complaints been received that you have had to deal with pursuant to the guidelines?

**Ms Duff:** In relation to where the guidelines talk about recourse to the Commonwealth Ombudsman, there have been no recorded complaints.

**Senator McEWEN:** What about complaints that do not have to go the level of the Ombudsman?

**Ms Duff:** We have one matter that has been put forward as a formal complaint to another body.

**Senator McEWEN:** Like the Human Rights Commission or that sort of body?

**Ms Duff:** Yes, the Human Rights Commission.

**Senator McEWEN:** Would you be able to provide any more details about that?

**Ms Duff:** Again, it is from an individual and it is an ongoing case. It has not yet been concluded, so our preference would be to wait until that is concluded.

**Senator McEWEN:** Fair enough. That is fine. Also in the guidelines booklet there are criteria used to pick students. Who actually conducts the assessments against those selection criteria?

**Ms Duff:** There are two different sets of selection processes in relation to the programs. With mobility processes, there is a short-listing and assessment process undertaken by officers of the Department of Foreign Affairs and Trade and officers of the Department of Education and Training. Then we go through a final assessment to select those that are successful. Then those are approved and funded. In relation to the scholarship program, short-listing of the candidates is undertaken by panels—again of DFAT and Education officers—and then each successful individual who is short-listed goes through an interview, which is undertaken by a high-level panel. We had eight panels for 2016 headed by, for the most part, a former ambassador or high commissioner of Australia and usually two business representatives. In fact, about 50 per cent of the members of the panels were from the private sector, largely business representatives giving their time, which was most welcome. Then those selections are finalised, we go through a moderation and we arrive at a final number.

**Senator McEWEN:** Who chooses the business reps?

**Ms Duff:** For the panellists? In a range of cases they might be businesses who are already engaged with the program. This year we had ANZ. We had a range of other businesses already engaged with the program who either sought to be or we approached them to be on the panels.

**Senator McEWEN:** Are the Colombo Plan funds classified as ODA?

**Ms Duff:** No.

**Senator McEWEN:** There was an event held in Parliament House in September for the NCP alumni.

**Ms Duff:** Yes.

**Senator McEWEN:** Were MPs and senators from both the coalition and Labor invited?

**Ms Duff:** They were and both attended.

**Senator McEWEN:** Were they invited on the same day?

**Ms Duff:** I would have to take that on notice.

**Senator McEWEN:** Who prepared the invitation list?

**Ms Duff:** In terms of the invitation list, the intention was to invite all members and senators, and then that was a process that we undertook in conjunction with the foreign minister's office.

**Senator McEWEN:** To invite all senators and members?

**Ms Duff:** As I understand it, but I would like to double-check that was the case.

**Senator McEWEN:** If you could do that and if you could also let us know whether the letters that went to coalition senators and members went out on exactly the same day as those to Labor senators and members, that would be good.

**Ms Duff:** Sure.

**Senator McEWEN:** Is it the intention that Labor senators and members will be invited to any future NCP events?

**Ms Duff:** Yes, and certainly whenever we hold a state-based event we try to coincide with periods where we would be able to have representatives from local government and also the federal government attend. My experience so far in the program is that we have always invited both.

**Senator McEWEN:** My understanding is that there was less than 12 hours notice to Labor senators and members for the invitation to that event on 10 September—so could you clarify the date and timing of those invitations please?

**Ms Duff:** Certainly.

**Senator DASTYARI:** I want to talk about the public diplomacy budget. Going off the last round of budget estimates, the figure that was given straight from the budget paper is that your 2015-16 allocation was \$5.44 million of which \$450,000 was designated for the Bali Peace Park—is that correct?

**Mr Tranter:** That is how it is presented in the portfolio budget statements, yes.

**Senator DASTYARI:** Has that changed? Are you still working off the basis that is your envelope?

**Mr Tranter:** That is correct.

**Senator DASTYARI:** How does that work? We heard before about innovationXchange, is it similar in that you have your own unit?

**Mr Tranter:** There is a public diplomacy branch, which sits within my division. We have staff who work on cultural diplomacy, which comprises a large part of that budget. We also provide support for the foundations, councils and institutes of the department for which secretariats sit within line divisions. However, there is a separate line item in the portfolio budget statements relating to the international relations grants program, which is in addition to that \$5 million that you referenced.

**Senator DASTYARI:** I am looking at the forward estimates and I am going to start calling it \$4.5 million but for the record it is \$4.594 million. This year it is obviously \$5 million but that is due to the one-off \$500,000 payment for the Bali Peace Park. So going forward, it is \$4.5 million—is that correct?

**Mr Tranter:** That is correct under that line item.

**Senator DASTYARI:** How many people work in this unit?

**Mr Tranter:** In the branch there is an establishment of about 26, and of that, the branch performs a range of functions including support for our historical publications as well as document access examination for the release of cabinet archives, for example—

**Senator DASTYARI:** Are all 26 of them paid for out of the \$4.5 million?

**Mr Tranter:** No, the staff are funded from the department's departmental running costs.

**Senator DASTYARI:** Okay. That \$4.5 million does not cover any of the staff—is that correct?

**Mr Tranter:** It does not cover staff.

**Senator DASTYARI:** Where does that go?

**Mr Wood:** Just to clarify, the \$4.594 million that appears in the budget statements is an administered expense, so that relates to administered programs. In addition to that, Mr Tranter receives departmental funding to operate his division.

**Senator DASTYARI:** How much departmental funding did he receive or is that not broken down? How do you account for these things? I note the changes.

**Mr Wood:** That departmental funding is not disclosed separately in the portfolio budget statements.

**Senator DASTYARI:** That is why I am asking you, Mr Wood. You seem to have the information—or do you not have the information?

**Mr Wood:** I do not have Mr Tranter's individual departmental allocation for his division.

**Senator DASTYARI:** If you do not have it you can take that on notice, or is it something you are choosing not to give us?

**Mr Wood:** I certainly do not have it. We have something like 26 different divisions and 96 posts. I do not have those individual budget allocations.

**Senator DASTYARI:** But you do calculate them, individually, don't you, for accounting purposes? You may not have that with you but is there a line item, somewhere, on a document that has it? Obviously, it is not on the PBS but, somewhere in one of your documents, does that document exist? I do not want to ask for the number; I do not want you to calculate something you do not already have. If you have it and you can take it on notice, that is fine.

**Mr Wood:** Sure; it is something we will need to take on notice.

**Senator DASTYARI:** Mr Tranter, that \$4½ million goes to paying for only the programs, not the staff component.

**Mr Tranter:** That is correct.

**Senator DASTYARI:** Can you give me a breakdown of where that \$4½ million has gone?

**Mr Tranter:** I can. In addition to the \$4.5 million in administered funding, which appears against that line item in the PBS, the department has made an additional internal allocation, of departmental funds, to support public-diplomacy programs.

**Senator DASTYARI:** You know the next question I am going to ask you is how much that is; right?

**Mr Tranter:** Yes, I can. The total budget is \$6.8 million. That is another \$2.3 million on top of that administered charge. I can provide this on notice, but I can break down—

**Senator DASTYARI:** That is okay. If you just run through it now that would probably—

**Mr Tranter:** Fine. \$895,000 is allocated to outreach programs, which include initiatives such as international media visits as well as support for publications. A further \$2.4 million is allocated to cultural diplomacy programs, including various initiatives. There is an international-cultural-visits program, where we will bring cultural leaders to Australia to develop relationships and links with our cultural institutions. We run an Indigenous program to promote Australia's Indigenous culture; \$200,000. We promote Australia's film and visual arts industry; \$170,000 for that. There is a cultural diplomacy grants program, which provides grants to Australian cultural organisations to tour overseas and present Australian creative excellence; that is \$400,000. Each year we run a focus-country program, which is an intensive program to showcase Australian arts and culture. Last year the program was in Indonesia; this year it is in Turkey. The budget for that program is \$1.3 million.

**Senator DASTYARI:** We are at about \$4½ million. Keep going.

**Mr Tranter:** We also worked with Screen Australia to promote the Australian film and screen industry—for example, bringing international film industry representatives to Australia or supporting people from our screening industry to attend film festivals, overseas. That is \$2.4 million for cultural diplomacy.

**Senator DASTYARI:** Yes.

**Mr Tranter:** In addition, we invest \$60,000 in training, each year, for staff and for partners. We have allocated \$100,000 for science diplomacy this year.

**Senator DASTYARI:** Science; good.

**Mr Tranter:** The largest budget item is \$3.2 million, which is an allocation to our posts, our 90-or-so missions overseas to promote Australia, drawing on sport or culture or other organisations that—

**Senator DASTYARI:** Okay; so \$3.2 million of that gets broken down and allocated to posts, and I assume that is on the basis of size and significance.

**Mr Tranter:** That is right.

**Senator DASTYARI:** I am sure there is a complicated kind of competition between them all, trying to get a bit more of that fairly small pie.

**Mr Tranter:** Yes.

**Senator DASTYARI:** Can you explain to me this—I have read a bit about this and I do not quite understand it. There is an MoU, now, with the Australian Fashion Chamber in DFAT.

**Mr Tranter:** That is correct.

**Senator DASTYARI:** Does that fall to you—is that public diplomacy?

**Mr Tranter:** It does; yes.

**Senator DASTYARI:** Where in that budget thing does that campaign fall under?

**Mr Tranter:** That is supported through our cultural-diplomacy budget.

**Senator DASTYARI:** That is part of the \$2.4 million.

**Mr Tranter:** That is part of the \$2.4 million.

**Senator DASTYARI:** How much of the \$2.4 million is that?

**Mr Tranter:** We have committed \$50,000 to supporting that initiative this year. That was a contribution, in particular, to supporting or showcasing Australian fashion alongside Paris Fashion Week, two weeks ago, in association with the Australian Fashion Chamber.

**Senator DASTYARI:** Let us talk about this for a moment. The Australian Fashion Chamber signed an MOU agreement. Do you know on what date that was signed?

**Mr Tranter:** It was signed on 31 August this year.

**Senator DASTYARI:** That is why I have read about it; it is obviously a fairly recent thing, correct?

**Mr Tranter:** Correct.

**Senator DASTYARI:** Where was the signing held?

**Mr Tranter:** It was signed in Sydney at an event at UTS.

**Senator DASTYARI:** Was the event paid for by DFAT or paid for by the Australian Fashion Chamber? Do you know who hosted it and how that got sorted?

**Mr Tranter:** It would have been funded by the department, to the extent that there were costs. I do not have the costs in front of me, but it was a modest event.

**Senator DASTYARI:** You were obviously there. What was the event?

**Mr Tranter:** I did not attend personally, but the event involved an MOU signing between the minister and also the head of the Australian Fashion Chamber. There were a small number of Australian fashion designers present at the signing, as well as representatives from the broader fashion industry, either from the creative side or from the garment and manufacturing side of the business.

**Senator DASTYARI:** It sounds like a great party; I am disappointed that you were not invited.

**Mr Tranter:** It was a modest party, I recall. It was a mid-afternoon on the campus at UTS, at the design school.

**Senator DASTYARI:** There is a memorandum of understanding with the Australian Fashion Chamber. Is the memorandum itself public?

**Mr Tranter:** I am not sure if it has been publicly released.

**Senator DASTYARI:** I could not find it online, but that does not mean that it is not available.

**Mr Tranter:** I am not sure, but I do not think it is on our website.

**Senator DASTYARI:** Secretary Varghese, are you able to take it on notice? You may have already made it public; it may be part of a press release.

**Mr Varghese:** I do not know, but I am happy to take on notice, if we have not made it public, whether we can make it public.

**Senator DASTYARI:** If you can take that on notice, thank you. You have obviously seen this MOU, Mr Tranter, so I can ask you questions about it.

**Mr Tranter:** Yes, of course.

**Senator DASTYARI:** Does it work in that we do co-programs with the Australian Fashion Chamber, or are we handing over money to the Australian Fashion Chamber? How does it work?

**Mr Tranter:** There are no funding commitments attached to the MOU. The Paris event was an opportunity that we identified that we thought would be a good opportunity to showcase Australian fashion in Paris. There are no ongoing commitments associated with the MOU. Essentially, it is an intent to collaborate between the department and the industry through the peak body. It sets out broad elements of a work program, which are in three pillars. The first is around promoting Australian fashion in terms of the excellence of our creative and design industry. The second is to support broader global recognition for Australian designers and also our garment manufacturers. The third element is around effective and sustainable development outcomes—for example, promoting corporate social responsibility in the garment industry.

**Senator DASTYARI:** Were you at the Paris event?

**Mr Tranter:** I was not at the Paris event.

**Senator DASTYARI:** This tough! What is happening here? You run the program; they do not invite you to anything—

**Senator McEWEN:** He had nothing to wear!

**Senator DASTYARI:** He had nothing to wear! He is very well dressed, I have to say. I have found perhaps 100 or so different occasions and a series of profiles from the minister talking about #fashiondiplomacy. I am going to call it #fashiondiplomacy because that is what the minister calls it. Is that separate from this initiative, part of this initiative or pre-existing this initiative?

**Mr Tranter:** I do not think that we have a proprietary right on the hashtag.

**Senator DASTYARI:** It is not one of your handles?

**Mr Tranter:** It is not one of our handles, but we certainly promote it, and we are not the only one when we look at those with which we compete for influence. In markets where we are promoting our fashion industry, we look at the activities of the British Council, for example. They are quite aggressively promoting British design interests also using a similar handle of #fashiondiplomacy.

**Senator DASTYARI:** Can you actually define what #fashiondiplomacy means?

**Mr Tranter:** It is a hashtag like other Twitter hashtags. We use it to bring recognition for the work of the department and the minister. It is a way to consolidate attention on Twitter on a particular theme.

**Senator DASTYARI:** I understand there have been instructions that have been provided to DFAT employees regarding the use of #fashiondiplomacy. Is that correct? Some guidelines have been provided to departmental staff?

**Mr Tranter:** I am not aware of guidelines, but we often use hashtags—for example, we have a sports diplomacy strategy, which you might be aware of, and we draw on the #sportsdiplomacy on a regular basis.

**Senator DASTYARI:** My understanding could be wrong, but we have gone through this before, where I have had an understanding of something that is happening in the department, and it has turned out to be right. Perhaps you want to, in good faith, take on notice whether or not you have provided instructions, because I think you will find you have, to departmental staff about how they should engage with, or how they should use, #fashiondiplomacy, where it is appropriate or not appropriate for them to be using it and which photos they should or should not be using #fashiondiplomacy for? You might want to check on that.

**Mr Tranter:** I will take it on notice. I know that we certainly encourage our posts to use the #fashiondiplomacy when we are promoting Australian fashion.

**Senator DASTYARI:** My understanding of your program and the purpose of your program is the promotion of high-quality public diplomacy and an international media and cultural visits program which improves understanding of Australia and Australian government foreign and trade policy. Is that correct?

**Mr Tranter:** That is correct.

**Senator DASTYARI:** That is straight from your document. I am sorry, but how does #fashiondiplomacy reflect Australian government foreign policy?

**Mr Varghese:** Perhaps I could say something before Mr Tranter does. Fashion diplomacy embraces innovation, style and creativity, all of which are key themes in terms of the way in which we wish to project this country abroad. So the themes around fashion diplomacy not only are consistent with but actually reinforce the core messaging that we have for our public diplomacy.

**Senator DASTYARI:** Mr Secretary—

**CHAIR:** Could I interrupt for a moment, Senator Dastyari. Mr Varghese, someone told me recently that the fashion industry in Australia is a \$12 billion industry employing 200,000 people. Is that figure right, or is that—

**Mr Tranter:** That is correct.

**Senator DASTYARI:** That is a quote from Julie Bishop. You clearly got the same advice. We actually dispute some of those figures.

**Senator GALLACHER:** That is fair enough, but to suggest that DFAT need to be their marketing arm is what I am struggling with.

**CHAIR:** Is it? You do not want our Department of Foreign Affairs and Trade—

**Senator DASTYARI:** What I am struggling to understand is the public diplomacy budget. Mr Varghese, a year ago I asked you questions about the public diplomacy budget and the amount of money in the public diplomacy budget. You are at an unfair disadvantage because I have what you said a year ago. You said: ... if you ask me would I like more money for public diplomacy, you bet.

We are having a discussion about how stretched the public diplomacy budget was. Do you broadly—

**Mr Varghese:** If you asked me that question about any element of DFAT's budget, I would probably give you the same answer.

**Senator DASTYARI:** I think some would argue that the entire DFAT budget has been slashed far too much, and we can have a whole separate debate—and I think we will later today—about how much money there is for our overseas missions, and what is going on there. Correct me if I am wrong, Mr Tranter, but previously the public diplomacy budget was where the Australia Network was placed, is that correct?

**Mr Tranter:** That is correct.

**Senator DASTYARI:** The Australia Network used to have an allocation of \$20 million a year, and then in their final year it was \$10 million. Is that your understanding? You do not have to quote exact figures; it may have changed a couple of hundred thousand dollars from year to year. But it was a \$20 million annual allocation, and, in the final year, because of its termination, it was a \$10 million allocation. Is that correct?

**Mr Tranter:** That is approximately correct.

**Senator DASTYARI:** Our entire public diplomacy budget is, as I understand—and you have informed me of some information that I was not aware of—not \$4.5 million; it is actually now \$6.8 million because you have topped it up with discretionary funds, I assume? Is that correct?

**Mr Tranter:** Yes, that is correct.

**Senator DASTYARI:** *Hansard* does not pick up nodding.

**Mr Varghese:** That does not include the work of our bilateral councils and foundations, which is essentially public diplomacy work.

**Senator DASTYARI:** Define for me what is public diplomacy then, Mr Varghese. You are telling me the public diplomacy budget is not our public diplomacy budget? What is our public diplomacy budget?

**Mr Varghese:** I am saying that there are other things that we do within the auspices of the department that serve public diplomacy objectives, and one of those things is the work of our bilateral councils and foundations.

**Senator DASTYARI:** In the last budget estimates Senator Mason said to me that he believed the Australia Network was cancelled because the government believed there were better ways of spending the public diplomacy budget. Again, Minister, you are at an unfair advantage—

**Mr Varghese:** If you are quoting something from Senator Mason, I assume you are quoting it accurately.

**Senator DASTYARI:** I said to Senator Mason, 'Why was the Australia Network terminated?' and Senator Mason said, 'Because we thought there were better ways of doing it, Senator.' Is #fashiondiplomacy a better way of doing public diplomacy than the Australia Network?

**Senator Brandis:** Senator Dastyari, can I answer your question in this way: it is a core function of the Department of Foreign Affairs and Trade to promote Australian industry, commerce, Australian style and the Australian way of life. Of the many things we do well in this country, fashion is one of them.

**Senator DASTYARI:** Are you saying the core business of the Department of Foreign Affairs and Trade—

**Senator Brandis:** If I may finish my answer without being interrupted, it is absolutely a valid and desirable use of DFAT's resources, in promoting Australian commerce and industry and the Australian way of life, to showcase on the world stage the achievements of Australia's designers and the Australian fashion industry.

**Senator DASTYARI:** Mr Tranter, in the MOU—and this is going off the media release—fashion events are going to be held in New York, London, Paris, Istanbul, Jakarta and New Delhi. Is that correct?

**Mr Tranter:** That is correct.

**Senator DASTYARI:** So only the Paris one has been held?

**Mr Tranter:** No. There have been others that have been held. Promotion of the Australian fashion industry through the public diplomacy program is not new. It has been a feature of our public diplomacy for many years. What is new is this agreement between the department and the peak body. But in answer to your question about other locations: earlier this year in April in New Delhi our head of mission hosted a Woolmark fashion parade to promote Australian merino wool.

**CHAIR:** Excellent.

**Mr Tranter:** In LA on 8 October there was a promotion of Australian fashion as part of the Australian fashion showcase at LA Fashion Week, which the department also supported. I would expect that there would be a fashion component in our focus country program in Brazil next year, as there was in Istanbul this year.

**Senator DASTYARI:** Going back to what the minister just said about the significance of promoting Australian trade, I note that Ms Bishop has said—and this was quoted by Senator Back a moment ago:

Australia has world-class fashion expertise, creative talent and high quality primary resources with the Australian fashion industry making a significant contribution to Australia's economy—around \$12 billion annually. The industry also employs approximately 220,000 people.

I assume that is a correct statement. I do not have the information to know whether it is right or wrong. We will all take it at face value as being broadly correct, as these figures move around. But, Minister, the case you made a minute ago for the role of the government in this was for the promotion of trade. Is that correct?

**Senator Brandis:** Among other functions of DFAT, of course it is. That is why it is called the Department of Foreign Affairs and Trade.

**Senator DASTYARI:** Has Minister Robb taken time away from his trade deals and trade work to help with these initiatives?

**Senator Brandis:** Minister Robb spends a great deal of time overseas promoting Australia, in particular by negotiating, as he has done with more success than any trade minister in Australian history, trade agreements with our principal trading partners. No doubt every breath Minister Robb takes when he represents Australia on the world stage is devoted to representing and advancing the interests of Australia in the broader sense.

**Senator DASTYARI:** That was not the question. Mr Tranter, has Minister Robb been involved in any of these initiatives?

**Mr Tranter:** I will take that on notice.

**Senator DASTYARI:** Have you personally briefed Mr Robb or his office about any of these issues? I understand other things happen that you may not be aware of, but have you personally briefed him?

**Mr Tranter:** Mr Robb has been briefed on these initiatives through the course of our briefing for Minister Bishop on her participation in these events.

**Senator DASTYARI:** Sorry, I do not understand what that means. I get that Minister Bishop has been briefed. I am asking: have you briefed Minister Robb?

**Mr Tranter:** Minister Robb has been briefed on our fashion diplomacy initiatives, yes.

**Senator DASTYARI:** By who?

**Mr Tranter:** By the department through my division.

**Senator DASTYARI:** So he has been briefed on it. Has he participated in any of the events? Has Minister Robb been #fashiondiplomacy?

**Mr Tranter:** I will take that on notice.

**Senator DASTYARI:** You will take that on notice?

**Mr Tranter:** I will take that on notice.

**Senator RONALDSON:** Why don't you support the fashion industry?

**Senator DASTYARI:** My issue is that we have a system where we think it is appropriate to be cutting the Australia Network in terms of our public diplomacy, yet we decide we are going to start finding money for things like #fashiondiplomacy. I do have fundamental issues with that, yes.

**Senator Brandis:** Senator Dastyari, it is, if I may say so, a very foolish line of questioning, because, of course, we wish to promote Australia in a very large variety of ways. If the government were not hundreds of billions of dollars into deficit, which is the situation we inherited from the pre-existing Labor government, these choices may not have to be made. But within the broader DFAT budget—

**Senator DASTYARI:** That was not the reason we were given a year ago.

**Senator Brandis:** there will be certain priorities set, with the overall objective of representing Australia to the world. That is what DFAT does, and it does so, if I may say so, very successfully.

**Senator DASTYARI:** I question how, in the order of priorities—

**Senator Brandis:** You question, and we do not. Unlike you, Senator Dastyari, this government does not consider that promoting Australian fashion and the Australian design industry is a waste of money. We do not. You may. We do not.

**Senator DASTYARI:** Minister, I object to the fact that a year ago, sitting right there, Minister Mason made the case for abolishing the Australia Network on the basis of allocation of priorities, where the priorities are for things like promoting and pushing initiatives out of the same budget for #fashion diplomacy, when something like the Australia Network, which served so well for so many years, went straight on the chopping block. If there is a question of priorities, I think these are the wrong priorities. But they are debating points, which we can debate in the chamber.

**Senator Brandis:** I do not know what Dr Mason may have said a year ago, but I am telling you what the government's policy is: the government's policy is to strongly support and promote on the international stage Australian designers and the Australian fashion industry.

**CHAIR:** Proudly.

**Senator DASTYARI:** Minister, has the department done any modelling on other initiatives? It looks like they have chosen the fashion industry for this program. Is there modelling done on different industries, and how are these decisions made? Maybe it is a question for Mr Tranter. How are the decisions made for the allocation of these kinds of funds? What is the decision making process?

**Mr Varghese:** We do not do modelling, in the sense of econometric modelling, on the fashion industry.



**Senator DASTYARI:** What are these decisions based on? To me it looks like this is an opportunity for a minister to do 11 different profile stories about a series of designers and cocktail events and different matters—

**Senator Brandis:** I am finding it very difficult to believe—

**Senator DASTYARI:** Why don't we—

**Senator Brandis:** that you would be ridiculing the Australian fashion industry—

**Senator DASTYARI:** Why don't we do this—

**Senator Brandis:** and the hundreds of thousands of Australians who are employed in that industry.

**Senator DASTYARI:** Senator Ronaldson previously tabled a press release. I will table 11 profiles that are related to these kinds of matters. I will get copies of them brought up. I will table them and senators can see for themselves. But, frankly, when it comes to the priorities, I do not believe that this is a greater priority than the Australia Network.

**Senator Brandis:** Then we have a very clear difference. We believe that supporting the Australian fashion industry and showcasing it to the world is a priority, and you do not.

**Senator DASTYARI:** I am not opposed to the Australian fashion industry.

**Senator Brandis:** That is a very clear difference. It could not be more simple.

**Senator DASTYARI:** I am not opposed to the Australian fashion industry. I am opposed to an initiative that is only glorifying the foreign minister. That is what I have an issue with.

**Senator Brandis:** I think most Australians are very proud to have a person of the quality of Ms Julie Bishop representing Australia on the world stage, by the way, Senator Dastyari—very proud indeed.

**Senator DASTYARI:** I think this is an initiative designed to promote the minister—not about promoting trade.

**CHAIR:** While you are tabling that document, I will ask you to take a breather now, Senator Dastyari, and I will go to Senator Rhiannon.

**Senator RHIANNON:** What is the department's aid allocation of funds for education scholarships and for national education programs in 2015-16?

**Mr McDonald:** We will have that shortly for you, Senator. Mr Tranter, do we have that information on awards?

**Senator RHIANNON:** I was also after the involvement that Pearson Australia, or any of its national or international branches, has with Australian aid programs—either bilateral or NGO funded programs or multilateral funded programs?

**Mr McDonald:** We would have to take that on notice, Senator.

**Senator RHIANNON:** To emphasise that—with multilateral, I am talking about any funding that goes to international finance institutions which is then allocated to any IFI program involving Pearsons.

**Mr McDonald:** Is it for allocation of our funding to IFIs that are then funds that subsequently flow onto Pearson? Can you give me the full name?

**Senator RHIANNON:** There is Pearson Australia, but I also understand that Pearson has subsidiaries that use different names—maybe Pearson International, Pearson whatever. Where Pearson is involved in delivering education programs that receive aid money which is linked with Australia through bilateral programs, NGO programs or IFI programs.

**Mr McDonald:** We will take that on notice. On our education budget overall, for the year 2015-16 our education budget is \$745.2 million. Mr Tranter might have the figure on the Australia Awards.

**Mr Tranter:** The Australia Awards budget this year is \$372 million for long-term and short-term awards into Australia.

**Senator RHIANNON:** Long-term and short-term?

**Mr Tranter:** Australia Awards scholarships, fellowships and short courses into Australia.

**Senator RHIANNON:** For the overall national education programs, could you on notice break that down into specific programs and by country, please?

**Mr McDonald:** Yes, we can take that on notice.

**Senator RHIANNON:** Could you also provide details of how much aid funding is going to for-profit private companies to deliver education programs? Could you detail what programs they are, what their aims and expected outcomes are and which countries they are being run in?

**Mr McDonald:** We have our aid programs listed on our website. In relation to your question about all programs, was that specifically for education?

**Senator RHIANNON:** For for-profit, because I could not work out from your website where the money is going to for-profit private companies that are delivering education programs.

**Mr McDonald:** We can take that on notice.

**Senator RHIANNON:** That is a breakdown for for-profit companies delivering education programs. Out of the Australian aid budget for the current and last financial years, what amount in dollars and what proportion as a percentage is going to non-government organisations, international finance institutions and multilateral organisations other than the IFIs? Could you take that on notice, please?

**Mr McDonald:** Yes, we can.

**Senator RHIANNON:** Thank you. Has any aid money, directly or indirectly—and by 'indirectly' I mean through IFIs—gone to the Asian Infrastructure Investment Bank?

**Mr McDonald:** There is no aid money that has gone to the Asian Infrastructure Investment Bank. It is not an ODA-eligible institution.

**Senator RHIANNON:** And none of the IFIs is supporting it in any way?

**Mr McDonald:** Not through aid money, no.

**Senator RHIANNON:** To ask more specifically, is the World Bank assisting it in any way?

**Mr McDonald:** I do not know whether the World Bank is assisting it or not. I do not know that, but I do know that the Australian aid program is not providing funding to the AIIB.

**Senator RHIANNON:** Is the Australian aid budget allocated to Papua New Guinea used for the refugee resettlement program?

**Mr McDonald:** I am not sure if you were here earlier, but we talked about the aid investment plans being recently completed and published on the website. That talks about the priorities for this year. It also details the programs, including those that are associated with the joint understanding.

**Senator RHIANNON:** I apologise that I missed that. I was not here at the beginning of the session. Of the Australian aid money allocated to PNG, has any funded the PNG government billboards welcoming refugees?

**Mr McDonald:** I will pass to Mr Sloper, but not to my knowledge.

**Mr Sloper:** If I could first respond to the question immediately before: the costs associated with resettling refugees in PNG are not ODA eligible under the OECD DAC guidelines. We do not provide any ODA in support of that process.

**Senator RHIANNON:** What about any other refugee related work?

**Mr Sloper:** Do you mean more broadly in terms of settlement policy by the PNG government?

**Senator RHIANNON:** Yes.

**Mr Sloper:** I am not aware of our being involved in any of that directly.

**Senator RHIANNON:** So no aid funding for any aspects of refugee work in PNG?

**Mr Sloper:** We provide a range of advisors in the PNG government, and some of them may be involved in it, but we do not have any programs directly related to that, no.

**Senator RHIANNON:** Directly or indirectly, is Australian aid money that goes to the PNG government assisting refugee programs in that country?

**Mr Sloper:** All the costs associated with resettling refugees in PNG are not ODA eligible and therefore nothing from our program is going to that.

**Senator RHIANNON:** From the way you answered the earlier question, it sounded like maybe some of the people working for the PNG government who are funded fully or partly by Australian aid money could be working on refugee programs. Is that correct or incorrect?

**Mr Sloper:** I would have to take that on notice. There may be people working with immigration officials there as part of broader programs who may be asked from time to time in regard to settlement policy.

**Senator RHIANNON:** Could you take that on notice, please?

**Mr Sloper:** Yes.

**Senator RHIANNON:** Thank you. I was going to move on to Australian aid to Palestine.

**Mr McDonald:** Yes, Senator.

**Senator RHIANNON:** I was going to pick up on some of the responses to questions on notice and just ask for some further elaboration, please. I am referring to questions from February this year. This is question No. 45. I asked about how many projects funded by Australian aid were destroyed by the Israeli army during the 2014 war in Gaza. Part of the answer said, 'If any project is affected we respond on a case-by-case basis.' Could you now update the hearing on what that response has been?

**Mr McDonald:** I will ask Mr Innes-Brown if he has any information on that with him.

**Mr Innes-Brown:** There were projects. I cannot find the note immediately before me, but we were funding two NGOs and their programs were impacted by the conflict, and there was damage. I might take that on notice and come back to you.

**Senator RHIANNON:** Okay. It was the APHEDA project and the World Vision project. You gave me some information about it previously. You further responded to say, 'If any project is affected we respond on a case-by-case basis.' That is where I was after an update.

**Mr Innes-Brown:** Sure, and I think we have a dollar amount. Let me find the reference and I will come back to you.

**Senator RHIANNON:** I am happy for you to take it on notice.

**Mr Innes-Brown:** I will come back to you, but I do have the information here somewhere.

**Senator RHIANNON:** Also from February this year, question No. 46 was a question about the 96,000 homes that were demolished when Israel invaded Gaza—if they would be rebuilt. You replied:

In such a complex operating environment DFAT is not able to estimate timeframes for the reconstruction of Gaza.

I am interested in any updated information you have on what reconstruction has occurred—any information at all that you have about that, as it is now about eight months later?

**Mr Innes-Brown:** Sure. Reconstruction in Gaza is very slow. Some houses which were partially destroyed have been repaired. However, I am advised that reconstruction of totally destroyed houses has not started.

**Senator RHIANNON:** I am just after information about the Australian aid involvement in this reconstruction—if there is any? That is all I am trying to find out—if there is or if there is not and, if there is, what it is.

**Mr Innes-Brown:** I will take that on notice.

**Senator RHIANNON:** Thank you. With regard to Susiya village—this was in question No. 46 in February last year—generally, I was after an update about the situation in Susiya village. You would be well aware of the situation there. Australian aid projects have been quite important for that village. Periodically, it has been suggested that it might be dismantled—

**Mr Innes-Brown:** Sure.

**Senator RHIANNON:** Could you update the situation?

**Mr Innes-Brown:** I have inquired about this recently. A few months ago it seemed that there were renewed fears that those structures would be demolished. A number of governments, including ours, have made representations about that. At present, there is a planned meeting between the community and the Israeli defence forces. I think that was supposed to take place this week or last week. However, it has been postponed due to the security situation.

**Senator RHIANNON:** Thank you for that update. I think you just said that the government had made representations—

**Mr Innes-Brown:** Yes. Deputy Secretary Wells raised this with the Israeli authorities during his visit in May. That was at the time when it appeared there were renewed fears that these demolitions were going to take place. So ours and a number of other governments made representations about it at that time.

**Senator RHIANNON:** Along the lines of?

**Mr Innes-Brown:** Well, we made representations about it. Obviously—

**Senator RHIANNON:** Are the representations—

**Mr Innes-Brown:** Obviously, we were not supportive of the demolitions going ahead.

**Senator RHIANNON:** Okay—that is all I was asking. Thank you. This is on question No. 32—also February 2014. If you had it in front of you it would make it easier—it is a little complicated.

**Mr Innes-Brown:** I do not have it here.

**Senator RHIANNON:** If you do not have it I think I will put it on notice.

**Mr Innes-Brown:** Okay, thanks.

**Senator RHIANNON:** Now I am back to Papua New Guinea—sorry, I did not include it earlier. Of the aid allocated to Papua New Guinea and Bougainville—actually, sorry, I will leave that one now. I have to go to the Mekong, because I know that I am nearly out of time. Sorry about that.

I did want to ask about some of the work of the Mekong River Commission Council. At a meeting last year, the Mekong River Commission Council agreed to prioritise key studies to fill significant knowledge gaps that they identified with regard to operations and dam construction along the Mekong River. This is with regard to the Mekong River Commission Council study that they identified was needed. Does the Australian government have any involvement with that study that is being prioritised by the Mekong River Commission?

**Mr Chittick:** I do not have any information in my brief on that particular program. I am very happy to take that on notice, to see if that is being supported by the Australian government.

**Senator RHIANNON:** You do not have any information about the Mekong River Commission Summit held last year?

**Mr Chittick:** I am aware of the summit, and our support for the Mekong River Commission is ongoing. I just do not have any particular information on that specific project. The support for a range of projects, including the prior consultation process, is ongoing, but I do not have any information at the moment about that particular one.

**Senator RHIANNON:** Thank you. I will come back to that. I also wanted to ask about the Theun-Hinboun expansion dam project in Central Laos. What measures has the Australian government taken to ensure that the scoping study for this project is made public?

**Mr Chittick:** Sorry, could you please repeat the name of their particular dam?

**Senator RHIANNON:** The Theun-Hinboun expansion dam. It is one in Central Laos. It is another of the major ones on the main river. I thought you would be up to date with that one because of the ANZ involvement.

**Mr Chittick:** I do not have any particular information on that briefing on me, so I am very happy to take that on notice.

**Senator RHIANNON:** I will come back on that with questions.

**Senator WATERS:** I have some questions about some files listed on the DFAT website. I am not too sure if we are in the right section, but you might be able to assist me because I will not be here later tonight. I am asking in relation to the Northern Australia Infrastructure Facility. It seems a variety of departments have a role to play, so I am asking about yours. The files that are listed are 15/27570, which is entitled 'Trade—Finance and Debt—Export Finance and Insurance Corporation, Northern Australia facility'. The second one is 14/22944 'Trade—Reporting—India—Adani Group'. I am interested in both of those trenches of work of the department, both in relation to the Northern Australia Infrastructure Facility and in relation to the Adani Group. Could you tell me, firstly, what is the scope of DFAT's role around that Northern Australia Infrastructure Facility?

**Mr McDonald:** I do not know if Ms Klugman can help you, but Brendan Berne, who is the correct division head, is scheduled to be here for the trade session tonight from 7.30. I am not sure that we have anyone else who can assist you at this point. We could take it on notice, if that is helpful.

**Senator WATERS:** I might put some question on notice. There might be someone who could assist me with this angle. I am interested if anyone in DFAT has held any meetings with state governments about the Northern Australia Infrastructure Facility.

**Mr Varghese:** I stand to be corrected on this, but I do not think there have been any direct consultations between DFAT and state governments on it. We are part of the broader interdepartmental process on the Northern Australia white paper and the follow-up to the Northern Australia white paper, of which the infrastructure facility is one element. I am not aware of any direct consultations with state governments on it.

**Senator WATERS:** When you say 'consultations', do you mean there have not been any meetings between either yourself or any of your departmental employees with anyone in the Queensland government?

**Mr Varghese:** Not on the facility. The criteria for that is still being developed, as I understand it.

**Senator WATERS:** Yes. I have progressed that in other committees. So not about the Australia facility. Have there been any meetings between yourself or your departmental officers and any of the state governments, particularly Queensland, about the Adani Group and any of its proposals?

**Mr Varghese:** The development of Northern Australia is something that is a standing item in our own policy agenda and so, from time to time, we would certainly be involved with following up on the Northern Australia white paper and, of course, we work very closely with Austrade on attracting investment which is relevant to the development of Northern Australia. For instance, regarding the big investment conference that will be held in Darwin in November, we have been working very closely with Austrade on securing high-level attendance at that. Posts have been involved in identifying potential investors and companies and extending invitations to them. Austrade has the lead, but we are working very closely with them.

**Senator WATERS:** Just so I am clear, you said there have been some ongoing meetings in the course of the department's interest in Northern Australia generally.

**Mr Varghese:** Sure.

**Senator WATERS:** Have there been meetings specifically with the Queensland government about any particular projects proposed in that region?

**Mr Varghese:** In Northern Australia?

**Senator WATERS:** Yes.

**Mr Varghese:** I have had discussions in the context of other issues about the Adani investment in Queensland with the Queensland government when I have held meetings with them.

**Senator WATERS:** Can you tell me a little more about the scope of those discussions?

**Mr Varghese:** They were discussions related to the Queensland government's pre-election commitment to assist the Adani project and what the policy of the new Labor government in Queensland is.

**Senator WATERS:** What were they seeking to learn from you?

**Mr Varghese:** I was seeking to ask them what their position was.

**Senator WATERS:** Are you able to tell me what their position was?

**Mr Varghese:** I would rather not speak for the Queensland government.

**Senator WATERS:** What was your understanding of the level of support for, in particular, Adani's Carmichael coalmine and rail project—

**Mr Varghese:** My sense is that the Queensland government would be keen to see the Adani project go ahead. I think the question is whether there would be any state government provided financial contribution to the project.

**Senator WATERS:** They have flagged in their state government that they will seek to apply to the Northern Australian Infrastructure Facility for funding particularly for the railway that the Adani group of companies would then seek to use, so again I am just trying to understand where does the DFAT fit in that puzzle? What was your role in that?

**Mr Varghese:** Andrew Robb is an active participant in the government's consideration of northern Australian development. He is one of the ministers who has been most closely involved in fleshing out the concept of northern Australian development. His investment responsibilities are clearly directly relevant, as indicated by the investment conference that Australia will be hosting in November.

**Senator WATERS:** Pardon my ignorance, because it is not normally my area, but can you elaborate on which investment responsibilities are relevant and how they are relevant?

**Mr Varghese:** He is the Minister for Trade and Investment. If the development of northern Australia is to go ahead on the scale that the white paper foreshadows, it is going to require very substantial foreign investment—there will not be domestic capital sufficient to do the things across tourism, resources, agriculture, research that would be required to have the northern Australia program take off.

**Senator WATERS:** I was not aware that the \$5 billion Northern Australian Infrastructure Facility would seek to effectively ask for co-contributions from industry—

**Mr Varghese:** I was not restricting it to the infrastructure facility; I was talking about Andrew Robb's investment hat and how it fits into northern Australia.

**Senator WATERS:** Are you aware of whether or not the Northern Australia Infrastructure Facility, the \$5 billion pot that was announced in the government's budget this year, what specifically is DFAT's role in that and did that come up in your discussions with the Queensland government?

**Mr Varghese:** The policy carriage for that is not with DFAT. The policy carriage for the infrastructure facility will be with other departments, including Treasury but not just Treasury. I know Minister Frydenberg has already said something on the public record about where that might or might not fit into the Adani project.

**Senator WATERS:** Indeed, and again I am just seeking to understand why it was that you were speaking about that facility with the Queensland government in relation to that Adani project.

**Mr Varghese:** It relates to the investment portfolio responsibilities of the Foreign Affairs and Trade portfolio. The Adani Carmichael project is a big Indian investment project in Australia and our portfolio is intimately connected with investment issues.

**Senator WATERS:** But not as such with the Northern Australia Infrastructure Facility.

**Senator Brandis:** Context is important here. It is a terribly important project. It is supported strongly by both sides of politics in Queensland. It is supported very strongly by the people of Queensland. It will create many thousands of jobs in Central Queensland, in particular, which you should be aware as a Queensland senator, Senator Waters, is having economic difficulties at the moment. It is desperately hoping that this project comes on stream. It will liberate literally tens of millions of people in India from energy poverty if it occurs.

**Senator WATERS:** You cannot seriously believe that.

**Senator Brandis:** It is a great and beneficial project, both for the people of Queensland, which you are meant to represent, and in a broader sense for the people of India in particular. We should feel very reassured that Mr Varghese, in whatever capacity this may relate to him, is doing his bit, as we all should be, to ensure this wonderful project comes into being.

**Senator WATERS:** I could get into a lengthy debate with you about the multiple inaccuracies of elements of what you have just said, but I am not going to, because I do not have much time.

**Senator Brandis:** Perhaps you could get into a debate with the tens of millions of impoverished people in India whom you would rather keep in poverty.

**Senator WATERS:** Perhaps you should read the World Bank report that says coal will not help those people because there is no electricity grid in 80 per cent of rural India. Anyway, we are not here to have a disagreement; I am keen to talk to the official.

**Senator Brandis:** Perhaps if the coal were available, then that would facilitate the expansion of the grid.

**Senator WATERS:** It would still be the most expensive energy option, according to various economic reports. Anyway, as I say, I would rather actually speak with the officials.

**Senator Brandis:** That might be so. You might be happy to stand by and see tens of millions of people left in poverty. But I think that is not a very good outcome.

**Senator WATERS:** I was not the one that cut the foreign aid budget to the lowest in memory. I am afraid you are the one lacking credibility in regard caring for the poor.

**Senator Brandis:** I am just saying that it is desirable that tens of millions of people in India be lifted out of poverty, an aspiration you do not seem to share.

**Senator WATERS:** No, I am glad we share that aspiration. We differ on how that might be achieved.

**Senator Brandis:** We think that getting energy to them is a good start.

**Senator WATERS:** Yes, not from coal that they cannot afford and have no infrastructure to use. Anyway, I am trying to speak with the secretary, and thank you for your useful advice so far—

**Senator Brandis:** That is alright.

**Senator WATERS:** I was actually saying that the secretary was useful.

**Senator Brandis:** As you know, all questions at estimates are directed through the minister.

**Senator WATERS:** I would like to turn now to that second file that I mentioned, 14/22944: Trade/Reporting/India/Adani Group. Why does the department keep such a file, and what is the relationship between that file and the Northern Australia Infrastructure Facility file?

**Mr Varghese:** I do not memorise the file numbers of every file in the department. If there is a file on the Adani project, it would be completely unsurprising for the department to have such a document. The Adani investment is the most significant Indian investment in Australia, in the context of an economic relationship which is likely to grow very much more strongly over the next five or 10 years. We have an interest in it as a department because of our investment responsibilities in the portfolio, because of the bilateral relationship with India, because of our economic diplomacy strategies with India and because expanding our trade and investment

relationship is a key objective of the closer economic cooperation agreement that we are currently negotiating with India.

**Senator WATERS:** What sort of material would be placed on a file like that?

**Mr Varghese:** Material relevant to the Adani investment. It could be a whole range of material.

**Senator WATERS:** Would that file then be fed into any processes—for example, if the company seeks to apply to that Northern Australia Infrastructure Facility for access to public funding to build private coal railways?

**Mr Varghese:** We are not going to be a decision-maker on the Northern Australia Infrastructure Facility, the criteria of which are, in any event, still being worked through. We may have an input into decisions that are made. We may have an input into the scope of the infrastructure facility. That would be part of a whole-of-government interdepartmental consultation. To the extent that we do, and it generates paper, I imagine it would be placed on the file.

**Senator WATERS:** Would that file be likely to include information about the company's various breaches of domestic Indian law as regards environmental protection and iron ore exports.

**Mr Varghese:** I do not know what is on the file.

**Senator WATERS:** Have you met with representatives of the Adani company, or with Mr Adani himself?

**Mr Varghese:** I have met with Mr Adani on many occasions, when I was Australian High Commissioner to India and since as secretary, and I have met with his Australian office from time to time.

**Proceedings suspended from 15:30 to 15:44**

**CHAIR:** We will resume.

**Senator GALLACHER:** There are a few issues I want to speak about—and to do them justice, Mr McDonald, you probably need to take them on notice—and they go specifically to our programs in Timor-Leste, Papua New Guinea and Indonesia. In particular, if these statistics are correct, the awful statistics that more than half, 58 per cent, of all Timorese children have had their growth permanently stunted by malnutrition; that half, or 49.5 per cent, of all children in Papua New Guinea have had their growth permanently stunted by malnutrition; and that more than a third, 36 per cent, of all Indonesian children had had their growth permanently stunted by undernutrition. We have had aid programs in all those places for a very long time. They are significant recipients of our aid.

The other interesting statistics are their economic growth: in Papua New Guinea's case, a growth rate of 5.8 per cent from 2004 to 2013; Timor-Leste, an annual growth rate of 14.6 per cent from 2007 to 2012; and Indonesian, an annual growth rate of 5.8 per cent from 2004 to 2013. In summary, we have been there a long time. We have had aid programs a long time. The stats are appalling—my word not yours. Their economic growth rates are reasonable, in fact, they are very respectable in world terms. Where are we failing in achieving reductions in these appalling outcomes after the such a long investment? I appreciate it is a very complex question, but I would appreciate if you could take it on notice unless you want to make comments straightaway.

**Mr McDonald:** We will check those statistics but, if you want to have a discussion on it now, I will have one of my health people come to the table to speak about it. But nutrition, particularly in Timor-Leste, is one that I am familiar with and is one that we have been focused on with the aid program. You are absolutely correct in terms of the improvement you need because, as you know, that impacts on learning and everything else that occurs in the country. One thing we are trying through the innovationXchange is a nutrition new initiative that links up various aspects of nutrition. It is not just health; it is about education, water and sanitation. And we use mobile technology to help inform people about nutrition and what they should be and should not be eating and those sorts of things. I am happy to provide you with more detail on that.

**Senator GALLACHER:** It is a very complex area. If we spend enormous sums of taxpayers' money, we should be seeing some reasonable benefit.

**Mr Varghese:** if I could make an observation. This is a very complex area and it is very frustrating area when you put it in the way that you have, Senator Gallacher. To me, and I offer these as personal comments more than anything else, it underlines that an aid program in and of itself cannot turn a country around. The turning around of a country is a function of leadership policy and institutions, and they are ultimately all in the control of the country itself not of its aid partners. We can help in each of those areas through aid programs but, ultimately, if a country does not have the leadership, the policy and the institutions to turn things around, they will not be turned around and they could get worse, and we are seeing that in some areas.

**Senator GALLACHER:** In at least one country, the reality of the 'could get worse' it that it has got worse. That is the complex debate that needs to be had, that you cannot just send a barrel of food over there. You have to

have an institution, a government, a public service, an education system or a health system that works. I understand that, but I am not sure that we win that fight outside of this place when the stats are so appalling. Anyway, I will leave that on notice because, as I think you are aware, we are doing an inquiry into the effectiveness of aid and it will probably help us a bit.

There was an announcement of a blue book which covered about 13 years of aid budgets. Are you familiar with that, Mr Varghese? Was there a publication of that?

**Mr Varghese:** There was a previous practice of having a blue book, yes.

**Senator GALLACHER:** And now we are moving to a green book?

**Mr Varghese:** I will let Mr McDonald explain where we are on that.

**Mr McDonald:** The green book is broader than the blue book in the sense that it covers all government expenditure. Yes, we are looking to produce one of those later in the year.

**Senator GALLACHER:** If we draw a line in the sand, the blue book basically had a set of guidelines and principles in respect of aid. The green book is a revised set of guidelines and principles.

**Mr McDonald:** I will ask Mr Wood to come forward and tell you exactly what is in the green book, but the blue book pretty much covered what is now on our website. It covered the allocations of the budget and the programs in each country—if it was Timor-Leste, it showed our key priorities there. It had that information, which is now on the website. I might ask Mr Wood to elaborate on the green book.

**Mr Wood:** To reiterate what Mr McDonald said, the blue book was a budget related document that came out on budget night. It disclosed details of aid allocations and what was going to be done in each country. As Mr McDonald said, that is pretty much replicated on the country pages on our website.

**Senator GALLACHER:** Was that the May 2015 budget?

**Mr Wood:** Correct. The green book has, historically, been produced by the department and is focused on ODA statistics. It has been a statistical summary that summarised historically the types of sectors and the amounts of aid spending. The foreign minister has committed to produce an expanded green book that will include not only aid as we define it—official development assistance—but other types of assistance and engagements that we have with countries. We had a discussion earlier about the New Colombo Plan, for example. It may also include trade information.

**Senator GALLACHER:** So it is going to include other items that would not have been considered in the blue book.

**Mr McDonald:** The way I would shorthand it is that it is the Australian government effort in that country.

**Senator GALLACHER:** When will that be updated and released?

**Mr Wood:** The commitment is that it will be released by December 2015—so it will be released in this calendar year.

**Senator GALLACHER:** Has consultation occurred domestically and internationally on the framework for it?

**Mr Wood:** We have done some analysis and some work around what information can be provided, and we have spoken to other government departments about the information that they can contribute.

**Senator GALLACHER:** Will the green book present information consistent with the OECD TOSSD framework?

**Mr Wood:** Very good—the TOSSD, which stands for the total official support for sustainable development. I envisage it will have two components. There will continue to be the statistical appendix, which will be the information on official development assistance, but, as we have indicated, the green book will be broader and include other types of assistance.

**Senator GALLACHER:** Will you be able to follow the blue book into the green book and there will be a line of addition that could give you a summation of the aid position?

**Mr Wood:** That is a good point. There will be a link between budget allocations and the statistics on how aid will be spent, but it will not be a precise link.

**Senator GALLACHER:** Will the aid sector be consulted on the production of the green book?

**Mr Wood:** We have been considering how it will be produced. There may be some consultations later in the process.

**Senator GALLACHER:** So they will be consulted after you have done it—is that what you just said?



**Mr Wood:** That is still to be developed. At this stage, we are focusing on the information that we require to produce the document.

**Senator GALLACHER:** So you will not be consulting the aid sector prior to production?

**Mr Wood:** It depends on what types of information we would be providing.

**Mr McDonald:** I think the point Mr Wood is making is that some of the green book will have aid components in it and some of it will not be aid components, so it is about what the consultation would involve.

**Senator GALLACHER:** Will the green book result in any changes to the classification or presentation of the federal budget document? Will we be able to see aid going that way? When it gets in the green book, will you be redesigning the bags of money, for want of a better word?

**Mr McDonald:** ODA is defined by the OECD, so that will stay the same in the budget website as it does in the green book.

**Mr Wood:** There will be no changes to how we classify aid.

**Senator GALLACHER:** I think you mentioned you were going to consult other government agencies or departments. Who are they that will get consulted?

**Mr Wood:** One good example is the work that the Department of Defence do in response to natural disasters. Historically a lot of that activity has not been classified as aid. There are specific exemptions and reasons for that. However, it is important to acknowledge that, when we do have natural disasters, such as Cyclone Pam, the Department of Defence are involved and they do utilise their assets and they vote devote some reasonable amounts of expenditure to addressing some of those issues in those humanitarian disasters.

**Senator GALLACHER:** Will the green book include all the data and detail previously provided in the blue book?

**Mr McDonald:** I think the answer to that is that the website includes information that is consistent with the blue book. I think in the green book you will have the budget allocations—the way I understand it—the statistical information, which will be the same, but it will have additional information in it for these other agencies. Can I just say that the other reason for this is that some countries currently include in their public representation the whole-of-government efforts. The UK comes to mind for me. We might be able to take it on notice, but other countries do a similar thing to the green book.

**Senator GALLACHER:** So your contention is that this green book will improve transparency and accountability in the aid program?

**Mr McDonald:** It will certainly improve transparency in the sense of the total contribution of the Australian government to, say, a natural disaster or the total contribution of the Australian government within a country. For example, you could have some peacekeeping activity that is not ODA eligible, that is not aid-specific, but it is part of the Australian government contribution, so it will enhance knowledge of what the Australian government is doing.

**Senator GALLACHER:** So it is too cynical to say that we are just introducing functions we have always done into a book which will look like the aid blue book and camouflage any cuts?

**Mr McDonald:** I do not think that is what we are doing. In terms of all the material on our budget, it is on the website, and we talked earlier about the aid investment plans and the new priorities, and we also took on notice from Senator Wong some additional information. So, no, I would not agree with that. I think this is about being transparent about what our ODA contribution is and what our total government contribution is.

**Senator GALLACHER:** And we have not been transparent about that in the past?

**Mr McDonald:** I think we have been transparent on the ODA side, in the sense that the budget comes down and we specify that. I think it is harder for people to find, at each government department, what our broader contribution is into that country, because they need to go basically government department by government department. This will consolidate it in one spot.

**Senator GALLACHER:** Didn't you mention Defence? Do they bill you for their efforts or is that a contingency that they run?

**Mr Wood:** No. This relates to expenditure that other agencies and departments incur themselves.

**Senator GALLACHER:** So your intention is that this is improving transparency and accountability and bringing things into line with other nations?

**Mr McDonald:** Some other countries, yes.

**Senator GALLACHER:** And we think the United Kingdom is one of those countries?

**Mr McDonald:** The United Kingdom, certainly in a natural disaster, talks about its overall effort, including those parts that are not ODA eligible, yes—so, for example, the aircraft they use within a natural disaster.

**Senator GALLACHER:** I will move onto audit and fraud.

**Senator RONALDSON:** Just before we get onto that, do you mind if I make a couple of follow-up questions in relation to this?

**Senator GALLACHER:** No.

**Senator RONALDSON:** I was five minutes late coming in, so you may well have mentioned this. I presume we abide by our commitment under the International Aid Transparency Initiative to make public regular details and timely information on aid programs and development expenditure.

**Mr McDonald:** Yes, we do.

**Senator RONALDSON:** It is quite clear, from the evidence I have heard, that the transparency, at the moment, is greater than it has been. There was an Independent Review of Aid Effectiveness in 2011; is that right?

**Mr McDonald:** That is correct.

**Senator RONALDSON:** And there was an ANAO report in 2009. I understand it found that most countries' strategies were not publicly available. Is that correct?

**Mr McDonald:** I believe that is correct, yes.

**Senator RONALDSON:** The Independent Review of Aid Effectiveness found that the level of transparency, in the aid program, under the former government could be improved. It is my understanding that was the outcome of the review.

**Mr McDonald:** I think it indicated that there was—as you said—a lag in some information being made public; yes.

**Senator RONALDSON:** Were the transparency matters that you have addressed informed by the recommendations, in the 2011 review, and built on those?

**Mr McDonald:** In the government's aid policy, when it was released, it made a commitment to transparency. I think as I went through it earlier, on the aid-investment plans, which are the equivalent to the country strategies that you refer to, we had a public commitment to have those on the website by 30 September, this year, following the 2015-16 budget in May. We have incorporated all of those aid-investment plans. The 25 major plans are now on the website.

There were also some requirements around, for example, our aid program performance reports, which were taking quite a while—up to 18 months—to complete. The department needed to improve its performance, in that regard. In relation to those, they form part of the Australian aid program performance report that is put out each February. After the end of the financial year those performance reports for all of our programs need to be complete and published. Last year, they were published in September and this year they will be published in early November because of the work we had to do on the aid investment plans to have those completed. Those, then, feed into the aid-performance report that is released in February.

In addition, there are sector-thematic strategies that we have, which guide people in the agency—say, if they wanted to do an investment on health. There are 12 of those strategies being developed, of which eight are now on the website. That is another point of our transparency. I talked before about the budget et cetera. We are working hard to not only put material on the website but also to make it accessible. We have had it raised here around historical information and we are trying to make that easier to access on our website. That is another enhancement we are focusing on.

**Senator RONALDSON:** I would have thought that by any measure the transparency has clearly improved, quite dramatically, so congratulations.

**Mr Varghese:** Sorry to interrupt, but may I just add one point on transparency? It actually reinforces the point you are making. Since the foreign minister released her aid policy statement in June 2014 we have added 280 new aid-related documents to our website. They cover strategies, evaluations, plans, performance reports.

**Senator RONALDSON:** Is that over and above what was traditionally in the blue book?

**Mr Varghese:** Some of it would have covered ground that was in the blue book. It is just a measure of the level of transparency that we have been operating.

**Senator RONALDSON:** I congratulate both you and the minister on that transparency. There have been some important issues raised by Senator Gallacher and, clearly, that transparency has improved. Well done.

**Senator GALLACHER:** To cap that issue off, I have three questions in relation to the total official support for sustainable development and the proposal for the post-2015 measurement. Has the Australian government made any submissions or provided any advice to the OECD on that proposal for the post-2015 measurement?

**Mr Wood:** It might be best if I take some of this on notice. The people from our budget team have been liaising with the OECD DAC on this topic, but it is probably best if I save these questions so we can provide a consolidated response.

**Senator GALLACHER:** The second question is: does the department have a view on the potential usefulness of the TOSSD framework? That is an unfortunate acronym, I would have thought.

**Mr Wood:** I think we call it 'tossed'.

**Senator GALLACHER:** Have you made any representations? Do you have a formal view on it? Has the department made any assessment of the likely inputs to measurement of Australia's TOSSD?

**Mr McDonald:** As Mr Woods said, we will take it on notice. In relation to where it was agreed that further work would be done by the OECD, Australia was certainly supportive of that, as were other countries at the relevant meeting.

**Senator GALLACHER:** Will Australia be making a contribution to settling an approach to TOSSD at the OECD DAC high-level meeting in 2016?

**Mr McDonald:** Yes. We do work very closely with the OECD DAC, so I expect we will. As say, we will be able to provide a thorough, consolidated response.

**Senator GALLACHER:** Moving on to fraud, is there anybody who can give us an update on what has been happening in the Department of Foreign Affairs and Trade? You have not bought an extra 1,500 pairs of boots or anything?

**Mr McDonald:** No. Mr Dawson will come up and talk about that. I think our fraud rate has remained fairly consistent and low, but I will ask Mr Dawson to elaborate on that.

**Senator GALLACHER:** Before you go on, Mr Dawson, in the four days of estimates that I have heard this week, two departments have had instances of officials exceeding their authority in spend. One was \$40,000 and they managed to spend \$320,000; and the other one yesterday was \$40,000 and they managed to spend \$370,000. I am interested in those sorts of things.

**Mr Dawson:** That might be more a question for the chief financial officer.

**Senator GALLACHER:** Can anybody give us an update on what the level of fraud is in the department?

**Mr Wood:** I do not have information on that. I am not aware of too many instances where spending has exceeded a delegation level. Sometimes we have had instances where an approval has occurred shortly after something has been procured, or has not occurred at the right time. I am not aware of too many cases where a delegation has been exceeded, but we can take that on notice.

**Senator GALLACHER:** You measure that, obviously—you would be aware if there were instances of people exceeding their spend either for unapproved expenditure or for—

**Mr Wood:** We are required to report this in our annual certificate of compliance with the PGPA Act.

**Mr McDonald:** Adding to that, our audit and risk committee certainly look at fraud both in the department and in the aid program when we meet, which is quarterly. We are very conscious of this issue.

**Senator GALLACHER:** You did attract some media attention in respect to the AusAID program. Secretary Varghese, that occasioned you to write to *The Australian* newspaper on 27 August about the reporting of fraud and corruption in the aid program. Why was it necessary to write to the paper? Was the article inaccurate or incorrect?

**Mr Varghese:** I think the letter is self-contained and it takes issue with some of the reporting to which it was responding, and I really wanted to put this issue in some better context. Mr Dawson can go into much more detail about our efforts on both detecting fraud and then responding to it. The main points I wanted to make in my letter were that (1) we would have a zero tolerance policy towards fraud, (2) no-one can guarantee that there will be absolutely no fraud, (3) what we can guarantee is that where instances of fraud are brought to our attention we will address them thoroughly and we will take every possible measure to either retrieve the moneys or to pursue prosecutions, and (4) the overall level of fraud in the aid program is, by any benchmark really, very low. I will ask Mr Dawson if he wants to add to that.

**Mr Dawson:** I think one of the other elements of the article which the department found objectionable was the sense that the department was attempting to hush things up on fraud issues, whereas, in fact, we publish an annual fact sheet. It is on the website. It sets out levels of fraud, numbers of cases and comparisons with previous years. We have looked very hard at what other aid agencies do, for example, and I think the information which is publicly available from DFAT is both more regular and more detailed than that provided by almost any other development agency. It is certainly correct that we do not provide detailed information on individual cases, and that is because that information could prejudice continuing investigations or it may contravene various legislation. But the sense from the article was that we were somehow secretive about fraud issues, whereas, in fact, we are very public about them.

**Senator GALLACHER:** You are saying that every year you publish on your website or in your report—

**Mr Dawson:** On the website.

**Senator GALLACHER:** all instances of fraud.

**Mr Dawson:** We publish the summary numbers of fraud with the case numbers and total amounts potentially lost to fraud.

**Senator GALLACHER:** Where can a person access that? How do you access that? Is there a website?

**Mr Dawson:** It is on the DFAT website.

**Senator GALLACHER:** On the DFAT website. You just go to 'Fraud' and there it is.

**Mr Dawson:** That is right.

**Senator GALLACHER:** It is empty this year, is it?

**Mr Dawson:** 'Empty' in what sense.

**Senator GALLACHER:** There is nothing in it. You have not had any this year.

**Mr Dawson:** No. There is a report of numbers of cases and the report of—

**Senator GALLACHER:** How many cases have you had?

**Mr Dawson:** In the 2014-15 financial year, we had 159 cases of fraud against the aid program. I can give the total dollar amounts and the percentages.

**Senator GALLACHER:** What is the total amount?

**Mr Dawson:** That was just over \$1.3 million.

**Senator GALLACHER:** What is the aid program in total?

**Mr Dawson:** It is \$5 billion, so it came out to 0.026 per cent—in other words, slightly over two-one-hundredths of a cent for every dollar spent—a very tiny amount.

**Senator GALLACHER:** One thing that intrigued me, particularly in respect of New Guinea, is that the law and justice sector secretariat program was estimated to have defrauded the aid program by \$½ million, I think it is.

**Ms McDonald:** Just on that, I think it is worth adding to Mr Dawson's comments that we actively pursue recovery of that money, and in that case, in that particularly one you have talked about, I am almost positive we have recouped that funding. We also recouped other funding of about \$½ million, from memory, from PNG as well. So where there is fraud we not only actively pursue whatever means we need to to address the issue but also aim to recoup funding that has been misappropriated as well.

**Senator GALLACHER:** That is very prudent and correct of you, and I appreciate that information. I suppose where I will be taking a particular interest is as we move to more engagement with the private sector. I personally think the risks are higher with the private sector, particularly in some countries where the public sector is questionable in its accountability, probity and due diligence, and the risks are exacerbated as we move into more engagement with the private sector. I might be totally wrong about that, but that is the view I have. I will particularly be taking a note of the published data in respect of this. What are the potential impacts on DFAT, or the delivery of Australia's program, if there is misinformation reported about the willingness to address fraud and corruption? What is the impact on you? Will you try to address that, Secretary, with a letter?

**Mr McDonald:** My experience in the aid area, for the last four years, has been that there is a heightened interest in any corruption in the aid program compared with domestic portfolios I have worked in. Any fraud at all tends to get high publicity and—as Mr Dawson mentioned—these are potential losses, they are not yet losses, because we require that any suspected fraud is immediately reported. When that publicity occurs, it is important that we correct the record, as the secretary did through his letter on this occasion. We work very hard in the

agency and our staff works very hard to address any risks associated with fraud in the way that they design the programs, and then they actively pursue addressing that issue when fraud is reported to them.

**Senator GALLACHER:** These reports here, however they are reported, they are factual in that someone designed a scam and robbed the aid program. I do not know how you can characterise it any other way. It would be tremendously unpopular if Australian aid dollars are getting misappropriated.

**Mr McDonald:** We agree entirely, and that is why we follow through to prosecution. You can look over the last 12 months to 18 months and longer and you will see active referral of matters to law-enforcement agencies and the like and, as I said earlier, recouping the money. It is very important. That said, as you know we do work in a number of countries where corruption is an issue and we need to design our programs accordingly.

**Senator GALLACHER:** If you go back to the published information, it does not give you any detail. It just gives the instances and the value. Is that how it works?

**Mr Dawson:** It gives the summary information for each financial year.

**Senator GALLACHER:** So anybody who wanted further information would have to follow up with a freedom of information request?

**Mr Dawson:** Yes, that would be one route.

**Senator GALLACHER:** Is that the preferred way of dealing with it? Would it not be better to disclose the action taken—case closed; money recovered?

**Mr McDonald:** We have responded, at various times, to FOI requests, but there is also this time period that it takes to go through and have the matter investigated. We also have to be careful publicly that we are not in any way affecting the investigation. Also, when we update the website with the fact sheet, we update the numbers. As you can imagine, some of the money we recoup could be for an earlier financial year et cetera. We try to give as much of that information. I think when you get down to individual cases, on a lot of occasions—and Mr Dawson can confirm this for me—they can be quite small in nature. When you and I think about fraud, we probably do not think about theft of a laptop for example, but that is one of the examples that would be covered under the fraud act in the Commonwealth. I think that is correct, Mr Dawson.

**Mr Dawson:** The majority of cases by far are small in size and often relate to a small theft of funds or a small theft of assets.

**Senator RONALDSON:** Just on that last point of Senator Gallacher's, I am sure that is not what he was alleging. But this is not a new issue. I think there was an FOI back in early 2011 which showed, I think, that there were about 175 cases of fraud at that stage stretching across 27 countries. I want to turn to a matter which horrified our nation, and still does so to this day—that is, the downing of them MH17. The Dutch Safety Board report into this matter was released recently. Were the findings consistent with the government's understanding of what happened?

**Mr Varghese:** Yes. The short answer is: yes. The findings of the Dutch Safety Board was completely consistent with our understanding of what had happened and, indeed, with the statements that we made in the immediate aftermath of the crash.

**Senator RONALDSON:** What has the government done for the victims' families, knowing how distressing the report would likely be?

**Mr Varghese:** I will ask Jon Philp, who is the head of our consular division, to address that.

**Mr Philp:** We were very keen to take account of the sensitivities of the families when the Dutch Safety Board report was to be released. The initial expectation was that it was simply going to be released in a way that would not give the families any prior notice of what was to be released. We felt that that was unhelpful for them. Our embassy in the Netherlands very helpfully attended the Dutch Safety Board briefing. We were able to get access to some of the very summary reports. We were able to use that to brief the families as far as we could to what was going to be in the report before it was actually released publicly.

**Senator RONALDSON:** Have there been any offers of counselling post the release of that as well?

**Mr Philp:** Not by us, but we are in close contact with all of the families involved. We have a consular officer dedicated to each family. They have been in close personal contact. In many cases, it is the same officer since the time of the fatal crash. They remain very close to these families. They are actually in contact, in some cases several times a week, to discuss how they are travelling and what is going on.

**Senator RONALDSON:** So that contact is continuing?

**Mr Philp:** Yes.

**Senator RONALDSON:** I know that this could take some time, so if you could, perhaps, shorten it if possible. Could you just go through to what assistance the Australian government offered to the families after this horrific event?

**Mr Philp:** Assistance was given in various different ways. For example, the Dutch government actually assisted families to attend some of the things that took place in the Netherlands in terms of identifying remains and so on. But in relation to what the Australia government provided, or my area of the government, we had a DFAT consular officer assisting each family throughout the period. That is still ongoing now. Where families wished, a consular officer also travelled with them to the Netherlands to assist during the process of repatriation of remains, where they have been identified. We coordinated whole-of-government meetings with the families in Perth on 10 April, in Sydney on 14 April, in Melbourne on 15 April. As you would be aware, the then Prime Minister hosted an anniversary on the first anniversary, to which all families were invited. But that was coordinated by the Department of Prime Minister and Cabinet.

Our main role was to keep them updated on investigations and memorial arrangements and, in general, consular assistance. That really amounts to psychological support for the families. Our consular officers are not trained psychologists in that sense. They have a great deal of experience. The briefings given to the families at those major occasions were conducted jointly by DFAT, the Australian Federal Police and the Australian Transport Safety Bureau—so not just by us. Our main role was to provide that support to the families and information, through the embassy, on what was happening in the Netherlands as the investigation has proceeded.

**Senator RONALDSON:** I am sure they are grateful for that. Can you tell me what the Foreign Minister has done in a personal sense to help secure justice for the victims of MH17? We of course had the resolution; was the Foreign Minister involved in seeking support for that?

**Ms Cooper:** The Foreign Minister was very active in seeking to secure a UN Security Council resolution that would have established a tribunal for the prosecution of the perpetrators. Of course, the joint investigation team is currently carrying out an investigation. Once that investigation is concluded, the next step will be to bring the perpetrators to account.

**Senator RONALDSON:** Did the Foreign Minister do it from here? Or was she in New York to assist with this process? What was her level of engagement?

**Ms Cooper:** The Foreign Minister assisted from here and in New York. She was in New York at the time the resolution was tabled.

**Senator RONALDSON:** Had she been there for a period of time to assist in that?

**Ms Cooper:** Yes, she was certainly very active immediately prior to the tabling of that resolution.

**Senator RONALDSON:** And what were the impediments to the establishment of a Security Council mandated international tribunal for the prosecution of those responsible?

**Ms Cooper:** That resolution was vetoed by Russia.

**Senator RONALDSON:** I appreciate that you will probably want to answer this question with some caution, and I am sure the committee will understand that. What is the government doing now in relation to this matter?

**Ms Cooper:** The government is working very actively with the other members of the joint investigation team. The members of that group are Australia, Belgium, Malaysia, the Netherlands and Ukraine. That team was formed in August last year. The first effort, as we have just discussed, was an attempt to establish a UN Security Council tribunal. That was vetoed by Russia, as I mentioned, so we are now actively considering alternative prosecution options. As you can imagine, that is quite a complex discussion with a number of jurisdictions in each of the countries looking at what sort of crimes may be involved, how best to establish a mechanism and what the alternatives might be.

**Senator RONALDSON:** Is that being done with some vigour and rigour?

**Ms Cooper:** Absolutely.

**Senator RONALDSON:** With this Security Council mandated tribunal and the Foreign Minister's personal endeavours in this, did this require phone calls to other ministers and leaders, face-to-face bilaterals and advocacy on the ground in a general sense? Was it a multifaceted approach that the Foreign Minister took in relation to her endeavours to secure the mandated tribunal?

**Ms Cooper:** It is certainly a multifaceted approach which has included, and will continue to include, a whole range of the contacts that you have mentioned at ministerial level and between officials and also, of course, very active work by our permanent representatives to the United Nations in New York and the team on the ground in New York.

**Senator RONALDSON:** Would it be fair to say that the Foreign Minister, the government and the department will pursue this matter vigorously and rigorously, as I said before?

**Ms Cooper:** Absolutely. I think we can say very confidently that all members of the joint investigation team—the Australian government, the Australian Department of Foreign Affairs and Trade and all those agencies that are actively involved in the investigation process—are very committed to working to bring the perpetrators to account and to establish an appropriate mechanism.

**Senator RONALDSON:** The veto obviously impeded progress of that. But, from what you are saying, we are looking, in conjunction with our partners, to pursue it through alternative means.

**Ms Cooper:** That is right. We certainly are. That is entirely in accordance with resolution 2166, which was passed after the downing of MH17. It demands that those responsible for the downing of MH17 be held to account and that all states cooperate fully with efforts to establish accountability.

**Senator RONALDSON:** I should not speak for my colleagues, but I am sure that these endeavours have the absolute bipartisan support of not only this committee but this parliament and the Australian people. So good luck with your endeavours.

**Ms Cooper:** Thank you.

**CHAIR:** I want to report a conversation I had at RAAF Base Amberley recently with the officer commanding the C17 Globemasters. He told me a about comment that was made to him in Holland. The person in charge of the operation to bring the remains of the people home said, 'It is only in a tragedy like this that you learn your closest neighbours actually come from the other side of the world.' That is in support of what you are saying.

**Senator GALLACHER:** I asked very specifically, 'Were there any instances of people exceeding their delegation?' and the reply was no. This will please Senator Brandis because it is not a partisan inquiry. It probably goes back to 2012. What is reported here is that two Australian aid payments totalling \$1.6 million to set up remote health clinics in the Solomons were made to a company called Joke Shipping Services which has no ships and its only services are to corrupt owners who pocket the money. How is it possible that two separate payments totalling \$1.6 million were authorised and paid to a company that has no ships and no services and yet that is ostensibly what the invoices for? If you have to take that on notice, I am very happy for you to.

**Mr Dawson:** The fundamental answer is that the authorisation was not given by the Australian government or Australian government officials. This was an authorisation by the Solomon Islands government. It was detected through the controls we have in relation to our aid program in the Solomon Islands. It is now being followed up and the perpetrators are being taken through the courts. The Solomon Islands government has also given an undertaking to repay funds once those cases have been concluded.

**Senator GALLACHER:** The name of the company did not set off an alarm?

**Mr Dawson:** Obviously it should have done. It should have done for our Solomon Islands colleagues who were authorising these payments.

**Senator McEWEN:** I want to go to DFAT personnel and talk about the enterprise bargaining agreement process. As I understand it, as part of the negotiations for the current enterprise agreement, there is a proposal from the department to remove clause 5.24 from the enterprise agreement. It says:

... as a minimum there will be no overall reduction in the balance of conditions for employees serving overseas.

Why is that parliament seeking to remove that clause?

**Mr Fisher:** The framework seeks to streamline the EA text, and that is part of that process.

**Senator McEWEN:** Is it the intention to bring about an overall reduction in the balance of conditions for employees serving overseas?

**Mr Fisher:** No, Senator, not at all.

**Senator McEWEN:** So why are you seeking to remove that clause—surely not just to tidy up the agreement?

**Mr Fisher:** Indeed to tidy up the agreement. Part of the framework is to reduce, in particular, things which are covered in legislation or other areas and to remove those things from the EA text.

**Mr Varghese:** I will just add: I have made it very clear during the process of consultations and negotiations on the enterprise agreement that the pay-off that we are putting on the table, which is now the revised maximum under the government's policy—namely, six per cent over three years—will not be paid for through the trade-off of conditions; this will be paid for through the productivity gains that we have generated through our broader management and process reforms and it will not involve a reduction of conditions.

**Senator McEWEN:** I note your comments there. Mr Varghese, however, having negotiated quite a lot of enterprise agreements myself, whenever an employer suggested as part of negotiations to remove a clause that actually stipulates there will be no overall reduction in the balance of conditions, it indicated to me as a union official and to the people I represented was that, indeed, at some point in time, the employer would seek to do that very thing.

**Mr Varghese:** I think if you approach the negotiations with bad faith maybe you would reach that conclusion. If you approach the negotiations with good faith, you might reach a different conclusion.

**Senator McEWEN:** So for the sake of saving approximately, I would guess, 30 words in that clause, you are causing this angst within your department about why you want to remove that clause. Removing, say, 30 words, is not exactly streamlining the enterprise agreement, I would suggest.

**Mr Varghese:** One, we are operating within a broader government policy framework on the enterprise agreement; and, secondly, this is an issue of what is appropriately necessarily in a enterprise agreement and what appropriately belongs elsewhere. The codification of conditions and allowances is something which does not have to be enshrined in the enterprise agreement.

**Senator McEWEN:** Wouldn't it be preferable to leave the clause there, given that you are saying that the pay increase that the department is proposing will not be paid for by anything other than productivity gains or by a reduction in conditions? Wouldn't it be better just to leave the clause there and give your staff the certainty that you are not going to in fact attempt to reduce the balance of conditions for employers serving overseas?

**Mr Varghese:** I think it goes back to the broader policy framework of a streamlined document. You can argue about how best to achieve a streamlined document and you are making one point about it. In the end, we took the view that it was consistent with the broader streamlined objective that the government had set for all enterprise agreements for us to approach it in the way that we have.

**Senator McEWEN:** So I guess the ultimate outcome of that logic, Mr Varghese, would be that you would have an agreement with no words in it and we would just rely on the good faith of the employer.

**Mr Varghese:** I think that would be leaping to completely erroneous conclusions, Senator.

**Senator McEWEN:** We shall see. Can I take it that you have no intention of reducing the balance of conditions for employees serving overseas?

**Mr Varghese:** I have made that clear in all of our communications.

**Senator McEWEN:** With regard to a proposal to include in the enterprise agreement regarding domestic violence leave—given the current government and indeed the government under the former Prime Minister have made many statements about tackling domestic violence and supporting women and families affected by it—why is the department refusing to introduce a domestic violence leave clause in the enterprise agreement?

**Mr Fisher:** It is about streamlining. We already have provision for leave that would include domestic violence occasions, so again it would be introducing something into the agreement which is already covered under our current arrangements.

**Senator McEWEN:** In guidelines.

**Mr Fisher:** I would have to check in terms of the *Human Resources Manual*, but it is already covered, as I understand it, in the way we apply and, I think, in guidelines and the *Human Resources Manual*. I should say I am actually in the process of finalising a domestic violence policy for the department, and that is part of our broad reform of human resources but also part of the secretary's commitment under the Male Champions of Change program, which he joined earlier this year.

**Senator McEWEN:** Perhaps you could clarify the status of either the guidelines or whatever else you are proposing that you think would equate to having an actual clause in the enterprise agreement regarding this.

**Mr Fisher:** I am happy to take that on notice.

**Senator McEWEN:** Thank you. There is a current offer of 4.5 per cent on the table—is that right?

**Mr Varghese:** Four point five per cent, which was the maximum at the time, was what we put on the table. Since then the government has indicated it is prepared to move upwards on the ceiling, and we will take maximum advantage of that.

**Senator McEWEN:** To six per cent.

**Mr Varghese:** To six per cent.

**Senator McEWEN:** Over three years.



**Mr Varghese:** Over three years.

**Senator McEWEN:** While we are still in the 4.5 per cent territory, is it true that around 620 staff under the proposed enterprise agreement would not receive the 4.5 per cent offer—that is, I understand, former AusAID and Climate Change employees who came over to DFAT at a higher level?

**Mr Varghese:** I will take advice on the numbers, but certainly as a result of the machinery-of-government changes, where we had to reconcile two differing salary scales, we did effectively grandfather salaries for some former AusAID officers, and by grandfathering there would have to be a period for catch-up, and you obviously defeat the purpose of grandfathering if those increases were applied to grandfathered salaries. I would take advice on what the numbers involved are.

**Senator McEWEN:** So you will confirm those numbers, but you are not disagreeing with the fact that certain staff of DFAT will not receive the current pay offer of 4.5 per cent or indeed, if you offer it, six per cent. Is that right?

**Mr Varghese:** This is the standard procedure with machinery-of-government changes and the grandfathering of salaries. We are not unique in this.

**Senator McEWEN:** Did you, in your all-staff communications outlining the benefits of the proposed agreement, make it clear that some staff would not be receiving the 4.5 per cent increase?

**Mr Varghese:** I do not recall explicitly stating that that was the case, but it is the accepted understanding across the Public Service that, when you do have grandfathered provisions as a result of machinery-of-government changes, that is exactly what they are: they are grandfathered. So increases will not apply in those cases until others have caught up.

**Senator McEWEN:** Isn't it true, though, that the former AusAID and department of climate change staff have participated in the productivity measures that have enabled you to make this pay offer? So why are they being excluded? Why aren't they eligible for the pay increase arising from the efforts of their labour?

**Mr Varghese:** A grandfathering provision is not going to work if you apply salary increases to positions that are being grandfathered. Why do you have a grandfathering provision? Because you try to reach a point of equity in a situation where you have people coming into the department as a result of machinery-of-government changes. If we were to apply the increases across the board, they would no longer be grandfathered, which means you would be entrenching the inequity in salaries that you inherited. We try to fix this issue as best we can and as fairly as we can. We are not hiding anything. We are not pretending otherwise. That is the way machinery of government changes have always been handled, I think.

**CHAIR:** Before you go on, Senator McEwen, I welcome Senator the Hon. Nigel Scullion to the minister's chair.

**Senator McEWEN:** If I could just go to the graduate intake, can you give me an update on this year's graduate intake?

**Mr Varghese:** 2015 or the proposed 2016?

**Senator McEWEN:** We can do both.

**Mr Fisher:** The 2015 was completed in July 2014. 36 policy graduates and five corporate graduates were engaged. The numbers for 2016 have been finalised. They will be similar, but I will have to come back to you on the exact numbers.

**Senator McEWEN:** Could you do that? I apologise if you have done this before, but could you also provide the graduate intake for the years 2008 to 2014 inclusive and also the retention rates for the graduates over all the years we have discussed, so from 2008 to 2014.

**Mr Fisher:** I will take that on notice. In terms of the 2016 graduates, we have made 36 offers. 34 policy graduates accepted those offers and will join the department early next year. Those are the policy graduates. In terms of the corporate graduates—we now call them management graduates—we made nine offers and eight of those offers were accepted.

**Senator McEWEN:** Can I clarify that when I asked for the graduate intake from 2008 that you include both AusAID and DFAT. Do not just give me one.

**Mr Fisher:** Certainly. We will take that on notice.

**Senator McEWEN:** Could I get an update on DFAT's strategic workforce plan 2015-19 review?

**Mr Fisher:** We have completed the strategic workforce plan at a high level and released that to staff as a document. That envisages a range of things, in particular workforce sponsor groups which look at components of

the department's workforce. Senior officers are supported in putting together activities and plans for retaining, training and recruiting staff to meet the ongoing needs of the department over a long period of time. It is an iterative process. We will continue to roll this out, but the overall high level plan has been released to staff.

**Senator McEWEN:** Would it be possible to have a copy made available to the committee?

**Mr Varghese:** Let me give some thought to that. As you would appreciate, these are internal working and planning documents. I would have to give a bit of thought to that.

**Senator McEWEN:** I understand. I appreciate that you provided the staff survey report in the answer to a question on notice that I asked. Thank you for that. Does the review go to redundancies?

**Mr Fisher:** Not at all.

**Senator McEWEN:** What about redistributions?

**Senator RONALDSON:** What are the numbers who apply? I do not need this on notice, but, for example, what sort of numbers of applicants were there for the 2016 intake?

**Mr Fisher:** For the policy program, 1,943 applications were received. As I mentioned earlier, 34 policy graduates came out of that process. For the management graduate program, 522 applications were received and eight graduates will be taken on in 2016.

**Senator McEWEN:** Does the plan as it now is go to the issue of redistribution of A-based staff between Canberra and overseas postings?

**Mr Fisher:** No. Its purpose is to build capability and to ensure that the capability that the department needs is delivered and planned for. It does not look at the structure of the department, which is obviously the prerogative of the management, the of the secretary. It does not look at those kinds of issues. It looks at capability.

**Senator McEWEN:** Have DFAT's four ministers been consulted on the report findings?

**Mr Fisher:** It is not a report. It is a process, if you like, that is underpinned by a strategic plan.

**Senator McEWEN:** What about the foreign minister? Has it been brought to her attention?

**Mr Fisher:** I am not sure whether she is aware of it, but there is certainly no reason—

**Mr Varghese:** It is not the sort of document that we would put to ministers for their consideration or agreement. It is a document that goes to the management of the department and would be seen, both by ministers and by myself, as the prerogative of the secretary.

**Senator McEWEN:** You said that the plan has been made available to staff. Is that part of a consultation process, or were the staff consulted about it as part of the development of the plan?

**Mr Fisher:** They were consulted during the development of the plan.

**Senator McEWEN:** So now it is finalised.

**Mr Fisher:** Correct.

**Senator McEWEN:** Is DFAT also conducting a diplomatic footprint review?

**Mr Varghese:** We did do a diplomatic footprint review the year before last. We obviously keep staffing and diplomatic footprint under continuous review, in a sense. The study we did previously was a more considered and structured one, so we are not repeating that this year.

**Senator McEWEN:** Is that review complete—the 2013 one?

**Mr Varghese:** Yes.

**Senator McEWEN:** Is that also available for tabling?

**Mr Varghese:** No, that is an internal working document.

**Senator McEWEN:** Are you saying you will not even consider tabling that one?

**Mr Varghese:** It is not the sort of document that I would be comfortable tabling, not least because, of its nature, it makes observations about the relative importance of bilateral relationships, and I do not think it is in our interests to have that publicly aired.

**Senator McEWEN:** Not even a redacted version?

**Mr Varghese:** I think it would be difficult to unpick it in that way.

**Senator McEWEN:** I mentioned earlier the staff morale survey that you kindly provided. Are there any plans to undertake further surveys?

**Mr Varghese:** We will continue to do reasonably regular surveys, both through our own commissioned survey work and through our participation in the APS-wide surveys. We will continue to do that fairly regularly.

**Senator McEWEN:** As in, annually?

**Mr Varghese:** I think the past patterns were every two years. We did them more frequently in the wake of integration because we wanted to get a sense of how things were tracking in a more truncated time frame. I think we will probably go back to the more regular rhythms in the not too distant future.

**Senator McEWEN:** What is the more regular rhythm?

**Mr Varghese:** I think every two years was what we did, unless Mr Fisher can clarify that.

**Senator McEWEN:** So that would be 2016?

**Mr Fisher:** As the secretary mentioned, there are two. There are the externally commissioned ones. We have not yet decided what we are going to do in terms of the regularity of that. But we do have an annual APS census, which is quite comprehensive. We recently participated in that, and that has been released to management recently. That is a useful document, and it is annual document that we receive.

**Mr Varghese:** I think there is a bit of survey fatigue in the department, to be frank.

**Senator McEWEN:** What are you doing with the results of the survey that you provided to me?

**Mr Varghese:** We share the results of the survey with all staff in terms of the headline results. To the extent that the surveys drill down into work units by division and by post, we share that information with the relevant work unit. Everyone does not see everything, but the relevant work unit certainly sees what the survey results say about their own area.

**Senator WATERS:** I understand that the officer who is responsible for those trade files that I was talking about before is now present, Mr Brendan Berne. I just have some questions around similar issues that we went over earlier with the secretary. I have only got a few minutes so I will try to be brief, if you can too. What is the scope of DFAT's role in the Northern Australia Infrastructure Facility?

**Mr Berne:** Our role in the Northern Australia Infrastructure Facility has been limited to considering an idea which emerged in June this year; for Efic to possibly provide back office support to a proposed facility like the NAIF. This would not be the first time that Efic, as Australia's trade bank, was considered for a role of this type. I recall it had been considered for such a role following the 2004 tsunami when the then Howard government provided some concessional loans for Indonesia, for example. Again it was considered during the global financial crisis for this role. Under such circumstances Efic would purely be using its institutional architecture in the execution of loans—not in the origination and not in the policy around the allocation of those loans, for they of course would be set by the government. That would potentially entail raising the finance to make loans and the like.

**Senator WATERS:** Thank you for clarifying that. I will put some more questions on notice around that because I am interested, but I have got limited time today. We talked earlier with the secretary about meetings that had been held between himself—I am not sure if you were present at these meetings as well.

**Mr Varghese:** No.

**Senator WATERS:** I am interested in the dates that those meetings occurred. We talked earlier about a meeting that you had with the Queensland government, whereupon either the infrastructure facility or matters pertaining to northern Australia, specifically the Adani project, were discussed. Could you tell me the dates of that meeting?

**Mr Varghese:** I will take that on notice.

**Senator WATERS:** Likewise, the meetings that you have had in your current capacity as secretary with Mr Adani or any associates.

**Mr Varghese:** Sure.

**Senator WATERS:** Take that on notice as well. Can you recall if there have been some this year?

**Mr Varghese:** With Mr Adani? Yes, I have met him this year, but I would have to refresh my memory as to the date.

**Senator WATERS:** Likewise, any meetings this year with the Queensland government about these issues.

**Mr Varghese:** Sure.

**Senator WATERS:** Thank you. I will look forward to those dates on notice. Has DFAT had any involvement in the draft, or the drafting of the eligibility criteria for Northern Australia Infrastructure Facility—which was being driven by Treasury and has now gone over to Industry.

**Mr Berne:** No.

**Senator WATERS:** Are you aware whether either the Queensland government or Adani, either Mr Adani or people associated with his companies, have had input into those eligibility criteria?

**Mr Berne:** No. I am not aware of anything of that nature.

**Senator WATERS:** I think that is probably my time up, I will put the rest on notice.

**Senator RHIANNON:** I wanted to move on to West Sahara. What is the government's official position regarding the status of West Sahara?

**Mr Innes-Brown:** I will have to get some information on that and get back to you. I do not have it exactly before me at the moment.

**Senator RHIANNON:** So you cannot tell us what the official position is?

**Mr Innes-Brown:** Not precisely. I would like to be precise about this matter. I do not have the information with me, but I will get back to you.

**Senator RHIANNON:** Do you have any information? I also wanted to know if Australia considers Western Sahara to be part of the sovereign territory of the Kingdom of Morocco.

**Mr Innes-Brown:** I will take it on notice.

**Senator RHIANNON:** Mr Varghese, can you help? It seems to be a very straightforward question.

**Mr Varghese:** It is a straightforward question, and because we would like to give you a very straightforward answer, I will take it on notice.

**Senator RHIANNON:** I also have a question about aid activities in Western Sahara. Is it possible to get answers about that?

**Mr Innes-Brown:** Ask the question, and I will see if I can help you.

**Senator RHIANNON:** I wanted information about the total funding of aid projects in Western Sahara and what those projects are, please.

**Mr Innes-Brown:** I am not aware that we have any aid funding for Western Sahara; however, I will take that on notice and double-check. We certainly do not have a bilateral program for it. I need to check if there are any other flows that might go to areas there—through global flows. I will take that on notice.

**Senator RHIANNON:** Thank you. I want to return to Bougainville. When I was asking questions earlier, I made reference one of the reports of the Auditor-General. I wanted to give you the title of it so that you may be able to gain some more information. It is the Auditor-General's office 2014 *Report of the Auditor-General on the Accounts of Provincial and Local-Level Governments and Associated entities 2011-2013*. It has Waigani after the title.

**Mr Varghese:** Is that the PNG Auditor-General?

**Senator RHIANNON:** Yes, that is correct. It is the same one as I referred to before. In this report, the Auditor-General's office raises serious concerns about the integrity of the autonomous Bougainville government. Are you aware of this report?

**Mr Sloper:** No, as I mentioned before, I was not aware of the report.

**Senator RHIANNON:** Considering that it is by the Auditor-General and that it raises serious questions about the Bougainville government, as you surprised, Mr Varghese, that there is not knowledge about this report?

**Mr Varghese:** Not at all. I assume the PNG Auditor-General is very diligent and very prodigious in its work and would be producing innumerable reports. It would be quite unreasonable, I think, to expect that departmental officers would have read them all.

**Senator RHIANNON:** The question certainly was not about reading them all. It is a report about the work of the government of Bougainville. Wouldn't that be a key part of the job of a first secretary—to be acquainted with that?

**Mr Varghese:** It may well be the case that our High Commission in Port Moresby is aware of the report and across the details, and I am more than happy, having taken the question on notice, to check whether that is the case.

**Senator RHIANNON:** Would you agree that the Bougainville and PNG governments have at times been found to be complicit in illicit processes designed to circumvent landowner consent and good governance?

**Mr Varghese:** I do not have any personal knowledge of that, but if they are authoritative and reputable reports that sustain that position then, obviously, I would take that at face value.

**Senator RHIANNON:** I was not asking about your personal position.

**Mr Varghese:** You asked me if I was aware, and I was giving you an answer to the question you asked.

**Senator RHIANNON:** The awareness is in the context of your job as the head of DFAT and considering the enormous controversies. Earlier there was the discussion about limiting aid to PNG, so I am trying to gain an understanding of DFAT's knowledge at the highest level of the situation with governance in PNG and Bougainville.

**Mr Varghese:** I am not omniscient about what happens in PNG and everything that happens in Bougainville.

**Senator RHIANNON:** Again, I did not ask that question. It was not about knowing everything. It was about something very relevant to the relationship with our neighbouring country—considering that we give large amounts of money for aid programs and, periodically, it comes out about corruption. All I was asking was: are you aware that, periodically, this information about illicit processes has been raised?

**Mr Varghese:** I am certainly aware of reports of corruption in Papua New Guinea and reports of corruption in Bougainville.

**Senator RHIANNON:** And illicit processes designed to circumvent landowner rights?

**Mr Varghese:** That is a level of detail that I do not have.

**Senator RHIANNON:** Moving on to the mining act and some details there: first off, I understand that landowners can control access granted to their lands under an exploration licence by executing a land access and compensation agreement. Is that correct?

**Mr Sloper:** I will have to take that on notice. I do not have the details of the act here.

**Senator RHIANNON:** Considering the amount of aid assistance that went to the mining act, wouldn't you have considerable working knowledge of that?

**Mr Sloper:** As we just discussed before, we have not provided considerable resources to the mining act; we provided a technical adviser in the past, who assisted with the drafting by the Autonomous Bougainville Government of the act. We have not given any policy advice towards its development. As a consequence, it is one element of a broader program in the Pacific, and I am not familiar with the details of the act. I am happy to take the question on notice.

**Senator RHIANNON:** Wouldn't you agree, though, that the Australian aid program has been instrumental in supporting and enabling the process to develop that mining act?

**Mr Sloper:** As I said, it was a request from the Bougainville government. We assisted with provision of a technical adviser. He gave advice. The government proposed the legislation. I think it will be enacted later this year when it has been passed through the parliament—that is, the autonomous Bougainville parliament.

**Senator RHIANNON:** But, considering the enormous controversy that there has been around mining—a huge factor in a 10-year civil war on our doorstep—and that, in the Senate FADT on 23 October 2014, one of your responses was: 'to support the ABG's efforts to ensure policy decisions on mining are transparent, consultative and acceptable to Bougainvilleans, as well as conducted in a way to minimise the risk of conflict'. So they were your words: 'to minimise the risk of conflict'. We are talking about a mining act in a country where there was civil war and it was very challenging for the mining company to operate there. That is why I am asking the question about the mining act. I would expect that you would have some knowledge of it, considering you yourself have identified the need to minimise potential for conflict.

**Mr Sloper:** If I could just respond with a few points. Firstly, they were not my words, but I do not differ from the opinion provided by my predecessor in providing that answer. Certainly, the Australian government—and I think we—are very sensitive to the issues around the Panguna mine and how it has played a role in previous violence in Bougainville. Our efforts in Bougainville, as they are in the broader program in Papua New Guinea, are to encourage both sides to conduct constructive dialogue. Part of that process was providing the technical and policy advice through that individual at the request of the Autonomous Bougainville Government so, as you have outlined, they can have that constructive dialogue with the community partners. Certainly there are staff in our division who would be familiar with the act. My comment was that I do not have the act here and could not respond to the specific question you provided, but we are happy to take that on notice, should you wish.

**Senator RHIANNON:** Thanks for taking it on notice. Another aspect that I was hoping you could comment on is that the mining act only requires substantial compliance with the mining act, not full compliance. Isn't that something that can lead to potential conflict? You have just said that there are two sides here. I am certainly not trying to verbal you or make assumptions about what you are saying, but it is implying that there are differences. Then we already have a mining act where it only requires substantial compliance, not full compliance. Isn't that opening it up for potential problems?

**Mr Sloper:** I think there are more than two sides. I talked about two government representatives and also stakeholders and community representatives. But I take your point on the sensitivity of the mine. However, in regard to the act I think those sorts of questions are really best directed to the Autonomous Bougainville Government, which drafted the act in consultation with their community and passed it. The Australian government did not provide policy advice on that specific act.

**Senator RHIANNON:** But considering that you have funded people who have given that policy advice, who have effectively written the act, to wash your hands of that will just cause more resentment. Surely some responsibility needs to be taken.

**Senator RONALDSON:** Chair, point of order. I think that is a really unfair allegation to make of this officer—that he has washed his hands of something. He has already explained that the department's involvement, his involvement, is very minimal. This was an act that was, I gather, negotiated and put in place by another body altogether, and I think it is pretty unfair to be accusing this official of washing his hands of something, quite frankly.

**CHAIR:** Thank you, Senator Ronaldson. You might care to reframe the questions slightly if you would, please, Senator Rhiannon. I was about to make the same point: I think that is an unfair characterisation.

**Senator RHIANNON:** Thank you, Chair. Is DFAT analysing the act to ensure that land access and compensation agreements fully comply with the Mining Act in order to properly regulate the relationship between the landowners and mining companies?

**Mr Sloper:** The responsibility there is not that of DFAT; it is the responsibility of the Autonomous Bougainville Government. We are engaged in discussion with both the Bougainville government and the PNG government, as I have said, towards constructive dialogue. But it is not our responsibility to analyse the act in terms of how it may impact on consultations with particular community or other representatives.

**Senator RHIANNON:** Considering aid money was allocated to people who assisted with the writing of the Mining Act and considering the sensitivities that you yourself have identified and the fact that our assistance to low income countries comes in many forms, including issues to do with justice and legislative processes, why, in this case, do you go to such lengths to say it is at arm's length?

**Mr Sloper:** I think through all our programs in Bougainville or in Papua New Guinea or other areas—in Bougainville we focus on health, education, law and justice, and transport infrastructure—in some cases that is provided through technical assistance, through contracting firms. In other cases it is advisers. The basis of the advisers, working in line with the Bougainville government, is that they work with the Bougainville government to fill a capacity they do not have. They are not there on the basis that they are representing the Australian government. I think, if they were to be seen to be representing the Australian government or playing that role, they probably would not be accepted, either by the Bougainville government or by other partner governments. We want to build capacity so the partner government—in this case the Autonomous Bougainville Government—can make informed decisions. Certainly we have our own opinions as a national government in regard to particular issues, but we are not asking our advisers to represent those issues, and I think that goes to the point you might be trying to raise.

**Senator RHIANNON:** Thank you.

**Senator DASTYARI:** Just to follow up—I will be very brief—I think the Papua New Guinea component of the DFAT aid budget is somewhere in the vicinity of \$400 million or so. Is that correct?

**Mr Sloper:** Over \$500 million.

**Senator DASTYARI:** Over \$500 million. Is there a Bougainville component that is a subset of that? I have never seen a Bougainville subset of that. Do you actually break it down?

**Mr Sloper:** It is part of the broader program, and some of the funds that flow through are directly provided to the Autonomous Bougainville Government. Some come out of national programs that are running across PNG.

**Senator DASTYARI:** But you do not have a line item as a subset? I know it is autonomous, so I guess it is just a bit of a grey area.

**Mr Sloper:** In our aid investment plan, there are references to the amount we invest. I can tell you now that this year it is expected to be \$47.4 million. That is based on a commitment with the PNG government.

**Senator DASTYARI:** Just a follow-on from what Senator Rhiannon was asking: how many advisers have we got with the Bougainville government? What is the number or quantum?

**Mr Sloper:** Currently we fund 25 full-time and part-time advisers in Bougainville, with nine positions currently being recruited. We also fund 17 in-line positions, and I can explain some of the distinctions there if you would like.

**Senator DASTYARI:** Are the in-line separate? So is that 19 plus 34?

**Mr Sloper:** That is right—19 plus 17. We have 25 full-time and part-time advisers; we are currently recruiting an additional nine, which would take that up to 34. And then, in addition to that, there are 17 in-line positions working directly in the Autonomous Bougainville Government.

**Senator DASTYARI:** Finally, I appreciate and understand that the whole point of it is that they are assisting the Autonomous Bougainville Government and they are reporting to the government, but if they are being paid for by Australian dollars they still have to meet a certain level of Australian standards, don't they?

**Mr Sloper:** Yes.

**Senator DASTYARI:** So are there guidelines or is there a booklet or is there a document that you give them on what is and is not appropriate behaviour? Just because they are working to the Bougainville government does not mean they sit outside of Australian laws.

**Mr Sloper:** Sure. Those who are APS employees who may be in advisor positions—this is not specific to Bougainville—are subject to all the normal expectations we would have of an APS employee. Those who are operating outside of that as advisors and so on, they have to meet the expectations of the aid program with regard to safeguards on child protection and other issues.

**Senator DASTYARI:** Mr Sloper, could you take on notice to provide us with the link? I am sure this is publicly available information; I assume there is a booklet somewhere that is publicly available on what is expected of them. Could you just send us that.

**Mr Sloper:** Okay.

**Senator RHIANNON:** Are you aware that the Mining Act overrules the customary law principle that entry onto land is only permitted once consent from landowners has been obtained?

**Mr Sloper:** I was not aware of that specific reference.

**Senator RHIANNON:** I understand that the Mining Act authorises trespass without permission onto land in certain circumstances. Could you take that on notice, please, and confirm if that is a correct interpretation?

**Mr Sloper:** I am happy to do so.

**Senator RHIANNON:** Thank you. Chair, I would like to come back to this later please.

**Senator GALLACHER:** I want to pick up where Senator Dastyari left off, and I am happy if you need to take some of these on notice. Could you please advise how many advisers are funded by the Australian aid program? How many advisers funded by the Australian aid program are classified as international—that is, where their required expertise cannot be sourced locally or required skills transferred to the beneficiary country can only be obtained from abroad?

**CHAIR:** Is that across the board?

**Mr Sloper:** Senator, are you talking more broadly than PNG?

**Senator GALLACHER:** Yes.

**Mr McDonald:** Mr Dawson is the right person to come forward to answer that question.

**Mr Dawson:** Could you repeat the question please?

**Senator GALLACHER:** Could you please advise how many advisers funded by the Australian aid program are classified as international—that is, where the required expertise cannot be sourced locally or the required skills being transferred to the beneficiary country can only be obtained from abroad?

**Mr Dawson:** Sorry, but can I ask: your definition comes from what?

**Senator GALLACHER:** From my question, and that is as much as I can tell you. If you want to take it on notice, you certainly can.

**Mr Dawson:** I think that is probably the safest thing, Senator.

**Senator GALLACHER:** Are any international advisers working in positions based in Australia?

**Mr Dawson:** Not that I am aware of. We engage a number of short- and long-term advisers under the aid program, but, as far as I am aware, they are principally engaged overseas. There is sometimes a need for particularly policy or other analytical work that is Australia based.

**Senator GALLACHER:** A pretty straightforward question: are any international advisers working in positions based in Australia? You can take that on notice if you like.

**Mr Dawson:** We will take that on notice.

**Senator GALLACHER:** Are any Australians engaged as international advisers?

**Mr Dawson:** We will take that on notice as well, to make sure we get exactly the right answer.

**Senator GALLACHER:** Are any current advisers former employees of AusAID or DFAT?

**Mr Dawson:** Some of them may well be.

**Senator GALLACHER:** How many?

**Mr Dawson:** I do not know; I will take that on notice.

**Senator GALLACHER:** Are any international advisers funded by the aid program in Australia on specific employment related visas?

**Mr Dawson:** I will take it on notice.

**Senator GALLACHER:** And please provide a breakdown of the number of advisers classified as international by duration—short- or long-term over six months—country, program, project.

**Mr Dawson:** I am happy to take that on notice.

**Senator GALLACHER:** And could you provide a breakdown of cost per position.

**Mr Dawson:** We will do what we can.

**Senator GALLACHER:** Please provide a breakdown of the number of Australian public servants engaged in aid funded advisory roles through employment arrangements or contracts on Australian Public Service terms and conditions.

**Mr Dawson:** Again, we will take that on notice.

**Senator GALLACHER:** Which Australian government agencies have contributed personnel? Are you taking that on notice?

**Mr Dawson:** Yes.

**Senator GALLACHER:** What programs and projects are the advisers working with, in which countries and at what cost?

**Mr Dawson:** Again, we will take it on notice.

**Senator GALLACHER:** Please provide the employment agreements that have been agreed in relation to the deployment of these advisers? How does DFAT typically go about determining the need for an adviser rather than some other form of technical assistance?

**Mr Dawson:** It is always done in very close consultation with the partner government in the country in which we are working.

**Senator GALLACHER:** Wasn't there a statement by the Papua New Guinea Prime Minister that all advisers needed to exit or be employed in line. That they were making people lazy was, I think, his comment.

**Mr Dawson:** I believe that that is the case, but I will defer to my colleague.

**Mr Sloper:** The Prime Minister of Papua New Guinea, Mr O'Neill, has made some statements in regard to inline advisers. We are yet to receive formal advice on how that will be taken forward, but we have indicated to our Papua New Guinean counterparts that we are happy to have a discussion. There could be some positive development outcomes out of having inline advisers. I would note that the statement was not with not just to Australian advisers; it was to all advisers operating within Papua New Guinea. We had hoped to have our first formal discussions at the next aid talks—our annual aid talks—which are scheduled in November.

**Senator GALLACHER:** I think it was reported that January next year was the time frame.

**Mr Sloper:** That is right. The Prime Minister said that.

**Senator GALLACHER:** There are discussions in play. Thank you. How often are positions advertised locally prior to the determining the need for an international adviser?



**Mr Dawson:** I think it varies entirely according to the position and the circumstances.

**Senator GALLACHER:** So in each instance where it has been determined that an adviser is required, have terms of reference been prepared by DFAT?

**Mr Dawson:** All positions would have the equivalent of terms of reference.

**Senator GALLACHER:** Who approves those terms of reference and at what level?

**Mr Dawson:** It would be done within the program structure of the relevant program, so whoever is responsible for program management of a particular country or sector program would be approving it.

**Senator GALLACHER:** So there is a DFAT person in charge of an aid program and they approve the terms of reference?

**Mr Dawson:** That is usually the case, but, as I said before, this is done in close consultation with partners, and so there would be a lot of discussion about the task which the particular adviser is going to fulfil.

**Senator GALLACHER:** So there is no centrally approved terms of reference mechanism? It is individuals doing it?

**Mr Dawson:** That is correct—responsible individuals.

**Senator GALLACHER:** Is it possible to get a copy of the terms of reference for the current advisory positions approved by DFAT? How many of these people would there be, roughly?

**Mr Dawson:** Just to give a little bit of background, since 2011, AusAID and now DFAT have managed an aid adviser remuneration framework. The purpose of that is to ensure that aid advisers are being paid according to the market. As a result of that, we track, on a regular basis, adviser numbers. At the last stock take that we undertook, there were a total of, I think, 3,600 advisers approximately; but these are short-term and long-term advisers, and short-term can be as short as a week or very short. I also have the information that you were asking for about international adviser numbers. There are, again, 2,133 at 30 June 2015.

**Senator GALLACHER:** So 2,133?

**Mr Dawson:** International advisers, that is right.

**Senator GALLACHER:** Across?

**Mr Dawson:** Engaged under the conditions of the adviser remuneration framework.

**Senator GALLACHER:** How do you manage the selection processes for international advisers? Are they advertised in country, internationally or on recruitment websites? How do you pick up these 2,000 people?

**Mr Dawson:** Again, it will depend upon the circumstances in each individual case.

**Senator GALLACHER:** How many current advisers are direct sourced and how many participated in a competitive selection?

**Mr Dawson:** I would need to take that on notice. A large number would be direct sourced but, of course, in looking at the adviser remuneration value for money remains a key element in that consideration. The whole purpose of the adviser remuneration framework was to ensure that DFAT was getting value for money out of the advisers that it hires.

**Senator GALLACHER:** What do these advisers do in the program?

**Mr Dawson:** They could be doing almost any type of function which you could think of. For example, you might have an international education adviser who is based in a country, and has a remit of several other regional countries, works with the governments of those countries on their education policy education programs. You could get advisers who are in very specific, almost line, roles within ministries.

**Senator GALLACHER:** There are quite a number of questions here and probably most of them will need to go on notice, but I will just quickly run through them. Please provide details of the professional discipline category and job level of each current adviser. You, obviously, would not have that in your back pocket?

**Mr Dawson:** These are, again, covered by the Aid Adviser Remuneration Framework that sets various discipline categories and various market reference points for judging appropriate remuneration against each of them.

**Senator GALLACHER:** Can you please advise how many current advisers are paid more than the maximum rate for each category and job level. Is that possible?

**Mr Dawson:** We will take it on notice.

**Senator GALLACHER:** Who approves the payments that exceed the published rates?

**Mr Dawson:** I approve payments that exceed the market reference point for each adviser category.

**Senator GALLACHER:** So that market reference point is the same as what I am saying the published rate is, is it?

**Mr Dawson:** Potentially. I do not know.

**Senator GALLACHER:** How many advisers in each category and job level are paid the maximum rate?

**Mr Dawson:** I will take that on notice.

**Senator GALLACHER:** Does the department hold performance assessment information on all current advisers?

**Mr Dawson:** Performance assessments are done for all advisers, yes.

**Senator GALLACHER:** Who contributes to performance assessments and how regular are these assessment updates?

**Mr Dawson:** They should be done on an annual basis. Those that contribute to them would be those who are directly managing the adviser as well as partners with whom they might be working.

**Senator GALLACHER:** Who is responsible for verifying that the contractor and adviser performance register is both up to date and checked by DFAT staff prior to an offer of employment being made?

**Mr Dawson:** I will take that on notice.

**Senator GALLACHER:** Does a good performance record mean that referee reports are not necessary to conclude an offer of employment?

**Mr Dawson:** I will take that on notice.

**Senator GALLACHER:** In what instances would a less than satisfactory performance assessment not exclude a candidate from further employment? Page 9 of the guidelines says:

A record of less than satisfactory performance over the past five years may indicate a case not to engage the candidate.

Is it possible for someone who has a less than satisfactory performance assessment to get further employment?

**Mr Dawson:** It may depend upon the circumstances of the particular case.

**Senator GALLACHER:** So it is possible. In addition to the remuneration rate agreed to for the discipline group and job level, please advise what additional entitlements or allowances an adviser might be eligible for, and the guidelines and rates that apply to these.

**Mr Dawson:** We will take it on notice to give you a full answer.

**Senator GALLACHER:** Okay. Is the cost of advisers, their allowances and support costs, exclusively met as administered expenses, or are departmental resources used to meet some of these costs?

**Mr Dawson:** We will take that on notice. Can I just point out that many of the questions that you are asking are covered by the *Aid adviser remuneration framework*, which again is a public document and is on the DFAT website.

**Senator GALLACHER:** Thank you for that. I have a few questions now on the ministerial arrangements.

**Mr McDonald:** Just in finishing on this issue, Senator Gallacher, the approach to advisers has not changed, other than the remuneration framework that was put in place in I think it was 2012. So the actual approach to employing them, the approach that you have just gone through in those questions, is something that we have had for some time. We are happy to provide all that on notice and, as Mr Dawson said, a lot of that material is on the website to help inform people who are interested in taking up those positions.

**Senator GALLACHER:** Thank you for that. I have some questions of perhaps the secretary or the minister. Following the promotions of the Hon. Steven Ciobo and the Hon. Richard Colbeck, is it the case that DFAT now has four portfolio ministers?

**Mr Varghese:** Yes, it is. We have two cabinet ministers, in the foreign minister and the Minister for Trade and Investment, and then we have two ministers, in the Minister for International Development and the Pacific, who is Mr Ciobo; and the Minister for Tourism and International Education and Minister Assisting the Minister for Trade and Investment, in Senator Colbeck.

**Senator GALLACHER:** Has the Department of Foreign Affairs and Trade ever had four portfolio ministers previously?

**Mr Varghese:** Not to my recollection. We have had three that I can recall, but not four.

**Senator RONALDSON:** Empire building! [inaudible]

**Senator GALLACHER:** It does indeed! We have had some discussions in other estimates about things called charter letters. Are they relevant in these circumstances?

**Mr Varghese:** Yes, they would be, because the charter letter sets out the Prime Minister's expectations of ministers and typically would also indicate what, in the broad, they are responsible for and the priorities they should pursue.

**Senator GALLACHER:** We know that the ministers have been sworn in, but have the particular charter letters been issued?

**Mr Varghese:** I think they are still being finalised.

**Senator GALLACHER:** So, in the interim, do people know what they are doing or are they waiting for the charter letters?

**Mr Varghese:** The charter letters will be important in a formal sense, but the titles are a pretty good indication of what they are doing.

**Senator GALLACHER:** So Minister Ciobo's responsibilities are, firstly, as Minister for International Development and the Pacific?

**Mr Varghese:** That is right.

**Senator GALLACHER:** Does that include fashion diplomacy or is that not in International Development?

**Mr Varghese:** Fashion diplomacy is a subset of public diplomacy, which I think would remain with the foreign minister—and of course the two cabinet ministers retain ultimate authority for those policy areas.

**Senator GALLACHER:** The Pacific seems pretty straightforward; that is a geographical area. What is the minister for international development? Can we get an understanding of what that portfolio looks like?

**Mr Varghese:** Mr Ciobo will focus on the aid program and will represent the foreign minister at significant meetings relating to development assistance and aid that the foreign minister is unable to attend, just as he will visit the South Pacific and attend meetings in the South Pacific where the foreign minister is unable to.

**Senator GALLACHER:** And Minister Colbeck?

**Mr Varghese:** Minister Colbeck has Tourism, which is part of the portfolio, and he has International Education, which is outside the portfolio, as well as the broader brief to assist the Minister for Trade and Investment.

**Senator GALLACHER:** Does this mean that internal departmental readjustments have been required?

**Mr Varghese:** No. I am not proposing any restructuring of the department to reflect the additional ministers. I think we will be able to manage that within our existing structure.

**Senator GALLACHER:** Who gets the new Colombo Plan?

**Mr Varghese:** That is the foreign minister's.

**Senator GALLACHER:** Mr Ciobo's responsibilities include assisting the Minister for Foreign Affairs in relation to the implementation and promotion of the new Colombo Plan. This is a question on notice No. 123, which outlined his previous responsibilities. He does not do that anymore.

**Mr Varghese:** Yes. His previous responsibilities were as a parliamentary secretary.

**Senator GALLACHER:** The Colombo Plan is not with him anymore?

**Mr Varghese:** The Colombo Plan will remain with the foreign minister. It is open to the foreign minister, of course, to ask Mr Ciobo to do other things.

**Senator GALLACHER:** There is a swearing-in ceremony, then there are the charter letters and then you can be asked to do whatever. You are basically told to what the foreign minister or the trade minister requires.

**Mr Varghese:** The way this works is that the ministers keep in very close touch with each other. I imagine there will be circumstances where the foreign minister is unable to do something which may not be strictly related just to aid in the Pacific where Mr Ciobo may be asked to represent her.

**Senator GALLACHER:** Ultimately, the cabinet ministers have the authority.

**Mr Varghese:** Sure.

**Senator McEWEN:** In 2012 at the London family planning summit, the then Australian government made a commitment to world leaders and global civil society that we would invest \$53 million per year by 2016 in family planning as part of overseas development aid. Can you give me an update on where we are with that commitment?

**Mr Exell:** As I think you were advised through questions on notice, that commitment was made by a previous government as part of a rising aid budget. To give you a sense, we estimate our expenditure in the family planning area for 2014-15 to be \$33.7 million. The final expenditure will come out in December, but that is our estimate at this stage for the 2014-15 period.

**Senator McEWEN:** If we duplicate that for 2015-16, we would meet the target. What is the amount for 2016?

**Mr Exell:** Sorry, we are unable to give you that until the end of the financial year.

**Senator McEWEN:** Are we tracking towards a similar amount as we did last financial year?

**Mr Exell:** Again, it is too early to tell. As the overall program has been reduced, it would not be surprising if we saw, at least, a flat lining or a reduction in that total figure.

**Mr McDonald:** If I could just help there. The reason it takes a little time after the financial year is that we need to go to all the country programs and the like to gather that expenditure for a thematic area or a sectoral area. We have just done that for the last financial year; likewise, it will be about this time next year that we will be able to give you that figure.

**Senator McEWEN:** Thanks for that. Talking about thematic statistics in terms of global nutrition, I think Senator Gallacher has already asked about PNG. The Global Nutrition Report that was released in September indicated that in 2013 Australia spent \$23.1 million on nutrition-specific programs and \$97 million on nutrition-sensitive programs. Do we have any estimates of assistance for those two areas for 2015-16 yet?

**Mr McDonald:** I will ask Mr Exell. But, as I mentioned earlier to Senator Gallacher, we are also doing a nutrition initiative as part of innovationXchange. So that is one sector of expenditure that we have included.

**Senator McEWEN:** So do you have any figures yet for 2015-16 or is it too early?

**Mr Exell:** Yes, it is too early for 2015-16. I can give you our estimates for the 2014-15 period—that is the financial year that has just passed. Our estimate is \$21 million for nutrition-specific activities. I just note that the other figure you asked about was nutrition-sensitive disbursements—I think that is the phrase. As part of that methodology that you referred to, which the international conference tracks, we only track that every second year. It is a significant exercise, and I think those figures you quoted actually were for the 2014 calendar year. So you have this issue where we have many international organisations that report on a calendar year. We do financial year, so there is a slight difference there that we need to allow for. I would also just note, for that \$21 million estimate, that they do not yet include any other government departments' aid expenditure or indeed Australian NGO corporation programs. There might be a slight increase in that as we finalise that in the next period, but that is our estimate at this stage.

**Senator McEWEN:** Thank you. That was helpful.

**Senator RHIANNON:** Just picking up on some of the questions before about advisers, could you take on notice to supply us with the guidelines that Australian advisers operate under when they are working in places like Bougainville and PNG, please.

**Mr McDonald:** As I mentioned earlier—I think at the end to Senator Gallacher—there is material on our website in relation to advisers that I think is quite helpful in answering some of these questions.

**Senator RHIANNON:** Do you provide them with any further information other than what is on the website?

**Mr McDonald:** I think, as Mr Dawson said, it is case by case. We would certainly liaise with advisers before they commence their work within those countries, and provide whatever support we need to.

**Senator RHIANNON:** You have mentioned the various information on the website. Could I ask for any information specifically for people working in PNG and Bougainville to be provided to the committee.

**Mr McDonald:** If there is anything in addition for those countries beyond what the guidelines are on the website, we will provide that to you.

**Senator RHIANNON:** Thank you very much. Mr Dawson, did you have anything?

**Mr Dawson:** No.

**Senator RHIANNON:** Back to the Mekong. I understand that the Australian government has voiced concerns regarding the potential transboundary impacts of the Don Sahong Dam and the importance of transboundary impact assessments. Considering those concerns that have been voiced, what actions has the department taken to ensure that the suggested study into these consequences is carried out?

**Mr Chittick:** Sorry, I only got half of your question as I was walking up here. Could you please repeat that question.

**Senator RHIANNON:** I will repeat the question. What I am referring to is the joint statement that the Australia government signed, and I understand it was released at an informal donor meeting held in June 2015. My question was: given those concerns that were outlined in that joint statement regarding the potential transboundary impacts of the Don Sahong Dam, and the importance of transboundary impact assessments, what actions has the department taken to ensure such a study—the assessments I am referring to there—is carried out?

**Mr Chittick:** We remain fully engaged with the Mekong River Commission and with each of the members of the Mekong River Commission. I would be very happy to take on notice the action that we have taken since that statement was issued in June.

**Senator RHIANNON:** So you do not have any information about what has happened since Australia signed on to the statement, which was obviously very significant.

**Mr Chittick:** I do not have any in my briefing, but I am very happy to take that on notice and provide that.

**Senator RHIANNON:** Thank you. Also, what is the status of the procedures for notification, prior consultation and agreement process for this dam?

**Mr Chittick:** I understand that the decision on how to proceed with the Don Sahong Hydropower Project has been elevated to senior government leaders in Cambodia, Vietnam, Laos and Thailand, and that discussions are currently ongoing between those governments.

**Senator RHIANNON:** Is it the case that the government of Laos is moving forward with this dam through signing the concession agreement and the power purchase agreement even though there is no resolution to the prior consultation process, which is critical to how these developments are supposed to advance?

**Mr Chittick:** As I understand it, there has been no resolution to this issue. The issues related to the development of the Don Sahong project have been elevated within the governments of those countries. We do support the Mekong River Commission. It is a regional body—the only regional body that provides opportunities for sovereign governments to cooperate on these issues. At the end of the day, it is the decision of sovereign governments whether to undertake investments like a dam building project. We do support that commission and the work of that commission, but it is ultimately the responsibility of the governments that are members of that commission to make those decisions. We stand ready—as we have for a number of years now—to facilitate that dialogue, but, as I said, ultimately those are decisions for sovereign governments.

**Senator RHIANNON:** With respect the Mekong River Commission's prior consultation process, what is the Australian government's understanding of the status of the PNPCA—the Procedures for Notification, Prior Consultation and Agreement—review being undertaken by the joint committee working group?

**Mr Chittick:** I would have to take on notice the detail of that specific question.

**Senator RHIANNON:** As the key development partner to the Mekong River Commission, has the Australian government taken any steps to ensure that no further mainstream hydropower projects are submitted for prior consultation until the MRC's review is completed, so that the necessary reforms can be made?

**Mr Chittick:** The Mekong River Commission is a regional cooperative body of Mekong countries. They are sovereign countries and they participate in the Mekong River Commission in that context. The Australian government, through its aid program, does provide assistance. We are the only international development partner for that commission. We do provide assistance for its variety of processes, but ultimately the decisions about how the Mekong River Commission works are decisions for its sovereign country members.

**Senator RHIANNON:** I certainly was not challenging that. All the question was asking was: considering we are a key development partner in the MRC, what steps are taken with regard to this important process? You would obviously appreciate how all the work that went into the prior consultation process was exhaustive over so many years. What steps are taken to ensure that there are no more mainstream dams until that process has been carried out? It is not saying 'no dams at all'. That is not my question at all. This is purely about the process that Australia put so much effort into, and other countries have to be able to manage what is incredibly significant because it is very well-understood that the Mekong is critical to that whole region and all of those countries are interdependent. It was really just a process question; it was not about saying 'no dams'.

**Mr Chittick:** I am very happy to take on notice what specific engagement we have had with the Mekong River Commission since the June meeting.

**Senator GALLACHER:** Ahead of mission postings, we would request an updated version of the tables provided to budget estimates question on notice 35, about appointments made since last estimates and upcoming posts to be vacated. It is always very topical.

**Mr Fisher:** If you have some specific questions, we will try to answer them—

**Senator GALLACHER:** There is always speculation of posts that are going to be—

**Mr Varghese:** We do not engage in speculation. We are happy to tell you whom we have appointed.

**Senator GALLACHER:** Okay. We will request an update of the tables provided in budget estimates.

**Mr Varghese:** We can do that.

**Senator GALLACHER:** This is probably a speculative question: is the government supporting the Hon. Alexander Downer as a candidate for Secretary-General of the Commonwealth?

**Mr Varghese:** There are several declared candidates for the job of Secretary-General of the Commonwealth, and Mr Downer is not one of them.

**Senator GALLACHER:** That seems pretty straightforward. Until he becomes one of them, you do not know? According to the Register of Members' Interests for the 43rd Parliament, Huawei gave the minister a device, a media pad. Given the situation with Huawei, was the device ever connected to the APH system?

**Mr Varghese:** I would have to take that on notice. I am not aware of the declaration under her register and what was involved.

**Senator GALLACHER:** For 23 January 2012, it basically says, 'Julie Bishop, Curtin, Media Pad, Huawei Technologies (Aust)'. So the question is: was it ever connected to the APH system?

**Mr Varghese:** If the question is in regard to the APH system, you would have to direct it to the relevant parliamentary services department, because we are not responsible for the APH system.

**Senator GALLACHER:** You are responsible for the minister, though, aren't you?

**Mr Varghese:** We are responsible to the minister for areas for which we are responsible.

**Senator GALLACHER:** If you are directing me to another place, that is fine. Did the minister ever return or dispose of it at any stage? Presumably you are going to say you do not know.

**Mr Varghese:** Again, I would have to take that on notice.

**Senator GALLACHER:** Has the foreign minister taken the Prime Minister's advice and started using Wickr or Confide to communicate private messages?

**Mr Varghese:** I would have to take that on notice as well. As you know, we covered these issues earlier in the day.

**Senator GALLACHER:** Some of those issues.

**Mr Varghese:** Some of those issues, yes.

**Senator GALLACHER:** These questions go to administered program rather than departmental expense. Is any part of the salary of any DFAT employee employed under the provisions of the Public Service Act funded as an administered expense?

**Mr Fisher:** The answer is yes.

**Senator GALLACHER:** Under what provision has this been approved within DFAT and by the Department of Finance?

**Mr McDonald:** Mr Wood can come up, but this is something that has occurred certainly during the time I have been in AusAID and DFAT. There are guidelines, I think provided by the Department of Finance, around what positions can be through administered funding. I will ask Mr Wood to add anything or correct me if he needs to.

**Senator GALLACHER:** I have a number of questions. Please provide details of the number and the level of the positions funded as an administered expense. And, just so I am perfectly clear: what is the definition of an administered expense?

**Mr McDonald:** There is departmental funding that we have. That is ongoing funding for the department. The administered funding is basically the aid funding envelope. Mr Wood can tell you what that envelope exactly is. I think it is \$4 billion.

**Mr Wood:** There is a criterion that is agreed with the Department of Finance and is reviewed as part of our annual financial statements audits. The criterion is that an officer needs to spend more than 51 per cent of their time involved in the direct delivery of aid. Often that can happen where they are working directly with a partner government in the delivery of an aid program. So it is fairly strict criteria that we apply to those classifications.

**Senator GALLACHER:** So a locally engaged staff at an Australian operation overseas would have to have—is it?—50 per cent of their work tied to an aid program?

**Mr McDonald:** I think we are talking about A based staff or—

**Senator GALLACHER:** I do not know.

**Mr McDonald:** Sorry; when you referred to it earlier, I think you said 'staff employed under the APS Act'.

**Senator GALLACHER:** Yes.

**Mr McDonald:** In relation to that, there would be staff employed overseas that are in administered positions under the criteria that Mr Wood just talked about. In relation to the aid program, the majority of that funding is administered funding. I think it is around \$4 billion.

**Mr Wood:** Correct.

**Senator GALLACHER:** Please provide the rationale for the use of the administered funding for each of the positions against specific program outcomes.

**Mr McDonald:** I think Mr Wood has just given the criteria for that, and that is something that has been ongoing for some time.

**Mr Wood:** It is also relevant to note that this was considered in an ANAO audit from several years ago. Following that audit and some of the issues that it found, we then had that arrangement that was agreed with the Department of Finance.

**Senator GALLACHER:** Is any part of any salary of DFAT locally engaged staff funded as an administrative expense?

**Mr McDonald:** There would be some. We can check to confirm that.

**Senator GALLACHER:** You will take that on notice?

**Mr McDonald:** Yes.

**Senator GALLACHER:** If so, under what provision has this been approved within DFAT and the Department of Finance?

**Mr McDonald:** We will take that on notice.

**Senator GALLACHER:** Why would you have to take the second question on notice? You do not know the answer to that? If there has been an ANAO audit, you would—

**Mr McDonald:** It would have to meet the criteria in terms of the work they are doing and whether it is involved in the direct delivery of aid.

**Senator GALLACHER:** Please provide the details of the number and level of positions funded as an administrative expense. Further, please provide the rationale for the use of the administered funding for each of the positions against specific program outcomes. Please provide information on the number of DFAT employees and DFAT locally engaged staff whose salary is funded in part or whole as an administrative expense as of 1 March 2014 and 1 March 2015. Can we get that on notice?

**Mr McDonald:** Yes, we will take those questions on notice.

**Senator McEWEN:** I want to ask about Dr Bjorn Lomborg and his position on the International Reference Group. Has he had opportunities to participate in the Reference Group since last estimates?

**Mr McDonald:** Yes.

**Senator McEWEN:** And what were those opportunities?

**Mr McDonald:** The Reference Group had a formal meeting during the SDGs week in New York. Dr Lomborg was in New York at that time and participated in the meeting.

**Senator McEWEN:** That was a couple weeks ago?

**Mr McDonald:** It was towards the end of September.

**Senator McEWEN:** Were there any complaints to the department about Dr Lomborg's role or behaviour during that?

**Mr McDonald:** No.

**Senator McEWEN:** Can you tell us of any costs incurred by the department because of Mr Lomborg's participation?

**Mr McDonald:** There were no costs.

**Senator McEWEN:** Did Dr Lomborg make any request of the department for costs?

**Mr McDonald:** No.

**Senator McEWEN:** So what exactly was the forum he was at? It was an SDG meeting of the International Reference Group?

**Mr McDonald:** The International Reference Group. It was for the innovationXchange, which was held in New York. As you know, Dr Lomborg is a member of the International Reference Group. There are 14 members of that group. This was the second meeting. At the first meeting, Dr Lomborg participated by videoconference. On this occasion, he participated in person, whilst other members participated by video and in person.

**Senator McEWEN:** The department did not pay for his airfare to New York?

**Mr McDonald:** No.

**Senator McEWEN:** Nothing?

**Mr McDonald:** No. We did not pay for his airfare or other costs.

**Senator McEWEN:** Did you pay a daily allowance?

**Mr McDonald:** No.

**Senator McEWEN:** Did you pay for accommodation?

**Mr McDonald:** No.

**Senator McEWEN:** Do you know who did pay for all of that?

**Mr McDonald:** There were International Reference Group members who were in the vicinity who participated. As I said, a number of members participated by video and some participated by phone. This is the nature of a global committee like that one. Depending on the location of the meeting, some people will participate in person and some people will participate—

**Senator McEWEN:** So he paid his own way?

**Mr McDonald:** I do not know how he got there. Certainly the Australian government did not pay.

**Senator McEWEN:** Has Dr Lomborg provided to the department any critiques or recommendations arising from his participation in that meeting of the group?

**Mr McDonald:** All members of the International Reference Group participate during the meeting.

**Senator McEWEN:** Yes, but does he have to provide a report or recommendations?

**Mr McDonald:** It is a reference group that is chaired by the foreign minister. There is discussion about the initiatives and the like that the InnovationXchange is considering. There is obviously discussion at the meeting. Then, between meetings, there is information sent in and out to reference group members. It is like a normal committee that you would participate in where people are expressing views on options or ideas that are put forward.

**Senator McEWEN:** His appointment was for 12 months; is that right?

**Mr McDonald:** I would have to take on notice whether we made it for 12 months, but certainly there have been 14 people appointed, including the foreign minister.

**Senator McEWEN:** So you will confirm whether the appointment was for an initial period of 12 months. I would also ask you to advise—because I understand there was a possibility of an extension to the initial appointment period beyond 12 months—whether he will be appointed beyond 12 months.

**Mr McDonald:** I am happy to take that on notice, but certainly there has been no discussion on or decisions about extensions at this point.

**Senator McEWEN:** Minister Birmingham told Senate estimates this week that the government's \$4 million incentive for Dr Lomborg's climate change centre is no longer available. So clearly government has re-evaluated Dr Lomborg's contribution to Australian public life. Has there been any re-evaluation of his contribution to the international reference group also?

**Mr McDonald:** Not to my knowledge. Can I just correct something. I said that I thought he participated by video in the first meeting, but I believe it was in person, actually. I will clarify that on notice.

**Senator McEWEN:** Did you say 'in the first meeting'?

**Mr McDonald:** There have been two meetings of the International Reference Group.

**Senator McEWEN:** And he appeared in person at both?

**Mr McDonald:** I think so. I will clarify that for you because I originally said it was by video at the first meeting.



**Senator McEWEN:** Please also ascertain whether for either of those appearances the department provided any financial support.

**Mr McDonald:** No, we would not have. I have just had it clarified for me that it was by video, so my original evidence was correct.

**Senator GALLACHER:** The information I have here is that on 31 January 2015 DFAT had 803 aid based positions overseas in the context of the latest staffing review, conducted by you, Secretary. Has that number changed?

**Mr Varghese:** I will have to check on that. Which document are working from, Senator Gallacher?

**Senator GALLACHER:** On 31 January 2015 DFAT had 803 A-based positions overseas. That is the information I have.

**Mr Varghese:** Is that a number we gave you on notice?

**Senator GALLACHER:** It could well be.

**Mr Varghese:** Well—

**Senator GALLACHER:** You do not know how many A-based aid positions you have?

**Mr Varghese:** As of 30 June 2015, we have 844 positions overseas.

**Senator GALLACHER:** Okay. Has that number changed because you have opened new embassies?

**Mr Varghese:** Our new embassies are still in the process of being opened. You may recall that we foreshadowed we would open in Ulan Bator and Phuket, which we hope to do before the year is out. We also foreshadowed that we would open in Doha and Makassar, which we hope to do by the end of the first quarter of next year.

**Senator GALLACHER:** Okay. So there are four posts being opened, are there?

**Mr Varghese:** Yes. By the end of the first quarter we would have four new posts.

**Senator GALLACHER:** I have seen the Phuket and Makassar referrals to the Public Works Committee, so presumably you have not hired anybody there yet? Are you building facilities, or—

**Mr Varghese:** No. Phuket will be a very small office. It will have one Australia-based officer. We certainly would not be looking at building anything. We would be—

**Senator GALLACHER:** I think there is a referral to the Public Works Committee for—

**Mr Varghese:** For Phuket? It would not be for construction of an office.

**Senator GALLACHER:** Makassar and Phuket are the two. Mr Nixon is here. He will be able to tell us straightaway. How much are we spending in Phuket for one person?

**CHAIR:** Do you want the job?

**Mr Nixon:** I think that, rather than a referral, there was a medium works notification provided to the—

**Senator GALLACHER:** Sorry; yes—it was not a referral; it was a notification of medium works.

**Mr Nixon:** Correct.

**Senator GALLACHER:** How much were Makassar and Phuket, separately?

**Mr Nixon:** We are still to finalise the contract on Phuket, but my understanding is that the works there are in the order of about \$2.5 million.

**Senator GALLACHER:** And I suppose, Mr Varghese, your point is that you are only putting one A-based position there?

**Mr Varghese:** Yes—

**Senator GALLACHER:** You have locally engaged staff, though?

**Mr Varghese:** We will have some locally engaged staff, but only one—

**Senator GALLACHER:** Can you get on notice the time line or time frame for the opening of these four posts?

**Mr Varghese:** Beyond what I have already indicated? Two of them will be open by the end of the year and the other two will be open by the end of the first quarter of next year.

**Senator GALLACHER:** And do we know the number of staff that will be attributed to those positions?

**Mr Varghese:** We do. I do not know whether Mr Fisher has the number handy. I think we had better take that on notice.

**Senator WONG:** I have one question. Did anybody go through the answers to questions on notice?

**Mr Varghese:** No.

**Senator WONG:** So 100 of 159 were not answered by the committee's due date. Can you give me an explanation for that, Secretary?

**Mr Varghese:** I think we have indicated to the committee, as we are obliged to, when draft replies went to ministerial officers and then when the replies were lodged. As to an explanation for any delays, I would have to take that on notice and consult the relevant minister.

**Senator WONG:** I have looked at the letter. You provided 59 by 17 July. Paragraph (c) sets out time frames in which you say you provided it to the ministerial offices. But it is a very low compliance rate—59 out of 159.

**Mr Varghese:** I cannot add to the information in the letter.

**Senator WONG:** Are we likely to see an improvement next time?

**Mr Varghese:** I am always striving for improvement in everything.

**CHAIR:** I remind colleagues that at the last budget Senate estimates the department had provided all answers to questions on notice, so I concur that there is always room for improvement, and we will await with interest the explanation this time. But, as I say, in June we had them all.

**Mr Varghese:** I think we were late in June on a few as well.

**Senator WONG:** I only have the more recent ones which are the budget estimates with a due date of 17 July 2015. For the department, 100 of 159 were late.

**CHAIR:** What was the number as at the beginning of this week. Do we have that figure?

**Senator WONG:** I think they have done them now.

**CHAIR:** They have?

**Senator WONG:** Yes.

**CHAIR:** So they are complete now. So you will provide us with that information on notice.

**Mr Varghese:** I will have to consult our ministers. The department lodged the draft replies within the deadline.

**CHAIR:** So the department lodged them within the deadline?

**Mr Varghese:** Yes.

**CHAIR:** Okay, that is the information we will be requiring. So they were all lodged by the department within the deadline, but they were not provided to the—

**Senator WONG:** No, that is not right. Under the standing orders, there is a letter which is provided that sets out the dates on which letters went to the minister, of those which were late. Of the remaining 100 questions which were filed late, 43 went to the minister on 10 July, 34 went to the trade minister on 9 July and 23 were provided on the ninth and 10th. You had filed on 31 July and 23 September 2015, which is obviously some months after the due date.

**Mr Varghese:** The point I was making was that the departmental draft responses had gone to ministerial offices by 10 July in two tranches, which was within the 17 July deadline. That was the only point I was making to the chair.

**Senator WONG:** Perhaps then it is an issue in the ministers' offices.

**Mr Varghese:** That is the point—I would need to consult.

**CHAIR:** And get some clarification, yes.

**Mr Varghese:** I think Mr Sloper wanted to come back on the question of domestic violence in Nauru. There was an outstanding issue.

**Mr Sloper:** Earlier in the day Senator Gallacher asked me a series of questions about Nauru and programs in relation to domestic violence. If you do not mind I might read through a series of responses. You asked, first, about the \$5 million figure under the Pacific Women Shaping Pacific Development program. It was listed, I think, in a performance review. That program is \$5 million over 10 years on an initiative supporting women's empowerment in Nauru. The first element of that will be a commitment of \$640,000 implemented from 2014 to 2016. We have a range of KPIs. I will not read them all out now unless you wish me to. Of seven, across that program across the region, in addition to that specific reporting with regard to the counsellor—which I can come back to—in terms of assessments and the allocations for individual sectors we use those criteria. In the Nauru

case they relate to reducing violence against women and increasing the role of women in leadership and decision making. We work with local partners to set up a program which will try to address them.

The Domestic Violence Counselling program consists of support of \$304,250 over two years from 2014-15 to 2015-16. That is funded through the bilateral aid program. As you noted, it engages a gender based violence counsellor as a specialist, and that person works within the government of Nauru's Ministry of Health. The funding covers salary and on-costs. The funds are provided through what is called the Pacific Technical Assistance Mechanism—this is a managing contractor that we use to facilitate the recruitment and placement of the specialist, and so they run the recruitment for that individual.

You asked whether refugees are offered the same access to government of Nauru counselling services—they offer the same access to all domestic violence services as any other Nauruan citizen or resident, including this particular specialist. We have consulted other agencies and, with regard to those in detention, medical and welfare responses for transferees are provided by contract service providers. This includes Transfield Services, Save the Children and International Health and Medical Services. However, it is worth noting that the counselling specialist we are talking about also provides advice to the government on Nauru on courses of action and support transferees might need in the centre. They operate within the Ministry of Home Affairs relating to policy development within Nauru.

You also asked about the broader justice sector. The Attorney-General's Department has been assisting Nauru to improve its justice sector through a program of law reform and capacity building, including training in legal policy development, assistance in the preparation of policy papers, legislative drafting and stakeholder consultation. They are also looking at reforming aspects of the crimes legislation and they have commenced stakeholder consultations within Nauru on that to deliver a completed criminal code bill to the government on Nauru in early 2016. On implementation the Attorney-General's Department will offer support to Nauru to implement the new law including in respect of training to law and justice officials on the new legislation and capacity building opportunities for those officials through support to regional organisations.

In terms of reporting on the individual counsellor position—and I should say they are not a fly-in, fly-out position; they are based in Nauru for two years—they report directly to the government of Nauru, and so we will need to consult them on specific statistics in regard to the service they provide and get their consent for that. We also have reporting on an annual basis through the broader contract management facility that I mentioned for the recruitment of the individual.

**Senator GALLACHER:** Thank you for that information, which probably precipitates a number of questions on notice. The position is not a Nauruan?

**Mr Sloper:** I do not know the nationality of the position. We advertised that through the contractor. It could be a Nauruan; it could be any nationality. It is not a prerequisite.

**Senator GALLACHER:** I did not get any sense that there is an actual counsellor in an office or a shelter.

**Mr Sloper:** I am sorry. I did not go into that detail for brevity. The counsellor has been engaged to engage in community outreach to 14 districts on Nauru. They work with a safe house and domestic violence unit within the police force. They are looking at how to expand what is described as 'psycho-social support services' to women and children who have experienced violence and how best to address perpetrators of domestic violence. They are also working with a separate training adviser in the Ministry of Health to design and implement training for health workers across the board on identifying and handling cases of domestic violence. In addition, the last criterion we ask them to address is to provide mentoring and technical support to domestic violence coordinating committee within the Nauru government. Those terms were set up in agreement with the Nauru government.

## FOREIGN AFFAIRS AND TRADE PORTFOLIO

[18:19]

**CHAIR:** We will now move to the trade portfolio.

**Senator WONG:** I will get to TPP. I just had a couple of quick ChAFTA issues, if I may. It is a specific question about one of the tariff lines. As I have been advised, the table in relation to the number of these tariff schedules, you start with a base rate staging category then year 1, year 2, year 3. I assume the base rate is the general tariff rate—is that right?

**Mr Brown:** Yes.

**Senator WONG:** Can you tell what the general rate is in relation to 6107.2—nightshirts and pyjamas? It is listed here as 10 per cent.

**Mr Brown:** I am going to need to ask someone to help me with that one.

**Senator WONG:** Thank you.

**Mr Brown:** I will just ask Peter Roberts from—

**Senator WONG:** It is listed in the ChAFTA as 10 per cent. Can you just confirm that is the general tariff rate for these articles of apparel and clothing.

**Mr Brown:** I will just ask Peter Roberts from the free trade agreement division.

**Senator WONG:** Do you want to come back to that? Do you want to look it up?

**Mr Roberts:** If you give me HS code, I will be able to find it quickly.

**Senator WONG:** It is 6107.2. It is listed in the schedule as 10 per cent. I want to confirm that that is actually what the general tariff on apparel and clothing is under the tariffs act.

**Mr Roberts:** Nightshirts and pyjamas under men's or boy's underpants, briefs, nightshirts, pyjamas—6172—

**Senator WONG:** No: 6107.2.

**Mr Brown:** There are a few separate lines under there. So there is 61072100: men's or boys' pyjamas of cotton, knitted or crocheted.

**Senator WONG:** What are we reading from? Is this the ChAFTA or the tariff act?

**Mr Brown:** This is the China tariff schedule.

**Senator WONG:** Sorry, my question is—someone has suggested to me that that general tariff rate for that line item is actually less than the base rate you have put in the schedule. So do you want to check that and come back? Because if you just read back the schedule of the ChAFTA, I have got that in front of me; that is not the question.

**Mr Brown:** I will have to take that on notice then.

**Senator WONG:** Are you able to do that—you can't do that tonight? It is just those two line items.

**Mr Brown:** So 617—

**Senator WONG:** It is 6107.2.

**Mr Brown:** I will try to do that while we are here.

**Senator WONG:** Thank you. The second question—and again, a minor one: in the JAEPA and the KAFTA, the Legal Practitioners Act SA was identified as a non-conforming measure. Is there such an entry in the ChAFTA; and, if so not, why not?

**Mr Brown:** I will ask Mr Farbenbloom to answer that question.

**Mr Farbenbloom:** If you just give me a moment, I could just check through the non-conforming measures and come back with a response.

**Senator WONG:** I will go to TPP and perhaps we can come back to ChAFTA after you have had a look. Are you happy with that, Mr Varghese?

**Mr Varghese:** That is good.

**Senator WONG:** TPP—the government has a very complicated position in relation to the FIRB threshold for foreign investment. I just want to confirm that the lower screening thresholds are \$15 million cumulative and non-indexed and \$55 million also cumulative and non-indexed for agriculture land and agribusiness respectively and will be reflected in the TPP in relation to all member countries. If not, which ones will it not be reflected in respect of?

**Ms Ward:** The offer made on FIRB to all TPP parties is the same offer as was made in KAFTA and JAEPA, with respect to the high FIRB threshold and with respect to agriculture and agribusiness.

**Senator WONG:** So the carve-out of \$15 million and \$55 million?

**Ms Ward:** That is correct.

**Senator WONG:** Not indexed and cumulative.

**Ms Ward:** That is correct.

**Senator WONG:** Within the TPP itself, those countries with whom we had prior FTAs with higher thresholds, I assume, are exempted from that—correct?

**Ms Ward:** That is correct. We have four parties that had prior commitments: the United States had the higher FIRB threshold—

**Senator WONG:** New Zealand, Chile.

**Ms Ward:** New Zealand, Chile and Singapore.

**Senator WONG:** But Singapore only in relation to the agricultural land sector?

**Ms Ward:** When we did the Singapore agreement, they were given a binding of \$50 million. That means the agriculture binding would become \$50 million, which is the binding threshold for SAFTA. The higher \$55 million for agribusiness will be the prevailing binding for the Singaporeans, therefore. But they will also have the high FIRB \$1 billion for non-agribusiness.

**Senator WONG:** Not a lot of red tape at all.

**CHAIR:** I think that is a comment rather than a question.

**Senator WONG:** Take that as a comment, not a question. What about our outward investment into other TPP countries? Are you able to outline the improvements we obtained as a result of the TPP?

**Ms Ward:** Certainly. There are two parties that have screening thresholds: Canada and Mexico. Both of those parties, in response to our offering the high FIRB threshold, have given us the highest threshold that they have for their investment schemes. The other parties do not have such schemes.

**Senator WONG:** Sorry, say that last bit again.

**Ms Ward:** The other parties in the TPP do not have the same sort of—

**Senator WONG:** Threshold arrangements that we do.

**Ms Ward:** threshold arrangements.

**Senator WONG:** Did we gain any improvements in terms of our outward investment arrangements?

**Ms Ward:** We were given access to Canada and Mexico's highest screening threshold.

**Senator WONG:** But they are the only ones that have such a regime.

**Ms Ward:** That is correct. There were also a number of reforms locked in through the services and investment negotiations, particularly in the mining area, and a number of parties locked in, where they had not previously, their investment arrangements with respect to specific regulatory settings.

**Senator WONG:** On TPP and ISDS, we do not currently have ISDS provisions with the US or New Zealand under applicable trade agreements. Do I assume that we will now have an ISDS arrangement with respect to those nations?

**Ms Ward:** We will have an ISDS with respect to the United States. As has been done in previous agreements—

**Senator WONG:** You have carved out New Zealand.

**Ms Ward:** we have carved out New Zealand.

**Senator WONG:** Did the Australian government seek to carve out ISDS application as between Australia and the US?

**Ms Ward:** No, we did not. It was made very plain that part of the TPP arrangements was that all parties should participate in an ISDS undertaking as part of the investment chapter.

**Senator WONG:** Sorry, I thought you just said there was an agreement to carve out New Zealand.

**Ms Ward:** That was an arrangement that Australia and New Zealand—

**Senator WONG:** Bilaterally.

**Ms Ward:** entered into bilaterally.

**Senator WONG:** And the US was not prepared to countenance that with us?

**Ms Ward:** No.

**CHAIR:** That is a good spot for us to stop and wait impatiently for Mr Roberts to advise us what the base rate for tariffs is on—

**Senator WONG:** Or whether they have made a mistake. I just want to know if they have made a mistake.

**CHAIR:** nightshirts, pyjamas and crocheted gentlemen's underwear.

**Senator WONG:** It was underwear, part of it? I missed that.

**CHAIR:** That is what he said: crocheted gentlemen's underwear. Did you not, Mr Roberts?

**Mr Roberts:** I did.

**Senator WONG:** I do not think I asked about underwear. Why are you obsessed with underwear?

**CHAIR:** For completeness of the answer. That is how professional the officers are.

**Proceedings suspended from 18:30 to 19:33**

**Senator WONG:** I was asking about some of the tariff lines under the ChAFTA in which the base rate appears to be higher—that is, worse in terms of the tariff level than the general tariff rate. So can you explain that?

**Mr Roberts:** In the negotiations in all of our FTAs we set a base year on which the negotiations occur, and this is the point in time of the tariffs that we talk about. The base year that was set for the China FTA—that we agreed with China—was 1 January 2013, so the tariff schedules for both China and Australia reflect the tariffs that Australia and China were applying at that point in time. Now countries do have the right to move some tariffs up and down. On 1 January 2015, Australian unilaterally reduced the tariffs on 226 textiles, clothing and footwear lines and they reduced these tariffs from 10 per cent to five per cent. So if you were importing into Australia, now, that is the tariff you would face.

**Senator WONG:** Actually, under the China FTA, presuming it is ratified, the tariff would be higher.

**Mr Roberts:** Yes. You are under no obligation to use the China FTA. For example, the 6107.21 example we were talking about before—

**Senator WONG:** It is one of 230 lines to which this applies.

**Mr Roberts:** That is right. That is a 10 per cent tariff. It is a three-year phase-out, so for the first year of ChAFTA the tariff will be 6.7 per cent. If you were importing, you would use the applied rate of five per cent, and then, in the next stage, it would be 3.3 per cent so the ChAFTA was—

**Senator WONG:** Tell me, with the 230 lines, I am trying to get some metric on how much that applies to?

**Mr Roberts:** The Australian tariff schedule has 6,184 lines—

**Senator WONG:** So it is small.

**Mr Roberts:** so I think this is around 3.7 per cent.

**Senator WONG:** And the South Australian Legal Practitioners Act, which was a non-conforming measure point?

**Mr Farbenbloom:** There is a difference between the China FTA and the Japan and Korea FTAs. The difference is that there is no non-conforming measure in the China FTA for the South Australian Legal Practitioners Act.

**Senator WONG:** Yes, that is self-evident. What does that mean? In fact, that was the question I put to you. It is in the KAFTA, it is in the JAEPA, but it does not appear to be in the ChAFTA. Is that correct, and what does that mean?

**Mr Farbenbloom:** I confirm that is correct. What it means is that there is no reservation against the national treatment commitment in the China agreement. The reason we have made no reservation against that is advice from the South Australian government that, at this point of time and different from when we were finalising the Japan and the Korea FTAs, there has been a liberalisation in that area under South Australian law.

**Senator WONG:** But it remains a non-conforming measure under the two other agreements?

**Mr Farbenbloom:** It is scheduled as a non-conforming measure, but because it no longer exists there is no need for it any more, and, under both, I recall—

**Senator WONG:** What is the practical effect on legal practitioners in South Australia?

**Mr Farbenbloom:** As a result of the change in South Australian law, there is no need to maintain this reservation against national treatment. In other words—

**Senator WONG:** My question remains.

**Mr Farbenbloom:** The reason you schedule a non-conforming measure is that it is an indication that, under the laws and regulations in place, in this case in South Australia, it is not possible to fully conform with the obligation to provide national treatment, so you maintain this reservation. Now that that has changed, we did not need to schedule that for China. The existence of a non-conforming measure in the Japan and Korea agreements is, in a sense, no longer relevant because the need for it has now passed.

**Senator WONG:** All right. I am going back to the TPP, and I want to ask about the carve outs or reservations. I am not sure what the technical legal terms are that you want me to use, Ms Ward, but I am trying to understand the extent of protections for domestic legislation and regulation that have been negotiated.

**Ms Ward:** The investment chapter in the TPP is where the ISDS resides, and ISDS is only subject to investment obligations. Rather than looking at wholesale carve outs, which became very problematic in the context of a regional deal where many parties were looking perhaps to carve issues out—the net effect of which would have been a very hollow-looking ISDS—the way we approached it was to look to the key priority of TPP governments, which was to really guarantee to them and give them comfort that they would be able to continue their job of regulating in the public interest. So the way we approached it really was to develop a framework of safeguards. The safeguards that we have developed include a range of features in the ISDS chapter—the net effect of which is to preclude, limit or disincentivise claims. With that, I will give you a little bit of substance behind that general introduction. In view of concerns, we have put in place an explicit recognition that TPP parties have an inherent right to regulate to protect public welfare, including in the areas of health and the environment. Tobacco measures cannot be challenged. Certain ISDS claims cannot be challenged, including subsidies, social services established or maintained for a public purpose, such as social welfare, public education, health measures, public utilities, measures with respect to the arts and Indigenous traditional cultural expressions, Australia's foreign review policy, including decisions of the FIRB.

In addition to that, we have attempted to focus on putting some safeguards in the rules themselves. For instance, we have a rule in the TPP that says non-discriminatory regulatory actions to safeguard public welfare, such as public health or the environment, do not constitute expropriation, except in rare circumstances. We have a provision in the TPP that says that the fact that a subsidy or a grant has been issued, reduced or renewed does not, by itself, breach the minimum standard of treatment obligation or be deemed an expropriation, even if it results in loss or damage. There is another provision which says that government action which may be inconsistent with investors' expectation does not constitute a breach of the minimum standard of treatment.

**Senator WONG:** There are obviously a lot of concerns about the introduction of an ISDS. There are concerns—which we had expressed—around the North Asian agreements. But, obviously, given the history of—how should I put it?—and the pressing for ISDS by the US, which predated the US FTA and was resisted by the then Howard government, this is an area where there is legitimate public concern, and from the chief justice as well. It would be useful to understand the totality of the protections. I apologise for interrupting you but I am wondering if it is possible for the committee to be provided with, essentially, the explanation that you are making. What I am finding difficult reading through it—as I hear it, I think, 'Okay. So you will argue that there is a carve-out for public education, public health and environmental issues.' But I do not quite understand the extend of that. There is a very big focus, I suspect, in this nation about this agreement.

**Ms Ward:** I am considering the best way to respond to your question. Currently, we are preparing the text for public release. It is difficult, ahead of that point in time, to provide you with such a very complete list. We have written some examples in the fact sheets that the department has put online already. Obviously, as soon as that text is released, we can have a much more detailed conversation about all of the details that are involved. I guess for the time—

**Senator WONG:** That is a very polite way of saying, 'I would rather not give it to you until we release the text.' That is okay. I get it. Is that going to be a long time?

**Ms Ward:** We are working towards release at the moment. It is unclear what the timing for the release is, but what I can say is that it will be well in advance of the signing of the agreement.

**Senator WONG:** I did interrupt you through your list. Did you want to continue the last portion of what you were saying?

**Ms Ward:** I did want to add that there were a number of concerns that we have attempted to address in this agreement which go to questions of procedural concern about the TPP. For instance, as cited by the Chief Justice of the High Court, there are a number of important procedural safeguards which I will include in the record for the moment so that there is a public record of that: a requirement in the TPP that hearings be open to the public; the ability for cases to permit submissions from interested individuals, including civil society; rules preventing a claimant from pursuing a claim in parallel proceedings, such as before an Australian court; the ability of TPP parties to issue interpretations of the agreement which must be followed by ISDS tribunals; expedited review of claims that are baseless and manifestly without legal merit; and a requirement for arbitrators to comply with rules on independence and impartiality, including on conflicts of interest.

**Senator WONG:** It is obviously a much more complex version of conditionalities or protections than in the KAFTA and the ChAFTA. How does the version of ISDS in the TPP compare to what were described as modern provisions in the KAFTA and the ChAFTA?

**Ms Ward:** The investment negotiators in DFAT have deemed that the TPP chapter provides among the most protective treaties in existence currently worldwide.

**Senator WONG:** Does that mean more?

**Ms Ward:** It is different from KAFTA and ChAFTA. It is hard to make a direct comparison between the two.

**Senator WONG:** PBS—the Pharmaceutical Benefits Scheme? I am trying to get a sense. Do all of the protections that you have described mean that government changes or improvements to the PBS would not be able to be litigated?

**Ms Ward:** Our assessment is that it would be very difficult to bring a successful claim against the PBS on the basis of the ISDS provisions in the TPP chapter.

**Senator WONG:** Very difficult, but not impossible.

**Ms Ward:** It is a court where you can bring claims. Whether it is successful or not depends upon whether or not there is a breach of the provisions in the investment chapter.

**Senator WONG:** The Medicare Benefits Schedule?

**Ms Ward:** The same would go for Medicare and the Pharmaceutical Benefits Scheme.

**Senator WONG:** TGA?

**Ms Ward:** The same. From my perspective, the healthcare system writ large is well protected by the range of safeguards we have negotiated.

**Senator WONG:** The Office of the Gene Technology Regulator?

**Ms Ward:** The same.

**Senator WONG:** You mentioned process. The EU announced its intention to seek to establish an alternative to existing ISDS arbitration tribunal systems. I think it was an investment court system. Is that contemplated by the TPP?

**Ms Ward:** That is not contemplated by the TPP. The EU, through its process of consideration of where it wants to go with ISDS, has landed pretty much in the same place as TPP parties. That is that it wants to retain modern and high-quality rules for investors, but at the same time having robust safeguards that preserve the right of governments. The EU has ended up in this place where it is contemplating the development of a court. TPP parties have not done so, but have chosen to work to put in place many procedural safeguards instead.

**Senator WONG:** When you say 'procedural safeguards' are you referencing some of the issues that you talked about earlier in response to my primary question?

**Ms Ward:** Yes, I am.

**Senator WONG:** Are there any additional procedural safeguards that you did not touch upon?

**Ms Ward:** There may be some.

**Senator WONG:** Arbitrators having acted for parties in past actions being able to act again and being able to act again also in future actions—this issue that you might act for a claimant who then might be an arbitrator in a matter in which they are a party, and then you might act for them again?

**Ms Ward:** TPP parties will have very strong control over which arbitrators are chosen to sit on any tribunal—

**Senator WONG:** When you say 'TPP parties' do you mean the sovereign nations?

**Ms Ward:** Yes, the sovereign nations.

**Senator WONG:** Not parties to the dispute?

**Ms Ward:** The government involved will be able to choose one of the arbitrators. The claimant will be able to choose an arbitrator; jointly they will choose the third and, if unable to do so, that would go to the Secretary-General of the International Centre for Settlement of Investment Disputes, under the World Bank auspices, for decision.

**Senator WONG:** Are there any appellant rights—appeal rights—on the substantive decision?

**Ms Ward:** This is a relatively new part of the debate around ISDS, and, over the course of the five years that we have been negotiating the TPP, it has been something that TPP parties have discussed and considered. In view of the fact that it has not really come to rightness at this point, TPP parties have put a placeholder in the text on an appellant body and have reserved the right to come back to that conversation.

**Senator WONG:** But there is none negotiated?

**Ms Ward:** No, not at this point.



**Senator WONG:** If a claimant does not agree, currently there would not be any appeal rights?

**Ms Ward:** That is correct.

**Senator WONG:** So if Australia were sued by a US pharmaceutical company, currently we would not have any appeal rights from that?

**Ms Ward:** That is correct. Under the current system, yes.

**Senator WONG:** Given what you said earlier, can you tell me any differences between the draft investment chapter to the TTIP and the TPP investment chapter—perhaps on notice, or are you able to do it tonight?

**Ms Ward:** Okay. Thank you.

**Senator WONG:** Is there anything you can say tonight, or would you rather take that on notice?

**Ms Ward:** I will take that on notice.

**Senator WONG:** On biologics, I understand from Mr Robb's public statements that essentially there is a two-track outcome on the data exclusivity period for biologics. Is that right?

**Ms Ward:** That is correct.

**Senator WONG:** Can you explain the five years plus three years arrangement?

**Ms Ward:** Australia currently provides five years of data protection for biologics and, in fact, for all medicines. That will not change as part of the TPP. The two-track outcomes on biologics protection is that in order to provide effective protection in the market you can choose one of two avenues: you can provide eight years of data protection or, as the alternative, you can provide five years of data protection as well as other measures and existing and prevailing market circumstances. In Australia's instance we will adopt the five-year option, which reflects our existing system. This recognises that our system with five years of data protection—an efficient regulatory system and predictable patent system as well as market circumstances which include the development and approval and establishment in the market of the biosimilar, which is the follow-on medicine for a biologic—provides a comparable, effective protection in the market to the eight years.

**Senator WONG:** So are we the only nation who is taking the five-year track?

**Ms Ward:** It is not clear who will take which track. You are not obliged to set that down. However, there is a provision that says that in order to comply with this provision certain parties are taking a transition measure or transition mechanism. Australia is not part of that provision, so it is very clear that Australia will be in the five-year mechanism. There are a number of parties who were very clear that they could not move beyond the five years.

**Senator WONG:** Medecins Sans Frontieres has made statements, including:

The big losers in the TPP are patients and treatment providers in developing countries.

Can you explain why? What is the concern that is being expressed there?

**Ms Ward:** There are a number of requirements in the TPP for parties that do not have certain settings in place to embrace those settings on intellectual property, including in respect to pharmaceuticals. If I might add, there are also a number of safeguards for developing countries. Those countries that are not manufacturers of pharmaceuticals can still rely on WTO provisions set out in the TRIPS agreement with respect to compulsory licensing. They still have the Doha declaration on public health. There are transition periods for developing countries envisaged and there are a number of other flexibilities built into the TPP that allow them to encourage early access to medicines. For instance, there is a thing called an access window: developing countries are allowed to say, 'Yes, we will give you a certain number of years of data protection, but if your medicine does not come to our market within that period, the window is shut.'

**Senator WONG:** What are the flow-on consequences of different IP protection periods? Will this have an indirect cost effect in Australia, in the region or globally on the price of medicines?

**Ms Ward:** From Australia's perspective, our assessment is that it will have no impact on—

**Senator WONG:** Not even indirectly?

**Ms Ward:** No. Our assessment is no, it will not have an impact on the costs of medicines under the PBS or any requirement to change any of our existing measures. Obviously there will be changes to the way that some of the TPP parties establish their frameworks of pharmaceutical protections in the market. It is unclear what the implications are for those markets. That has been a decision taken by those governments.

**Senator RHIANNON:** Could you provide an update on the PACER Plus negotiations, particularly the developments that came out of the Melbourne meeting on 7 October?

**Mr Varghese:** Perhaps I could address that question. When the Pacific island leaders met in September, they renewed their commitment to PACER Plus and said that they would like to see the agreement concluded by the middle of next year at the latest. Where we are with this is that we have made some very good progress, particularly in areas such as customs procedures and the sanitary and phytosanitary measures, trades regulation, standards and conformity, assessment procedures, trade in services, investment transparency and other areas. Obviously there are still some chapters that remain to be negotiated, but I think that mid-2016 deadline is achievable. I think the mechanism we are looking at in terms of how we bring PACER Plus together with labour mobility and development cooperation objectives would properly be through a combination of the treaty and MOU arrangements.

**Senator RHIANNON:** Did the October meeting go ahead? You referred to the September meeting.

**Mr Varghese:** I referred to the September leaders meeting.

**Senator RHIANNON:** I was asking about the October meeting in Melbourne. What came out of that?

**Mr Varghese:** I do not have details on the October meeting, so I will take that on notice.

**Senator RHIANNON:** When will all the negotiating texts relating to the PACER Plus agreement be released?

**Mr Varghese:** They will only be released when they are ready for signature. If we conclude the negotiations by the middle of next year and allow a period for the texts to be scrubbed and ready, it will be sometime after that.

**Senator RHIANNON:** One chapter is already out titled, 'development assistance and economic cooperation'. I have read about it, so that must have been a leak, was it, not an official release?

**Mr Varghese:** I do not think that was a leak. I think that was a parallel MOU that we have been working on.

**Senator RHIANNON:** So that was released officially?

**Mr Varghese:** No.

**Senator RHIANNON:** So it was leaked?

**Mr Varghese:** It was not a leak of a treaty text. That is what I am saying.

**Senator RHIANNON:** Okay. As we say, the language is fascinating. The next question is not about free trade. It is about the benefits of free trade to small countries. What evidence does the department have that increasing market access for Australian companies will, on balance, aid the development of Pacific countries, particularly now that you are tying development to the PACER Plus negotiations?

**Mr Varghese:** I think the objectives behind PACER Plus are not exclusively enhancing market access for Australian goods and services. The underlying rationale for PACER Plus is that you use the agreement to enhance the capacity of Pacific island countries to grow their economies and better to engage with the private sector. I do not think your starting premise is what is actually driving PACER Plus.

**Senator RHIANNON:** But isn't part of the negotiations now also bringing in the issue of development assistance?

**Mr Varghese:** Sure. Development assistance will be part of the overall package. As I was saying earlier, we will probably end up with a framework which has the PACER Plus treaties supplemented in parallel with an MOU on development cooperation and probably also a similar arrangement addressing labour mobility.

**Senator RHIANNON:** So is it the case that Pacific countries signing onto the PACER Plus agreement will involve some further bilateral assistance that is linked to the whole range of measures in PACER Plus; in other words, parts of it are now a non-negotiable package?

**Mr Varghese:** Until the negotiations are finished, I suppose everything is negotiable, and there will be a development assistance component to the overall framework—by that I mean the treaty plus the MOUs.

**Senator RHIANNON:** Has DFAT analysed the political and economic downsides for Pacific countries of the kind of trade liberalisation proposed in PACER Plus? Have you looked at the negative side from the point of view of the Pacific countries?

**Mr Varghese:** In the department we take the view that trade liberalisation has a lot of upsides. Our starting point—perhaps it may differ from yours—is not to start with the downsides of trade liberalisation, but to recognise the advantages of trade liberalisation, which I think the historic record is fairly clear on.

**Senator RHIANNON:** My question was about the negative aspects. In your response you said that there are a lot of upsides, which suggests that there are some downsides, even by your interpretation. That is all the question was asking: have you analysed that from the point of view of Pacific countries, considering that we are in a partnership with them in a whole number of ways?

**Mr Varghese:** I was not suggesting there were downsides. I was suggesting that we have focused on the upsides and we think that the upsides are pretty well supported by the history of trade liberalisation, but we have not done economic modelling on PACER Plus.

**Senator RHIANNON:** You have not done economic modelling?

**Mr Varghese:** No.

**Senator RHIANNON:** Why is that?

**Mr Varghese:** We do economic modelling in some cases for trade negotiations and not in other cases. We do not see the need, at this stage, to do economic modelling for PACER Plus.

**Senator RHIANNON:** Does it not put the Pacific countries at enormous disadvantage? They do not have the capacity to do that. Would that not be part of the way a responsible senior partner in negotiations would act, with all the power that Australia has in the Pacific, and to see that as part of how one would go into the negotiations so that they are as fair as possible?

**Mr Varghese:** This is a group of countries who, since 2009, have been working on the assumption that a PACER Plus agreement, which enhances trade liberalisation, which recognises the special requirements of Pacific Island states and which has provisions in it for strengthening their aid-for-trade capability, is going to be a good thing. I mean they have not got together to agree that this is a bad thing. They have come together to agree that it is a good thing.

**Senator RHIANNON:** Are you seriously saying that they are all saying that it is a good thing and that there are no criticisms and no concerns?

**Mr Varghese:** The last time I checked, participation was not compulsory. They are all participating in this negotiation with that objective.

**Senator RHIANNON:** You say it is not compulsory, but if it is being linked with aid, and you know how dependent these nations are on aid, will they feel that they have no choice?

**Mr Varghese:** They do have a choice and they are exercising their choice by participating in the PACER Plus negotiations. They actually think it will bring benefits to them, and I think they are right.

**Senator RHIANNON:** Could you take on notice and provide the information where they are saying it will bring benefits to them please.

**Mr Varghese:** They are all negotiating for an agreement, a PACER Plus agreement, which is a trade liberalisation agreement. I would have thought the evidence was self-evident.

**Senator RHIANNON:** I have asked you if you can take it on notice, considering there is—

**Mr Varghese:** What evidence are you looking for?

**Senator RHIANNON:** Statements that will give substance to what you have said which is that these countries are in favour of and are positive about these agreements. You gave the impression that they were effusive about it. You can read a range of other views so, therefore, I think it would be very valuable for that to happen.

**Senator Ronaldson:** Chair, on a point of order.

**CHAIR:** Just a moment if you would please, Senator Rhiannon.

**Senator Ronaldson:** Senator Rhiannon is using the word 'effusive'. That is not what the Secretary said. The Secretary quite rightly said that it is, of course, common sense that they are involved in these negotiations because they think there will be a positive outcome for them.

**CHAIR:** Thank you, Senator Ronaldson. I understand that. Secretary, have you finished your answer?

**Mr Varghese:** Yes, I think I have, Chair. Thank you.

**Senator RHIANNON:** I have one more question, Chair.

**CHAIR:** Yes.

**Senator RHIANNON:** How is the department justifying asking Pacific countries to contribute to any projects funded under the aid-for-trade fund?

**Mr Varghese:** Sorry; which fund are you referring to?

**Senator RHIANNON:** The aid-for-trade fund. I thought you just made reference to it yourself and it is part of those negotiations.

**Mr Varghese:** My reference was to aid-for-trade being one of the elements in the PACER Plus negotiation and a commitment to strengthening the capacity of Pacific Island countries to engage in trade, which is what aid-

for-trade is all about, being one of the benefits of the agreement. It does not involve the setting up a fund necessarily.

**Senator RHIANNON:** I appreciate that, but it is part of the process and that is why my question was what is the justification for asking these countries to contribute to any projects funded under that process?

**Mr Varghese:** To the best of my knowledge, and I am not involved in the actual negotiations of PACER Plus, we are not asking the Pacific Island countries to contribute to a fund. In fact, the whole premise of aid-for-trade discussions is a commitment to strengthen the capacity of Pacific Island countries to engage in the global trading system to strengthen their institutions, to strengthen their regulatory regimes and to strengthen all the other things that go into being in a position to be export ready. That is what the aid-for-trade agenda is about.

**Senator RHIANNON:** Could I ask for that to be taken on notice? When you read the literature about it, it comes through that it could be different. Could that be clarified please?

**Mr Varghese:** What do you want me to take on notice?

**Senator RHIANNON:** The question that I have asked: are these negotiations requiring Pacific countries to contribute to projects that are funded as part of the aid-for-trade process?

**Mr Varghese:** I thought that I had answered that.

**Senator Brandis:** Senator Rhiannon, the secretary has just told you that there is no such program as you have asserted in your question. So there is nothing that can be taken on notice.

**Senator RHIANNON:** Again, there is a lot—

**Senator Brandis:** Your question, with respect, is incoherent.

**Senator RHIANNON:** You often say that as a way to get out of answering questions. All I was asking was for it—

**Senator Brandis:** You have asked about a nonexistent program.

**Senator RHIANNON:** to be taken on notice. That was very—

**Senator Brandis:** Taking what on notice? You have asked about a nonexistent program.

**Senator WHISH-WILSON:** Are you saying that aid-for-trade is nonexistent?

**Senator Brandis:** That is what the secretary just said—there is no such program as the senator has described.

**Senator WHISH-WILSON:** Julie Bishop has talked about it repeatedly.

**CHAIR:** I think you are speaking at cross-purposes, with respect. The secretary answered the question a little bit earlier. I ask colleagues and people at the table: time is going to get away from us, so can you please keep questions and responses succinct. Thank you.

**Senator RONALDSON:** I will start off with a comment. When you look at the TPP, ChAFTA, the Korea free trade agreement and the Japan free trade agreement, it is hard to imagine outcomes in living memory that have done more to maximise the chances of this nation maintaining its standard of living. It is hard to imagine anything that has done more to leave a legacy to our kids and grandkids. This is a great, great outcome for this nation. Can you give me a quick snapshot of the benefits for Australia in being part of the TPP, because I think that this is the really important part of this discussion tonight?

**Ms Ward:** Thank you. With advice from the chair about being quick, I will give you a little snapshot of some of the features of the TPP which are very important for us. The TPP will eliminate tariffs for Australia with 11 countries; 98 per cent of those tariffs will be eliminated for Australia—that is, \$9 billion worth of dutiable exports with those tariffs eliminated, which is a very big outcome for Australia. In particular, while we do have agreements already in place with eight of the 11 parties, the TPP will add to those outcomes. For instance, in the agriculture area with Japan, there will be significant additional commercial outcomes. With the United States, there will also be some very important outcomes in the sugar and dairy sector. With our near neighbours in South-East Asia—the four TPP parties—there are some very important new outcomes in the services area with respect to these economies opening up for Australian professionals to go and move into those regions for mining services, mining investments and services incidental to mining throughout the region, including with those Latin American countries, where we do have growing mining interests.

I would also add that we have some important 21st century outcomes emerging from the TPP. For instance, for the first time we are setting in place outcomes to discipline state owned enterprises so that an Australian business is able to compete on a level playing field with state owned enterprises in our region. In the area of e-commerce and going to the digital environment in which we operate now, there are some very important outcomes to free up the movement of data flows and data storage offshore while in the meantime keeping very close watch over

privacy protections. Finally, I might just add some important outcomes for Australian travellers: the opportunity to start managing those very high costs of mobile roaming.

**Senator RONALDSON:** Which of the countries in the TPP do we not already have free trade agreements with?

**Ms Ward:** Three parties: Canada, Mexico and Peru.

**Senator RONALDSON:** If I could just be parochial for a second, the dairy industry in my home state is very important and a significant industry, as is wine. Can you just give me a quick snapshot, please, of what the benefits to the dairy industry and the wine industry, for example, will be as a result of the TPP.

**Ms Ward:** Sure. There are very good outcomes for both of those agricultural sectors. If I can start with wine, there is across-the-board tariff elimination. In particular, I would just like to mention that a couple of the parties that we have negotiated with previously, Vietnam and Malaysia, are both going to eliminate tariffs on wine. Wine is our largest export to Canada, so eliminating the tariff on that will be quite a significant fillip for the wine industry. One other item of interest for the wine sector through this agreement is a mechanism to standardise the labels across the TPP. As a trade facilitation mechanism, they will only be required to have one label for all countries into the TPP.

On the dairy side of things—and Victoria is responsible for about 85 per cent of dairy exports from Australia—there will be significant new outcomes—in particular from Japan, in addition to the outcomes that were negotiated in the Japan bilateral agreement. Tariffs will be eliminated on trade currently worth \$100 million, particularly on cheese tariff lines. In other areas of dairy for Japan, there will be increases in quotas and decreases of tariffs—again, in areas where there is very significant commercial interest for Australia. In the United States, there will be tariff elimination on a number of lines—on various milk powders and cheeses—and increases in the size of quotas. So it is a good news story all round, really. For the Canadian market, which is traditionally very nervous about allowing any trade in dairy, there are some important steps for them to take which will allow Australia, for the first time really, to have access to that market.

**Senator RONALDSON:** Can you just give me a snapshot of other goods where we will see market access opportunities increase.

**Ms Ward:** Certainly. Across the board on agriculture, I think there are very good news stories in terms of additionality from current FTA arrangements, or new access in the case of Canada, Mexico and Peru. On the manufactures side also, there are some very important outcomes. I would point in particular to some of the value-add products that Australia exports. In the iron and steel industry, there is some new additional market access to Vietnam in addition to the deal that we did a few years with them. Into Mexico, where we already have some good trade flowing, there is elimination of tariffs on mining products. To pick up one item from Victoria for you, auto parts, I know this is an area that we particularly tried to focus on in the TPP. There are some very large auto manufacturers in the TPP. What this deal does—

**Senator RONALDSON:** Mexico being one of them.

**Ms Ward:** Mexico and Canada. They are very interested in the auto components from Australia. The arrangements that we have negotiated—particularly on rules of origin, which really encourage TPP parties to pick up product from the TPP region and use that to gain preferences—will be an important outcome for the auto components manufacturers.

**Senator RONALDSON:** They have had a rough time, as you know, so this will be great news for them.

**Ms Ward:** They have. And closer to home—just one last thing—from Malaysia: for the first time, Australian companies will be able to participate in the distribution of automotive components.

**CHAIR:** Without having Bumi partners in Malaysia.

**Ms Ward:** Some more reforms in that regard, too, Senator.

**Senator RONALDSON:** I get another 30 seconds tacked on for that! Victoria is a large hub for aviation. What advantage will Australian aviation be able to take of the TPP, and how is it likely to benefit our aerospace industry?

**Ms Ward:** In several regards, it is similar to the auto components area. The aerospace industry is very well integrated into supply chains, primarily through the Asian supply chains. What the TPP does is expand that to the North Asian supply chains as well. Benefits will flow from having that larger range of options available to the Australian aviation components and aviation industry. I would also add that, on the aviation story—and this is something that Alan Joyce picked up in a speech just recently—with increasing trade and movement of persons through the TPP region, this will obviously have very positive flow-on effects to our aviation sector. There are

some good services outcomes in the TPP for aviation with respect to airport services—ground handling services. For the first time, Australian companies will be able to provide those services to many of the TPP parties.

**Senator RONALDSON:** In a wider context, I understand there are some very significant upsides for world-class service providers in this agreement.

**Ms Ward:** There are. I am sorry for going on at some length. There are some very good outcomes for mining services, financial services, for our legal professionals being able to move through the region and provide their services, for our education sector being able to establish themselves overseas—but I should leave it there.

**Senator RONALDSON:** No, I have a couple of minutes, so feel free to finish that off. I am rather enjoying this. I am going to ask you about reaction when the chair allows me to come back, but something that was of particular interest to me were some comments made by Andrew Conway, the CEO of the Institute of Public Accountants. He said:

The Institute of Public Accountants (IPA) has welcomed the news of the conclusion of the Trans-Pacific Partnership (TPP) negotiations.

Andrew Conway, IPA CEO, lauded the acknowledgement of SMEs amongst the negotiations, with the IPA having previously called for more to be done to assist small businesses in accessing international markets. Being someone from regional Victoria I think this is absolutely vital to the survival of not only Bendigo, Ballarat and Geelong but many regional and rural communities throughout Australia—if we can get that access. We have no doubt that we have the skills and the people to produce to world-class standards. Do you agree with Mr Conway's view of the advantages to small businesses in accessing international markets?

**Ms Ward:** We have particularly called out SMEs in the TPP. In fact, there is a chapter dedicated to SMEs in the TPP for the first time to underline the importance of all of those enterprises in all of our economies and to recognise also that they do face some significant challenges in accessing export markets because of resource constraints and the like. What we have tried to do is to put together a package of outcomes that will benefit them. Of course the important thing is then to reach out to SMEs to ensure that they understand and can use these opportunities. I would point to things such as our decision to create in each TPP party a one-stop shop online for them to access all relevant regulations for them to trade, so that they can understand what they need to do to trade using the TPP. I would also just mention the importance of the single trade piece of paper, the paperless trading and the capacity for Customs to provide advanced rulings on tariffs.

**Senator RONALDSON:** As a segue to what you have said, you will be making information available to the public, particularly exporters, to understand this, so that they are aware of the TPP and how they will be able to access the opportunities?

**Ms Ward:** It is incumbent upon the government to get out there and talk about how this is to be implemented. A treaty of this nature is not an easy thing to grapple with. So that is absolutely a fundamental part of that.

**Senator RONALDSON:** And DFAT will be part of the dissemination of that information?

**Ms Ward:** Absolutely, yes.

**CHAIR:** Secretary, it is likely that we are going to go into Austrade time, so I give you fair warning. Senator Wong and then Senator Xenophon.

**Senator WONG:** I have a lot of questions, but to try and focus, given the time, I want to go to the MNP provisions in the TPP. I want to understand the definition of contractual service suppliers that has been utilised, and, in particular, how that compares to the similar provisions in the KAFTA, JAEPA and ChAFTA.

**Ms Ward:** I am not sure I have the definition with me. It is the same definition that has been used in JAEPA and KAFTA.

**Senator WONG:** I think ChAFTA had different definitions to Japan, from memory.

**Ms Ward:** I think we have used the JAEPA-KAFTA definitions.

**Senator WONG:** Is there anyone here who can tell us, in particular, if the contractual service suppliers definition extends to trade and technical skills? No-one is moving. You need to bring more staff, clearly, Mr Varghese.

**Ms Ward:** The contractual service suppliers operate under the subclass 457 visas.

**Senator WONG:** I am aware of that. We are all very aware of that, because this has been a highly controversial issue in relation to ChAFTA. I am trying to understand the level down to which this definition applies.

**Ms Ward:** It includes occupations listed on the CSOL and includes skill level III, which is skilled tradespeople.

**Senator WONG:** Did we reserve any policy space for labour market testing?

**Ms Ward:** Labour market testing in the TPP is as has been agreed in previous FTAs.

**Senator WONG:** Previous FTAs have agreed different things.

**Ms Ward:** In this particular agreement what we have done is provide MNP on a category-by-category reciprocity basis. If parties offered to us, then we offered to them. Many of them already have had LMT waived as a result of previous FTAs. The additional LMT waivers, as a result of the TPP, are intercorporate transferees for Canada, Peru and Mexico and contractual service suppliers for Canada, Peru, Mexico, Malaysia, Brunei and Vietnam.

**Senator WONG:** We reserved policy space for LMT in the Malaysia free trade agreement. Has that been removed by the TPP?

**Ms Ward:** That has.

**Senator WONG:** The Labor government ensured we retained policy space for labour market testing in the Malaysia agreement, and it has been negotiated away by this government.

**Senator GALLACHER:** Was there an answer? I did not hear it.

**Senator WONG:** I think the answer is yes. The answer to my proposition is yes.

**Ms Ward:** There is no contractual service suppliers done in MAFTA. It has been done in TPP.

**Senator WONG:** Installers and servicers?

**Ms Ward:** Installers and servicers has been offered in the TPP.

**Senator WONG:** Three months, or more?

**Ms Ward:** Three months.

**Senator WONG:** No labour market testing in relation to contractual service suppliers or installers and servicers?

**Ms Ward:** That is correct. And installers and services has been offered to Brunei, Canada, Chile, Malaysia, Mexico and Peru. And they have offered that in return.

**Senator WONG:** You anticipate—

**Senator WHISH-WILSON:** [inaudible] the outcome documents you have on your website; you have not put any information on this stuff?

**Senator WONG:** Not this level of detail, I do not think. I have not had the opportunity—you do not have this level of detail on those documents, have you?

**Ms Ward:** No, I think what we have put on the website is the length of visa stay for various categories.

**Senator WONG:** Okay. I was going to move to RCEP. What is the time frame for the negotiations? There have been some media reports—is it possible we would see an outcome this year, or are we looking at next year? What is the objective to which you are working?

**Mr Mugliston:** At the last RCEP minister's meeting in August, ministers instructed officials to achieve as much as possible in 2015 and to conclude negotiations in 2016.

**Senator WONG:** Next year?

**Mr Mugliston:** Yes.

**Senator WONG:** End of next year? Sometime next year?

**Mr Mugliston:** The actual language was 'as soon as possible in 2016'.

**Senator WONG:** And 'by 2016', or 'as soon as possible in 2016'?

**Mr Mugliston:** That was the language in the joint media statement.

**Senator WONG:** Can you tell me the current bilateral FTAs with various RCEP members, such as the North Asia trade agreements—Malaysia, New Zealand, Singapore and ASEAN—what are you envisaging about how they are folded into this framework?

**Mr Mugliston:** As you know, Senator, this RCEP is an ASEAN initiative that seeks to build on the existing five ASEAN plus one FTAs. Since the negotiations were launched, you are correct, we now have all these other

bilateral FTAs. The one country with whom we do not have a bilateral outside of ASEAN is India, and we are negotiating with India.

Essentially the negotiation involves three different sets of negotiations. You have ASEAN internally negotiating; you also have ASEAN negotiating with their individual ASEAN FTA partners; then there is also a negotiation involving the non-ASEAN countries. There are some real gaps in terms of the existing FTA architecture, because there is an absence of bilateral FTAs—or any FTA commitments—between some of the major RCEP countries, such as between China and Japan, China and India, and Japan and Korea. So the general approach is to seek to bring everyone on board in terms of maximising this common set of commitments that would apply across the board.

**Senator WONG:** Okay. Can anybody give me a brief update on the WTO progress? If there is none, just say, 'there is none'; that is fine; we can move on. Depressing, but true.

**Mr Brown:** In a nutshell, it is not a particularly optimistic picture. Most of the focus is on trying to secure some kind of outcome from the Doha Round from MC10 in Nairobi in December. At this stage work is continuing towards that objective. But even a best-case scenario would mean quite a small—that is to say, very small—subset of Doha Round issues being announced at Nairobi.

**Senator WONG:** Okay. On the FTA, I want to clarify where I need to ask some questions about the online portal—or the 'dashboard'—is that here, or in Austrade?

**Mr Brown:** The dashboard?

**Mr Varghese:** Yes. We can take questions on the dashboard.

**Senator WONG:** What is the status—in terms of its development?

**Mr Brodrick:** The portal was released at a website address—[fta.portal.dfat.gov.au](http://fta.portal.dfat.gov.au)—on 9 October. Its coverage at the moment is limited to tariff information on the FTAs with Korea and Japan that have entered into force. It is in a pre-launch phase at the moment. We are trying to make sure that the platform is working adequately. It will further developed later in the year with a further version once the China-Australia Free Trade Agreement has entered into force.

**Senator WONG:** It has only been a couple of weeks. 'Pre-launch phase' means it is active for external users?

**Mr Brodrick:** Yes, it is.

**Senator WONG:** What sort of activity have you had to date?

**Mr Brodrick:** The hits are in the hundreds rather than the thousands. We are not actively promoting it; we are just making sure the platform stands up, and that the integrity of the information is all adequate. We have not formally launched it yet.

**Senator WONG:** When are you planning on formally launching?

**Mr Brodrick:** We have not set a date yet but it will be soon.

**Senator WONG:** Post ChAFTA or pre?

**Mr Brodrick:** No, pre-ChAFTA entering into force, certainly.

**Senator WONG:** And cost to date, as compared with budget?

**Mr Brodrick:** It has been in two phases so far. There was the design and scoping contract initially, which was initially \$77,000, and we had to do additional \$14,000 worth of work before we were confident of the design that we could go out to market on. And the contract value for the portal development and delivery now, including the hosting and servicing over two years, is \$1.02 million.

**Senator WONG:** That is the contract value. What was the budget allocation?

**Mr Brodrick:** Under the current budget, DFAT received \$2.6 million; the portal was one of the elements of that \$2.6 million.

**Senator WONG:** I am just trying to understand how it is tracking against the budget for this project.

**Mr Brodrick:** It is tracking—

**Senator WONG:** Can you give me numbers?

**Mr Brodrick:** Not beyond the detail I have just given you. The contract was only concluded on the day of launch, so we are still in the early stages.

**Senator WONG:** Okay so you have a contract for \$1.02 million?

**Mr Brodrick:** Yes.



**Senator WONG:** Okay. The \$2.6 million was an aggregate figure which included a couple of other measures. I want to know what was actually budgeted for—what you are describing as a portal now; I thought it was a dashboard, but anyway, whatever—

**Mr Brodrick:** We are calling it the portal.

**Senator WONG:** I will call it 'the portal'. What was originally budgeted and how the one million compares to that? If you do not have that here, can you take it on notice?

**Mr Brodrick:** I will have to take it on notice.

**Senator WONG:** If you talk about the \$2.6—as you said in your evidence, that is an aggregate figure.

**Mr Brodrick:** That is right, it is one element of it.

**Senator WONG:** Yes, thank you.

**Mr Brodrick:** To be absolutely accurate, I will take it on notice.

**Senator WONG:** I will briefly return to the TPP. The Healthcare Transparency Annex included provisions on transparency and procedural fairness for the listing of pharmaceuticals for reimbursement. Ms Ward, can you explain what the purpose of this annex is and what, if any, impact it will have on our market here?

**Ms Ward:** The Healthcare Transparency Annex provides transparency around—

**Senator WONG:** Health care.

**Ms Ward:** Yes, health care. For those countries that have listing and reimbursement systems, there are a number of principles that are set out in an annex, fairly similar to the sort of thing that we had set out in the AUSFTA agreement.

**Senator WONG:** In AUSFTA that was one of the compromise provisions arising out of the views of some pharmaceutical companies about what they and others might have regarded—I do not agree with this proposition—as the opaqueness of our PBS process. Is that broadly correct?

**Ms Ward:** Yes.

**Senator WONG:** Is this an outworking or an updating of that proposition?

**Ms Ward:** I think the detail in that annex is almost identical in that it does also call out medical devices. However, for Australia, the only provisions in scope are with respect to the Pharmaceutical Benefit System and the PBAC processes.

**Senator WONG:** What I want to understand is change. Does this require any changes to disclosure, transparency, process, procedures et cetera associated with the PBAC listings, PBAC decision-making process and PBS listing process that do not already exist? Does it require any change to the existing processes?

**Ms Ward:** No change will be required to existing processes as a result of this annex.

**Senator WONG:** Does it require any change to existing disclosures?

**Ms Ward:** No.

**Senator WONG:** Does it require any change to scope—for the TGA, for example?

**Ms Ward:** No.

**Senator WONG:** I assume, therefore, that there is no anticipated cost impact.

**Ms Ward:** There is no anticipated cost impact.

**Senator WONG:** I will turn now to sugar access?

**Ms Ward:** Yes.

**Senator WONG:** There will be some limited additional access for Australian sugar into the US market. I understand from the fact sheets that that quota has increased to—what?—152,000 tonnes.

**Ms Ward:** That is correct.

**Senator WONG:** There is an opportunity to increase this further as we have 23 per cent of future additional WTO quota allocation. What is Australia's current percentage of additional WTO quota allocation?

**Ms Ward:** Maybe I could step it out, because I think maybe your description is not quite accurate. Currently we have a quota of 87,000 tonnes. That is a WTO quota that we have had for a number of years. There is a two-part change in what we got in the TPP. There was a 65,000-tonne quota, so that and the 187,000 is what you were referring to previously. In addition—

**Senator WONG:** No, just the 87,000. That makes the 152,000.

**Ms Ward:** Right.

**Senator WONG:** This is what you might call—I do not know what the correct term is—your base quota.

**Ms Ward:** That is guaranteed quota.

**Senator WONG:** The additional quota access is a proportion of the WTO?

**Ms Ward:** It is a percentage of any additional sugar requirements they have. It is not a percentage of a WTO outcome.

**Senator WONG:** So if they need more, we get a proportion of—

**Ms Ward:** Instead of getting eight per cent, we get 23 per cent. So our projections are that that could—

**Senator WONG:** Sorry, I was actually reading from the goods outcome fact sheet:

... 23 per cent of future additional quota allocations, which could see Australia's raw sugar exports to the US climb above 400,000 tonnes by 2019/20.

**Ms Ward:** Thank you, Senator Wong, for pointing it out.

**Senator WONG:** If it is not WTO quota, it is fine; you are an expert and I am not, but we were actually referencing your documents, I think.

**Ms Ward:** Any additional allocation—so the 400,000 tonnes takes into account the projections by the US Department of Agriculture and the expected growth of that market.

**Senator WONG:** Are there any preconditions to accessing the additional quota?

**Ms Ward:** No.

**Senator WONG:** You just spoke of projections to 2019-20, but how often has additional quota allocation been made historically?

**Ms Ward:** I would have to take that on notice. I do know that it has been fairly regular. In the last decade, in, I think, seven years, they have provided additional allocations, but to be absolutely sure I will take that on notice.

**Senator XENOPHON:** Just following on from Senator Wong's line of questioning, I refer to an article by Dr Joanna Howe of the University of Adelaide Law School who is an expert in trade matters. My understanding is that the agreement purports to have contractual service suppliers and installers and servicers. I understand that a worker, as part of the China-Australia Free Trade Agreement, could come into Australia once the tests are met for a period of four years whereas in other trade agreements it has been a period of one year. Is that correct or not?

**Ms Ward:** There are a number of different categories included in the movement of natural persons offer made by Australia. These are intracorporate transferees, independent executives, contractual service suppliers, short-term visitors visas, installers and servicers, and spouses and dependents as part of a package with intracorporate transferees and executives. Each of those has a different time allocation for those visas. The pattern that we have followed in the TPP mirrors what was done in the Korea-Australia FTA and the Japan-Australia EPA. You have referred to—

**Senator XENOPHON:** I am sorry. You are saying it mirrors it, but about the four years—have I got that wrong? Is it right that some workers under this agreement can come in for four years, compared to one year under, say, the Chile free trade agreement?

**Ms Ward:** As to contractual service suppliers: in the ChAFTA it was for four years; in the TPP it will be one year.

**Senator XENOPHON:** So for the ChAFTA it is four years compared to one year?

**Ms Ward:** Yes. So we have done the same as KAFTA and JAEPA.

**Senator XENOPHON:** Earlier tonight, on the issue of pharmaceuticals, in answer to a question from Senator Wong in respect of what impact the TPP would have on pharmaceuticals if you have a TPP, you said: 'Our assessment is that it will have no impact on the price of medicines.' Can you just tell me what the process was to get to that assessment? How was it assessed? How robust was that assessment? How was it tested so that we can be assured that there will not be an increase in the price of medicines? I am just trying to understand the methodology and the process involved.

**Ms Ward:** There were no changes in the TPP IP chapter made to any of our existing settings as a result of the TPP. That is point 1. So there are no changes on anything with respect to pharmaceuticals emerging from this deal.

The second point, and perhaps the point that was the issue under negotiation right at the end of the negotiations, was with respect to biologics—and perhaps that is what you are referring to?

**Senator XENOPHON:** Yes.

**Ms Ward:** Australia's settings will not change as a result of that. We will only have five years legislated for data protection for biologics. There is a two-track process that was agreed in the TPP. For Australia it means that we have five years of data protection, as well as, to meet a standard of effective market protection, other measures and prevailing market circumstances to deliver a comparable level of market protection in the market to eight years. We went through a very large amount of research with various government departments in order to do that. Some of the information is obviously publicly available with respect to the length of the natural monopoly currently enjoyed by biologics in the market on average in Australia about 12 years. We also went through a very detailed analysis of the biologics currently listed on the PBS.

**Senator XENOPHON:** When you say 'an analysis', you did some modelling as to what the impact would be on prices in the marketplace? I am trying to understand how detailed that assessment was and how robust it is.

**Ms Ward:** There was some early modelling done via the Department of Health and IP Australia. Questions on that is obviously a matter for them—that is their work. For us, in addition there was a very detailed assessment on what is happening with the biologics that are currently listed on the PBS and the relativities of the patent life to the time they were approved by the TGA in the market.

**Senator XENOPHON:** Chair, with your indulgence, I do have more questions but I do not have the document I want to refer to. Senator Whish-Wilson has a few minutes of questions and I wonder whether that might be more suitable.

**CHAIR:** Certainly, yes.

**Senator WHISH-WILSON:** Ms Ward, I heard your answer to some questions Senator Wong asked a bit earlier this evening about ISDS. To be clear, in relation to an example about PBS, you said the words 'very difficult' and 'to be successful' in terms of the potential ISDS litigation. Can you confirm that it does not preclude strategic litigation or a corporation actually bringing a case against something like changes to PBS.

**Ms Ward:** Our focus in the negotiation was to build as robust a set of safeguards as we could to limit and disincentivise claims from being brought. I believe we have delivered that. I believe we have delivered as protective a tree as we possibly can. Can I absolutely guarantee 100 per cent that there will never be a case taken? I cannot do that.

**Senator WHISH-WILSON:** I am trying to work out in my mind, in simple terms, if I am correct with tobacco no-one at all can bring a claim. It just cannot be heard—is that correct?

**Ms Ward:** That is correct.

**Senator WHISH-WILSON:** But that is the only thing?

**Ms Ward:** That is the only thing.

**Senator WHISH-WILSON:** So apart from that we have different levels of potential based on the limitations, exceptions and safeguards that you are talking about?

**Ms Ward:** That is correct.

**Senator WHISH-WILSON:** It is new and it is an advanced agreement but there is nowhere else where it has been tested before or there is no other system where it has been in place? It does not have a track record?

**Ms Ward:** This is a different, more robust and more modern look to the ISDS.

**Senator WHISH-WILSON:** And to be sure it does not remove the right to regulate in the public interest, but then again my understanding is nor did previous ISDSs, it does not stop that being challenged through and ISDS court, the right to regulate?

**Ms Ward:** That is correct.

**Senator WHISH-WILSON:** So in terms of health and environment, an example might be if there were a public outcry around a large coal mine on agricultural land and there was a big push on climate change and the government was to renege on an approval for a project, that kind of thing could still be challenged by a foreign corporation using ISDS?

**Ms Ward:** It depends exactly what the government does in response. The rules in the investment chapter are very clear about what are the disciplines with respect to discrimination, with respect to expropriation and with respect to due process.

**Senator WHISH-WILSON:** You mentioned that you are looking at standardised wine labels across the country. Who sets those standards?

**Ms Ward:** This initiative was taken by Australia and a number of the parties represented in a group called the World Wine Trade Group. This is a treaty that these parties have signed a number of years ago. What they have done successfully among the World Wine Trade Group—made up of the New World wine producers, as they call themselves—is collect two or three mandatory pieces of information which previously were on different sides of a bottle, and collect them in one single field of vision.

**Senator WHISH-WILSON:** And they would all agree on what was mandatory—like alcohol level?

**Ms Ward:** That is correct.

**Senator WHISH-WILSON:** I would be interested to see that when it comes out.

**CHAIR:** You might need to declare an interest, Senator Whish-Wilson.

**Senator WHISH-WILSON:** I am not big enough to export, unfortunately, like many vineyards in Tasmania. In relation to the TPP, we saw some leaked texts from WikiLeaks around the environment chapter being one of them previously. But, when the deal was signed, the language was that environmental factors in that chapter were going to be binding. Can you explain to the committee how the environment chapter is binding? Is it a similar system to ISDS or is it state to state if there are breaches of environmental factors set out in the report, or is there some kind of litigation attached to the environmental chapter?

**Ms Ward:** The environment chapter is subject to the state-to-state dispute settlement mechanism that is set out for the TPP, just as every chapter in the agreement is. It is a very good chapter on the environment, and something that we are very pleased about, requiring the enforcement and promotion of environmental laws—

**Senator WHISH-WILSON:** Can you give us some examples? Does it live up to the hype of when it was first launched around sustainable fishing, for example, deforestation and these kind of things?

**Ms Ward:** On fishing, for example, it requires parties to maintain a fisheries management system. It requires the promotion and protection of marine animals, sharks, marine turtles, seabirds—

**Senator WHISH-WILSON:** Cetaceans—whales and dolphins?

**Ms Ward:** No. That one was not included.

**Senator WHISH-WILSON:** What a shame, given Japan is a signatory of the TPP.

**Ms Ward:** Well, quite. I think the very important pieces in the marine section of the chapter are the elimination of subsidies that negatively affect fish stocks that have been overfished and also the elimination of subsidies to any fishing vessel reported for unreported and unregulated fishing. So these are very significant steps on efforts that we were trying to take in the WTO, unsuccessfully thus far.

**Senator XENOPHON:** Sorry, Ms Ward, I did not have the document from—I had an older opinion piece of Professor Howe. There are two aspects which will not take long to deal with. Professor Howe's assertion is that in the ChAFTA, if there was an overseas agreement or overseas workers coming in, the public has a right to know the names of employers who negotiate work agreements with the department, the number of overseas workers on these agreements, the wage and other concessions granted by the department and the location of the work group it will affect. She asserts that, after all, enterprise bargaining agreements are on the Fair Work Commission's website. So there is a level of transparency with enterprise bargaining agreements on the Fair Work Commission website. I am just trying to ascertain whether there will be that same level of transparency with respect to any of these work agreements where foreign workers are brought in, even with labour market testing.

**Ms Ward:** I think I will have to take that question on notice. This might be a question better placed for other departments.

**Senator XENOPHON:** Sure. I can put that on notice—whether you are aware of that in terms of the negotiation. I have just one other issue as well in respect of this. An assertion by Professor Howe is that the China-Australia Free Trade Agreement prevents labour market testing from applying to all Chinese workers coming to Australia as contractual service suppliers—and that is something that Senator Wong referred to. Professor Howe gives specific instances of electricians, plumbers, welders, engineers and nurses where Chinese workers can replace Australians in our labour market, and says that it is a break from other agreements. I am happy for you to take that on notice, but what is your understanding of that?

**Mr Brown:** Can we take that on notice.

**Senator XENOPHON:** Right.

**CHAIR:** We will have a 15-minute break. Then, Senator Whish-Wilson, you will be in continuation for 10 minutes.

**Proceedings suspended from 21:00 to 21:10**

**Senator WHISH-WILSON:** I have the same question in relation to the labour standards chapter in the TPP: what are the conditions binding and how are they binding?

**Ms Ward:** Before I answer, over the break, a correction has been sent to me. The environment chapter does promote the long-term conservation of sharks, marine turtles, seabirds and marine mammals.

**Senator WHISH-WILSON:** That is very good to hear. It will be interesting to see how binding that is. I look forward to seeing the detail. Is there a similar thing in relation to the labour chapter?

**Ms Ward:** The labour chapter is also subject to state-to-state dispute settlement. It is a fairly short chapter but has some very important provisions requiring adoption of laws and regulations on the rights set out in the ILO declaration, particularly with respect to freedom of association, elimination of forced and compulsory labour, abolition of child labour and elimination of discrimination. It also includes a provision requiring the adoption of laws and statutes governing acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety. There is a component of the chapter which is about promoting public awareness and a component of the chapter encouraging cooperative activities between TPP parties.

**Senator WHISH-WILSON:** If there is a violation, for example, of labour standards in a TPP country, how do you actually prove that? Who polices it?

**Ms Ward:** There is a long and detailed set of consultations leading up to the triggering of the dispute settlement chapter. We could perhaps take that one on notice and come back to you on it.

**Senator WHISH-WILSON:** I am sure I will get the detail soon enough. Maybe this is a question for the minister, but perhaps you can answer it. Are there any plans for spending taxpayer money on advertising the TPP, like we have seen with ChAFTA?

**Mr Brown:** The governments, as you may know, have been conducting a series of roadshows and various other advocacy activities around the North Asian free trade agreements, particularly CHAFTA, and consideration will obviously be given to what extent it might be appropriate and possible to extend some of those activities to include the TPP, obviously once the text is released and—

**Senator WHISH-WILSON:** You are not aware of any extra budgeting to sell the TPP?

**Senator RONALDSON:** It is appropriate to ask questions about advertising that has been launched. It is not appropriate to ask questions about what may or may not be proposed.

**CHAIR:** Senator Whish-Wilson.

**Senator WHISH-WILSON:** It is a bit of a Donald Rumsfeld moment here, because they may have been proposed. That is what I am asking: has it been proposed?

**CHAIR:** Time is very limited.

**Senator WHISH-WILSON:** Okay. You are right—it is. Very quickly, Ms Ward, when you were discussing the chapter on SOEs, you mentioned there are provisions for discipline—I think the words you used were 'disciplining SOEs'. Can you explain very briefly what you meant by disciplining?

**Ms Ward:** There are two sets of requirements in that SOE chapter. One is that governments should not provide subsidies to SOEs that are principally engaged in commercial activities in such a way that it skews the playing field for business, and the other is with respect to the sales and purchase of decisions taken by state owned enterprises.

**Senator WHISH-WILSON:** So, procurement?

**Ms Ward:** These are subject to the state-to-state dispute settlement mechanism in the TPP.

**Senator WHISH-WILSON:** Is that different to the procurement chapter? Is there a separate chapter on procurement—on local procurement?

**Ms Ward:** There is. There is a government procurement chapter.

**Senator WHISH-WILSON:** Okay. No doubt we will get that detail. I know Senator Wong asked this question, but could you just clarify which countries, out of the 11 other TPP countries, Australia has committed not to apply labour market testing to, or could you take it on notice—and to which categories we have committed not to apply labour market testing?

**Ms Ward:** Can I take that on notice?

**Senator WHISH-WILSON:** Yes, you can. In relation to the China free trade agreement—I meant to ask this the other day during the JSCOT hearing—who proposed the development of an MOU on IFAs? Was it Australia that proposed that or was it China?

**Mr Brown:** I will ask Mr Farbenbloom to address that question.

**Senator WHISH-WILSON:** Could you also address how common this kind of thing is in other free trade agreements, and whether it is the first time we have had an MOU on IFAs in a trade deal?

**Mr Farbenbloom:** Yes, it was Australia that suggested the form of an IFA MOU, and, as far as I am aware, nothing similar has been negotiated in the context of an FTA. I should mention that the MOU is not part of the treaty.

**Senator WHISH-WILSON:** No. I understand that. It obviously goes with the treaty. Are you aware of any other countries that have made commitments in free trade agreements with China to allow the removal of labour market testing under IFAs? Or, on that basis, does this set a precedent as well?

**Mr Farbenbloom:** Yes. As I mentioned, the MOU is not part of the treaty, and I think there is no similar MOU in China's existing trade agreements. China has made a commitment, and other countries have made commitments, to not apply labour market testing for the categories of persons in what is known as the chapter 10 commitments.

**Senator WHISH-WILSON:** China is—Senator Wong would know more about this than I would—reported to have been in the stages of negotiation for nearly 10 years. Would be fair to say, generally speaking, that China, in the services trade anyway, is most interested in better access to the Australian labour market in both skilled and unskilled categories than it is in other factors in the deal? Has it been a key consideration for China in entering into a deal with Australia?

**Mr Farbenbloom:** Certainly, labour mobility was an important issue for China, but I would not say that the services area was the only area of interest to China.

**Senator WHISH-WILSON:** Okay. In terms of the movement of natural persons and exceptionality, are you aware of any other countries that have made commitments in free trade agreements not to apply labour market testing to foreign nationals in their temporary migration programs?

**Mr Farbenbloom:** Yes. As I mentioned in my previous response, in a number of China's trade agreements with other countries, there are commitments made that go to the question of not applying labour market testing.

**Senator WHISH-WILSON:** So there are already precedents, and this or something similar is going to be built into the TPP?

**Mr Farbenbloom:** Many countries, when they enter into these trade agreements, do have these provisions that go to labour mobility and have a commitment to not apply labour market testing, which is something that really started with the WTO GATT.

**Senator WHISH-WILSON:** Australia's commitment in chapter 10 of ChAFTA is not to apply labour market testing or any economic needs test or other procedures of similar effect to the temporary entry of all Chinese nationals in several categories. With reference to the 457 visa program, can you detail what government regulatory measures are prohibited by other procedures of similar effect and what government regulatory measures are permitted? You can take that on notice.

**Mr Farbenbloom:** That one I would have to take on notice. It would really be for the immigration department.

**Senator WONG:** Where are we at with GPA? Is any aspect of our accession offer publicly available? Is there a policy position that has been articulated, including in relation to any particular carve-outs?

**Mr Brown:** Minister Robb announced in June that we would seek to accede to the GPA. We have tabled an initial offer in the negotiations and we have had extensive consultations with stakeholders, including with state and territory governments and relevant agencies. The negotiations are continuing. I think the first round of negotiations prompted a number of questions regarding various details of our offer. We are expecting to continue those exchanges at the next meeting of the GPA committee, which will be in early 2016.

**Senator WONG:** I also asked if the accession offer is publicly available and, if not, if there are any policy statements or principles that have been made public about that offer, in particular in reference to proposed carve-outs.

**Mr Brown:** We have not made the offer public. We have on our website indicated in broad terms some of the principles that would be underpinning the offer and described the key obligations contained in the GPA.

**Senator WONG:** What carve-outs have you included?

**Mr Brown:** Our approach to the GPA is very similar in broad terms to the approach we take in the North Asian FTAs in respect of government procurement. We are seeking to preserve policy space for a number of key areas. An important one is in relation to Indigenous procurement but also for small- and medium-size enterprises.

**Senator WONG:** And, presumably, national security/defence.

**Mr Brown:** Defence is not covered by the GPA.

**Senator WONG:** This is a technical point. Does this go to JSCOT?

**Mr Brown:** It is a treaty commitment, so it would.

**Senator WONG:** All right. I am happy to put the rest on notice and move to Austrade.

**CHAIR:** Thank you. Senator Ronaldson, you asked for a brief comment.

**Senator RONALDSON:** I mentioned a quote from Mr Andrew Conway and said that I would be seeking to go through a number of supportive public statements. With the leave of the committee, rather than going through all five pages, I would table that document. I will also say this in 30 seconds: I know I speak on behalf of you, Chair, Senator Fawcett, Senator Brandis and, I hope, everyone else when I say to you, Secretary, that I want to thank you, your team, Ms Ward and the others involved in what I think has been a quite remarkable outcome. You should be incredibly proud of your team. I also pass on my thanks and, I hope, that of everyone but certainly the four coalition senators here. We pass on our debt of gratitude to Andrew Rob for the remarkable job that he has done with the full support of Minister Bishop. These trade agreements will outlive the longevity of all of us in our roles at the moment. I think we should be very proud of that. I pass on our deep gratitude to the two ministers involved.

**Mr Varghese:** Thank you very much. I am sure the department very much appreciates those comments.

**CHAIR:** And the support of the opposition in the China free trade agreement.

Secretary, thank you. That concludes the committee's examination of the department's trade programs. I thank the minister, you and your officers and now welcome the Australian Trade Commission.

#### **Austrade**

[21:25]

**CHAIR:** Thank you, Mr Gosper. Do you wish to make an opening statement?

**Mr Gosper:** No, thank you.

**CHAIR:** I will go to Senator Fawcett.

**Senator FAWCETT:** We just had a lot of folks on free trade agreements, which has been great. One of the things Australia needs is inbound direct investment. I was wondering if you could tell us what change we have had since financial year 2013-14 and into 2014-15.

**Mr Gosper:** Indeed investment has been another focus in the portfolio and for the Minister for Trade and Investment, Andrew Robb. He has held now some 68 roundtables in 27 countries over the course of the last couple of years as well as innumerable bilateral meetings with investors. Investment has been a big focus. A big focus coming up, of course, will be the northern Australia summit, something that the Commonwealth is doing in conjunction with the Northern Territory, Queensland and Western Australia.

In a situation where global investment has contracted somewhat, last year we pleasingly showed some improvement to \$140 billion, which I think was around \$21 million ahead of the year before that. We in supporting Minister Robb have been associated with some important outcomes in this area. According to the statement that the minister made in parliament, that amounts to some \$7.75 billion. We are putting a lot of emphasis, of course, into the priority areas that the Commonwealth and the states and territories have agreed around economic infrastructure, tourism infrastructure, resources and energy, agriculture and, of course, advanced manufacturing. Infrastructure is an important part of that, so attracting investment from funds in the Northern Hemisphere has been a particular priority around that. It is a major focus of effort, and there have been some quite pleasing take-up of that, but there is a need to keep improving the climate for investors, working with the states and territories, which are responsible for a lot of the projects, and working with investors to assure them that the climate here is a welcoming one and that we are doing our best to facilitate the investment prospects.

**Senator FAWCETT:** Thank you for that. The answer to my question was \$21 billion more this year than last year.

**Mr Gosper:** 2014 over 2013.

**Senator FAWCETT:** Sure. Do you have any modelling that shows what that means in terms of employment around Australia?

**Mr Gosper:** Of those specific figures, no, but the minister did release something that the Economic Intelligence Unit had produced earlier this year which showed modelling suggesting that each \$1 billion in additional FDI was associated with 1,000 jobs. Obviously the figures we are talking about amount to a substantial amount of employment creation but are also, of course, important for new technology infusion in our industry, the creation of infrastructure which will have benefits for our agricultural sector and other sectors, and all those sorts of flow-on benefits to the economy.

**Senator FAWCETT:** Terrific. Thank you.

**Senator WONG:** First, I think you had 56 questions. I think all of them were late. Is that right?

**Mr Gosper:** Yes, I understand that is the case.

**Senator WONG:** We had a significant number on the last occasion. I understand they were with the minister's office for some time, which is disappointing. Even given that, they were in fact provided to him after the deadline.

**Mr Gosper:** Indeed, Senator—I think some 10 days. I apologise to the committee for that and we will attempt to do better next time.

**Senator WONG:** I want to go to Match Australia. You provided some answers to me. I first go to question on notice 52.

**Mr Gosper:** I do not have that with me.

**Senator WONG:** It would be useful if you could bring your answers to the questions on notice that you provided to the committee. It would not be unusual for people to come back to them.

**Mr Gosper:** Okay.

**Senator WONG:** I will ask a few questions on these. I asked you about the success of the program. You said metrics had not been finalised. Have you finalised any metrics?

**Mr Gosper:** During the course of the estimates we may have given some sense of the sorts of outcomes.

**Senator WONG:** I asked you this question and your answer was: 'Metrics have not been finalised, but Austrade will likely measure—I will come to a couple of things you said, but I am asking: have you finalise metrics or not?'

**Mr Gosper:** I will ask Mr Barty and Ms Dawson.

**Mr Barty:** I can indicate that the Kuwait Foreign Petroleum Exploration Company indicated that it was planning an additional \$2.5 billion investment in the sector—

**Senator WONG:** No, I am not asking whether anything has happened as a result of people going. I am asking: when you are putting money into taking people to sporting activities, at taxpayer's expense, I understood from our discussion last time and your response here that you were still constructing the metrics of the program. I asked, 'How will the success of the program be measured?' and your answer was: 'Metrics have not been finalised, but we will likely measure—' This is something I asked in June and it is now October, so I am asking: have you finalised metrics and, if so, what are they?

**Mr Barty:** The metrics is: actual business engagement with Australian investors' interests.

**Senator WONG:** In June it was: the number of investors and customers across key investment priority industry sectors and global trade theme industry sectors. Can you tell me what 'global trade theme industry sectors' are?

**Mr Barty:** Global trade theme sectors include things like the energy and resources sector. They also include interests in tourism and harassment. They include interests in agricultural products and projects and advanced manufacturing.

**Senator WONG:** So you are actually going to construct metrics for this program or not?

**Mr Barty:** The metrics are: businesses indicating interest and/or undertaking activities in Australia as a result of the activities.

**Senator WONG:** So the metrics are: the number of events run, the number of investors and customers across—

**Mr Barty:** That is right.

**Senator WONG:** I just want you to explain where I can find how you will measure the program, because you have given me a couple of answers tonight and they are not the same as the answers you gave me in June.



**Ms Dawson:** With the Match Australia program, we are working on a detailed implementation plan, of which the key metrics are the performance measures indicated by Mr Barty.

**Senator WONG:** What are they?

**Ms Dawson:** The number of business events that we will run around the events and particularly the number of investors, customers and clients that participate in the program, and then aligning those to some of the outcomes that Mr Barty was about to refer to.

**Senator WONG:** How many events have been held?

**Ms Dawson:** The Match Australia events to date—we have had 30—

**Senator WONG:** Thirty events and you are still working on an implementation plan?

**Ms Dawson:** No, the implementation plan is for the new Match Australia going forward. The 30 events held were specifically around the Asian football cup held in Australia, the ICC Cricket World Cup and also—

**Senator WONG:** The Australian Open.

**Ms Dawson:** the Australian Open.

**Senator WONG:** There were no metrics for that?

**Ms Dawson:** We were using the same metrics, but we were assessing it to move forward into the new program.

**Senator WONG:** So what were the metrics for those events?

**Ms Dawson:** The number of business events run and the investors, customers and clients that participated in the program.

**Senator WONG:** So, essentially a networking event?

**Ms Dawson:** No, there were a number of investor roundtables and different types of events, not networking events.

**Senator WONG:** So the implementation plan is for the revised program? I think that is what you said.

**Ms Dawson:** Yes, the program going forward.

**Senator WONG:** When did that program start?

**Ms Dawson:** The program is from this financial year moving forward.

**Senator WONG:** When are we likely to see an implementation plan for that program?

**Ms Dawson:** It is in a draft at this stage and we are just finalising it.

**Senator WONG:** On notice, can I get a copy of that?

**Ms Dawson:** Yes.

**Senator WONG:** Thank you. I do not quite understand the way you have constructed this. I think it is attachment A to question 6 from the budget estimates round. There are 'Sporting events attended by Austrade officers' and attachment B is Match Australia events. You go to sporting events and you grow to match a stronger events, which are also sporting events.

**Ms Dawson:** No—the difference is things at sporting events per se and then the other events, like investor roundtables that were held—

**Senator WONG:** Right—at the events?

**Ms Dawson:** No, not always.

**Senator WONG:** They are, because: Match Australia, Australian Open—

**Ms Dawson:** For example, around—

**Senator WONG:** AFC Asian Cup, ICC Cricket World Cup. I think that all but one on the list you have given me is in fact a sporting event.

**Ms Dawson:** But the events were held in the margins of those. An example would be around the Asian football cup final where an investor roundtable was held in the city, not at the sporting event itself.

**Senator WONG:** I will go to sporting events. The sporting events are different to the Match Australia events—correct?

**Ms Dawson:** Yes.

**Senator WONG:** How do you fund attendance at the sporting events?

**Ms Dawson:** It depends on the nature of the sporting event. The majority of them were working with either our Commonwealth Office of Sport colleagues, where there had been federal government arrangements for tickets in relation to some of the sporting events or, indeed, through relationships with our state and territory government colleagues.

**Senator WONG:** To be frank, what are the metrics for the non-Match-Australia sporting events? How do you decide what you should go to and what you should not go to, what taxpayers' money should be spent on and what it should not be spent on? What are the parameters of that?

**Ms Dawson:** The Match Australia events that were held to date—

**Senator WONG:** No, the non-Match-Australia events. This is attachment A to question on notice 6, I think.

**Ms Dawson:** In terms of deciding the sporting events, it is all related to the sporting events. It is looking at where there are significant investment opportunities—around the Asian football cup it was targeting particular markets—and then deciding whether it is better to have an investor roundtable or where we would have the most return.

**Senator WONG:** Can you look at attachment A? I understand your rationale. I still think there seems to be a lot of attendance at sport, but anyway, we will leave that aside—not that I am opposed to it. I am just not sure that—

**CHAIR:** Value.

**Senator WONG:** The value to the taxpayer of buying lots of tickets. Leaving aside the Match Australia event, I am trying to understand attachment A, which is 'Sporting events attended by Austrade officers'. I want to understand your process for determining it, your parameters around it, the transparency associated with it and your budget for it. Are you able to help me with any of that?

**Ms Dawson:** In terms of deciding the events? I am not quite sure of the specifics of your question, Senator. Are you asking—

**Senator WONG:** You are going to a whole heap of sporting events that are not Match Australia events. Correct? That is what attachment A shows me.

**Ms Dawson:** They are events that we have held to raise awareness—

**Senator WONG:** But you go and watch the event? You go and watch the cricket. You might have a round table as well, but you buy a ticket for the cricket.

**Mr Gosper:** Could I—

**Ms Dawson:** No.

**Senator WONG:** No? That is what the \$4,000 plus GST is.

**CHAIR:** Mr Gosper, you might be able to throw some light on the situation.

**Mr Gosper:** Can I make the basic observation that what we are doing with Match Australia is using international attendance at sporting events which have some interest for international visitors, or involve, indeed, other countries, to bring together potential investors or business people to engage with ministers or counterparts.

**Senator WONG:** Okay, Mr Gosper. Can you look at attachment A for me.

**Mr Gosper:** Indeed.

**Senator WONG:** Attachment B is the Match Australia events. You have given me a list of people you say are representatives from the Future Fund, the office of the minister, a Korean investor, another office of the minister—a range of things. I am not asking you questions about that. I am asking questions about the first schedule, which has 'Sporting events attended by Austrade officers'. 'Event: Australian Open. Cost: \$4,000. Investors ... invited: 7. Minister involved: Robb. Advisers: Yes. Austrade attended: Yes'. I am trying to understand what this set of sporting events tells me and how they relate. I am not asking about the next schedule; I am asking about attachment A. Can someone explain that to me.

**Ms Dawson:** The Australian Open tennis was a round table at the quarter-final that the minister hosted—a round table of 10. That is what the event was.

**Senator WONG:** Seven customers.

**Ms Dawson:** Yes.

**Senator WONG:** No. That is attachment B. I am asking about attachment A. These are not my documents. Explain to me what attachment A tells me and attachment B tells me.

**Ms Dawson:** The attachment A that I have in front of me is talking about the investment round table, and then I have a list of attendees there.

**Senator WONG:** No. That is attachment B. Question 6—

**Ms Dawson:** Sorry, I have it as attachment A, and I have attachment B as the Asian Cup.

**Senator WONG:** I am looking at question 6—question on notice from the budget estimates—that refers to pages 83, 84, 88, 89 and 90 of the proof *Hansard*. There is quite a long list. There is then an attachment—attachment A and attachment B. Attachment A is entitled at the top 'Sporting events attended by Austrade officers.' The first one is 'Australian Open. Cost: \$4,000'. Do you have that?

**Ms Dawson:** Yes, I do.

**Senator WONG:** Attachment B is Match Australia events. I do not understand the difference between the two.

**Ms Dawson:** It is the same event. If you look on attachment A, the first line item 'Australian Open' and you look on attachment B at the top, the invitees, it is the same. It is a reference across.

**Senator WONG:** What are you telling me with the different attachments, then?

**Ms Dawson:** One question was around which events had Austrade staff attendance, and then one was a more detailed question about who attended the events.

**Senator WONG:** Right. Okay. Thank you. That is clear. So if I want to look at that first one, or the second one, 'Asian Cup: Australia versus Kuwait', will I find that the list of—no, I do not think I do. 'Asian Cup: Australia versus Kuwait. Stakeholders invited: 7.' But nothing in attachment B tells me who was there. You have not given me names; you have given me company names—and I accept that.

**Ms Dawson:** Yes.

**Senator WONG:** This is what I want to understand, and maybe you can update it. How many more have there been since we last met—since the end of this?

**Ms Dawson:** There have not been any more since we last met.

**Senator WONG:** Really? This is it?

**Ms Dawson:** Yes.

**Senator WONG:** We are not doing any more?

**Ms Dawson:** We are. It is just that there have not been major sporting events in that time.

**Senator WONG:** Big call!

**CHAIR:** We have the Melbourne Cup coming up, and presumably the AFL grand final was included.

**Mr Barty:** They are Australian icon events. They are not major international sporting events.

**CHAIR:** The Melbourne Cup is a major international event, Mr Barty, isn't it? It is won by overseas horses every year, Mr Barty.

**Senator WONG:** In attachment A there are no costs listed for a range of these events. Can you explain why.

**Ms Dawson:** Yes—because we did not incur costs. I think the original question was around hospitality costs. We did not incur those because the events were held, as I mentioned, by partnering with state and territory governments—

**Senator WONG:** And ticket costs?

**Ms Dawson:** No. We did not incur ticket costs.

**Senator WONG:** For any of these events where there is no costs associated?

**Ms Dawson:** Correct.

**Senator WONG:** So you just got a freebie from—

**Mr Gosper:** I think there may have been minor ticket—

**Mr Barty:** Catering costs of \$5,180 for—

**Senator WONG:** What are you talking about? Which event are you talking about?

**Mr Barty:** Australia versus India in the IPL cricket—

**Senator WONG:** With respect, you have given me a number. I have quite a number of events. It is a bit difficult to know what you are talking about.

**Mr Barty:** You just asked: which events did we provide hospitality? We provided hospitality in the Australia versus India cricket test match.

**CHAIR:** That was \$5,000—

**Mr Barty:** \$5,180. We provided hospitality at the Australian Open tennis quarter-final: \$4,400. We provided hospitality to the Australia versus Sri Lanka Cricket World Cup: \$3,750. The total hospitality provided across Match Australia was \$13,330.

**Senator WONG:** \$13,000?

**CHAIR:** \$13,330.

**Senator WONG:** Can I ask: why didn't you just put this in these questions on notice? I think you were asked these questions. It would just be easier than trying to work our way through it like this. You are saying there have been no further Match Australia programs since the world cricket events?

**Ms Dawson:** That is correct.

**Senator WONG:** Okay. What is planned?

**Ms Dawson:** The Rio Olympics are the next major event that we are focused on.

**Senator WONG:** Who is going to get a guernsey to that—from you?

**Mr Gosper:** We have not thought about implementation.

**Mr Barty:** In the previous event, for the FIFA World Cup, there were only Austrade representatives in Brazil, and they were responsible for the logistics and administration of the guests, who were primarily from countries at those particular events where Australia was being engaged. Our intention would be to participate in activities where a country and Australia were involved and invite guests appropriately.

**Senator WONG:** Will the implementation plan go to how you choose the events, the investors and who gets to go?

**Mr Gosper:** It will go to a framework for the particular events that we would be looking to target and the level of resource that we would be looking to put into that event, yes.

**Senator WONG:** Was it the 2015-16 year that you got funded for?

**Mr Gosper:** We have funding of \$5.2 million over four years.

**Senator WONG:** I assume at some point during the financial year you will get an implementation plan?

**Mr Gosper:** That is right. We are looking at an implementation plan. It will look at not just the 2016 Olympic Games, but the Commonwealth Games on the Gold Coast and the Tokyo Olympic Games, of course, in 2020.

**Senator WONG:** If 'metrics' is not the right word—I used that phrase because you use that phrase in your answer. I am interested in what your KPIs are for the program.

**Mr Gosper:** Last time when you asked the question, we gave you some specific examples of firms that were involved, but—

**Senator WONG:** That is an anecdotal proposition.

**Mr Gosper:** of course we are looking to ensure that we record the number of events, the number of investors and—

**Senator WONG:** If a taxpayer wants to understand what their money is being used for and why, what do they look at? In a government department, there are outcomes to which departments work. They might be quite high level and then there are outcomes which programs are supposed to deliver. I do not understand what your outcome is articulated as being and where that is. Every time we have a discussion, it seems to change.

**Mr Gosper:** We will look at the number of events, the number of investors and companies that participated in the events and record key outcomes that we think may be associated—

**Senator WONG:** Are you going to write this down anywhere? Is it going to be on a website anywhere? Is it going to be public? Is it going to be articulated?

**Mr Gosper:** It will be part of our reporting process, yes.

**Mr Barty:** I would point out that it is not just the events. Inviting designated businesses to an event allows us to engage them well before the event and allows us to engage them after the event. All at that level of engagement is activity that we would be recording.

**Senator WONG:** I do not want to go round and round in circles. Is it \$5.2 million?

**Mr Gosper:** It is \$5.2 million.

**Senator WONG:** I asked this last time and, frankly, I got a number of answers. You have given a different set of answers in the question on notice. With respect, you are now giving me a different set of propositions. I just want to understand. If a taxpayer wants to know the outcomes that are being sought, what the KPIs of this program are, what the metrics are—whatever the phrase is—what do they look at? Do they look at the *Hansard* over three estimates or is there something that is clear about what we are trying to achieve with this program and how we will assess this from a value for money perspective?

**Mr Gosper:** Of course, we have an outcomes and performance statement. This is an important program so we will indicate against that the sorts of outcomes that I have suggested—the events that we conduct, the number of investors and companies that we engage and the particular outcomes that can be associated with the event.

**Senator WONG:** On notice, could you report against those metrics on the Match Australia events that you provided to me? Previously I raised the issue of a Mr Peter Aitken with you.

**Mr Gosper:** Yes, I do recall that—from South Australia. I think I wrote to you about that.

**Senator WONG:** Yes, you did. He sought and obtained some advice from Austrade in relation to an export of his products to China. He is still unable to ship his products. I think the company is Environmental Organic Nutrients.

**Mr Gosper:** Yes, I do recall that now.

**Senator WONG:** You did send me a letter.

**Mr Gosper:** Yes, I did and I am just retrieving a copy of it now.

**Senator WONG:** Yes, I am too. You refer to a paid service agreement in the last paragraph on the first page.

**Mr Gosper:** This presumably would be an agreement that Austrade makes with someone to deliver a service.

**Senator WONG:** Is this a regular thing? Do you enter into many of these agreements?

**Mr Gosper:** Yes, we do fee for service of a number of million dollars a year. I cannot tell you off the top of my head precisely how many.

**Senator WONG:** Are you able to provide me with a copy of a template of such an agreement?

**Mr Gosper:** Yes, we can give you that on notice.

**Senator WONG:** Is it on a website?

**Mr Gosper:** Yes, I think so. We can give you that.

**Senator WONG:** Just give me the link on that—the fee schedule and warranties provided.

**Mr Gosper:** Yes, we can give you that.

**Senator WONG:** So is there a fee schedule and there is a warranty?

**Mr Gosper:** There is a fee schedule, yes.

**Senator WONG:** How do you determine whether you provide advice and service without an agreement or with an agreement? Is there a policy that is available?

**Mr Barty:** When there is a public benefit then the service is usually for free. When it is for a direct personal benefit of the company then a fee is charged.

**Senator WONG:** Mr Gosper, you asserted, I think, that the lack of a defined service agreement may have resulted in incomplete advice to my constituent about the extent of Austrade services and an incomplete understanding on his part, et cetera. Can I ask: why did you never seek to enter an agreement with EON over the three-year period between 2012 and 2015?

**Mr Gosper:** I do not think I have got a copy of the letter, Senator. I think it was probably a mistake on our part not to be more definitive about expectations under such an arrangement—if I can recall the letter.

**Senator WONG:** I think the proposition is that you did not make that offer, or you did not indicate that this service was available on a paid basis—a paid service agreement. If that is the case, do you know why that would be?

**Mr Gosper:** I would have to refresh my memory, Senator, but I do not know why it would have been. I think it was probably, as I said, something where we were not clear about relative expectations that should have been had in that circumstance.

**Senator WONG:** You do not have a copy of that letter here?

**Mr Gosper:** I have just asked for it but it does not seem to be available just at the moment. I apologise.

**Senator WONG:** You have explained also that Austrade goes through a process designed to ensure that the referral entity can provide specialised service to Australian exporters. What is involved in this process?

**Mr Gosper:** Usually it is making ourselves familiar with the service provider and making some assessment of their capability and their suitability to provide service to an Australian interest.

**Senator WONG:** Was this process followed for the three companies that were referred—

**Mr Gosper:** I understand it was, yes.

**Senator WONG:** The information I have been provided with is that one of the three companies was not in business and the other did not return phone calls.

**Mr Gosper:** That may well reflect the period of time over which this occurred. Businesses do go in and out of operation, of course.

**Senator WONG:** Were you aware that the third company that was recommended failed to lodge any registration application on behalf of EON?

**Mr Gosper:** I was, on looking into the matter, yes.

**Senator WONG:** Is this consulting company still a recommended referral on your list?

**Mr Gosper:** I would have to check on that. I would assume not.

**Senator WONG:** On what basis?

**Mr Gosper:** The basis that you have just indicated, Senator.

**Senator WONG:** Did you know that before this constituent matter was raised?

**Mr Gosper:** I believe not.

**Senator WONG:** Why would that be?

**Mr Gosper:** I do not know whether the people in China were aware of that, but I was not. I can find that on notice.

**Mr Barty:** Senators, it is not Austrade's responsibility to act as a legal representative for companies to provide referral advice.

**Senator WONG:** I appreciate that, but if you were referring Australian companies to people who are either out of business or do not actually have any track record in doing what is required, that is obviously problematic, isn't it?

**Mr Barty:** Sure.

**Mr Gosper:** We should tidy that up as best we can, as soon as we can.

**Senator WONG:** Obviously this is a matter that the constituent continues to be very concerned about. There has been no success rate or conversion rate—there is no practical result for this exporter.

**Mr Gosper:** I understand that.

**Senator WONG:** Is there anything further that you can provide me with, perhaps outside of this forum—on notice?

**Mr Gosper:** I will give some thought to that, Senator, whether I can.

**Senator WONG:** I appreciate that. The 'Free trade agreement promotion' budget measure on the current budget: there was a \$24.6 million measure in spending, over the next two years, on trade promotion of the North Asian free trade agreements. I think your allocation was \$13.4 million and \$8.2 million. Is that right?

**Mr Gosper:** That sounds right: \$21.6 million.

**Senator WONG:** Is that because you are paying for the advertising?

**Mr Gosper:** That is right; in essence, yes.

**Senator WONG:** How much has been spent, to date?

**Mr Gosper:** I do not believe I have that figure, but we are spending—as you know, the advertising campaign has commenced and we are looking to run the advertising, which is the major element of that budget expenditure over the next three months.

**Senator WONG:** Three months.

**Mr Gosper:** So we will be bringing money forward, from the next year, to this year.

**Senator WONG:** You are likely to spend more than \$13.4 million on advertising.

**Mr Gosper:** We are likely to spend more than we had anticipated on the advertising part of this year's expenditure, because we are bringing the component for advertising in the next financial year forward.

**Senator WONG:** Does that mean there is anything of the \$13.4 million not spent? Surely, you could reallocate within that.

**Mr Gosper:** No; I believe we will need that additional money.

**Senator WONG:** Can someone tell me expenditure, to date? Is there no financial consultant?

**Mr Gosper:** I will see if we have someone here who can do that.

**Senator WONG:** What I would like is expenditure, to date, and planned expenditure for the current financial year. I think you indicated over the next three months.

**Mr Nichles:** The money is fully committed for this financial year and, as Mr Gosper explained, we have commenced the advertising program. We will spend \$10.5 million on media.

**Senator WONG:** That is the media buy.

**Mr Nichles:** That is the media buy.

**Senator WONG:** You have spent \$10.5 million on the media buy, which includes social media, television, electronic, radio—

**Mr Nichles:** Yes.

**Senator WONG:** What else?

**Mr Nichles:** Print.

**Senator WONG:** Can you give me a breakdown?

**Mr Nichles:** Yes, but I cannot do it off the top of my head.

**Senator WONG:** Okay; on notice. What were the creatives—what was the cost of creative and production?

**Mr Nichles:** The contract is for \$1.2 million.

**Senator WONG:** That is \$11.7 million and you had \$13.4 million, so what else has it been spent on—

**Mr Nichles:** On the seminar series—

**Senator WONG:** How much is it?

**Mr Nichles:** on the grants program and working with third parties.

**Senator WONG:** What does that mean?

**Mr Nichles:** Working with industry associations.

**Senator WONG:** So they got money.

**Mr Nichles:** No.

**Senator WONG:** How is the expenditure, then? There is a grant program to third parties but, then, working with third parties was a different expenditure item.

**Mr Nichles:** So—sorry.

**Senator WONG:** No, go on; I am waiting.

**Mr Barty:** Creating tool kits; information.

**Mr Nichles:** So that other entities can do their own amplification.

**Senator WONG:** Do you have anything you can table that sets out the components you have just described?

**Mr Gosper:** Yes, we can do that.

**Senator WONG:** Now?

**Mr Gosper:** I do not think we have it, just now—

**Senator WONG:** I do not really want to wait 71 days late—

**Mr Gosper:** We will get it, quickly, for you.

**Senator WONG:** Thank you. The total cost of all of these promotional activities, in the current financial year, will be how much?

**Mr Nichles:** Thirteen point four—

**Senator WONG:** Plus?

**Mr Nichles:** plus the \$6 million that we brought forward from the next financial year.

**Senator WONG:** So nearly \$20 million. That is a lot of money.

**Mr Gosper:** Yes; it is a significant amount of money.

**Senator WONG:** Really. What is the cost, for example, of the Push advertising on Facebook?

**Mr Nichles:** I would have to take that on notice.

**Senator WONG:** Can you give me, on notice, a complete breakdown of the \$20 million?

**Mr Nichles:** Yes.

**Senator WONG:** That is, the total cost of promotional activities. Who made the decision as to the scope of this? Was that a government decision?

**Mr Gosper:** Yes, of course. There was a new policy proposal and then the usual procurement program—including research, which looked at the sort of campaign that would be appropriate—and the usual sort of process with the ICC and the SDCC.

**Senator WONG:** Could you give me the seminar expenditure?

**Mr Nichles:** We have a budget of \$1 million for this financial year.

**Senator WONG:** What is the rationale for bringing so much money forward?

**Mr Nichles:** To ensure that the advertising campaign was as effective as possible.

**Senator WONG:** Was that a decision made at the commencement of the campaign or subsequently?

**Mr Gosper:** It was a decision made subsequently.

**Senator WONG:** When?

**Mr Gosper:** In particular—I will ask Mr Nichles if there is a specific date.

**Senator WONG:** Was it before or after Mr Turnbull became Prime Minister?

**Mr Gosper:** Before.

**Mr Nichles:** Before.

**Senator WONG:** And it was a decision made to bring forward \$6 million from next year's budget, which would make a total spend—in a very short period—on advertising and promotion of \$20 million.

**Mr Gosper:** It is because our assessment was that we needed to, with the conclusion of the agreements, in particular, make sure that we were maximising the impact rather than to dissipate it over a period of time. The fourth quarter of the year is the most expensive time of the year for advertising.

**Senator WONG:** Who made the decision to bring forward money and expand the advertising? Tell me about the process of that decision.

**Mr Nichles:** It was requested by the SDCC.

**Senator WONG:** Which is the—

**Mr Nichles:** Service Delivery Coordination Committee.

**Senator WONG:** So this is the government advertising committee, with ministers on it and so forth. Is that right?

**Mr Nichles:** Yes.

**Senator WONG:** When did they request that?

**Mr Nichles:** Mid-September.

**Senator WONG:** You said, Mr Gosper, that it was based on an assessment of what was required. Did the SDCC undertake such an assessment?

**Senator Brandis:** Is that a question for me? I think it probably is.

**Senator WONG:** He referred to an assessment, so I want to know who the assessment was done by.

**Senator Brandis:** Senator, I think you know that the matters discussed by the SDCC are confidential to the process.

**Senator WONG:** Mr Gosper said there was an assessment of—I do not have the words in front of me but, basically, how much advertising was needed et cetera. I am just asking—

**Mr Gosper:** I think I gave you our assessment, which was that the program would achieve its objectives more readily if the advertising were done over a shorter period of time, and given that advertising is more expensive in the fourth quarter of the year that is another reason.



**Senator WONG:** When did you come to that assessment or view?

**Mr Gosper:** I cannot give you the specific date.

**Senator WONG:** Was it before or after the SDCC made the request?

**Mr Gosper:** I would have to look at my notes to answer that.

**Senator WONG:** Mr Gosper, I think your assessment was that 'it' needed—I presume that means the advertising—to be brought forward to be effective. Whose assessment was that?

**Mr Gosper:** It was certainly our assessment.

**Senator WONG:** How did that come about? Did you have a discussion, internally? Did you talk to your—is it a PR company or the media, the media-buy company, a communications company—

**Mr Gosper:** I cannot remember the exact details.

**Senator WONG:** I am sorry? I did not hear that.

**Mr Gosper:** If you could just bear with me, for a moment, Senator.

**Mr Nichles:** The media-buying agency made a recommendation to ensure that we—because the fourth quarter is the most expensive media and we were working across a number of target audiences, they recommended that we increase the expenditure at that time.

**Senator WONG:** Was that recommendation as a result of SDCC requesting that assessment?

**Mr Nichles:** I cannot recall the timing.

**Senator WONG:** This is a process question. You have got a political committee, a subcommittee of the cabinet which made the decision—and I think you said made the request—but you are also telling me the media company made a recommendation. I am asking what prompted someone to go to the media? Was the SDCC request the reason why the media company was approached to assess how you would make the campaign more focused?

**Senator RONALDSON:** The deliberations of—

**Senator WONG:** That is not what I asked.

**Senator RONALDSON:** You have. Deliberations of a cabinet subcommittee are clearly confidential. You have been around long enough to know that. Those deliberations and those discussions at SDCC—they are a cabinet subcommittee and they are, of course, confidential.

**CHAIR:** That was not quite the question that Senator Wong asked.

**Senator WONG:** There are three pieces of evidence that I am trying to try to understand. Mr Nichles, you said it was a request of SDCC. Mr Gosper said, 'We made an assessment'—that is, Austrade. And Mr Nichles has given evidence about the media company making a recommendation. I am just trying to get the sequence. How was the request from the SDCC communicated? Was that communicated to you by the minister's office or otherwise?

**Mr Nichles:** The media agency—

**Senator WONG:** Can you answer my question? Is that possible?

**Mr Nichles:** The media agency often reviews the work that they have done and they made a recommendation to us.

**Senator WONG:** No, that was not my question. You said SDCC requested it. I am trying to get the steps. I am not trying to be difficult. Which comes first: the SDCC request, the media company's recommendation or Mr Gosper's assessment? How do they all fit together?

**CHAIR:** Senator Wong, you may now be going into cabinet confidentiality, as a matter of fact.

**Senator WONG:** Just the process. I am just trying to work out when what happened.

**Senator Brandis:** I think I see what Senator Wong is trying to do, Mr Chairman, if I may contribute in, I hope, a helpful way to this discussion. I have not taken objection to any but one question that Senator Wong asked and I do respect the difference between process questions—which, in my view, may properly be asked—and questions that reveal the proceedings of transactions of cabinet committees, which, of course, may not be. I think there is a little bit of grey area where dots are sought to be joined, or inferences drawn, as to what may or may not have happened at a cabinet or cabinet subcommittee as a result of the way in which carefully phrased or carefully put process questions are asked. I suspect we are close to that grey area. But if Senator Wong confines herself only to the pure process question then—

**Senator WONG:** Shall I rephrase? I will rephrase.

**Senator Brandis:** we will have nothing to object to.

**Senator WONG:** Mr Nichles, you gave evidence that there was a request from SDCC. I want to ask you how you became aware of it.

**Mr Nichles:** There are minutes from the meeting of the SDCC.

**Senator WONG:** So you became aware of that through reading the minutes, is that right?

**Mr Nichles:** Yes.

**Senator WONG:** Of their decision?

**CHAIR:** Once again, I think we are getting into what is cabinet in confidence—

**Senator WONG:** I am trying to understand.

**Senator RONALDSON:** We know what you are trying to do.

**Senator WONG:** Everybody knows the government determined this. I am trying to understand the sequence of events.

**Senator RONALDSON:** That is an allegation. That is an allegation you are making. That is not the evidence that Mr Gosper gave.

**Senator WONG:** Mr Nichles' evidence was that the SDCC made a decision. As a result of that, did Austrade set in train the process of bringing forward advertising? Is that what happened?

**Mr Nichles:** Yes.

**Senator WONG:** And when does the media company's recommendation come in this process?

**Mr Nichles:** It may have been beforehand, as they were actively reviewing; it may have come after.

**Senator WONG:** Fair enough. You cannot recall the date on which the media agency advised the bringing forward of the spend? You can take that on notice, if you cannot recall it. On what date was the decision made to bring forward the spend?

**Mr Gosper:** We will take that on notice.

**Senator WONG:** Were you asked to provide or obtain advice on the effectiveness of the campaign prior to the decision being made? Why is that such a hard question?

**Mr Gosper:** We will respond on notice to that question.

**Senator WONG:** Whether or not you were asked to provide advice on the effectiveness of the campaign?

**Mr Gosper:** On the timing thereof.

**Senator WONG:** I will come to that. You can take that bit on notice. I am asking: were you asked to?

**Mr Gosper:** This has been a very intensive process over a short period of time, and I do not have the exact sequence of every event in front of me, so I want to be entirely accurate about these things.

**Senator WONG:** But it was a substantive question, not a sequential question. It was: were you asked to provide advice?

**Mr Gosper:** But it related to a particular event.

**Senator WONG:** On the effectiveness of the campaign. What do you mean, relating to a particular event?

**Mr Gosper:** Sorry, could you repeat your question.

**Senator WONG:** I was actually asking: were you asked to provide advice on the effectiveness of the campaign?

**Mr Barty:** No. We evaluated the submissions from the request for a proposal and the pitches that were provided, and we submitted that to the SDCC for their evaluation.

**Senator WONG:** And, subsequent to that, was there a decision made to bring forward advertising? Right at the start, Mr Gosper, you said—maybe I have got this wrong—'We started the campaign and then subsequently there was a decision made, essentially, to bring forward the advertising spend.' Right?

**Mr Gosper:** That is right, yes.

**Senator WONG:** When did the campaign start?

**Mr Nichles:** The first radio ad went to air on Monday 14 September.

**Senator WONG:** So at some point after that, there was a decision to bring forward the advertising spend.

**Mr Nichles:** To increase the advertising expenditure, yes.

**Senator WONG:** From what to what?

**Mr Nichles:** From \$6.5 million to \$10.5 million.

**Senator WONG:** And to shorten the time frame over which the spend was to be undertaken? I thought that was one of the points raised earlier.

**Mr Nichles:** Yes.

**Senator WONG:** From when to when?

**Mr Nichles:** The money was being disbursed over a longer period of time.

**Senator WONG:** Yes, I got that. From when to when?

**Mr Nichles:** After the financial year.

**Senator WONG:** So the original campaign was \$6.5 million over the financial year?

**Mr Nichles:** Yes.

**Senator WONG:** The current campaign is \$10.5 million over September to December?

**Mr Nichles:** Correct.

**Senator WONG:** That second decision was made at some point after 14 September.

**Mr Nichles:** Yes.

**Senator WONG:** You cannot give me approximately when that was?

**CHAIR:** That is what you are taking on notice, isn't it?

**Mr Gosper:** That is what we are taking on notice, yes.

**Senator WONG:** What is the decision-making process around the advertising? Do you go to SDCC? Do you engage with the minister's office? How is the decision-making process constructed?

**Senator RONALDSON:** Chair—

**Senator WONG:** I am not asking, I am just trying to work out do they get—I think Mr Nichles said they just get the minutes. I am trying to understand—

**Mr Barty:** There is a government procurement process for advertising campaigns. We call off the multilist for providers. We evaluated those providers, both for the PR campaign and also for the advertising campaign. Those proposers then provide pitches, which we evaluate. Based on those evaluations, we provide those evaluations to the SDCC, who in cabinet, without our presence, make their own decisions.

**Senator RONALDSON:** Minister, if I may: are you aware that the government advertising guidelines were identical to those of the former government?

**Senator Brandis:** I believe so.

**Senator WONG:** Was the process that you just described followed in relation to that decision to expand and intensify the spend?

**Mr Nichles:** Yes.

**Senator WONG:** Were there any further creatives or production costs associated with the greater spend? Did you just have, 'Here are our various products. We are just going to up the number of channels by which we are trying to communicate this,' or did you do something else?

**Mr Nichles:** The money that was brought forward from next financial year has been spent primarily on the media spend.

**Senator WONG:** I want to make sure I am clear: it was originally \$6.5 million to be spent between September and June and now it is \$10½ million to be spent between September and December?

**Mr Nichles:** Yes.

**Senator WONG:** But ChAFTA will not come into force this year?

**Mr Gosper:** But there is plenty of interest amongst businesses and others in understanding the agreement.

**Senator McEWEN:** I want to go to the survey of tourist accommodation. I understand Austrade funded the survey for one year and were looking to secure further funding for it. Can somebody tell me whether that permanent funding for the survey has been secured?

**Mr Boyer:** Not yet. We have secured funding for this financial year, but we are still in discussions with the Australian Bureau of Statistics and state and territory governments about a way forward for 2016-17 onwards.

**Senator McEWEN:** Do you know when an announcement might be expected?

**Mr Boyer:** We have a proof-of-concept pilot currently running with the Australian Bureau of Statistics that we hope to finish by March next year. We would expect to take a position to tourism ministers sometime shortly after that at the state, territory and Commonwealth level, then we would probably expect a decision by the end of this financial year.

**Senator McEWEN:** You said the states are involved and the ABS is involved. Is industry involved?

**Mr Boyer:** Industry have been actively consulted throughout the process, yes.

**Senator McEWEN:** Are negotiations intended to arrive at a permanent funding arrangement for the survey?

**Mr Boyer:** That is our hope, yes.

**Senator McEWEN:** Where will the funding come from? Will it be all federal; federal and state; federal, state and industry?

**Mr Boyer:** We do not know at this stage. At the moment for this financial year we have based it on a COAG funding approach, so half from the Commonwealth and half divided amongst the states. We have to have discussions with our state colleagues before we can venture an idea about whether that is going to happen in future years.

**Senator McEWEN:** Have the states agreed to anything yet?

**Mr Boyer:** They have agreed to funding this financial year but not beyond that.

**Senator McEWEN:** What is the total cost of producing the survey?

**Mr Boyer:** In this financial year, it is \$657,000 in total, of which the Commonwealth will be contributing half—or about \$328,000—and the states half.

**Senator McEWEN:** Has the survey this year been done?

**Mr Boyer:** The survey last year was done and will be released this year. The survey is being done this year. It has not been finished yet. We are currently undergoing a proof of concept pilot with the ABS on a hopefully more economical model of collecting the data, and hopefully that cost will come down, which will be an easier model, potentially, to present to the states for ongoing funding.

**Senator McEWEN:** Do you have the findings of this survey that is currently underway?

**Mr Boyer:** I do not have them yet.

**Senator McEWEN:** You do not have them. Thank you for that. I want to refer to the Tourism Research Advisory Board. There was an article in *The Sun-Herald* of 27 September entitled 'Boards inoperable as vacancies left unfilled'. That article asserted that the Tourism Research Advisory Board has not met since May 2014. Is that correct?

**Mr Boyer:** That is correct.

**Senator McEWEN:** When will the board next meet?

**Mr Boyer:** We are currently undergoing a review of the board's operation. We expect that to be finished in the coming month or two. We would expect that the TRAB, as we call it—the Tourism Research Advisory Board—will meet at some stage shortly after that.

**Senator McEWEN:** In the interim period, who or what is managing the functions of the board?

**Mr Boyer:** The board's function is largely to look at the forward research agenda for Tourism Research Australia. We have a range of other mechanisms that we have been employing to ensure that industry and the state and territory tourism organisations have an opportunity to contribute towards that forward work plan.

**Senator McEWEN:** Is there a written agenda that you could provide?

**Mr Boyer:** We have a written forward work program. Would that be useful? I will probably provide it on notice if that is okay.

**Senator McEWEN:** Yes, that would be useful. Thank you. I think there were seven vacancies on the TRAB, as you call it. Are they being filled or going to be filled?

**Mr Boyer:** It is not so much seven vacancies. It has always been quite a fluid membership, so part of the reason we are reviewing the operation of the TRAB is to make sure that this is workable as possible. So in some

form or another we expect it to meet in the coming months, but I am not convinced that the membership will be at the same level as it was before. We have to make that decision in the coming couple of months.

**Senator McEWEN:** So Austrade makes that decision, and then there is the ministerial decision?

**Mr Boyer:** Yes—in consultation with our colleagues, in the states and territories in particular. But, yes, it is an Austrade board.

**Senator McEWEN:** So there are no fixed terms for board positions?

**Mr Boyer:** No, not as far as I am aware.

**Senator McEWEN:** If there is a different answer to that—

**Mr Boyer:** I will take it on notice.

**Senator McEWEN:** Can anybody provide me with information on the announcement that the Cadbury Visitor Centre will be closing later this year?

**Mr Boyer:** Not so much that. I can provide you with some information on the reallocation of the \$60 million in funding if that is useful.

**Senator McEWEN:** Yes, that would be good.

**Mr Boyer:** The closure of the visitor centre, I think, is probably a commercial decision by Mondelez, the organisation involved. But, in terms of the \$16 million, my understanding from my colleagues in the industry department is that that \$16 million will be bolstered by a contribution of \$8 million from the Tasmanian state government and, with a requirement for two-for-one matching-funding from the private sector, will turn into potentially a total amount of \$72 million worth of funding, looking at grants to the private sector for projects and industries including advanced manufacturing, tourism and agriculture. There is not much detail about the way in which that program will be implemented yet. Those details are still being worked out. It is early stages with the industry department.

**Senator McEWEN:** What is being done to secure the private sector funding?

**Mr Boyer:** That is probably a question for the department of industry. I can take some questions on notice. I would say that it is at the very early stages of that program and I do not think they have worked through a lot of the detail—

**Senator McEWEN:** Has there been any ministerial announcement about that plan?

**Mr Boyer:** It was announced on 4 September.

**Senator McEWEN:** Have you been asked for any advice about keeping the visitors centre going—funding options?

**Mr Boyer:** No, we have not.

**Senator McEWEN:** Has the minister's office received any correspondence regarding the proposed closure of the Cadbury visitors centre?

**Mr Boyer:** Not that I am aware of.

**Senator McEWEN:** So the agency is not having any engagement in attempting to secure the future of the visitors centre?

**Mr Boyer:** No.

**Senator McEWEN:** You have accepted that it is closed?

**Mr Boyer:** As I say, it is a commercial decision by Cadbury, by Mondelez International.

**Senator McEWEN:** The new minister, Senator Colbeck, said in an interview on 1 October that they are more than happy to continue conversations with people who might be interested in keeping the visitors centre open, the visitor experience. Are you aware of any conversations the minister might have had with anybody about following through on that proposal?

**Mr Boyer:** No, I am not aware.

**CHAIR:** Mr Gosper, thank you to you and your colleagues.

#### **Export Finance and Insurance Corporation**

[22:32]

**CHAIR:** Good evening, Mr Hunter. Do you have an opening statement?

**Mr Hunter:** No, I do not.

**Senator WONG:** You announced a partnership with Scottish Pacific Business Finance, the first non-bank approved to partner with EFIC, in June, is that correct?

**Mr Hunter:** That is correct.

**Senator WONG:** Can you explain how this partnership eventuated, who it was initiated by and what reviews and due diligence were undertaken. I am happy for you to take that on notice if you would prefer.

**Mr Hunter:** Sure. We source a lot of our transactions through referral partners, and typically referral partners are the banks. We get a number of leads, primarily from the four major banks but also HSBC, Citi, banks that are active in trade. We decided to form a relationship with Scottish Pacific because they do a lot of factoring. They provide the post-shipment finance, and they are working with a lot of exporters, but what they do not do is provide the working capital for the preshipment, so we thought there was a logical partnership there for us to work with them to assist their clients with the preshipment finance—we take the risk on their ability to complete the product, put it on the ship, and then they are taking the risk on payment. I will take the question about due diligence on notice.

**Senator WONG:** Who initiated it?

**Mr Hunter:** I will take that on notice—I do not know.

**Senator WONG:** Was it EFIC or them?

**Mr Hunter:** I do not know—I will take that on notice.

**Senator WONG:** Were other nonbank partners considered?

**Mr Hunter:** I do not believe we have any others.

**Senator WONG:** Were you looking for a nonbank partner and we chose them, or we just liked them?

**Mr Hunter:** I think we saw the opportunity for us to get access to more clients, more small businesses—so they specialise in the small business space. We saw them as a potential partner who would be able to refer opportunities to us.

**Senator WONG:** And who in EFIC made that decision—the board?

**Mr Hunter:** No, that would have come to the executive—ultimately, that would have come to me for decision; however, it is something that we certainly would have discussed with the board but the decision would have been made by the mid-executive.

**Senator WONG:** If you could on notice perhaps track out the decision-making process.

**Mr Hunter:** Sure; I would be happy to do that.

**Senator WONG:** Are there any existing or prior relationships, or interests, between the board or senior management of Scottish Pacific and EFIC?

**Mr Hunter:** No, not to my knowledge.

**Senator WONG:** Are there any ex-EFIC staff working at Scottish Pacific?

**Mr Hunter:** I will take that on notice, but not to my knowledge.

**Senator WONG:** Are there any former directors of EFIC who are currently working at Scottish Pacific?

**Mr Hunter:** I will take it on notice again, but not to my knowledge.

**Senator WONG:** There is no-one in management at Scottish Pacific who was formerly on the EFIC Board?

**Mr Hunter:** Not to my knowledge.

**Senator WONG:** Thank you.

**Senator FAWCETT:** Mr Hunter, I am just having a look at your annual report. I am always interested in outcomes and I think at a previous estimates we talked about the change of rules for export of goods versus capital goods and the potential benefit for SMEs. Is that the key reason why 94 per cent of your transactions were for SMEs? SME numbers are up substantially from 206 to 221, and I see in your targets that you targeted \$94 million and your outcome was \$112 million. It is a great result; well done. Could you tell us was it a result of that change in the rules?

**Mr Hunter:** Thanks, Senator Fawcett. I think the outcome really does reflect a process over the last 18 months in which the focus of EFIC has very much shifted towards small businesses. So the outcome reflects partly the new legislation, which has given us more flexibility and the ability to go down the scale and service smaller exporters, which we previously were unable to do. So the product that we offered small businesses was a guaranteed product. It was complicated. It was clumsy and, on average, it was taking about 150 days for our

clients to get funding, which is a completely unsatisfactory outcome. What this has enabled us to do is lower our threshold—our previous threshold was at \$500,000; it is now down to \$100,000. We can lend to that client directly. They do not have to go through the process of applying for a guarantee from us, taking it to the bank, going through a credit process with their bank and then coming back to us for the funding. We are now going and dealing directly with the clients.

Interestingly, the banks are happy with the outcome as well, because they do not have to invest in a process that, frankly, produces a pretty marginal income for them. They refer the client directly to us. We keep them informed. Before we complete the transaction, we actually offer the transaction back to the bank as a means of providing us with the comfort that we are not competing with the bank. I think the broader lending flexibility has enabled us to lower the threshold and therefore broaden the pool of exporters that we can provide funding to.

I think the other initiative that really has made a difference to the numbers is: we are putting more people on the ground in the states to originate SME opportunities for us. We started off perhaps a little bit experimentally in Perth. Western Australia is the No. 1 state in terms of producing SME signings for us. It was successful, so we put people in Brisbane and Melbourne, and we have been encouraged by what we have seen in South Australia. We now have a permanent person—a state director—based in Adelaide, who is there to originate opportunities. I am sure that I do not have to tell you that you put people on the ground and surprise, surprise, you find more transactions.

**CHAIR:** Business flows, Mr Hunter.

**Mr Hunter:** So we have got one person who started there three weeks ago and we are in the process of recruiting a second person. We are only three months into this financial year. In terms of transactions that we are doing directly for SME exporters, we are running at a run-rate double that of last year. But, certainly, the lending powers we have, the focus on SMEs and the additional resources that we are applying towards small business are starting to show through in the results, which is pleasing.

**Senator FAWCETT:** I think you said in your answer that you were achieving a 150-day turnaround time. What are you achieving now for small business?

**Mr Hunter:** We have now taken our turnaround time down to 70 days, on average. But perhaps the more interesting number to share with you is the contrast between a client who comes to us directly for a loan and a client who comes to us through our guarantee process. In the financial year that has just finished, we have executed 13 export contract loans. They took us 56 days on average. During the financial year just ended, for clients who came to us for a working capital guarantee it was taking 100 days for us to provide the client with financing. So the due diligence process does not take any longer, whether it is a guarantee or a loan. What takes longer is that the client has to go off and negotiate separately with their bank.

Perhaps if I could share a live example with you. We had a company that we had spent 100 days with in discussions around a working capital guarantee. Fortunately, we got our lending powers and we went to the bank and to the client and said, 'Why don't we just lend to you directly,' and 36 days later we got the money. So we had spent 100 days. Had we had lending powers I think we could have got this client money within a month.

**Senator RONALDSON:** Impressive.

**Mr Hunter:** It depends on the organisation of the client. We have been able to get one client money within 15 days. This is a client we have never met before. It is a small business: they turned up, they are organised, they came with their financial statements, they came with a business plan, we met management, they have an export contract, and we now have the process sufficiently efficient to get the money within 15 days, and hopefully we can improve that in the next 12 months.

**Senator FAWCETT:** Great outcome. Terrific. There was an intention at previous estimates to decrease the amount of support to major resource projects. Has that occurred? I am assuming from the graph on the front of the document that it has. But what has been the impact on SMEs that have been engaged in the supply chain for resource projects?

**Mr Hunter:** I will answer your question, but I will partly take it on notice. Our business in terms of supporting SMEs in the supply chain can be broadly split in two. One of them, for example, is a small business that comes to us and says, 'I have won a contract for the Roy Hill project.' We have supported small business that are providing services that are integral to the delivery of the Roy Hill project. We are providing them with bonding and working capital and we are providing them with direct loans. That is one aspect of our business and that aspect of the business is gaining momentum.

The piece of the business that has stopped domestically—and as you suggested, Senator Fawcett—is that we are not providing funding to domestic resource projects. We are looking at providing funding to offshore resource

projects and we are looking at a large project at the moment, which we have identified on our website. The key criteria we are looking at is how small businesses are going to benefit from this project. We have a sponsor of that project that is an international mining company. Our interest is not in supporting that company. Our interest is enabling small businesses that are global exporters in mining services to win contracts in emerging and frontier markets, through EFIC's provision of funding. That is something we are continuing to do. Domestically, we are not providing any funding to large resource projects, and it is reflected in our—

**Senator FAWCETT:** Good report and good answers.

**Senator RONALDSON:** Well done.

**Senator FAWCETT:** I am interested in meeting your South Australian manager.

**Mr Hunter:** I would love you to.

**CHAIR:** Thank you, Mr Hunter, and your colleagues. I now call Tourism Australia.

### **Tourism Australia**

[22:44]

**CHAIR:** Mr O'Sullivan, how are you?

**Mr O'Sullivan:** Well, thank you.

**CHAIR:** Do you wish to make an opening statement by any chance?

**Mr O'Sullivan:** No opening statements, thank you.

**Senator McEWEN:** The Australian Government Boards website lists the Tourism Australia board, but still shows the chairperson position as vacant. I understand Mr Tony South has been appointed. Do you know why it is not yet on the Government Boards website?

**Mr O'Sullivan:** We are not responsible for populating that website with content. As you correctly referred, Mr Tony South has been appointed chairman by the government.

**Senator McEWEN:** So his term has begun?

**Mr O'Sullivan:** Yes, it has.

**Senator McEWEN:** What about the deputy chairperson position?

**Mr O'Sullivan:** That is still being finalised by cabinet and that is something that will be announced in due course by government.

**Senator McEWEN:** Do you know when?

**Mr O'Sullivan:** I am not aware of the timing, no.

**Senator McEWEN:** When is the next meeting of the board scheduled for?

**Mr O'Sullivan:** On 12 November.

**Senator McEWEN:** Is there a forward schedule for meetings?

**Mr O'Sullivan:** Yes, there is.

**Senator McEWEN:** Are they monthly?

**Mr O'Sullivan:** Generally, we hold seven meetings a year, so they are every two months. We have six board meetings plus a board strategy day.

**Senator McEWEN:** When is the board strategy day?

**Mr O'Sullivan:** That is currently scheduled for 10 December this year, 2015.

**Senator McEWEN:** I am very glad you are here, Minister.

**CHAIR:** Minister Colbeck, good evening and welcome in your capacity as Minister for Tourism.

**Senator Colbeck:** Thank you. It is nice to be here, even if it is at this hour of the evening.

**Senator McEWEN:** I would like to refer to an article that appeared in *The AFR* on 1 October this year entitled 'Where the bloody hell is our brand?' Was Tourism Australia aware of the proposal by Minister Colbeck prior to the publication of this interview in *The AFR* to have a new Australia brand?

**Mr O'Sullivan:** I think the comments around the brand were in response to a media question. Tourism Australia, like any government agency, does not pre-empt or sit in on ministers' interviews.

**Senator McEWEN:** Have you received any direction from the minister's office in relation to progressing his proposal to change Australia's tourism branding?



**Mr O'Sullivan:** No, we have not.

**Senator McEWEN:** Have you had any discussions with the minister in relation to the possibility of moving to the new single brand?

**Mr O'Sullivan:** No, we have not. We have briefed the minister on our operations, on our brand structure and on our operations in market, but we had no such instruction.

**Senator McEWEN:** What is the brand for Australia at the moment?

**Mr O'Sullivan:** The brand we have is: There's Nothing Like Australia. That was first launched in 2010, and we asked Australians to tell us what they thought about Australia. We asked them to tell us why there is nothing like Australia, and that brand premise is based on the fact that Australia, in all of our research that we do—we do talk to about 40,000 people each year—people tell us that Australia is a very unique country in its natural assets; its food and wine; its friendly people; it is a safe and secure country to visit; and it is a very unique country compared to other markets from around the world. That is where the premise of There's Nothing Like Australia has come from.

It has then been through various iterations. Last year we launched Restaurant Australia, which was our focus on food and wine. We are currently working on a campaign which will really bring to life our coastal and aquatic assets around the country, but all under the umbrella of There's Nothing Like Australia. The results have been very positive since the brand was launched; we have seen increased visitation and we have seen increased spend. It is a brand that industry have also supported.

**Senator McEWEN:** Minister, we have just heard that the current brand, which has Australia in its name, of course—There's Nothing Like Australia. It is very positive, it has led to increased spend and it is well regarded. What is your proposal going to bring that is any different or better?

**Senator Colbeck:** One of the things that I did say in that interview, from recollection—and I do not have it in front of me—was that I was not dictating what the brand might be, but it was about the concept of a single Australian brand across all entities. Mr O'Sullivan is correct, I have not yet had a conversation with Tourism Australia about that because I have not got to the stage where I am ready to do that. We can and will have a conversation at the appropriate time. But it was about having a single brand across all commodities, not just tourism, that all things could hang off. And it was not me trying to dictate what the brand might be either, I do not think that is my role. The basis of the comments that I made in that article about providing a leadership process was to convince people that the concept was worth looking at. I have had some conversations but not specifically with Tourism Australia at this point in time.

**Senator McEWEN:** You have not had conversations with Tourism Australia, so which department or agency are you talking to about progressing this idea?

**Senator Colbeck:** My conversations have not been with my department at this point in time, there have been some other private conversations that I have conducted.

**Senator McEWEN:** With industry or—

**Senator Colbeck:** With some sections of industry, yes. And not specifically tourism either, this is a cross-sectoral thing, it is not just about one element.

**Senator McEWEN:** Is there any budget allocation to develop this proposal?

**Senator Colbeck:** Not at this point in time, no. These are personal conversations than I am having, they have not developed into anything further than that at this point of time.

**Senator McEWEN:** Do you have a proposed time line for when you would like to see this change in branding?

**Senator Colbeck:** Not at this stage, no.

**Senator McEWEN:** Are you anticipating any budget submissions to support your proposal with funding?

**Senator Colbeck:** That will depend on how things develop. It is only very early days at this point.

**Senator McEWEN:** I could make jokes about frogs in wheelbarrows, but it is too late in the evening.

**Senator Colbeck:** The comment has brought some mirth at least.

**CHAIR:** You cannot come and not say anything, so can I ask you about the recent relaunching of the Aussie Specialist Program—can you give the committee some understanding of where Australia is or will benefit from that investment?

**Mr O'Sullivan:** The Aussie Specialist Program is Tourism Australia's program which talks to travel agents around the world. As we know, travel agents play a critical part in convincing visitors, whether they are domestic or international, to make a travel decision. In this case, this program is tailored for international markets. There are currently 30,000 travel agents around the world registered, of which 18,000 have done the various modules that sit on the Aussies Specialist Program. In 2001 we launched a digital version of the Aussie Specialist Program where we brought it into the digital age so it was accessible offshore by these travel agents. Over the last year and a half we have had a lot consultation with those travel agents and a lot of consultation with industry and our partners offshore. We have looked at what our competitors are doing and we have also worked with all those state and territory tourism organisations to relaunch this program. We have developed a new program, new software, through the Adobe platform which is far more interactive, far more visually based and it gives travel agents much more information that is real-time about a country. For example, flight distances between cities such as Sydney to Cairns—incredibly, there are some travel agents who still believe you can drive from Sydney to Cairns in one day. The program also provides data and information that is far easier to use. It is also a platform agnostic program, so it can be used by travel agents on mobiles or on iPads as well as on their desktops.

Probably the most exciting thing we are doing is that we will be employing, but funded through the state and territory tourism organisations, 22 Aussie Specialist Program trainers around the world. These people will go and talk to the agents and they will sign them up to the Aussies Specialist Program—which is a free program—and rather than being visited by numerous state representatives, as has been the case, they will be visited by one representative from Australia selling Australia in a cohesive way. We are very excited.

All the states and territories have signed on for a period of three years. They were all unanimous in their support. It is really what we call 'one voice', which is about selling Australia in a cohesive manner offshore rather than putting many brands from the country in front of these incredibly important constituents.

**CHAIR:** Wonderful. Finally, you describe yourselves as a partnership marketing organisation. Can you tell the committee what that means?

**Mr O'Sullivan:** Tourism Australia is the conduit to market for the industry. So we partner with the industry here in Australia but also, importantly, offshore. We augment the \$151 million that we get from government every year with another \$60 million a year through partnership revenue. That is working with airlines, with the state and territory tourism organisations and with travel conglomerates such as the Virtuoso travel agency, Expedia and AliBaba, who we have recently announced as partners.

At the end of the day, the way that we efficiently use our resources and promote the country offshore is by partnering with the industry here. We tell their stories through our social media channels and through our campaigns like Restaurant Australia or the upcoming coastal and aquatic campaign. In addition, we partner with the commercial side of the sector—airlines, travel agencies and non-traditional partners such as financial services.

**CHAIR:** Thank you very much. That is a very complete answer. That concludes the committee's examination of the Foreign Affairs and Trade portfolio. I thank the minister, officers, Hansard, Broadcasting, secretariat staff and my colleagues. Written questions on notice are to be provided by next Friday, the 30th.

**Committee adjourned at 22:56**