



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE

ESTIMATES

(Additional Estimates)

THURSDAY, 26 FEBRUARY 2009

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

Thursday, 26 February 2009

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

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

Senators in attendance: Senators Mark Bishop, Brandis, Bob Brown, Coonan, Farrell, Feeney, Ferguson, Forshaw, Hanson-Young, Johnston, Kroger, Ludlam, Ian Macdonald, McEwen, Payne, Ryan, Sterle and Trood

Committee met at 9.02 am

FOREIGN AFFAIRS AND TRADE

In Attendance

Senator the Hon. John Faulkner, Special Minister of State

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

Department of Foreign Affairs and Trade

Portfolio overview

Mr David Ritchie, Deputy Secretary

Mr James Wise, First Assistant Secretary, Corporate Management Division

Ms Ann Thorpe, Chief Finance Officer

Ms Lynette Wood, Assistant Secretary, Executive, Planning and Evaluation Branch

Mr Tim Yeend, First Assistant Secretary

Output 1.1: Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity

1.1.1: North Asia

Mr Graham Fletcher, First Assistant Secretary, North Asia Branch

1.1.2: South-East Asia

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

1.1.3: Americas

Mr Bill Tweddell, First Assistant Secretary, Americas Division

1.1.4: Europe

Mr Richard Maude, First Assistant Secretary, Europe Division

1.1.5: South and West Asia, Middle East and Africa

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

1.1.6: Pacific

Mr Richard Rowe, First Assistant Secretary, Pacific Division

1.1.7: Bilateral, regional and multi-lateral trade negotiations

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

Mr Ric Wells, Head China, Japan and Korea FTA Task Forces

Ms Jean Dunn, Assistant Secretary, Agriculture and Food Branch, Office of Trade Negotiations

Mr Dominic Trindade, Assistant Secretary, Trade Policy Issues and Industrials Branch

Mr John Larkin, Deputy Head, Asia Trade Task Force

Mr Graham Fletcher, First Assistant Secretary, North Asia Branch

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

Mr Bill Tweddell, First Assistant Secretary, Americas Division

Mr Richard Maude, First Assistant Secretary, Europe Division

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

Mr Richard Rowe, First Assistant Secretary, Pacific Division

Mr John Fisher, Assistant Secretary, South-East Asia (South) and Regional Issues Branch, South East Asia Division

1.1.8: Trade development/policy coordination and Asia—Pacific Economic Cooperation

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

1.1.9: International organisations, legal and environment

Mr Michael Potts, First Assistant Secretary, International Organisations and Legal Division

Mr Adam, McCarthy, Assistant Secretary, International Legal Branch, International Organisations and Legal Division

Ms Gita Kamath, Assistant Secretary, Domestic Legal Branch, International Organisations and Legal Division

Mr David Dutton, Director, Marine Environment Section, Environment Branch, International Organisations, Legal and Environment Division

1.1.10: Security, nuclear disarmament and non-proliferation

Ms Jennifer Rawson, First Assistant Secretary, International Security Division

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

Mr Bill Paterson, Ambassador for Counter Terrorism

Output 1.2: Secure government communications and security of overseas missions

Mr John Langtry, Assistant Secretary, Diplomatic Security and Services Branch, Diplomatic Security, Information Management and Services Division

Mr Stuart Page, Assistant Secretary, ICT Planning and Development Branch, Diplomatic Security, Information Management and Services Division

Mr David Nethery, Head, ICT Review Task Force, Diplomatic Security, Information Management and Services Division

Mr John Morrison, Assistant Secretary, ICT Services and Domestic Property Branch, Diplomatic Security, Information Management and Services Division

Ms Philippa Dawson, Head, Post Security Task Force

Output 1.3: Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)

1.3.1: Parliament in Australia

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

1.3.2: Services to attached agencies

Mr James Wise, First Assistant Secretary, Corporate Management Division

1.3.3: Services to business

1.3.4: Services to state governments and other agencies overseas and in Australia

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

Output 1.4: Services to diplomatic and consular representatives in Australia

1.4.1: Services to the diplomatic and consular corps

1.4.2: Provision of protection advice through liaison with the Protective Security Coordination Centre

Ms Anne Moores, Acting Chief of Protocol, Protocol Branch

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

Output 2.1: Consular and passport services

2.1.1: Consular services

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

2.1.2: Passport services

Mr Bob Nash, Executive Director, Australian Passport Office

Output 3.1: Public information services and public diplomacy

3.1.1: Public information and media services on Australia's foreign and trade policy

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

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

3.1.2: Projecting a positive image of Australia internationally

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

Mr Peter Tesch, Executive Director, Shanghai World Expo 2010

3.1.3: Freedom of information and archival research and clearance

Ms Gita Kamath, Assistant Secretary, Domestic Legal Branch, International Organisations and Legal Division

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

Output 4.1: Property management

Output 4.2: Contract management

Mr Peter Davin, Executive Director, Overseas Property Office

Enabling services

Mr James Wise, First Assistant Secretary, Corporate Management Division

Ms Ann Thorpe, Chief Finance Officer

Ms Lynette Wood, Assistant Secretary, Executive, Planning and Evaluation Branch

Dr David Engel, Assistant Secretary, Global Issues Branch

Australian Agency for International Development**Outcome 1: Australia's national interest advanced by assistance to developing countries to reduce poverty and achieve sustainable development****Output 1.1: Policy****Output 1.2: Program management****Outcome 2: Australia's national interest advanced by implementing a partnership between Australia and Indonesia for reconstruction and development****Output 2.1: Australia-Indonesia partnership for reconstruction and development management**

Mr Bruce Davis, Director General, AusAID

Mr Murray Proctor, Deputy Director General, Program Enabling Division

Mr Jamie Clout, Deputy Director General, Corporate Enabling Division

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

Ms Catherine Walker, Deputy Director General, Global Programs Division

Mr Richard Moore, Deputy Director General, Asia Division

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

Mr Chris Tinning, Assistant Director General, Development Partnerships Branch

Mr Alistair Sherwin, Assistant Director General, Middle East and West Asia Branch

Mr Rob Tranter, Assistant Director General, Pacific Branch

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

Ms Margaret Callan, Assistant Director General, Papua New Guinea Branch

Mr Robin Davies, Assistant Director General, Sustainable Development Group

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

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

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

Mr Michael Wilson, Assistant Director General, Asia Bilateral Branch

Mr Peter Versegi, Assistant Director General, Office of Development Effectiveness

Australian Centre for International Agricultural Research**Outcome 1: Agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems****Output 1: Collaborative research that addresses agricultural and natural resource management problems of developing countries and Australia****Output 2: Trained researchers in developing countries and Australia**

Mr Peter Core, Chief Executive Officer

Australian Trade Commission**Outcome 1: Australians succeeding in international business with widespread community support.****Output 1.1: Export and international business services****Output 1.2: Trade development schemes (Export Market Development Grants)****Output 1.3: Foreign direct investment services****Output 1.4: Government advice and coordination****Output 1.5: Awareness raising****Outcome 2: Australians informed about and provided access to consular, passport and immigration services in specific locations overseas****Output 2.1: Consular, passport and immigration services**

Mr Peter Yuile, Government and Corporate Services Director, Deputy CEO

Ms Hazel Bennett, Finance, Information and Planning Director

Ms Marcia Kimball, Human Resources Director

Mr Mike Moignard, General Manager Government and Communications

Mr Peter Gunning, Chief Finance Officer

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

Mr Ian Chesterfield, General Manager Business Policy and Programs

Ms Elizabeth Gamin, National Operations Manager, Grants

Mr Michael Vickers, Manager Partnerships

CHAIR (Senator Mark Bishop)—I declare open this meeting of the Senate Standing Committee on Foreign Affairs, Defence and Trade. I welcome Senator Faulkner, representing the Minister for Foreign Affairs and the Minister for Trade; Mr David Ritchie, Deputy Secretary; and officers of the Department of Foreign Affairs and Trade.

Today the committee will examine the additional estimates for the Foreign Affairs and Trade portfolio. When a written question on notice is received, the chair will state for the record the name of the senator who submitted the question. The question will be forwarded to the department for an answer. I remind senators to provide their written questions on notice to the secretariat by close of business Tuesday, 3 March. The committee has resolved that Thursday, 9 April 2009 is the return date of answers to questions taken on notice at these hearings. Please note that, under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice.

Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. The giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings:

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

The Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

An officer of a department or of the Commonwealth or of a state shall not be asked to give opinions on matters of policy. He or she shall be given reasonable opportunity to refer questions asked of the officer to 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. If a witness objects to answering a question, the witness should state the ground on which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim. When officers are first called on to answer a question, they should state clearly their full name and the capacity in which they appear and speak clearly into their microphones. Minister, do you or any officer wish to make an opening statement?

Senator Faulkner—No, this morning we are just happy enough to assist the committee and answer questions.

CHAIR—Thank you, Minister. Are there any questions for the portfolio overview?

Senator COONAN—I just have a question to start with, because I know that my colleague wants to kick off with a couple of questions. Minister, do you know anything about the production of a document for the Global Poverty Project that I asked to be produced at the last estimates?

Senator Faulkner—I do not, Senator, but let me just check with officials to see if I can assist you.

Senator COONAN—Perhaps I can just give you a little bit of background. I did, through the secretariat, get an indication from a Ms Mackay—who is the Acting Director of Ministerial and Parliamentary Services, AusAID—saying that, on going through the ministerial submission clearance process, they came across tabling additional information for me and, apparently, the document had gone to the minister. I was alerted to the fact that he might not have been able to look at it on Tuesday because of other commitments, which of course I appreciate, but we do expect it back tomorrow and then we will be able to table it immediately. I received advice, again from the secretariat, this morning that it does not appear to have found its way up here, and I would be grateful if you could make an inquiry.

Senator Faulkner—Senator, I am happy to do that. I will do that for you, but can I just suggest to you that, fortuitously, I think this is something that would fall under the auspices of AusAID. I will see what we can do before AusAID come to the table, but at least—as you have flagged it now—I cannot say that I have got an intimate knowledge of this. But I will make sure that I get across it before AusAID come to the table. I will come back to you, if I have an opportunity to come back to you informally before AusAID do come to the table, just to let you know what the status of this is.

Senator COONAN—I appreciate that, of course, because it has been since October, so—

Senator Faulkner—I understand that, Senator. I am sure that officials in the minister's office will be listening to this interchange and will be able to bring me, and then I will be able to bring you, up to speed on it. I will certainly do that as soon as I can.

CHAIR—Senator Trood, you are going to open up, are you?

Senator TROOD—I wonder if I could just start with the root and branch review.

Senator Faulkner—As you always do, Senator.

Senator TROOD—First things first, Minister.

Senator Faulkner—Indeed. I was going to make an obvious point, but I will not make it. It is too early in the morning.

Senator TROOD—I am sure you will make some points later on.

Senator Faulkner—I will try.

Senator COONAN—You must have been to a ‘happiness seminar,’ have you, Minister?

Senator Faulkner—No-one has ever accused me of that before, Senator.

Senator COONAN—If this is the way we are starting, you must have been to a happiness seminar.

Senator TROOD—Mr Ritchie, perhaps you can fill us in on progress with the root and branch review?

Mr Ritchie—Certainly. We have now completed, with our colleagues from the Department of Finance and Deregulation, all the analysis work for the root and branch review. The analysis that has been completed is being considered by the government as part of the 2009-10 budget process, and we will just have to wait to see what comes out of the budget process there.

Senator TROOD—When you say the analysis, do you mean that the review has been completed and various conclusions have been reached? I am just trying to understand a little more clearly.

Mr Ritchie—It is basically the work that we have done, jointly with the department of finance, as was required under the root and branch review, to look at the financial base budget data relating to the department and the work of the budget relating to the outcomes we are expected to achieve. That work has been done—benchmarking, so to speak, and other things—and that body of work, agreed between us and finance, is part of the process that is now being undertaken of considering the 2009-10 budget for the department by the government.

Senator TROOD—It has now been passed over to the department of finance, has it?

Mr Ritchie—As you recall, Senator, the root and branch review was a joint review being undertaken between us and finance. We, jointly, have agreed on the analysis work that has been done. That is now forming part of the government’s consideration of the 2009-10 budget for the Department of Foreign Affairs and Trade. So that work is being considered as part of that budget process.

Senator TROOD—What conclusions did you reach about the department’s affairs as a result of the analysis?

Mr Ritchie—I think it would be more than my job is worth to go through that. That is something that is being considered by the government as part of the budget, and I am sure they will say something about the conclusions of that in due course.

Senator TROOD—Can you give us some idea, in generality, about the conclusions?

Mr Ritchie—No, I do not—

Senator Faulkner—I am not sure that by doing it in generality necessarily changes the principle, Senator. I think it is a good try, but that is a little bit of a long bow.

Senator TROOD—Minister, we have only been underway five minutes, and you are intervening.

Senator Faulkner—Yes, I am—I am making a light-hearted comment as a result of your—

Senator TROOD—Reasonable question.

Senator Faulkner—Yes—incisive question. The serious point is that the principle that is outlined in relation to matters that are budget-in-confidence goes to the general as well as the specific, and I am sure you appreciate that, Senator.

Senator TROOD—I am grateful for your advice, Minister. Mr Ritchie, did the review cover resources and staffing issues—in other words, the whole activity of the department? Is that correct?

Mr Ritchie—Yes. I think we, in the past, provided the committee with the terms of reference for the review—and I will ask Mr Wise, if you wish, to repeat all of that. But it looked, basically, at the base budget of the department in terms of its adequacy to achieve the kinds of foreign policy and other outcomes the government wished us to achieve. That is what it has gone to—and all aspects of that: staffing, resources, the whole bit.

Senator TROOD—Is this related, or is it intended to be related, to the Operation Sunlight activity that the department is required to undertake?

Mr Ritchie—No, it is separate.

Senator TROOD—I see. But that process is proceeding as well?

Mr Ritchie—Yes.

Senator TROOD—As I understand it, that is also about outputs, the way one prepares budgets et cetera, but they are not separate from one another, are they? The issues of resources and budgets and how you present the data are actually related to the substantive nature of those resources.

Mr Ritchie—Not really. They are really quite separate, in the sense that the root and branch review was looking at what exactly the case was when the government came to power. It was obviously a decision taken as part of the budget last May. It was looking at the basic resources of the department. Operation Sunlight, as I understand it—and I will ask Ms Thorpe to say something further—relates to how we define our outputs and other things. This is literally just looking at whether we had adequate resources to meet our requirements last year.

Senator TROOD—The root and branch review was looking at the various outputs in the department. It was not concerned with Austrade activity as well, was it?

Mr Ritchie—No.

Senator TROOD—That is what I thought. So we would anticipate that whatever emerges from this will be made clear in the budget in May—is that right?

Mr Ritchie—It will be one of the issues that the government will consider as part of the budget. Obviously, there are a whole range of other things that the government needs to weigh up, and I will not speak on their behalf. You would be aware of the range of factors. Root and branch review findings and the basic factual analysis that we have done will be part of that basic consideration.

Senator TROOD—I think you told us last time when we were talking about this that there were six officers who had been seconded to the root and branch review. Was that correct?

Mr Ritchie—That is correct. We had one SES band 1 officer, 1.8 executive level 2 officers at broadband 3 and two graduate trainees. The Department of Finance and Deregulation also seconded two officers to the review as well.

Senator TROOD—Have they gone back to their positions as of now?

Mr Ritchie—Yes.

Senator TROOD—Ms Thorpe, could you update us on the progress of Operation Sunlight in the department?

Ms Thorpe—In terms of Operation Sunlight, the department was asked to review its outcomes for the 2009-10 budget, which we have done. As you know, Operation Sunlight will be looking at reporting against outcomes and programs. So we have reviewed our outcomes and we have also reviewed our programs to ensure that they are consistent with the more transparent model that Finance is looking at achieving through this exercise.

Senator TROOD—Is that activity complete so far as the department is concerned?

Ms Thorpe—Yes, the activity is complete. We will be modifying our outcomes because we have realised that, after ten years or something, they probably needed to be reviewed. We have started to calculate the figures, which will be reflected in our 2009-10 budget.

Senator TROOD—What was the cost of that enterprise for the department? You had a nominal figure attributed to it, didn't you?

Ms Thorpe—Yes, about \$244,000 was provided at the portfolio level because we have taken the lead across all the agencies in terms of their reviewing their outcomes. We have had to change some systems and that sort of thing because we not only have to have our systems ready to report against our outcomes for next year but also now have to move to a different end of year, financial statement type reporting. There are a number of changes that are going through, which I am sure you are aware of, so each portfolio received some assistance for implementing these changes.

Senator TROOD—So the funds were available both to undertake the activity and to implement the changes that you thought necessary—is that right?

Ms Thorpe—The funds were part of the review and part of the changes. We receive the funding because we have much more work than most other agencies within the portfolio. Because we are the portfolio lead, we put together the book and we do all the submissions and everything else. We coordinate the whole thing, so it is a lot of extra work for us.

Senator TROOD—So has \$200-odd thousand been an adequate reimbursement for that cost?

Ms Thorpe—I think it was probably about right.

Senator TROOD—Have you spent all that money?

Ms Thorpe—We are still finalising it, but we will have spent it by the end of the year.

Senator COONAN—I just wanted to ask a couple of things, firstly, about the DFAT collective agreement negotiations. When is the new collective agreement due to be negotiated?

Mr Wise—The current collective agreement is due to expire on 6 July. We are, at the moment, in the throes of negotiating a new agreement.

Senator COONAN—Did DFAT offer staff the opportunity to negotiate a one-year agreement for 2009-10?

Mr Wise—We did.

Senator COONAN—Why was that? Why did the department prefer to negotiate a one-year agreement instead of one for what I understand to be the regular three-year period?

Mr Wise—As has already been mentioned, the department's budget is undergoing a root and branch review and, until the budget situation of the department is clearer, we decided that it would be better to give staff the option of negotiating a one-year agreement rather than the normal three-year agreement. After the budget result is known in the middle of the year, we could then sit down and negotiate a more conventional three-year agreement.

Senator COONAN—So is it fair to say that budgetary constraints have brought about this special arrangement for a one-year negotiation?

Mr Wise—I would say 'budgetary uncertainty' rather than 'constraints'. We will not know until we see the results of the May budget whether it is going to be a budgetary constraint or some other outcome.

Mr Ritchie—I might just add that the staff, in the end, opted to negotiate the full three-year agreement as a possibility. So that is what we are trying to do. We will just see what the budget looks like.

Senator COONAN—Has this happened before—that one-year agreements have been preferred as a vehicle by some staff?

Mr Wise—No, our previous agreements have been three-year agreements.

Senator COONAN—Who will be representing staff at the negotiations?

Mr Wise—As a result of the staff ballot, the negotiations will be led by the CPSU but with the involvement of representatives from our workplace relations committee and the involvement of other unions which have members within the department as well.

Senator COONAN—You mentioned the budget uncertainty in relation to the negotiation of this contract. Does DFAT have the appropriate budget to negotiate a three-year CA with the CPSU or not?

Mr Wise—We know what our out-year budget is in general terms, as does every other agency, but until we see the results of the coming budget we will not know fully those out years. We are confident that we can fund an appropriate collective agreement for one year, but because of the budget uncertainty we just prefer to wait until we see the budget outcome before we go any further. As Mr Ritchie said, staff have asked that we try to negotiate a three-year agreement and that is what we are doing, although the union and staff reps are alert to the budgetary circumstances of the department and are prepared to have a look—even at this stage—at a one-year agreement.

Senator COONAN—I do not want to unfairly characterise this, but would it be fair to say that staff have elected the CPSU to represent them because of unhappiness with the current CA or with the current working environment in DFAT?

Go **Mr Wise**—I think what happened in DFAT has happened across the APS generally. When staff have been given an option to choose whether they would prefer what is called an employee collective agreement or a union collective agreement, overwhelmingly agencies are shifting towards a union collective agreement. In practice what is happening—certainly in DFAT and, I think, elsewhere—is that the negotiating teams are comprised of union and workplace relations committee representatives.

Mr Ritchie—I should add that the choice between an employee collective agreement and a union collective agreement is one that our staff made. It was put to them and that was their choice.

Senator COONAN—How many staff have resigned in the last quarter?

Go **Mr Wise**—What I can give you is that, so far this financial year, 91 employees have separated from the department which is exactly the same number as separated in the same period last year.

Senator TROOD—You are talking about the calendar year, are you?

Mr Wise—No, the financial year. So, since 1 July last year up until the 19 February, 91 employees have left the department.

Senator COONAN—That is the same for both financial years?

Mr Wise—That was the same for the same period—up until 9 February last year, we had, quite coincidentally, the same number.

Senator COONAN—I have not heard the term ‘separated’ before—it is a very good one. How many broadband 1 or broadband 2 officers has the department posted to overseas policy positions in the last year?

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

Senator COONAN—You might have to take this on notice, too—how many of those were not graduate trainees? Can you tell me?

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

Senator COONAN—Does the department have a disposition or a policy of posting couples in an attempt to save on overseas allowances and housing costs at posts?

Mr Wise—No, that is not our policy at all.

Mr Ritchie—That is completely incorrect, Senator.

Senator COONAN—Is the department finding any concerns expressed about graduate trainees guaranteed to get posts over more experienced BB1 or BB2 officers?

Mr Wise—The arrangement we have is that the graduate trainees form the main avenue for recruitment of junior policy staff. It is our policy and our preference to try to get graduate trainees out onto their first posting as soon as we reasonably can after they join. They have two years, normally, in Canberra before they are posted or told what their posting may be. With the current arrangements, we have been recruiting a lot of graduate trainees. We are not getting staff out on those postings as early as possible, but that group of trainees are given preference for overseas posting over other staff at the broadband 1 and 2 levels.

Senator COONAN—How many Indigenous employees does DFAT currently have?

Mr Wise—From my recollection of the annual report, I think it was 41, but I can get that figure for you, Senator.

Senator COONAN—Yes, of course. How many have left over the last year?

Mr Wise—I am not sure. We had 42 Indigenous employees at 30 June 2008. I do not know what the current number is.

Senator COONAN—Take that on notice for me, please. I am sorry—you were going to tell me how many have left over the last year, if you could, too.

Mr Wise—Yes.

Senator COONAN—Thank you. Does the department participate in the National Indigenous Cadetship Project—the NCIP?

Mr Wise—We do, and we try very hard to recruit Indigenous cadets. In fact, we have recently recruited a couple—at the beginning of this year.

Senator COONAN—As part of the project, or, I suppose, as part of the attraction—I might put it that way—does DFAT pay for some or all of the HECS debt of the cadets you recruit? The HECS liability, I should say.

Mr Wise—My understanding is that we do, but I would like to check that and confirm with you.

Senator COONAN—Can you check whether the department has ever made any late HECS payments on behalf of its cadets and if there have been any financial consequences for the cadets as a result of this?

Mr Wise—I will check that, Senator.

Senator COONAN—Thank you.

Mr Wise—Senator, I do have some figures: as of 6 February, we have four Indigenous cadets studying undergraduate degrees in New South Wales and Canberra; two officers are

due to start as full-time employees in the department as Indigenous cadet graduates; in fact, they started just last week; we have one cadet currently living and studying overseas whilst continuing in our cadetship program; and we will be offering a further four cadetships this year.

Senator COONAN—So that I am not being too opaque about this, I understand that there may have been some tax liability consequences for one, or maybe more, of these cadets arising out of a late payment and some liability to the individual cadet arising out of some handling by the department of this liability—so I have made it perfectly clear. Can you check whether or not there have been any financial consequences as a result of the operation of the department's payment of their HECS debt?

Mr Wise—Yes, certainly.

Senator COONAN—I just wanted to ask a couple of questions about language training. How many overseas positions have had their language training cut or reduced in the last 18 months?

Mr Wise—I would have to check, but certainly, as far as I can recall, no language designated positions were cut. I will come back to you on that.

Senator COONAN—Has there been any language training either cut or reduced for an officer—for example, instead of staff being speak and read 3, they are now going to post with speak and read 2?

Mr Wise—We have language designated positions across a range of posts. If staff who are appointed to those positions do not already have the language, our endeavour is to give them sufficient training to get them up to what we call 'S3R3'—spoken and reading level 3, which is a working proficiency in that language—before they go on the posting. We have other positions which are, if you like, language-desirable positions. For those positions, if we have the budget and if it is operationally possible, we will try to give people language training to get them to the appropriate level. For staff going to places where the language is needed just to basically get around, we try to give them four weeks survival training in those circumstances.

Senator COONAN—Has all survival language training been cut or any survival language training been cut?

Mr Wise—Not as far as I know.

Senator COONAN—Survival language obviously has not been abolished?

Mr Wise—Not at all.

Mr Ritchie—On the contrary.

Senator COONAN—Could you do an exercise for me, please; obviously you will need to do on notice. Can you give me a list, across posts, of where language is essential, desirable, and an indication of how the department is currently filling it?

Mr Wise—Certainly, Senator. We can do that.

Senator TROOD—I have some further questions about staffing, Mr Wise. Maybe I can begin with this language matter. I have some statistics, which I gather are provided by the

department, in relation to graduate trainees and their language competencies. As I understand it, you do not necessarily recruit with particular language competencies in mind. But these statistics are rather disturbing in some ways, because they suggest that between 2007-08 there has been a significant decline in the number of people employed with, for example, Indonesian language, Japanese language, even Spanish et cetera. There is, perhaps, a gratifying decline in the number of people recruited with French, but in the areas where we have primary national interests, there seems to be a very significant decline in the expertise we have—at least of our recruits to the department.

Mr Wise—As you said, Senator, language is not the main criterion for recruitment of graduate trainees. Our aim is to get people who have a wide range of skills and aptitudes which we think best serve the department. That includes language aptitude and language skills, but it is not a decisive issue. Then we endeavour to give staff going out to positions where you need a language the appropriate training to get them to working proficiency before they start their posting.

Mr Ritchie—So the range of skills of people we recruit varies from year to year, normally, depending on the candidates that are presenting themselves.

Senator TROOD—I understand that, but I assume that if you do not recruit sufficient people with, for example, Indonesian or Japanese, then you are going to have to train them, and that is a cost to the department—and presumably quite a substantial cost to the department, particularly in the more difficult languages.

Mr Wise—As far as tested proficiency in those key languages is concerned, we have 73 staff with tested proficiency in Indonesian compared to only 36 in 1994; 55 in Japanese compared to 24 in 1994; and 81 in Mandarin compared to 31 in 1994. So the department's language proficiency capability has grown quite substantially over the last 10 to 15 years.

Senator TROOD—You perhaps do not have this figure, but do you have any intuitive understanding of the percentage of those qualifications that are a result of training that was necessary upon coming into the department, or whether a large amount of that increase is a result of people coming into the department with—

Mr Wise—I do not have those figures, but intuitively my impression is that most of those people would have gained that proficiency while in the department. Some would have come with language abilities but most would have been trained after they joined the department.

Senator TROOD—Are there any language areas where the department is conscious of a shortcoming or a need for greater expertise?

Mr Wise—We have 175 positions which are 'language-designated' positions, if you like, and then a further 28 which are 'language desirable'. We divide those languages into three tiers. The first tier is Japanese, Mandarin and Indonesian, and I mentioned the figures for those languages. Tier two is Arabic, French, Korean, Spanish and Thai. Then there is a group of maybe 10 or 15 languages in tier three. To give you an idea of what the priorities are for the department, those are Bislama, Burmese, Cantonese, Farsi, German, Greek, Italian, Khmer, Lao, Malay, Melanesian Pidgin, Polish, Portuguese, Russian, Tagalog, Tetum, Tok Pisin, Turkish and Vietnamese.

Senator TROOD—Are there any heads of mission anywhere around the world who do not have the required language for the place to which they are posted?

Mr Wise—I would have to check which head of mission positions are language-designated positions. There are not a lot of them. I can get back to you on that.

Senator TROOD—Would you do that please? You might also have a look at the deputy heads as well, please. Just on staffing more generally, did you say you had some statistics for the last quarter of separations?

Mr Wise—No, the statistics I gave you—the 91—were from 1 July 2008 through to 19 February 2009.

Senator TROOD—In the past I have asked some of these figures and you have had them in quarters. Do you have them for the last concluded quarter?

Mr Wise—I am just checking. I am not sure that I have it here quarter by quarter. I have it by financial year for the last couple of financial years. But in this material I do not have the last quarter. We can find that.

Senator TROOD—Perhaps you would be good enough to find the figures for the last quarter—that is, until the end of December and—

Mr Wise—So that I bring the right material, are you looking just for that one quarter or for the year up until the end of December?

Senator TROOD—No, I think you have previously provided me with information about separations. I think in the last estimates, in October, you gave me the quarter that had concluded. So I do not have the figures for the most recently concluded quarter. When you are doing that, I would be grateful if you would indicate whether the separations are LES or A-based staff.

Mr Wise—These are all A-based.

Senator TROOD—So, for all of the A-based staff, can you indicate the reasons for separation or departure, particularly for those that might have gone to other departments et cetera?

Mr Wise—Certainly. You might be interested to know that—of the 91 that have separated since the beginning of the financial year—29 resigned; 31 moved to another agency; 25 retired; five were voluntary redundancies; and there was one death during that period.

Senator TROOD—While we are on this subject, what is the age profile of the department looking like? Are you facing the possibility that a large number of officers or a significant proportion of your officers might be retiring in the near future?

Mr Wise—The age profile of the department reflects, I think, pretty much that of the public service as a whole. That is, we are ageing and over the next few years the number of staff reaching 55—I have seen a graph—will increase. It falls away a little bit for a few years and then starts to climb again.

Senator TROOD—And how are you seeking to address that issue?

Mr Wise—What we are doing is that we have increased, over several years now, the number of graduate trainees coming into the department. This year we have taken 40 graduate trainees and eight corporate and financial management trainees. I think it was 29 last year, on the graduate trainee side, and eight on the corporate and financial management trainee side.

Senator TROOD—They were trainees who began this year?

Mr Ritchie—Yes. About two weeks ago.

Mr Wise—But there has been a steady increase in those numbers for quite a few years. We have also been recruiting much more actively laterally as well over the last few years—drawing people largely from other government agencies and some from the non-government sector too.

Senator TROOD—Have you set a number for recruitment this year—beginning in 2010?

Mr Wise—We have done planning so we can ensure that we have staff coming online to fill vacancies. A factor that weighs on any agency where your staff needs security clearances is the time it can take to get security clearances. At the moment, we have actually recruited 98 staff to fill vacancies currently or expected in coming months, but we have 98 of those staff still waiting for their security clearances.

Senator TROOD—Sorry?

Mr Wise—They are waiting for their security clearances.

Senator TROOD—There are 98, did you say?

Mr Wise—Yes. There is a process that can take a few months for people to get their security clearance.

Senator TROOD—Where are those staff? Are they in—

Mr Wise—Well, they have not joined us yet because they do not have their security clearances.

Senator TROOD—So they are not even permitted to join the department?

Mr Wise—Exactly. What I am saying is that we have a pipeline, if you like, with recruits in it getting their security clearance. Those staff come on stream throughout the year to meet gaps that have emerged, either through separations or other reasons.

Senator TROOD—Is 98 a typical figure for the department? Do you usually have about 90—

Mr Wise—It varies from year to year. A couple of years ago we recruited, I think, 250 staff—it was a big year for recruitment—and last year, from memory, the number was about 141.

Senator TROOD—143.

Mr Wise—143.

Mr Ritchie—And we have actually recruited, since 1 July 2008, 104 ongoing staff to the department.

Senator TROOD—The budget papers disclose that there have been—I am looking at page 31—a 32 per cent increase in staff. Is that correct?

Mr Wise—Yes.

Senator TROOD—These are not necessarily bodies, they are FTEs. Is that—

Mr Wise—That is right.

Senator TROOD—How many bodies does that represent?

Mr Wise—One FTE is one body.

Senator TROOD—Well, that is a happy consequence, is it not?

Mr Wise—In actual terms—because some staff may be working permanent part-time—you may end up with more staff filling those 32 positions than 32.

Senator TROOD—That is what I thought. It is not as simple as it sometimes seems. These are—I think, the papers actually state that they are—recruited for specific purposes. Is that correct? They are not just part of the general employment of staff?

Mr Wise—We recruit staff throughout the year just to fill whatever gaps that emerge. These staff—these numbers—actually reflect additional staff for which we have not allocated additional money.

Senator TROOD—So are they allocated to specific tasks?

Mr Wise—Yes, they are.

Senator TROOD—Can you give us that information, please?

Mr Wise—Yes. There are from external funding 1.5 for the Asia-Pacific community, four for the Bali Democracy Forum, seven for the International Commission on Nuclear Non-Proliferation and Disarmament, eight on Pacific engagement, six for the UN Security Council candidacy, two for the Holy See and one for the whaling exercise. Then, from internal funding, where we have decided to draw money from our budget to employ more staff, we have three additional staff working on notarial services and one on Pacific engagement. We have converted the money we were using for contractors—working largely on IT issues—into salary money to recruit A-based staff to actually have them working as Australian public servants rather than as contractors.

Senator TROOD—So most of these positions are supported by additional funds—is that correct?

Mr Wise—That is right. Most of them are.

Senator TROOD—Can you tell us the level at which they have been recruited?

Mr Wise—No, I do not have that information here.

Senator TROOD—Well, perhaps you would be good enough to prepare a table of the levels at which these new staff are being recruited.

Mr Wise—Yes.

Senator TROOD—In relation to the UN activity, did you say six?

Mr Wise—Yes. Sorry—5.3.

Mr Ritchie—5.3 in 2008-09.

Senator TROOD—It must be a bit uncomfortable for the 0.3.

Mr Ritchie—Yes.

Senator TROOD—Where are these 5.3 based?

Mr Wise—They were based largely in Canberra.

Senator TROOD—In what way are they contributing to Australia's effort to secure a seat on the Security Council?

Mr Wise—We have set up a UN Security Council task force to lead that endeavour, and that is where they are placed.

Senator TROOD—What is the task force tasked with? Obviously securing the seat, but what approach is being taken? How are the 5.3 people being used in this exercise?

Mr Ritchie—I will ask Michael Potts, who is head of the division, to do that. But just so you know, the Security Council task force we have established in the department has an SES band 1 officer in charge of it, an executive level 2 officer—that is, a director level, section head level, one broadband 3 officer and a broadband 2 administrative support officer. We have another one coming online very shortly. Mr Potts will be able to say something about what its role is and what it does. It is to manage overall the strategy for our Security Council campaign.

Mr Potts—The UN Security Council task force is a stand-alone unit in my division. As Mr Ritchie has outlined, it has a staffing component that has been made available to us. It is headed by Mr Bassim Blazey, an assistant secretary. It has developed a strategy to promote our candidacy all the way through to 2012. It is clearly going to be a multistage candidacy. It is a complex thing to get elected to the UN Security Council campaign when the slate is contested, as it is in this case—there are three candidates for two positions. This will be a significant undertaking. The government is giving it priority, obviously, by making this funding available.

Senator TROOD—And it is \$1.93 million—is that correct?

Mr Ritchie—Yes, \$1.927 million in 2008-09.

Senator TROOD—That is the figure for this year. Is that a one-off vote of funds or is it likely—

Mr Ritchie—We have only been provided funding for this financial year, and funding for the out years is being determined as part of the budget process.

Senator TROOD—I see. So you expect it will cost more?

Mr Ritchie—I imagine so. This was for a range of things, it was not just the establishment of the task force. We did supplement our staffing profile in New York with additional travel funding, some short-term missions, representation funds for New York and for some of our smaller places, a public affairs campaign, a small number of visits to Australia by senior officials from overseas and a lot of work on establishing a database on all of this. So there

were a range of activities that covered and we, of course, are bidding in the 2009-10 budget process for the out years for that and we will find out in the budget.

Senator TROOD—I see, so this \$1.9 million is not merely travel. Does it cover staff costs or is that part of the overall establishment.

Mr Ritchie—Yes, it covers the lot.

Senator TROOD—Mr Potts, do you have a breakdown of those costs?

Mr Potts—Yes I can give you some breakdown: the Canberra staff runs at about \$760,000; overseas staff, which I think is locally engaged staff in UN New York is \$220,000 and then we have close to \$880,000 which covers travel, short-term missions, representation, public diplomacy and, as Mr Ritchie said, the development of our database as well. They are the principal areas of expenditure.

Senator TROOD—Where is our principal competition for this seat? There are three candidates, as I understand it. Just remind me of the other two?

Mr Potts—The other two are Finland and Luxembourg.

Senator TROOD—Have either of them recently held seats?

Mr Potts—Luxembourg has never been on the Security Council, although it is probably one of the foundation members. Finland has had, I think, two terms on the council, but certainly not recently.

Senator TROOD—This strategy is a global one presumably—is it?

Mr Ritchie—Yes.

Senator TROOD—So it requires targeting—if I can use that unseemly term in these circumstances—countries through Africa and South America as well as widely in Europe. Is that right?

Mr Potts—Yes, and also in the Asia-Pacific. We need to secure the support of two thirds of the UN membership to be elected.

Senator TROOD—When is the vote for this?

Mr Potts—It will be in October 2012.

Senator TROOD—So we are at least looking at further funds being devoted to this exercise in the next budget year and presumably in the next one after that? We are looking at a three-year plus campaign—is that right?

Mr Potts—That is correct, in fact I should comment as well, just by way of context, that Luxembourg has been in the race since 2001 and Finland since 2002, so it is the case that people look at a multiyear strategy. It is, unfortunately, standard operating procedure now when running for the Security Council. We know of candidacies in the future stretching out to 2022 already.

Senator COONAN—Does that not suggest that we have left our run for 2013 a bit late?

Mr Potts—I do not think so.

Senator COONAN—Would it not have been better to leave it until 2018?

Mr Potts—The government looked at options, obviously. It would not have run for 2012 if it had not felt that it was achievable and that we were competitive.

Senator COONAN—There is not any money in the out years, so far as we can tell. Over the forward estimates it has got to be an incremental bid in each budget, by your evidence.

Mr Potts—I think that is right. Obviously we report regularly to the government so they know how we are travelling.

Senator COONAN—So you will pull out if it does not look like we will make it?

Mr Potts—Countries have done that in the past, but I would not be talking about that.

Mr Ritchie—We are not planning to do so yet.

Mr Potts—It is not in anyone's contemplation at this stage.

Senator COONAN—It just seems a bit at odds with a dedicated effort, not to have your budget set for a determined onslaught on this seat.

Mr Ritchie—I think it is just a matter of the budgetary process. The government announced its intention to run for the Security Council. It provided us with additional funding in the additional estimates process and now we are coming up to the full budget and we will see what funding we get. It may well include the out years—we will just have to see.

Senator COONAN—We have had an awful lot happen since the budget, that is for sure.

Mr Ritchie—Indeed.

Senator TROOD—We have approximately \$2 million this year. You have said we are going to need another \$2 million next year and the year after that, so we are up to \$6 million. Presumably the campaigning will become more intense as the date for voting increases so that the \$2 million in the third of those outyears is probably a modest amount, without even allowing for inflation. So it looks as though we are spending in the vicinity of, I would reckon, perhaps \$7 million to \$10 million. Is that a fair assessment, Mr Potts?

Mr Potts—I would not want to speculate, quite frankly. It is a matter for government decision.

Mr Ritchie—That is right. We will be given some additional money, I hope, and we will just have to wait to see how that works out. Otherwise we have also been using our own existing resources—the embassies and other things—and we will just see how it works out in the budget this year.

Senator TROOD—Mr Ritchie, that is laudable but you are not exactly flush with cash to throw around on enterprises that you think are worth while, are you?

Mr Ritchie—It is really what the government thinks is worth while. I have mentioned before that it is a very high priority for the government and we therefore reprioritise to do that work. The Security Council campaign is obviously a major priority for the government. We had already started work before being allocated additional funding. We now have additional funding in additional estimates and we are bidding for additional money for the outyears, so we intend to devote a lot of effort to it if we can.

Senator TROOD—You should take it seriously since we are embarked on this course, but the question we all ought to be asking is why are we doing it and what particular dimension of the national interest would be advantaged if we were successful?

Mr Potts—I think the starting point is that the Security Council is the pre-eminent body in the United Nations. After all, it is the body that can take decisions binding on members, unlike the General Assembly, which is essentially exhortatory. The government also believes that global problems require global solutions and that only by participating, if you like, in the peak global body can Australia make its pre-eminent contribution to the multilateral system. Government is very strong on the multilateral system being one of the three pillars of its policy and it believes that, as a creative middle power, Australia has much to contribute to the work not just of the United Nations but also of the Security Council itself. I think it is fair to say as well that we would bring to the council, even as a representative of the Western European and Others Group, an Asia-Pacific dimension which, from time to time, the WEO group lacks. Also—and I hope we do not bring a touch of conceit to it—we feel that we would bring a sort of creative and practical approach to global issues, that essentially we are prepared to look at them on their merits and try and apply a practical approach to resolving issues.

Senator COONAN—The budget that you have mentioned does not include some announcements of very strategic aid that have been made by the minister. How does that relate to the UN bid or would you say it is just a stand-alone?

Mr Potts—It is essentially a stand-alone. I presume you are thinking of, say, the government's strategy towards closer relationships with Africa? I think it is fair to say that they would have taken those decisions on their merits rather than in relation to the Security Council bid. It could be that there will be some benefit down the track, but the decisions were taken very much on the basis that the government felt—and I think the minister is on record as saying—that we were a bit underdone on Africa.

Senator COONAN—Are you telling the committee that there are no collateral or related benefits of strategic aid announcements factored into any of the strategy in relation to the UN security seat bid?

Mr Ritchie—I think it is the other way round. As Mr Potts said, the minister believes that we were underdone with regard to Africa. Our interests in Africa have actually grown quite substantially in the last while, particularly with commercial and other interests in Africa—a lot of Australian mining interests and a lot of Australians there. He has decided that we should upgrade, to some extent, our relations with Africa. He therefore wants to spend more aid on Africa. That, I hope—and it would certainly be part of our strategy—also has a spin off for the Security Council. But that is not the principal reason why it is being done.

Senator COONAN—I am just interested to know whether it is factored into the strategy. We are talking here about the strategic plan for a successful bid.

Mr Ritchie—You will appreciate that we do not want to go too far into the strategy because our competitors are also—

Senator COONAN—Luxembourg will be listening.

Mr Ritchie—listening and reading our transcripts. But, as I said, we hope that what are good aid decisions in themselves, as part of a policy approach, will also factor and have a spin off for our Security Council gambits.

Senator TROOD—So, Mr Potts, does it come down to the fact that the world will be better off if we are there?

Mr Potts—No, I think it comes down to the fact that—

Mr Ritchie—Well, we do believe so.

Senator TROOD—I am not sure I do not intuitively believe that myself—

Mr Ritchie—It is not the first time we have run, of course.

Senator TROOD—I understand that. But the question is whether or not the expenditure of a significant amount of money for this department is worth the achievement of the prize.

Senator Faulkner—Well, it is true that the government does believe that Australia has a lot to bring to the Security Council, a lot to offer. I think Mr Potts ran through the sort of contribution that Australia can play. So, in some sense, I think the answer to your question is yes. There is a lot of insight and creativity—our practical problem-solving ethos—that I think would be of great benefit. And that is the view that the government takes.

Senator TROOD—It may be that that is the case. I guess there is no question that we do face global problems. There is a question about whether the UN is the means by which we can best address those problems, it seems to me.

Senator Faulkner—That is a reasonable thing for you to say, but of course there are very complex global challenges, and there are issues, as we all know, that no nation in the world, in the international community, can address on their own. These issues are so regularly considered at this estimates committee and in other committees at this parliament: international development, climate change, food security, terrorism, proliferations of weapons of mass destruction, and conflicts around the world. I believe that this is not an unreasonable perspective to have.

Senator TROOD—We may have different views on that. I note that—they are not in these estimates—we make significant contributions to international organisations, including the United Nations and the IAEA, on a regular basis. It is not as though we have neglected these enterprises. We have, in the councils of many of these organisations, voices which are heard—in the IAEA, for example. We are not without influence, Minister, in places where it counts.

Senator Faulkner—That is true.

Senator TROOD—Whether or not spending what might be \$10 million on an exercise of this kind is something that people of goodwill could disagree on, perhaps.

Senator Faulkner—I accept that you are a person of goodwill, and I would say to you that the multilateral system, particularly the United Nations, obviously plays an absolutely critical and central role in addressing the sorts of challenges that I was speaking about a moment ago. So I would commend that to you. I think that being an active player in the United Nations, and obviously being a member of the UN Security Council, eminently makes good sense

when you consider those challenges and the need for—as Mr Potts so eloquently said in answer to your first question—a global response to global problems.

Senator TROOD—We will perhaps pursue this further on some other occasion.

Senator Faulkner—By all means.

Senator TROOD—To return to our discussion on staffing, I would like to clarify something about the 32 that are mentioned in the estimates and allocated specifically to these tasks. Is it assumed that that is the number that will be required for these tasks, or are you planning to increase these numbers in relation, for example, to the non-proliferation commission regarding the UN activity? Or are you confident that these are the numbers that will be needed for these exercises?

Mr Wise—I think we could say that we are confident that they are the numbers we need for the current financial year. That is what we have funding for. I would add, of course, that on all these endeavours our posts abroad in particular—although it is also true of other parts of the department—make a contribution as well. So these are not the only resources devoted to these activities.

CHAIR—We have concluded the portfolio overview, although Senator Brown did foreshadow some issues to me, so if he does come back we might briefly return to that issue.

[10.07 am]

CHAIR—We now turn to output 1.1, Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity. We will turn firstly to North Asia.

Senator COONAN—I have some questions relating to Japan and whaling. First, I am particularly interested to know how many DFAT staff have been allocated to assist with Mr Hollway's position as Special Envoy for Whale Conservation?

Mr Potts—Mr Hollway is supported by the environment branch in my division, and it has a staffing of about four.

Senator COONAN—Four dedicated staff?

Mr Potts—Four people in the section, three of whom would work on whaling on a full-time basis.

Senator COONAN—What are the bands of those four people?

Mr Potts—There would be a director and two mid-level officers at around BB3.

Senator COONAN—Was Mr Hollway Australia's representative at the International Whaling Commission meeting of six nations in December 2008?

Mr Potts—No, he was not.

Senator COONAN—Did anybody represent Australia on that occasion?

Mr Potts—Yes, certainly. It would have been our whaling commissioner and other representatives from the department of the environment and the Department of Foreign Affairs and Trade.

Senator COONAN—So what DFAT staff accompanied the commissioner from DFAT?

Mr Potts—I think it was one officer, Mr David Dutton.

Senator COONAN—I realise there has been some subsequent history in relation to this, but the meeting at Cambridge discussed a compromise whaling package for the IWC. Is that correct?

Mr Potts—The IWC has begun what it calls a small working group, and that work is continuing.

Senator COONAN—What position did the government take to the small working group?

Mr Potts—The government is anxious to allow the small working group to consider proposals from a whole range of countries. We have certainly brought two proposals to the group. The first is a model for developing internationally agreed conservation management plans to improve protection for whales, to address the full range of threats to whales and to set conservation targets for a healthy whale population. The second is for the development of a non-lethal whale research partnership to improve international cooperation for genuine whale science. This is looking at non-lethal methods only and its embodiment is the Southern Ocean Research Non-lethal Research Partnership—the SORP. These are the two concrete proposals we have put up in the context of the IWC negotiations.

Senator COONAN—There was some publicity that suggested that there had been an agreement, or at least a negotiating position, on behalf of the government allowing limited whaling in Japanese coastal waters in return for a phased reduction of the Southern Ocean hunt. Is that correct? Could you place on record whether or not Australia made some representations to that effect?

Mr Potts—Minister Garrett said on 18 April that there are no formal proposals on the table and that is certainly the case. It is premature to rule things in or out before the next meeting of the intersessional processes in the IWC. There is, as you say, a Japanese proposal for small-type coastal whaling. That has been put in to the IWC, just as we put our own proposals in. What we are doing at the moment is simply trying to understand the nature and the context of all the proposals. I think there are some 33 at the moment that are in this mix.

I would point out also—and I think this testifies to the fact that there is still work to be done—that Japan is yet to address any of the concerns that we have raised, together with other whaling countries, about their own policies. All of this suggests that the negotiations are going to be challenging, but what is clear is what has been underlined by the environment minister—that we remain resolutely opposed to commercial whaling, including the so-called scientific whaling.

Senator COONAN—The government has not discounted taking international legal action to stop whaling and, in fact, prior to the election said that they were gathering evidence for such a purpose. Where is that up to? Have any serious steps been taken yet towards instituting international legal action?

Senator Faulkner—Let me perhaps make a comment as minister, Senator, and then officials can assist you with more detail. My understanding is that, while legal action remains under consideration, the government's first priority is very much a diplomatic solution on this

issue. That is the government perspective and the perspective of the relevant ministers. I will be quickly corrected if I am not right about that, but I am fairly confident that that is an accurate reflection of the government's position. If there are any further details required, we will certainly ask officials to provide them to you.

Senator COONAN—Have any steps being taken towards taking possible legal action?

Mr Potts—Yes, the government is on record as stating that the reason for dispatching the ship and the aircraft to monitor the Japanese whaling activities last season was to gather evidence for a possible case. And that evidence has been gathered.

Senator COONAN—Apart from evidence gathering, have any other steps been taken towards possible international legal action?

Mr Potts—Yes. Certainly the government has commissioned and received legal advice on the question.

Senator COONAN—Are you able to say who has provided the advice?

Mr McCarthy—DFAT, together with the Attorney-General's Department, has provided legal advice to the government with respect to Japanese whaling in the Southern Ocean. The Attorney-General's Department also commissioned an opinion on behalf of the government from Professor James Crawford, the whewell Professor of International Law at the University of Cambridge. That advice, of course, has been taken into account.

Senator TROOD—What is the next step?

Mr McCarthy—The matter remains under active consideration by the government.

Senator TROOD—When will that advice be provided to the government?

Mr McCarthy—Professor Crawford's advice was sought on 7 December 2007 and was received on 6 January 2008. Supplementary advice was also received from Professor Crawford on 12 March 2008.

Senator TROOD—So for nearly a year the government has had the legal advice in relation to this matter. Is that correct?

Senator Faulkner—The dates have been provided to you, Senator.

Senator TROOD—I just want to make sure that I understand what I am being told. I think that is a fair question, Minister. Mr McCarthy, am I drawing the right conclusion from the information you have provided us?

Senator Faulkner—We can be precise. The official has been absolutely precise about the timing.

Senator TROOD—Assuming that his precision is indeed accurate, the government has had, for nearly 12 months, advice about the legal position with regard to this matter. It has been, in other words, under 'active consideration' for nearly 12 months. Is that right?

Senator Faulkner—It is true that legal action is a matter that is under consideration. I indicated to Senator Coonan a little earlier that that was the case, but I also indicated to her, in answer to the first question that she asked, that the government is obviously very committed to pursuing a diplomatic solution. I do not think these things are inconsistent, Senator.

Senator TROOD—I did not say that.

Senator Faulkner—I know you did not. I make clear that they are not inconsistent, in fact.

Senator TROOD—Thank you for that.

Senator Faulkner—It is a pleasure.

Senator TROOD—One might have thought that we could maximise our determination to resolve this in ways which reflect our own view if we were to proceed simultaneously, both diplomatically and legally, but we do not seem to be doing that; we seem to be proceeding on a diplomatic front, and the legal situation—the action which was promised, in other words—is essentially sidelined. In fact, it would be a reasonable conclusion, I think, that we have abandoned all intention to undertake legal action on this matter.

Mr Potts—That is not my understanding of the situation at all, Senator. I think it is fair to say that the government has chosen to give priority to diplomatic means at the moment. A legal case remains a possibility. The next step, in a sense—you asked a question about next steps in the process—in the IWC process is an intercessional meeting in Rome at the beginning of March, which will be a way point to the annual meeting of the International Whaling Commission, which will be in Madeira in Portugal in, I think, late June or early July. For the moment, the work of the small working group remains underway. That will meet also in Rome at the same time as the intercessional process and its results will feed into the meeting in Madeira.

Senator TROOD—What you are saying, Mr Potts, is that nothing will happen until at least June in relation to possible action. Is that the conclusion?

Mr Potts—The government will be looking at Australian policy, I think, in the lead up to the IWC meeting in June and no doubt after it as well.

Senator TROOD—Having been absolutely determined to take legal action on this matter, as far back as 2007 I think it was, the government is now going to wait until at least June 2009 before it further considers the matter of pursuing that legal action?

Senator Faulkner—Senator, I have been very frank with you about this. We believe that it is in Australia's interest to pursue a diplomatic solution.

Senator COONAN—The problem with that, Minister, was that it certainly was not your view when you were in opposition. In fact the view of the current government when in opposition was that is excoriated the then government for not taking legal action, and it was part of your election promise that you would take legal action.

Senator Faulkner—I have said, Senator, and it has been reinforced by officials and I cannot be any clearer on this—

Senator COONAN—You are not the minister and I know—

Senator Faulkner—I know I am not the minister but I do represent him here, and I try to very accurately reflect government views at the table, as you would appreciate.

Senator COONAN—It is inconsistent to have pursued a policy position that you said you would take in government, then to suspend what you said you would do and then suddenly

decide that a different priority should be pursued, indeed, one very close to the one that the coalition had in government.

Senator Faulkner—Senator, I basically treat that as editorial comment.

Senator COONAN—Occasionally we have to do that, of course.

Senator Faulkner—Of course, and I think it is fair enough to make editorial comment. But my response here on behalf of the government has been clear to you that legal action does remain under consideration. We are pursuing a diplomatic solution as our first priority. I think that is very clear. It is certainly as clear as I can be.

Senator COONAN—Perhaps let me put it another way. We have not seen you take any legal action as, indeed, Labor said they would do in government and Japan is not showing any signs yet of phasing out or even suspending their whaling program, so what exactly has been done by Australia to encourage Japan to stop its whaling program since you have been in government?

Senator Faulkner—The government is resolute in its opposition—

Senator COONAN—You can say that but it does not look like it, does it? It is inconsistent.

Senator Faulkner—I do not think it is, Senator. This is a political view that you may have. I do not think that is accurate, but let me outline what the position is as best I can from a government perspective. The government is resolute in its opposition to commercial and so-called scientific whaling. I would say to you, Senator, that it is pursuing all avenues for a diplomatic solution. There have been a range of very high level talks that my colleague, Mr Smith, initiated with Japanese ministers and with Japanese counterparts. That dialogue, I believe, is continuing. We are pushing strongly for an end to scientific whaling through the IWC. There are a range of other measures including our commitment to the world's largest international non-lethal whale research program. Mr Hollway has been appointed as a special envoy for whale conservation.

You asked questions about his role earlier on. The plan is that obviously that will deepen our dialogue with leaders in Japan and other countries. All of this is, I think, a very clear indication of the level and extent of the government's commitment to find a diplomatic solution on this issue. Senator, I can only stress with you that the commitment from the government on this issue is very strong indeed. I hear your editorial comment but I believe the facts speak for themselves on this.

Senator COONAN—Mr Smith has said:

The ultimate objective is to get them to stop whaling and whether that is achieved by diplomatic measures ... or international legal action, is in some respects neither here nor there.

If it is neither here nor there whether there is international legal action or diplomatic measures to try to resolve this very vexing issue, when did the government decide it would not follow Mr Smith's statement and that it would follow diplomatic means as a priority?

Senator Faulkner—I do not have those comments in front of me but—

Senator COONAN—It is an accurate quote. I did not put an inaccurate quote to you.

Senator Faulkner—I accept that it is an accurate quote but I do not have the comments in front of me, nor their context. I certainly accept that you have provided an accurate quote to the committee. I would interpret this as a level of the commitment of the minister to end this practice. That is how I would interpret these comments, ‘neither here nor there’.

Senator COONAN—It is a sequencing issue. When did the sequencing become that you had to exhaust all diplomatic measures first and then you would look at whether or not legal action should be pursued, because in this particular instance he said it which method was the priority was neither here nor there.

Senator FAULKNER—The only assistance I can give you in relation to ‘sequencing’ to use your terminology—it is not terminology I have used; the terminology I have used is ‘priority’—

Senator COONAN—All right. Well, when did the priorities change?

Senator Faulkner—The priority of the government is to pursue a diplomatic solution on this issue.

Senator COONAN—When was that decided—because this quote was in June 2008? That was when it was neither here nor there whether international legal action would be preferred or diplomatic measures.

Senator FAULKNER—If you want me to have a closer—

Senator FORSHAW—That last comment that was made by Senator Coonan, to my recollection is not the actual quote from the minister that you read out earlier.

Senator COONAN—I will go back to the actual quote.

Senator FORSHAW—It is a matter of interpretation. You are putting your spin on what he said in that last comment.

Senator COONAN—I am not putting spin on it. This is not something to spin. It is an actual quote.

CHAIR—Order!

Senator FORSHAW—It is a matter of what that actually means. You are putting an interpretation on—

Senator COONAN—The minister is represented here and no doubt Senator Faulkner, if he wishes, will take it on notice and ask the minister if there was some change in priorities because—

Senator FORSHAW—My point was, does the original quote include the word ‘preferred’? Does it or not?

Senator COONAN—No; what it says is:

The ultimate objective is to get them to stop whaling and whether that is achieved by diplomatic measures ... or international legal action, is in some respects neither here nor there.

Senator FORSHAW—Exactly.

Senator COONAN—That is not consistent with exhausting all diplomatic—

Senator Faulkner—Senator—

Senator FORSHAW—It does not talk about—

CHAIR—Order! Order, please!

Senator COONAN—Can I just finish—

CHAIR—No, you cannot; I am speaking.

Senator COONAN—I—

CHAIR—I am speaking, Senator Coonan.

Senator COONAN—I am in the middle of a sentence.

CHAIR—I am asking you to stop speaking so that I can speak. We have a three-way discussion going here. Senator Forshaw has raised a point of order. You have responded and the minister has now intervened. We will have one conversation at a time, please.

Senator COONAN—To be perfectly clear, I was asking the minister when there was a clear enunciation on a change to prioritising exhausting all diplomatic efforts prior to pursuing or considering legal action.

CHAIR—Before you respond, Minister, on Senator Forshaw's point of order, I rule that there is no point of order and you should respond to Senator Coonan's question.

Senator Faulkner—First of all let me say—and I have said it before, but just to be clear—that I accept, Senator Coonan, that anything you say is a quote. I have not asked you to provide it; I accept that you have put that before me accurately. I would suggest to you, Senator, that there is no matter of concern or inconsistency here. What I have said, and what I believe to be the case, is that both legal action and a diplomatic solution, if you like, are options. I suspect that is why the minister has said it. It is just the vernacular, the normal use of language, that the matter is neither here nor there. That is because these are both options for the government given its strong commitment in this area. On top of that, I have made it clear that, of those options, we are vigorously pursuing a diplomatic solution as a priority. I think this is logical and consistent with what the minister has said—and you have quoted his words. I find it hard to come to the conclusion that you come to here, which I think is basically an editorial comment. That is fine; I have made a few of those myself at estimates committee. I have, and I acknowledge I have, but I hope that my response has now been able to clear the matter up for you.

CHAIR—Yes, the question appears to have been asked and answered. Do you have further questions on this issue, Senator Coonan? If you prefer, and you can bring it to speedy conclusion, we can do those now, or we can return after morning tea.

Senator COONAN—I think we should consider it after morning tea.

CHAIR—Okay.

Proceedings suspended from 10.33 am to 10.52 am

CHAIR—Order! I understand we are going to revisit a couple of outstanding portfolio overview issues. We may come back to address Japan and whaling some time later today.

Senator TROOD—I apologise for not dealing with these matters earlier. There are two issues. One is the figure of \$0.379 million in the budget statements about the department's contribution to the Pacific Seasonal Worker Pilot Scheme. What is the department doing in relation to that scheme that is attributable to that figure.

Mr Ritchie—The department is involved, as you can appreciate, in negotiating the international arrangements. The scheme has involved quite a lot of overseas travel to relevant countries as part of groups of Australian officials to negotiate the actual arrangements in those countries. We are not strongly involved in the domestic arrangements, although we are to some extent, given the international dimensions of it. The \$0.379 million in 2008-09 involved funding for DFAT staffing. We had a couple of people who were taken up quite substantially with that over the last while as part of negotiating the arrangements. As I said, there were travel costs related to the negotiation of bilateral MOUs with the three countries concerned and then there were a number of consultations we had to have both domestically and internationally with various stakeholders. We have been part of that. Even though we are not running the exercise we have been heavily involved in the international parts of that.

Senator TROOD—Have those agreements been concluded?

Mr Ritchie—Yes, all three of them for the pilot scheme.

Senator TROOD—So this is an additional provision of funding for that purpose. Is that right?

Mr Ritchie—No, this is money that we had expended, that we have been given to make up for money that we had otherwise absorbed as part of this.

Senator TROOD—I see. Was that funding necessary largely for Australia based staff or in relation to staff in the Pacific?

Mr Ritchie—Australia based staff.

Senator TROOD—They undertook the negotiations.

Mr Ritchie—A couple of our officers from our Pacific division were very heavily engaged in the negotiation of the bilateral MOUs.

Senator TROOD—The other matter I want to touch on is, I realise, potentially a sensitive area. There is a figure of \$4.5 million for enhanced intelligence capacity for ASIS. I appreciate the sensitivity of ASIS and I do not want to trespass on any operational matters relating to ASIS but I would like some clarity as to whether this relates to staff or equipment. Or is it related to buildings? It is not an insignificant amount of money given the budget both of ASIS and the department. Of course, Mr Ritchie, your answer will be observing proprieties.

Mr Ritchie—I am afraid proprieties would make me say that I am not able to go into that in a public forum. Of course, I am not from ASIS myself.

Senator TROOD—I appreciate that.

Mr Ritchie—There is a relevant parliamentary committee which has a monitoring role with regard to ASIS and its budget. Perhaps that would be the appropriate place to take that up—I am not sure.

CHAIR—Mr Ritchie, are you saying that you believe it is inappropriate to be answering policy questions on ASIS in this forum?

Mr Ritchie—Absolutely. That has been a normal practice. I apologise for that.

Senator TROOD—I will not press that matter. I realise it is a matter of some sensitivity. It does seem to me, though, that this is an area where we might need to revisit what has been, I gather, a long-standing practice. It seems to me that there are some matters relating to ASIS activities which could be examined in a public forum without any kind of cost or implications for ASIS's activity. But I respect the position that you have taken on this matter today, Mr Ritchie, and I will not press the matter.

CHAIR—We will now return to the agenda. We are still on North Asia.

Senator TROOD—I have questions on a couple of matters. The first is in relation to the Shanghai World Expo.

Mr Ritchie—Excuse me intervening but the officer who handles Shanghai World Expo, Mr Tesch, is in fact on his way back from Shanghai as we speak and will be available after lunch. I wonder if it might be possible to ask a question of him then. I apologise; his plane was delayed.

Senator TROOD—I am happy to wait if that suits the chair.

CHAIR—We can return to that issue when Mr Tesch is available.

Senator COONAN—I have a couple of questions relating to Guantanamo Bay and detainees—in particular, and confirmed by the government, requests from the USA for Australia to take in detainees from Guantanamo Bay. To what extent was DFAT consulted in relation to this?

Mr Ritchie—I will just ask the relevant officer to come forward.

Senator COONAN—I realise that there will be overlap with the immigration issues.

Mr Tweddell—Let me just recap. An approach was made to the Australian government by the United States government to resettle a group of detainees from the Guantanamo Bay detention facility in 2008. The government advised the United States, as is on the public record, on 2 January 2009 that it could not agree to this request. It was explained by the Acting Prime Minister in a media release on 2 January this year and in a media interview on 3 January—it is on the public record—that the government's decision was on the basis of Australia's stringent national security and immigration criteria.

Senator COONAN—My question was to what extent was DFAT consulted in relation to this decision.

Mr Tweddell—I am unable to comment in detail on the exact decision-making processes by which this decision was arrived at and which agencies and so forth were involved in the decision.

Senator COONAN—Did DFAT have any involvement at all or provide any advice in relation to the matter?

Mr Tweddell—Yes, indeed.

Mr Ritchie—We were certainly one of the agencies involved in those discussions.

Senator COONAN—I am just trying to establish from Mr Tweddell or yourself what DFAT's involvement was.

Mr Ritchie—I think it is fair to say that we are not the principal decision-making body.

Senator COONAN—Yes, I understand that.

Mr Ritchie—But we were certainly one of the agencies that would have been involved in the discussion.

Senator COONAN—What type of visa were detainees being considered for?

Mr Tweddell—I cannot say that I am expert on that.

Senator COONAN—We had one request—I am sorry, I might have missed the second bit—and there was an announcement by the Deputy Prime Minister on 2 January this year. Did you say that that was the second request?

Mr Tweddell—Yes, Senator.

Senator COONAN—And that was for Australia to do what?

Mr Tweddell—To accept a group of detainees from Guantanamo Bay.

Senator COONAN—How many?

Mr Tweddell—I am not able to comment on the details of the request. I hope you understand. It was a confidential matter between the two governments.

Senator COONAN—Which government made the request?

Mr Tweddell—The United States government.

Senator COONAN—Did China make any representations to the Australian government regarding any aspect of the Guantanamo Bay detainees request from the United States?

Mr Tweddell—As a general principle, I am unable to comment on discussions between our government and other governments on such issues. I think it would be right to say that any suggestion that the government's decision was taken in response to pressure from the government of any other country is wrong. Then Acting Prime Minister Gillard on 3 January underlined that the decision had been made strictly in accordance with Australia's national security and immigration criteria.

Senator COONAN—You are way ahead of me, because I was not suggesting that at all. I am just trying to find out what the representation was from China to the Australian government.

Mr Tweddell—I am unable to comment on discussions with any other government.

Senator COONAN—It is a shame, in a way, because if there is really no issue one would think that you can say something about it. If you cannot, of course, it leaves open all sorts of inferences to be drawn, doesn't it?

Mr Ritchie—I think all the officer is saying is that we do not normally reveal the content of discussions we might have had with other governments. It is as simple as that.

Senator COONAN—This was a request from United States, which is unsurprising, to Australia. What, of course, is of great public interest is what China was doing any representations. Is anyone able to assist the committee?

Senator McLucas—I think the officer has answered that question.

Senator COONAN—So it will remain a deep, dark secret. What are Australia's stringent criteria that were taken into account?

Mr Tweddell—I think the immigration and national security considerations, apart from the general comments I have made to you, are pretty much beyond my remit. It may be a question that would be worth asking in the relevant estimates committee.

Senator COONAN—All right.

Mr Ritchie—It is largely a matter for Immigration.

Senator COONAN—Yes, I understand that, and I prefaced these questions with a frank acknowledgement that that is the case. So what was DFAT's role in the consultations? What was DFAT advising about?

Mr Ritchie—I really do not wish to go into it. As I said earlier on, we are not the decision-making power in this. There are relevant immigration criteria and issues which the Minister for Immigration and Citizenship no doubt took into account. I imagine that what we provided was simply factual information which helped the government reach a decision on those matters. But I would not speculate further. I personally do not know. We are happy to take that on notice.

Senator COONAN—Mr Tweddell, do you know what factual information was DFAT asked about?

Mr Tweddell—I would have to take that on notice, if you do not mind, and see if there is anything else that can be added to the answer.

Senator COONAN—On what date was DFAT consulted in relation to the second request?

Mr Tweddell—I will take that on notice in the same spirit. I do not have that information.

Senator COONAN—If you are able to say, Mr Tweddell, who was involved from DFAT in providing advice in relation to this matter?

Mr Tweddell—It crosses a lot of different areas of the work of the department, as you can imagine—several divisions, including my own. There are legal considerations as well.

Senator COONAN—Would you be able to take that on notice for me, if you are not able to tell me?

Mr Ritchie—Yes.

Senator COONAN—I do appreciate the sensitivities, but I would like to get what I can that is appropriate. Is the department aware whether a similar request from United States has been made to any Pacific island country other than New Zealand?

Mr Ritchie—I will ask my colleague, Richard Rowe, to answer as one.

Mr Rowe—On the question of Pacific countries that might have been approached, that is really a matter for the United States government. So I am not able to comment.

Senator COONAN—Do you know whether it was in fact the case or not?

Mr Rowe—I am not able to comment on what approaches they might have made.

Senator COONAN—You are not able to comment. Okay. Is the department aware of whether China has made any representations to Pacific island countries regarding them taking in Guantanamo Bay detainees?

Mr Ritchie—No, we are not aware of that.

Senator COONAN—You are not aware of that?

Mr Ritchie—No. That would be a matter for those countries, but, no, we are not aware of it.

Senator COONAN—Has the department provided any advice to Pacific island countries on the issue of taking in detainees?

Mr Rowe—Not specific advice, no. Not to my knowledge, no.

Senator COONAN—So far as I understand the government's position in relation to this—Minister, you might be able to answer this—it has not ruled out considering requests on a case-by-case basis. Is that correct?

Senator McLucas—I will seek advice for you.

Senator COONAN—Can you ask? Do any of the officers at the table know?

Senator McLucas—Can I reinforce the comments that Mr Tweddell has given you that any—

Senator COONAN—I am just asking for the government's stated position in relation to whether or not it will take in detainees from Guantanamo Bay.

Senator McLucas—I will defer to Mr Tweddell.

Mr Tweddell—In her remarks on 3 January, the then Acting Prime Minister did say that the government will consider any future requests on a case-by-case basis against the stringent national security and immigration requirements.

Senator COONAN—I want to press DFAT for answers on this. I will not do it right now but I think there are some issues with other crossportfolio agencies, and it obviously has to be pursued in the right sequence. While I appreciate the sensitivities of some of the information, it does not appear to me that there has been a clear statement by the government apart from the fact that it still would consider Guantanamo Bay detainees on a case-by-case basis and according to criteria. As long as I have got that as the last word of the government, I will leave it for now. Is that right, Minister?

Senator McLucas—Certainly.

Senator TROOD—I just want to clarify the particular responsibilities of each of the departments here. I come back to the Hicks example, which of course is probably not representative of what might happen in relation to the existing Guantanamo people. Where do

the lines of responsibility exist in this matter—if there are any—between Immigration and the Department of Foreign Affairs and Trade? Are they completely unrelated?

Mr Ritchie—Pretty much. As I said before, we do not have any decision-making power in this regard. The resettlement of refugees and others is a matter for the minister for immigration. From time to time they ask us for advice on particular aspects of that: situations in various countries, issues relating to the relationship, and legal advice on international law. In the end, the person who will issue visas for these people is the minister for immigration. Of course, there is wider consultation within the government, including some of the security and other agencies that are involved.

Senator TROOD—Is it your understanding, Mr Ritchie, that were there to be a decision—and I acknowledge it is for the government to make a decision—in relation to taking a detainee then that would be a matter which would come within one of the categories of immigrants to Australia; is that right? Humanitarian, or refugee, or—

Mr Ritchie—Undoubtedly, but I am not an expert on the immigration program.

Senator TROOD—No, I do not press you on that point. We spent a lot of time on that earlier in the week. I understand that. I suppose the question is whether or not the department has been required to provide any advice to whomever—whether your minister or the Prime Minister's office—about the desirability of taking this course.

Mr Ritchie—I have already indicated that we were consulted about it, yes. But in the end, as I said, it is not our decision to make, it is the other minister's decision to make. We were asked for advice about various aspects of it and engaged in some aspects of it, but in the end it is a decision for the minister for immigration more broadly consulting his colleagues. I think that was the case on this occasion.

Senator TROOD—So the matter is on foot, as it were. Is that your understanding, that it is not settled one way or the other?

Mr Ritchie—With regard to the US request, yes, we have indicated a decision on those. As Mr Tweddell said, the acting Prime Minister indicated that if we get further requests we will also consider them—we, that is the government, will also consider them on a case-by-case basis according to the immigration criteria and other things.

CHAIR—We will return to North Asia, having visited the Americas.

Senator TROOD—I wonder if I can speak to somebody about North Korea. There are a couple of things here, Mr Fletcher. First is the status of our diplomatic representation with North Korea. The North Korean embassy I think is closed down here. Is that correct?

Mr Fletcher—Yes. We have an ambassador accredited to the DPRK from Seoul. The ambassador to South Korea is also accredited to North Korea and the North Koreans have their ambassador in Jakarta accredited to Australia.

Senator TROOD—I know Mr Gerovich has in the last few days arrived in Seoul, at least I think he has, and presumably he has not yet had an opportunity to go to Pyongyang.

Mr Fletcher—I think Mr Gerovich has arrived in Seoul slightly early and is doing some further language training before he takes up duty. But the current ambassador is still

accredited to North Korea and is in Seoul and will in fact visit Pyongyang soon as part of his departure. When they arrive in a post ambassadors normally visit the posts to which they are accredited and before they depart the post finally they make another visit.

Senator TROOD—So he will be going as he goes. Has he been there recently? Has he made any recent visits?

Mr Fletcher—He went late last year; I cannot recall the month. It was the second half of the year. This will be his second visit.

Senator TROOD—Is the department giving any consideration to the possibility that it might open a mission in Pyongyang?

Mr Ritchie—Not at this stage.

Senator TROOD—Mr Fletcher, I wanted to ask you about these rather alarming reports about North Korea's plans with regard to missile launches and things of that kind. What can you tell us about that?

Mr Fletcher—We do not have specific information beyond what we have all seen in the media, which is that there are reports that North Korea is preparing a launch of a rocket which they would call, it seems, part of their space program but I think the international community would regard as part of their missile program and therefore in contravention of the UN Security Council resolution 1718 of a couple of years ago. These reports are disturbing and we are taking steps to make sure that our views are registered in Pyongyang, both through the embassy in Jakarta that the North Koreans have and also the visit by our ambassador.

Senator TROOD—Have we registered our view on this matter so far?

Mr Fletcher—I am not sure if it has taken place. We have certainly instructed that it be done. A missile launch is possible but I do not think people think it is imminent. One would have to say that perhaps from the North Koreans' point of view, if they do in fact intend to do that, that is part of their negotiating strategy, so to speak, with the rest of the world in relation to their nuclear program. We have seen since late last year them pull back from cooperating in the six-party talks process and there has been an increase in rhetoric against the South over the last couple of months. It is all part of their own plan of seeking to gain an advantage for themselves in relation to the rest of the international community.

Senator TROOD—Mr Fletcher, I am intrigued that you understand their plan in ways which others seem not to.

Mr Fletcher—There is a view that the North Koreans are irrational. There is another view that, in fact, given what they are playing with they are playing their limited cards in the only way they can.

Senator TROOD—You have said—and I think this is the general assessment of the international community—that there seems to be a deterioration from the position which the North Korean government reached towards the end of last year—

Mr Fletcher—Yes.

Senator TROOD—which was actually reasonably encouraging about the direction in relation to these talks, was it not? Slowly, since that time, we have seemed to be stepping

back, and now we have this threat, perhaps, of something which would be entirely inconsistent with the obligations that we understood they had undertaken.

Mr Fletcher—Yes, that is correct.

Senator TROOD—I realise we are not part of the six-party talks, but is there any movement in relation to that matter which might derail this possibility? Is there any likelihood that in the near future the talks will resume? Is there a schedule for resumption of the talks?

Mr Fletcher—We are not aware of any rescheduling, but we have spoken to those involved and encouraged them to see if another meeting can be held. I think that in fairness the change of administration in Washington may have been a factor, at least in Pyongyang's thinking, to slow things down—to wait until the new administration was in office—but I think that during the Secretary of State's visit to the region last week the United States made it very clear that they are keen to get back into the process of discussion with North Korea on how it will dismantle its nuclear program.

Senator TROOD—I see. We will just hop onto the other side of the 38th parallel—I think that is it.

Mr Fletcher—Yes.

Senator TROOD—Yes, I thought so. We will just hop onto the other side of the 38th parallel and have a quick examination of our relations with the Republic of Korea—South Korea. I understand the President is visiting next week; is that correct?

Mr Fletcher—Yes.

Senator TROOD—What issues are on the agenda for that visit?

Mr Fletcher—We have a number of things that we are hoping to take forward during the visit. I would prefer to leave the detail of that to announcement at the time, but we are going to focus on our security relationship and our trade relationship.

Senator TROOD—I see. I know we are doing trade later on, and I assume you will be back later in the day to discuss matters of trade.

Mr Fletcher—Yes.

Senator TROOD—So I can leave that there. Are the security relationship issues related specifically to the North Korean matter or are they related to other matters?

Mr Fletcher—No, our two countries have a lot in common in relation to the regional security of the East Asian region. It is an area where we think we can make some progress, as we have with Japan in recent times.

Senator TROOD—I do not have anything further.

[11.23 am]

CHAIR—Are there further questions on North Asia? No? We will now turn to output 1.1.2, South-East Asia. Does anyone have questions on South-East Asia?

Senator COONAN—I have some questions on Pakistan and Afghanistan later.

Mr Ritchie—That is under our South Asia division.

Senator TROOD—Mr Woolcott, I want to explore with you the situation in Burma, to begin with. Perhaps you can quickly give us an update on the progress after the events in relation to the disaster that occurred there and the state of our aid relationship et cetera.

Mr Woolcott—In terms of the aid relationship, AusAID are probably better equipped to provide you with information on that. I am very happy to talk about the political aspects, including how that impinges on the aid relationship.

Senator TROOD—Okay. Perhaps you could do that in the context of how we view the concerns within ASEAN about Burma's position with regard to human rights and things of that kind and what we are doing to prosecute what we clearly see as an issue there.

Mr Woolcott—The main track for international diplomatic efforts on Burma at the moment is through the United Nations processes. The UN Secretary-General's special adviser on Burma, Mr Gambari, just visited Burma again recently, from 30 January to 2 February. On this occasion he met with the Prime Minister, he met with Aung San Suu Kyi and he met with others in the NLD central executive. He has made a number of visits now. His previous visit, late last year, was a fairly grim one; that was the one when Aung San Suu Kyi declined to meet with him. This visit was better in that he got to talk to a lot of the parties, but you would have to say progress remains very, very slow on Burma. Following Gambari's visit, the Burmese government did announce the release of some 6,000 prisoners, including about 20-odd political prisoners, as part of an amnesty—and they do have these rolling amnesties every now and again. That was seen by the international community as a very small but slightly positive step.

There remains a big gulf between how countries in the international community want to approach Burma. You still have those whom I call the like-minded group—Western Europe, us, the United States, Canada—who take one approach, and then China, India and some others in ASEAN who regard the road map which the Burmese have set out for their elections in 2010 as the correct approach and believe that we ought to be basically taking a kinder and softer approach to Burma. That is not the approach of this government.

Senator TROOD—I see. Glacial, perhaps, is a word that comes to mind in relation to progress.

Mr Woolcott—Glacial would be right.

Senator TROOD—Perhaps you can encourage me to think we are not glacial with regard to the intention of the government to take the junta to the International Criminal Court. What is the status of our intentions there?

Mr Woolcott—I might ask my legal colleagues to handle that particular question.

Senator TROOD—Is that not your responsibility?

Mr Woolcott—It is not my responsibility, no.

Mr Ritchie—Mr McCarthy will answer that, Senator.

Senator FORSHAW—While Mr McCarthy is coming to the table, how many trips has Mr Gambari made to Burma as the special envoy?

Mr Woolcott—I think it is about five, but I may have to correct that figure.

Senator FORSHAW—Has he provided the Secretary-General or the UN with a formal report on each occasion? I recall he did at the end of 2007.

Mr Woolcott—After each visit he reports back to the UN Secretary-General. He also reports to the Security Council in closed session. He also reports to a group called the Group of Friends, which has been set up by the UN Secretary-General, on Burma which Australia is a member of, so we have good access to Gambari.

Senator FORSHAW—Thank you.

Senator TROOD—I do not know if you heard my question, Mr McCarthy.

Mr McCarthy—Yes, I did. Burma is not a signatory to the Treaty of Rome or a states party of the International Criminal Court, so there would only be two ways in which the International Criminal Court would have jurisdiction over the situation in Burma. One would be that Burma refers itself. While that would be unlikely at the moment, it is always possible that a future regime may refer actions that have taken place under previous regimes. The other option would be if the situation was referred by United Nations Security Council resolution.

Senator TROOD—Since the first course seems unlikely—to say the least—at the moment, what are we doing about the second course?

Mr McCarthy—I think the assessment would be that a Security Council resolution would be unlikely to be passed at this stage.

Senator TROOD—That may well be an accurate judgement of what the Security Council's intentions would be on this issue, but the Prime Minister himself has made it clear that he regards it as a matter of some priority that we ought to take this course. So I suppose my question is: has anything been done to implement the Prime Minister's express desire with regard to this issue? Perhaps I can just help you with a quote from the Prime Minister:

Labor ... also believes it is time to request the UN Security Council to authorise the International Criminal Court to commence investigations into Burma's leaders for crimes against humanity.

So the Prime Minister is on the record on this issue, very clearly. Has the mission in New York done anything to action that intention?

Mr Woolcott—The government's approach to Burma is to try to get results—to try to move the Burmese junta towards a freer and fairer political system, and so we work with the international community on that. There is no sense in the international community that Security Council action on Burma and taking them to the ICC is in any way possible at this time, so the government's approach has been to keep that as an option in their back pocket. But it would be an utter act of futility to pursue that approach, and counterproductive to other efforts we make internationally to try and move the Burmese regime forward.

Senator TROOD—So, Mr Woolcott, the Prime Minister is uttering futilities in relation to this?

Mr Woolcott—No—at this stage the judgement is that it would be futile. That does not mean that it would be in the future, and does not mean that the international views may not change on this. But, at the moment, the assessment by the government is that it is not going to happen.

Senator TROOD—I see. So no action has been taken—is that right?

Mr Woolcott—It is kept under review.

Senator TROOD—So have you resolved at this juncture that no further action should be taken at the present time?

Mr Woolcott—No. It is under review. If it ever became an option, if the view in the international community ever became that such a thing were possible, I am sure the government would look at it very closely.

Senator TROOD—Mr McCarthy, it sounds a bit like whaling: a promise was made in relation to international litigation, on a matter of some significance to the Australian interest, and the government has decided for whatever reason not to prosecute the matter.

Mr McCarthy—I would not characterise it like that. Soundings have been taken in New York. Discussions are being had on an ongoing basis. But the assessment at this stage is that we would not be able to obtain a Security Council resolution to refer the situation to the International Criminal Court and, of course, the optics of trying a resolution and failing would be quite detrimental to the cause that we are trying to further.

Senator TROOD—So we actually have investigated the matter through our mission in New York—is that right?

Mr McCarthy—There have been discussions; yes.

Senator TROOD—So we have had discussions with members of the Security Council as to the possibility of a resolution of this kind being passed?

Mr McCarthy—Yes, of course—and with others too.

Senator TROOD—And the result of those inquiries and consultations is that we have reached the conclusion that, at this stage, there is no likelihood of that kind of resolution being passed?

Mr McCarthy—I think would be fair to say that, at this stage, a Security Council resolution referring the situation in Burma to the International Criminal Court is not in the offing.

Senator TROOD—So the answer to that question is yes?

Mr McCarthy—It is not a realistic proposition at this stage, which is not to say that it may not be at some future stage.

Senator TROOD—Is it your view, given your legal position—and allowing that Burma is not a signatory to the statute, and allowing that there is very little likelihood that the Security Council would agree to a reference—that the kinds of activities in which the regime has engaged would fall within the jurisdiction of the International Criminal Court?

Mr McCarthy—I think you are asking me to provide legal advice, and you would be aware of the longstanding practice with respect to that.

Senator LUDLAM—There was a strong statement from the Minister for Foreign Affairs last year about the increased sanctions that Australia placed on Burma. Can you tell us what

efforts the government is undertaking, or can undertake, to halt the engagement of Australian businesses or investors with the Burmese regime?

Mr Woolcott—Australia's policy has been not to encourage or discourage Australian trade with or investment in Burma. We take a neutral position on that. There are no Security Council mandated economic sanctions on Burma, and the Australian government does not have economic sanctions on Burma.

Senator LUDLAM—What kind of advice does that translate to on the ground?

Mr Woolcott—We have no Austrade representative in Burma.

Senator LUDLAM—Do we have a high commissioner?

Mr Woolcott—We obviously have an embassy in Burma, but again the policy is not to support Australian business in Burma—and that is reflected on the ground by our ambassador.

Senator LUDLAM—And the ambassador would not be meeting with Australian business representatives?

Mr Woolcott—They would be doing nothing to encourage Australian business.

Senator LUDLAM—So, apart from in a consular capacity, they would not be offering any other kinds of advice or support for Australian businesses?

Mr Woolcott—No.

Senator LUDLAM—Can you tell us why we are not discouraging Australian businesses from going into Burma? There is a fair bit of activity.

Mr Woolcott—Trade is very small. I think our trade with Burma is worth about \$20 million each way. We take a bit of seafood from them. On the investment side, again it is very small. The view has been twofold: firstly, that economic sanctions will not work because China, India, Russia and all the ASEAN countries around Burma actively deal with Burma and they have no intention of doing anything else but continuing to actively trade with Burma.

Senator LUDLAM—But we are not setting our foreign policy according to the priorities of other countries.

Mr Woolcott—No, but we have to deal with the real world, and economic sanctions would not be effective at this point.

Senator LUDLAM—The United States, European countries, Canada and a large number of countries that we would normally consider to be our allies do have sanctions on Burma.

Mr Woolcott—To varying degrees. I remind you that two of the largest oil companies in Burma are Total and Chevron.

Senator LUDLAM—Yes, but I am aware of Western Australian investors in, for instance, the oil and gas industry who are working quite freely in Burma. You do not see any need for a change in policy? I guess it is not your role to advise.

Mr Woolcott—Exactly. Thank you, Senator.

Senator LUDLAM—I want to turn to humanitarian aid. Can you give us your assessment—as frank as you are able to be in an open forum—of the impact of the

engagement that governments are making in terms of aid provision and so on following the cyclone in Burma.

Mr Woolcott—I am very conscious that this is really an issue for AusAID. I could talk a little bit about this but not in any detail on the political aspects.

Senator LUDLAM—I respect that. From a foreign policy point of view, do you have a view on whether aid that is being provided by Western governments, including Australia, is playing a role in sustaining the regime, as some have commented?

Mr Woolcott—The purpose of our aid has been not to sustain the regime. We try to very carefully craft it in a way that it gets to the people who actually need it. There is an argument here about double jeopardy in a way: if you have a very bad regime which oppresses and mistreats its people, do you ignore the people as well, such that they are in not only in jeopardy from their own government but neglected by the international community? This government's approach, like the previous government's approach, is to try to provide assistance to Burma in a way which benefits and gets to the people who need it without being used to benefit the regime. We are very conscious of that dilemma.

There is a very interesting figure here. On a per capita basis Burma gets US\$3 per capita international aid whereas a country like Laos gets US\$66. I think that says a lot about the situation in Burma. We tried to use our response to Cyclone Nargis as a way to get into the Burmese community and it was quite successful. Australia gave some \$55 million as part of the Cyclone Nargis response. Again, you would need to talk to AusAID about the details but our sense is that the tripartite core group that was set up—Burma, ASEAN and the UN—to manage that process has worked very well. Whether there was much opening up of the system you could debate, but there has been much greater access by the international NGO community for the Irrawaddy Delta and those areas affected by the cyclone and we were able to get aid to the people who needed it, so I think that was quite effective.

Senator LUDLAM—So in your evaluation and speaking strictly of Australian aid, you are not too concerned that we are inadvertently propping up or supporting the regime?

Mr Woolcott—We watch that very carefully. We would obviously be concerned if that were to happen but it is something we watch very carefully.

Senator LUDLAM—I have one last question on Burma. The foreign minister again quite correctly noted that the constitutional referendum that occurred was a complete sham and indicated that the government would continue to press for meaningful progress towards democracy. Can you tell us what your thinking is around the 2010 election and whether the Australian government or your department has a view on the validity of the election as it is currently structured?

Mr Woolcott—As you rightly pointed out, elections have been set for 2010 as part of the Burmese government's roadmap. The constitution was approved by a referendum in May last year where some 92 per cent—an improbable figure—voted in favour of that constitution. The minister has referred to the constitution as fundamentally flawed. His judgement is based on a number of reasons behind the main flaws not only in terms of what the constitution sets out in terms of the role of the military and the rights of citizens but also in terms of the process and how that referendum was conducted. We would have to say that we have not seen

the electoral laws yet. There has been no indication of how the election is going to be conducted. We would wait for that and we will have to wait and see how much space the government chooses to give to the opposition. But I am sure it is not an election which the government intends to lose.

Senator LUDLAM—I was referring more, I suppose, to an Australian government position. It is an election on a constitution that the Australian government has—

Mr Woolcott—It has called it fundamentally flawed.

Senator LUDLAM—criticised pretty heavily. So do you have a view yet on whether we would be respecting the outcome of any election that does take place?

Mr Woolcott—Not at this point. If it turned out that the NLD were allowed to compete, if Aung Sang Suu Kyi were allowed to be part of the process, obviously many of these issues will hang on our response to the outcome of the election.

Senator LUDLAM—Great. I will leave it there.

Senator TROOD—Mr Woolcott, I am not sure whether you are the person to speak to about this but I want to talk about the Asia-Pacific community initiative.

Mr Woolcott—I handle the policy aspects of that. I have nothing to do with the financial aspects of that.

Mr Ritchie—We will handle that.

Senator TROOD—I have a question about both matters. The financial dimension related to the \$500,000 which has now been voted in the estimates for this activity. Mr Wise or Mr Ritchie, can you please explain to us what the money is for?

Mr Ritchie—Yes, Senator. I will ask Mr Wise to respond in more detail if we can. As for the \$0.546 million that we have provided for in 2008-09 in the additional estimates, as you say, the costs to be covered by that funding include travel and other costs for Mr Woolcott, the costs of a DFAT officer to accompany him and provide policy support to him and one or two additional resources in Canberra to manage the travel and other arrangements of Mr Woolcott.

Senator TROOD—Is this the whole of the budget for these consultations?

Mr Ritchie—That does not cover his contract. That is just the ancillary costs associated with it, not his direct contract.

Mr Wise—Yes, it does.

Mr Ritchie—Sorry, Senator, excuse me; I stand corrected by the experts here, and that is only for one year.

Senator TROOD—I see. And you expect the matter will be concluded within this budget period?

Mr Ritchie—Yes.

Senator COONAN—If I may jump in for a second: Mr Woolcott, Mr Richard Woolcott's contract states that two progress reports are to be handed in by 8 December 2008. Has that happened?

Mr Woolcott—The interim report has been provided to the Prime Minister. The envoy is visiting Canada and the United States, including Honolulu, and this will be the last leg of his consultations process. He will then provide a final report to the Prime Minister.

Senator COONAN—Can you indicate when the consultations are due to be concluded? Obviously, there is a time frame that kicks in.

Mr Woolcott—Yes, I think it is a 30-day time frame, as I understand it. They are due to be concluded fairly soon. I think he returns on 6 March from this last leg of his visit.

Senator COONAN—So we can reasonably suggest that it might be within 30 days of that date—roughly that?

Mr Woolcott—Yes.

Senator COONAN—Was the continuing idea of the APC discussed at the recent Australia-Indonesia Conference in Sydney? If so, to what extent?

Mr Woolcott—No. The Australia-Indonesia Conference in Sydney did not focus on security issues. Its focus was very much on people-to-people issues. It was divided into a number of different segments: democracy, environment, business and development. It was essentially about media and people-to-people contact. So security issues were not dealt with in any great detail, although there were senior people from the security community there. I do not recall the APC being actually mentioned in the context of the conference.

Senator COONAN—Has the APC now resolved itself into being focused mainly on security issues rather than on broader issues?

Mr Woolcott—No. The Prime Minister's vision of an Asia-Pacific community, which would be one that would transcend—

Senator COONAN—Hasn't been diminished?

Mr Woolcott—It would transcend all the issues. It would transcend economic, social, political and security.

Senator COONAN—That is why I was interested to know why it was not mentioned at the Australia-Indonesia Conference.

Mr Woolcott—It was very much a bilateral conference. It was not looking at regional architecture. We did not discuss ASEAN either, or the East Asia summit.

Senator TROOD—Mr Woolcott, there have been some reports on Mr Woolcott Sr's findings on this matter as a result of his consultations. Can you tell us whether or not the report that appeared in the press, in the *Australian*, towards the end of last year is an accurate account of the results of his consultations so far? He is alleged to have said

... there was a clear preference for an expansion of existing institutions—most likely APEC or the East Asia Summit—rather than an overarching new structure.

Is that an accurate account of his views on the matter?

Mr Woolcott—In form it is a piece of journalism by a well-respected Australian journalist. Mr Kelly wrote that, as I recall. I do not want to pre-empt what is in the final report to the Prime Minister.

Senator COONAN—Is that an incorrect report?

Mr Woolcott—By saying that I would be pre-empting what was in the final report.

Senator COONAN—It was a briefed interview with Mr Woolcott. Are you suggesting that he was incorrectly reported by Mr Kelly?

Mr Woolcott—The envoy has been reported in a number of media articles as saying that he has had a very good reception in the region in his consultations process. But at the same time, whilst there was wide interest in how an Asia-Pacific community might be developed, there was not a lot of enthusiasm for a whole new institution.

Senator COONAN—So that is correctly reported?

Mr Woolcott—I think he has been accurately quoted in regard that.

Senator TROOD—Is this also accurate, Mr Woolcott? This particular quote is actually in quotation marks, so I assume it purports to be an absolutely accurate recording of Mr Woolcott's view:

“We have encountered some interlocutors who feel that some new arrangement may be necessary in the longer term, but the majority view so far is that it is likely to be more effective, or more workable, to deal through existing organisations,” Mr Woolcott said.

Mr Woolcott—I have not actually asked him whether that is an accurate quotation, but he has not sought to correct it.

Senator TROOD—Let us assume that the integrity of this journalist is unimpeached in that respect and that this in fact represents an accurate account. It suggests, does it not, that there is not much enthusiasm for the Prime Minister's vision?

Mr Woolcott—No. I do not have the article in front of me, but the lead-in to it was that there are a whole variety of views out there on this, and some had expressed a view along those lines. I think there is a whole spectrum of views out there on this. It is a complex issue. A lot of people have different ideas, and that is what the consultation process is designed to do—it is designed to go out and find out what people's ideas are. Then he will come back and his final report will try and pull all this together and make recommendations to the Prime Minister. But there is no doubt there is a spectrum of views out there. The one thing I think is accurate is that there is no great enthusiasm for a whole new piece of architecture. They would like to make the existing ones work, but as to how you do that there are lots of different views.

Senator TROOD—I think that is not where the Prime Minister began when he initiated this process.

Mr Woolcott—He initiated a consultation process—

Senator TROOD—I understand that.

Mr Woolcott—and that is what the final report will set out: what ideas are out there and what may be doable.

Senator TROOD—He is also reported to have said that governments around the region were concerned that there were too many high-level meetings taking up too much time of

leaders. Is that also, to your understanding, an accurate reflection of at least some views that exist around the region?

Mr Woolcott—Again, I have not talked to him about this article, but if it is in quotation marks and he has not sought to have it corrected I will leave it there.

Senator TROOD—So that could be an accurate representation of some of the views that exist around the region?

Mr Woolcott—There is no doubt that, if you look at the institutional architecture—whether it be all the ASEAN summits, EAS, APEC—there are a lot of demands on leaders' time. That is again one of the issues that he will grapple with in the final report to the Prime Minister.

Senator TROOD—He is coming back from North America directly early next month, as I understood you to say—

Mr Woolcott—Yes, that is right.

Senator TROOD—and will provide his final report. When will that be?

Mr Woolcott—My understanding of the contract is that it is within 30 days. Is that correct?

Ms Thorpe—That is correct.

Senator TROOD—Within 30 days of his return or the conclusion of his consultations?

Mr Woolcott—Within 30 days of the conclusion of his consultations.

Senator TROOD—I see. What, then, do you expect to be the disposition of this matter? It would presumably go to the Prime Minister for consideration.

Mr Woolcott—That is entirely a matter for the Prime Minister. I cannot comment on that.

Senator TROOD—But you will regard that process as having been concluded when he puts his final report in?

Mr Woolcott—We will have delivered a final report. That will be concluded and then it is a matter for the Prime Minister as to what to do with it.

Senator TROOD—But the department does not intend to invest any further resources in the process after that report has been concluded—is that right?

Mr Ritchie—That will depend somewhat on what the Prime Minister decides the next steps in response to that will be.

Senator LUDLAM—Briefly, could I come back to the conference that Senator Coonan touched on, the conference on the future of the Australia-Indonesia bilateral relationship that was held in Sydney earlier this year. I should just check—Mr Woolcott, were you at that conference?

Mr Woolcott—Yes, I was.

Senator LUDLAM—Can you tell us, if you have the information at hand, how much public funds were spent organising and holding the conference in total?

Mr Woolcott—If you will excuse me for a moment, I have those figures. Our estimate is that the total cost of the conference to the Australian government was less than \$300,000, although that does not include corporate sponsorship from ANZ, McRae Investments and Allens Arthur Robinson for individual conference events, and it does not include in-kind support from the Lowy Institute for International Policy.

Senator LUDLAM—The Commonwealth contribution was somewhere less than \$300,000.

Mr Woolcott—It was less than \$300,000. We are still paying the final bills for that.

Senator LUDLAM—It was just an order of magnitude that I wanted. Can you tell us a bit about the conference, including who chose the list of speakers and who chose the topics for discussion?

Mr Woolcott—The list of speakers and the topics were decided on by Mr Smith, the foreign minister.

Senator LUDLAM—So he was quite closely and personally involved in setting the agenda for the conference?

Mr Woolcott—Yes. What we were trying to do with this conference was something different, something that had not been done before in Australia. In government there is a fairly good understanding now that the political relationship is very strong at every level. What is missing in the relationship are the people aspects—the media contacts, the contacts with NGOs and some of the educational linkages. So we were very interested in trying to focus on that and make this conference a bit different from previous conferences on the Australia-Indonesia relationship.

In that regard I believe the conference was a considerable success. We had three ministers from the Australian side—the Minister for Climate Change and Water, the Minister for Trade and the Minister for Foreign Affairs—and their counterpart ministers from the Indonesian side, and we had some 140 delegates pretty evenly split between Australia and Indonesia, representing a very impressive cross-section of their civil society and political leadership. In that sense I think it was a very useful event.

Senator LUDLAM—Can you tell us the role that the Lowy Institute played and when they were brought on board—or were they part of initiating the conference?

Mr Woolcott—Lowy was brought on board very early in the process. Before advice went to ministers on the conference we had had discussions with Allan Gyngell at the Lowy Institute about his preparedness to be heavily involved in the conference, and in the end he was the moderator for the overall conference.

Senator LUDLAM—Were there any other organisations, universities and so on approached to assist in the organisation of the conference?

Mr Woolcott—No. Obviously a number of Australian academics attended but there was no other assistance. DFAT did it itself, with Lowy.

Senator LUDLAM—Any other non-government organisations from the Australian side involved in the organisation?

Mr Woolcott—No. Again, I am very happy to provide you with the attendance list if that would be of interest to you.

Senator LUDLAM—Yes, that might be helpful.

Mr Woolcott—I do not have it with me now but I would be very happy to send that to you with the conference documents.

Senator LUDLAM—That would be helpful. That might pre-empt the next one or two questions. Were there any West Papuan people invited to the conference or did any attend the conference—either in the exile community here or brought down from West Papua?

Mr Woolcott—Not that I am aware of. Certainly on the Australian side there were no people from the lobby groups here for West Papua. On the Indonesian side I am not sure whether there was any Papuan representation. I would have to check that and I will let you know when I send you the other documents.

Senator LUDLAM—We can probably assume that that was not the case. Was there a decision made not to invite or to exclude the West Papuan community from the conference?

Mr Woolcott—Again, the conference was trying to get away from what you might call security type issues and look at the people issues.

Senator LUDLAM—You did not mention democracy before.

Mr Woolcott—Yes, I did mention democracy. I can say that Papua was raised in the discussions.

Senator LUDLAM—In what sort of context?

Mr Woolcott—It was raised by a number of participants on the Australian side and on the Indonesian side in the context of making special autonomy and democracy work better in Papua.

Senator LUDLAM—Can you tell us what sort of outcomes of the conference were made public?

Mr Woolcott—The next step is to work with the Lowy Institute in producing a Lowy paper, which they produce themselves on a range of subjects, on the conference. We are working with Lowy on that now and we would hope to have that ready for publication in the next few weeks.

Senator LUDLAM—Okay, so there is some record. Lastly, did the conference discuss the Indonesian military's role in illegal logging of old-growth forests or resource extraction in West Papua?

Mr Woolcott—There was a session on environment which looked at a whole range of issues. Obviously, climate change and forestry came up. Illegal logging came up as well, but I do not recall it being particularly directed to allegations that the Indonesian military were involved in it. But illegal logging was discussed at some length. Another area which was seen as something which needed a lot more work between us was oceans policy.

Senator LUDLAM—I have no further questions. Thanks for your answers.

CHAIR—Are there further questions on South-East Asia?

Senator TROOD—I have a very general question, Mr Woolcott, about the global financial crisis and its impact on South-East Asia. Have you done any work on that at this stage? Have you done any sort of assessments or analysis of how that part of the region is going to be affected by the crisis?

Mr Woolcott—We have. It is clearly getting a little grim out there. I can take you through it for some of the major economies in the region, if that would be helpful, but it depends how long you want me to be in this answer.

Senator TROOD—I am sure you could spend a lot of time on it.

Mr Woolcott—I could spend a lot of time. I will try and keep it brief.

Senator TROOD—Good.

Mr Woolcott—Clearly, it has had a significant impact. In Indonesia, you can see economic growth decelerating quite suddenly. The IMF has now forecast growth to be three per cent in 2009, well below trend and the growth rate of six per cent in 2008. They have also launched quite a large stimulus package.

In Malaysia, for example, the IMF predicts a GDP growth rate of 0.5 per cent in 2009. That is down from 2.2 per cent in 2008, and Malaysia's budget deficit is running at four to five per cent. Malaysia's manufacturing sector, particularly its technology sector, which accounts for 50 per cent of its exports, has been hit very hard. The Malaysian government released a US\$2 billion stimulus package in November, and a second stimulus package is expected in the next few months.

Singapore, which has a high dependence on external trade, is experiencing a very sharp economic downturn and predicting negative GDP growth of between two and five per cent in 2009. Non-oil exports in January 2009 fell by almost 35 per cent compared to January 2008, so that is a pretty grim picture for Singapore. In January they announced a budget resilience package of around US\$20.5 billion, and that will create for Singapore a historic deficit of around 3.5 per cent of GDP.

In Thailand, economic growth is fading fast. They have been hit by some political instability and the issues in tourism recently, which you will recall from the newspapers at the end of last year. On their economic growth rate: there was a contraction of 4.3 per cent in the final quarter of 2008, and the government recently revised its GDP growth in 2009 to between zero and minus one per cent. Again, there is an economic stimulus package there of about US\$12 billion, which was announced in January.

The Philippines has not yet been heavily affected by the global financial crisis, but the concerns are, for example, that the IMF has projected growth to fall from 7.2 per cent in 2007 to 2.3 per cent in 2009 and private forecasts are saying it will go to zero, and there is a big issue about what is going to happen with remittances from overseas workers, which the Philippines economy is heavily dependent on.

Then of course there are the smaller economies which are less integrated into the international financial system but are also being impacted by what is happening, so it is a pretty grim picture out there.

Senator COONAN—This may not be the right place to ask this question, but what is the department doing about preparation for the G20 meeting?

Mr Woolcott—That is not my area.

Mr Ritchie—We are quite heavily involved. The relevant officer, Paul Tighe, is just coming to the table. We have established a special unit within the department that looks at the global financial crisis, which comes within Mr Tighe's division. We have been undertaking quite a lot of work on that and on the crisis more generally. Now that he is here, I will hand over to Mr Tighe.

Senator COONAN—Thank you. I am just very interested. We are co-chairing one of the workshops, aren't we?

Mr Tighe—The department has been quite actively involved in a whole-of-government effort on the G20, which is coordinated out of the Department of the Prime Minister and Cabinet and involves, obviously, very heavily, the Department of the Treasury as well. From our department's perspective, our two main areas of activity have been through the diplomatic network in the advocacy of our approaches towards the G20 and the solutions internationally to the global financial crisis. We have also been very heavily involved on the trade policy response to the crisis, in particular to ensure that there is no reversion to trade protectionism globally or with major trading partners as a result of the crisis, and also to try and promote a trade response to the crisis, in particular through promoting a conclusion of the Doha Round negotiations.

Senator COONAN—Is Australia a co-chair of the working group in relation to the IMF?

Mr Tighe—Yes, that is right. There are four working groups, one of which relates to the IMF, and Australia co-chairs that working group with South Africa.

Senator COONAN—Are you in a position to tell the committee at this stage what position Australia is going to be taking to the G20 conference in relation to that particular undertaking?

Mr Tighe—Not really, Senator. That work is ongoing. There is a meeting of what the G20 calls 'finance ministers'—in other words, treasurers—in March which will finalise the work that is going into those different reports.

Senator COONAN—What is the nature of the department's input into preparations for the G20? We can well understand what Treasury would be doing and what their remit is. What is the department actually doing?

Mr Tighe—Again, our effort concentrates on those two areas I mentioned to you before—

Senator COONAN—On trade and—

Mr Tighe—on harnessing the diplomatic network to advocate the positions that are being developed by us and other agencies as well and also on the trade policy front.

Senator COONAN—What meetings have been held or are in prospect prior to the May meeting?

Mr Tighe—The leaders meeting will be held on 2 April in London. Prior to that, as I said, there is a meeting of finance ministers in March, and there is an ongoing process of

consultations, some via teleconference and some via physical meetings, of either what are called the 'sherpas' or the finance deputies. So there will be a number of those meetings leading up to initially the finance ministers meeting in March.

CHAIR—Are there further questions on South-East Asia?

Senator TROOD—I wanted to ask Mr Woolcott a question. You have given us a fulsome account of the economic implications of all this and how it is going to affect growth in the region, Mr Woolcott, but can you tell us whether or not you have spent any time thinking about what might be the geopolitical consequences or the political consequences for regimes, governments and states around the region?

Mr Woolcott—I am happy to start. Paul Tighe might want to come in on this as well. Yes, we do, obviously. Indonesia is the only country in South-East Asia which has elections this year. They start on 9 April with parliamentary elections, and they end on 9 September with a second round of presidential elections, should that be necessary. Obviously, we are watching very closely how the economic issues are playing out in the Indonesian electoral context.

Thailand also has a government which is not necessarily very strong in terms of its parliamentary support. It is a coalition government. There is some fragility there, and there is a question of whether the economic issues will have an impact on its longevity. Again, it is something we can only watch.

There is a question of what impact this has on Chinese soft power and business influence in South-East Asia and a question of what influence it has on American interests in South-East Asia. There are a whole lot of quite significant geopolitical issues which we monitor, but Mr Tighe might have something else to add.

Mr Tighe—I agree, obviously, with what Mr Woolcott said. I think we are at the stage where, as he explained, we are monitoring situations, giving it some preliminary thought. Obviously the economic crisis is still evolving. The geopolitical consequences of that will take some longer time to become manifest, I think. So we are clearly aware of it and alert to it but have not yet got to the stage where we have prepared any sort of formal policy advice on it.

Senator TROOD—You have told us you are monitoring it, and that is good, I guess. Have you done anything further than monitor it? Is the Global Issues Branch, for example, doing any work in this area? Is anybody doing any specific analysis of what the broad geopolitical consequences of the crisis might be?

Mr Tighe—At the moment, our efforts are concentrated on the evolving financial and economic crisis and the appropriate solution to that. As I say, I think it is a little bit early to be trying to assess, in a firm way, what the geopolitical consequences might be, because we do not really have at hand what the exact economic outlook would be. We would be taking a fairly brave stab in the dark if we were to do that right now. I think the more sensible and more responsible thing would be to continue to monitor it so that we can take a more informed analysis as that situation evolves.

Mr Woolcott—I might just add that with regard to Indonesia, the Prime Minister has responded to requests from the Indonesian government for support in dealing with the global

financial crisis, by committing some US\$1 billion as a stand-by loan, should Indonesia need it. That loan arrangement is led by the World Bank, and includes contributions from other bilateral and multilateral partners. Obviously, AusAID too, in the work they do—again, this is a matter for them—are obviously factoring in the possibility that poverty levels in various parts of South-East Asia could well increase over the next 12 months. So there are some actions being taken as well in this regard.

Senator TROOD—That is good. Has the Indonesian government asked to draw down any of that loan yet?

Mr Woolcott—Not yet.

Senator TROOD—It seems to me that this is rather unsatisfactory. This is a profound crisis for the international community. Admiral Blair was, I think, testifying before the US Congress, I think, last week, and pointing out what are likely to be the quite significant and profound geostrategic consequences and the effect it might have on America's security. Do you not think that it would be wise if we spent a bit of time trying to think our way through this, allowing that this is an unfolding event—and I acknowledge that that is precisely the view that many analysts take about the situation. Do you not have the resources to do this sort of thing, or does it not occur to you that perhaps this is a useful thing to do? Or is it something that you regard as not being within the responsibility of the department to examine? I am disturbed that you are not spending some time, at least, trying to think your way through and analyse what could be quite profound consequences. The Prime Minister, after all, has said this crisis may be as severe as the Great Depression, and we all know what geopolitical consequences followed from that. Perhaps that is a lead you might take.

Mr Tighe—I do not think that it is reasonable to say that we are not thinking about it. As Mr Woolcott and I mentioned, we have given some preliminary thought to it. I am also aware of the exchange you had with the Department of the Prime Minister and Cabinet earlier in the week during Senate estimates. I think Mr Campbell explained the situation accurately there, that we were looking at the situation, giving it some preliminary thought but, at the moment, it is too early to make a judgment about what a considered policy advice would be.

Senator TROOD—So you have reached the conclusion that at the moment, there is nothing usefully you can do to try and analyse what the implications may be. So we are not doing it?

Mr Tighe—That is not what I said. I said that we reached the conclusion that we cannot yet make a conclusion on what the advice would be. That is not to say that we are not continuing to analyse it and monitor it.

Senator TROOD—Can you tell me whether or not global issues have turned the department's attention to this issue?

Mr Ritchie—Not at this stage. As Mr Tighe has said, there is actually quite a bit of work going on across the department. Mr Woolcott has already indicated the kind of work his division is doing. I am aware that colleagues in the Pacific Division are doing quite a bit of work on the implications for the Pacific. There is quite a bit of analysis going on, but we are just not at that stage where we can draw that together. As Mr Tighe said, you had an exchange with Mr Campbell from the Office of National Security. We would expect the Office of

National Assessments to do some work on that at some point. But there is work going across the department; it is just too early to reach systematic policy conclusions on it.

Senator TROOD—So is this part of a whole-of-government response to the situation?

Mr Ritchie—At this stage, I think, as Mr Tighe has said, the whole-of-government response has essentially been focused on trying to fix the economic crisis.

Senator TROOD—I do not know whether we can fix it.

Mr Ritchie—But you understand what I mean—what we can do about it.

Senator TROOD—Were that we could fix it I would be delighted, but I think at the very least we ought to be trying to understand what the implications of it might be for our—

Mr Ritchie—I think there is some work going on on that, but just not in the kind of systematic way that you mentioned.

Senator TROOD—I might ask you again when we meet again in May and see whether or not we have made any progress. Perhaps I can suggest whoever is responsible for doing it might task the global issues people with a view to turning their attention to this particular matter.

[12.15 pm]

CHAIR—We will turn to 1.1.3, the Americas.

Senator TROOD—I have a pretty straightforward question. I just want to know the fate of the ambassador in Washington, whose term, as I understand it, is coming to an end.

Mr Ritchie—It comes to an end in June.

Senator TROOD—Is he returning in June, when his term ends?

Mr Ritchie—That is still in the hands of the government. I do not know what the outcome of that will be. It is a matter that the ministers are focusing on at the moment.

Senator TROOD—So no decision has been made about a possible replacement for the ambassador?

Mr Ritchie—No.

[12.16 pm]

CHAIR—We will move on to 1.1.4, Europe.

Senator TROOD—Mr Maude, I wanted to ask some questions about the Holy See. Is that your bailiwick?

Mr Maude—Yes, except for financial matters, on which I will defer to my colleagues on my right.

Senator TROOD—I am glad to know we have an expert on the Holy See in the department.

Senator COONAN—There are only financial matters, aren't there?

Senator TROOD—There is more than that perhaps. On the financial side, I just want to clarify in the first instance precisely how much this embassy is going to cost us. There seem

to be two different figures in the estimates. Perhaps they represent different things. I would be grateful if you could just explain them to me. I am looking at table 1.2 on page 16, which has a succession of figures across the forward estimates to 2011-12. There are a range of figures there. I am also looking at table 1.3 on page 20, which has a range of figures that are considerably different.

Ms Thorpe—The figures in table 1.2, which you first mentioned, are actually fiscal, they are cash based, so they do not include depreciation, whilst the other table you referred to, table 1.3, is a combination of capital, operating and depreciation; it is a resource based figure. As you might be aware, whenever we cost any new policy proposal or funding it is done both on a fiscal or cash base and also on a resource base. The difference for us is basically depreciation. So the higher figure is the one that has depreciation as well.

Senator TROOD—So 1.3 is the figure that represents most closely the costs to the Australian taxpayer of this particular commitment. Is that right?

Ms Thorpe—Yes, under accrual budgeting that is the case.

Senator TROOD—So those figures in 1.3 are the accurate ones, and—

Ms Thorpe—They are both accurate.

Senator TROOD—I am sorry; yes, I appreciate what you are saying. But the figure which represents the investment in this matter is the figure in table 1.3 of the forward estimates. Is that right?

Ms Thorpe—Yes.

Senator TROOD—That is helpful. Mr Maude, I wonder whether you can take us through how we ended up deciding that we ought to have an ambassador in the Holy See.

Mr Maude—It was a decision the government took.

Senator TROOD—Governments normally take these decisions, so I do not think you have advanced my understanding of the matter so far. Can you give me some dates: when was a decision taken to appoint an ambassador to the Holy See?

Mr Ritchie—It was a decision which was taken by the Prime Minister, so I think it is probably something you should really direct to him and his department.

Senator TROOD—Mr Ritchie, correct me if I am wrong, but your department is funding this commitment. Is that right?

Mr Ritchie—We have been given the funding because we operate embassies, yes.

Senator TROOD—That is what I mean. I think it is a reasonable question, if you can tell me when a decision was taken. Even if it was a prime ministerial decision, surely you can tell me when a decision was taken to make this appointment.

Mr Ritchie—I can tell you when the decision was announced: in July last year. In terms of what led up to that, I really do not know. It is a decision which was announced by the Prime Minister at the time following consultation among the ministers. We were given the funding because we operate the embassy.

Senator TROOD—I do not have the date of the announcement handy. Can you tell me?

Mr Ritchie—It was 21 July.

Senator TROOD—In relation to the opening of new embassies, I assume you have a list of preferred places. If you had an endless stream of funds, which sadly the department does not, there will be places where you would open embassies if you had the opportunity to do so. Would that be a fair statement?

CHAIR—That is a hypothetical question. That might be places that the department might recommend to the minister or the Prime Minister and those individuals might make a decision. Departments do not make those decisions. You know that, Senator Trood.

Senator TROOD—Mr Ritchie, does the department keep a ready list of likely places where embassies could be opened?

Mr Ritchie—Not really, no. We work within our budget. If we were given an additional budget then we will look at where we can expand. But not really. We constantly have ideas, of course, about places where we would like to have embassies and areas where an embassy might enhance the relationship. But, as the chair said, in the end that is a matter for the government to decide, both in terms of our budget and the location of the embassies.

Senator TROOD—You do not keep a list in your bottom drawer if the minister should come to you and say, ‘Look, I have got all this extra money that the department of finance has generously provided me with and I want to know where we can spend it.’

Mr Ritchie—Would that it was the case. You certainly have not seen my bottom drawer.

Senator TROOD—I am sure it is very tidy and I would be surprised if there were not a list of some kind like that in the process. What is the usual process when you open an embassy?

Mr Ritchie—In terms of the decision-making or just the actual implementation?

Senator TROOD—Perhaps you can give me some understanding when an embassy is opened what the process is internally and then what you do in relation to foreign governments when you say, ‘We would like to open an embassy.’

Mr Ritchie—Certainly. For a start I should say we already had an embassy at the Holy See, including a DFAT officer based in the embassy in Rome and an Ambassador to the Holy See, non-resident. All that has happened on this occasion is that we have established a resident embassy instead of a non-resident embassy. That, of course, entails additional costs. There is consultation and discussion with the government concerned, in this case with the Holy See. We just notify them that we wish to change from a non-resident embassy to an embassy with a resident ambassador. Then we go through the process of figuring out how to do that, including finding property, appointing staff, giving it a budget, transport and all the things that go with an embassy.

Senator FORSHAW—Can you just explain again what the representation was and where it was in Rome to the Holy See. You had an officer there.

Mr Ritchie—Yes, we have an officer in the embassy. It is a separate embassy. Sorry—not a member of staff; it was actually an embassy to the Holy See, but the ambassador is resident elsewhere.

Senator FORSHAW—Yes, but was it in the same building as the embassy to Italy?

Mr Ritchie—No, not in the same building.

Senator FORSHAW—It is distinct—that is what I wanted.

Senator TROOD—The ambassador to the Holy See previously was the ambassador to Ireland.

Mr Ritchie—That is right.

Senator TROOD—So the officer you were referring to was in Dublin—is that what you were saying? Or was that person in Rome?

Mr Ritchie—No, we had an officer in Rome who handled the Holy See.

Senator TROOD—So there was a person in the embassy in Rome who was specifically—

Mr Ritchie—Not in the embassy in Rome, but in Rome, staffing our embassy to the Holy See

Senator TROOD—I see.

CHAIR—A separate officer.

Mr Ritchie—Yes, a separate officer.

Mr Wise—We have two embassies in Rome—one to Italy and one to the Holy See.

Senator TROOD—Is there some difficulty, some sort of diplomatic nuance of which I am unaware, about having an embassy in Rome accredited to the Italian state, essentially, and also having the ambassador accredited to the Holy See?

Mr Ritchie—I am not aware of that either, but I think the preference of the Holy See is to have a separate embassy with a separate ambassador.

Mr Wise—It is not a preference; in fact it is stronger than that. The Holy See does not accept concurrent ambassadors.

Senator FORSHAW—To Rome?

Mr Wise—Yes, from the current to the Holy See.

Senator FORSHAW—But they will from other countries?

Mr Wise—From other countries they will, yes.

Senator TROOD—Hence, our ambassador to Ireland—

Mr Ritchie—Yes.

Mr Wise—And in the past it has sometimes been our ambassador to The Hague or to Turkey, but more often than not it has been from Ireland.

Senator TROOD—So the officer who was accredited or part of our representation to the Holy See lived in Rome somewhere?

Mr Ritchie—Yes, that is right.

Senator TROOD—And had a separate office?

Mr Wise—Yes, that is right.

Senator TROOD—Was it outside the area of the Holy See?

Mr Ritchie—I am not quite sure where it was located, but a separate office.

Mr Wise—It is a separate office from our embassy to Italy.

Senator TROOD—And has that office been open for a long period of time?

Mr Wise—That office was opened by the Whitlam government.

Senator TROOD—So it has remained there for 30-plus years.

Mr Wise—I think they opened it in 1973.

Mr ROBB—We have had an officer in that position?

Mr Ritchie—That is correct.

Senator TROOD—So that person has generally sought their instructions from Dublin, essentially? Has it been Dublin for all that period of time?

Mr Ritchie—No. As Mr Wise said, it depends on the ambassador. One of our ambassadors to the Netherlands was also accredited to the Holy See at one point.

Senator TROOD—So, in the period since we put an officer in Rome specifically attributed to the Holy See, that person has been responsible to another ambassador somewhere around Europe?

Mr Ritchie—That is correct. It is just that the ambassador has not been resident in Rome, but he or she has a staff member who just handles day-to-day business with the Holy See.

Senator FORSHAW—Wasn't there a short period, during the Hawke government, when the ambassador was actually in Rome?

Mr Wise—I think there was a period of three months or so when the ambassador was there. I think it was in advance of the Pope's visit to Australia; there was some major event coming up and it was considered appropriate for the ambassador to reside for a short period in Rome to service that need.

Senator FORSHAW—That is what my recollection was.

Senator TROOD—That was ahead of a specific event that occurred.

Mr Ritchie—Yes.

Mr Wise—That is right.

Senator TROOD—It was not a permanent relationship.

Senator FORSHAW—What was his name? Sir Peter?

Mr Wise—I think it was Sir Peter Lawler.

Proceedings suspended from 12.29 pm to 1.32 pm

CHAIR—I welcome Senator Evans as the minister to the table. Before we resume discussion we have received some correspondence from CDF Houston concerning an answer he gave to a question yesterday. He has requested that the correspondence be tabled. The committee is in agreement with that.

Mr Ritchie—We can provide an answer to one of the questions that—I think—Senator Trood was asking earlier on.

CHAIR—Yes, proceed, Mr Ritchie.

Mr Wise—Senator Trood asked how many of the positions withdrawn from the overseas network in 2008 were language designated positions—the answer is that seven of the 25 positions withdrawn in 2008 were language designated positions; four of those were policy positions, two were corporate functional positions and one was a mixed duties position.

Senator TROOD—Thank you, Mr Wise.

CHAIR—We now return to the agenda. We are on 1.1.4: Europe, and the discussion was on the ambassador to the Holy See.

Senator TROOD—I think we broke at the point where we established, had we not, that Australia has had representation to the Holy See for 30-plus years—35 years. During that period of time, but for a short period, that representation was from other capitals in Europe and, I think, most latterly, from Dublin. Mr Ritchie, how long has the representation been from Dublin—can you tell me?

Mr Wise—I cannot remember. We can get you that information.

Senator Chris Evans—Brian Burke did them both—I remember that.

Mr Ritchie—Yes. There has been, over the years—

Senator TROOD—We have had a series of distinguished ambassadors, including some from my own state.

Senator Chris Evans—Vince Gair.

Senator TROOD—If you would perhaps find that out for me, I would be grateful.

Mr Wise—Yes.

Senator TROOD—I think you told me earlier that the announcement was made on 21 July of the intention of the government to have a resident ambassador from the Holy See. Is that right?

Mr Wise—That is right.

Senator TROOD—That was also the day on which the proposed ambassador was announced as I understand it.

Mr Wise—That is right.

Senator TROOD—Mr Fisher. Can you tell me how much consultation there was with the department about this appointment? When did you first learn of the intention to open a representational office to the Holy See in Rome?

Mr Wise—From recollection it was, I think, roughly a week beforehand.

Senator TROOD—So the matter was discussed in the department, or the department had notice about a week beforehand.

Mr Wise—That the government had decided to appoint a resident ambassador.

Senator TROOD—So the Prime Minister's office advised you that this was to be the policy. Is that right?

Mr Wise—That is right.

Senator TROOD—Were you asked to do any scoping study or any consideration of the virtues of this or not?

Mr Wise—No, at that point what we needed to do was put in place arrangements to ensure that we had the necessary formal approvals in Australia and agreement from the Holy See itself, which of course was much easier than might normally be the case because the relevant officials of the Holy See were in Australia with the Pope.

Senator TROOD—So you were not asked or invited to offer a view on the value of this position; you were just advised that this was the intention. Is that right?

Mr Wise—As far as I know. In the policy area there had been some discussion.

Mr Maude—I was on a posting in Malaysia at the time so it pre-dates me.

Senator TROOD—So you are not able to help us with that, Mr Maude. You were out of town.

Mr Maude—No.

Mr Ritchie—I think your conclusion is probably right. It was the prerogative of the government to make a decision and they made a decision and advised us of it.

Senator TROOD—Whatever else we may disagree with on this point, I do not think there is any question that the government has a prerogative to decide on where we might open embassies. So simultaneously—am I understanding this correctly—you were advised on 21 July that Australia intended to open a representational office in the Holy See and you were also advised that Mr Fisher was to be the ambassador. Is that correct?

Mr Wise—That is correct.

Senator TROOD—So these were done simultaneously.

Mr Wise—That is correct.

Senator TROOD—So the department was not required to undertake any discussions with Mr Fisher? You did not approach him at all?

Mr Wise—He was approached by the government.

Senator TROOD—So the government did this directly.

Mr Wise—That is correct.

Senator TROOD—You were not a part of that decision. Is that correct?

Mr Wise—No, and that is normal. Government makes decisions on head of mission appointments.

Senator TROOD—Was it your understanding, Mr Wise or Mr Ritchie, that Mr Fisher had agreed to the appointment at the time it was made?

Mr Ritchie—Certainly, because we were then asked, as is normal, to seek the agreement of the Holy See to his appointment.

Senator TROOD—Then, as you said, Mr Wise, agreement is necessary in these matters. Many of the officials from the Vatican were in town so that was a relatively straightforward matter on this occasion as distinct from on some other occasions. Can we assume from that that agreement from the Vatican was readily obtained both to the opening of the mission and to the appointment.

Mr Wise—As I said before, the mission was already there. It is just a question of having a resident ambassador. And, yes, the Vatican agreed readily.

Senator TROOD—Since that time, what has been done about securing a residence or a chancellery in Rome.

Mr Wise—That work is continuing. Mr Fischer has moved into an apartment in Rome that was available. We already had an apartment there because the defence advisor was leaving the post. So he has moved, at least for now, into that apartment and in due course arrangements will be made to see whether we need to find a proper head-of-mission residence for him. As far as an office is concerned, again we will need to move into slightly larger premises, and work is being undertaken to find that. We are in negotiations at the moment on that issue, and we hope it will be resolved soon.

Senator TROOD—So we have not yet secured a place for the embassy. Is that—

Mr Wise—We have an embassy already; it is just a matter of moving to something that is slightly larger.

Senator TROOD—Let me understand this. The place where the officer who has been there for 30-odd years representing our interests remains the embassy. Is that correct?

Mr Wise—That is correct.

Senator TROOD—But it will not continue to be—a more appropriate place will be found?

Mr Wise—That is right.

Senator TROOD—How far is that office from the existing embassy in Rome?

Mr Wise—I am not sure, to be honest.

Mr Ritchie—Mr Davin might be able to help us. Mr Davin is the head of the Overseas Property Office.

Mr Davin—The embassy to the Vatican is currently located in a rather modest apartment which is just opposite the Vatican state. It is on the other side of the River Tiber. Our chancery, on the other hand, is located some number of kilometres away, in more of a business district of central Rome.

Senator TROOD—We are keeping the chancery. Is that correct?

Mr Davin—Yes, the chancery to Italy remains unaffected by these moves. It is a relocation of our existing chancery to the Vatican. The current one is a very modest apartment that was converted into offices. That apartment does not have the capacity to host a resident ambassador and the things that go with that.

Senator TROOD—I assume we are planning to lease something rather than purchase something.

Mr Davin—That is correct. Our current chancery to the Vatican is a leased apartment. We are in negotiations to move to a larger apartment, which once again we will convert to offices.

Senator TROOD—So you have found something?

Mr Davin—We have identified something, although our negotiations are not yet complete.

Senator TROOD—What sort of cost is there likely to be?

Mr Davin—Our current chancery costs are somewhere around €3,900 a month. Our expected costs in the new apartment are more around €8,000 per month. So it will approximately be a doubling of costs.

Senator TROOD—And that cost is included in this figure that I have. Is that right?

Mr Davin—Yes, the costs in the budget were estimates put together at the time this move was proposed. So there is provision in those numbers for this increased cost.

Senator TROOD—And in the meantime the ambassador is where?

Mr Davin—The resident ambassador to the Holy See is located in an apartment which became vacant as a result of the withdrawal of the defence advisor. The search continues for a more appropriate head-of-mission residence. But as an interim measure he is occupying this vacant apartment.

Senator TROOD—Is it expected that the defence attache will in due course resume that apartment?

Mr Davin—No, my understanding is that that position has been withdrawn from Rome, so once the lease on that apartment expires it will not be renewed and our ambassador will move to more appropriate head-of-mission accommodation, once that is identified.

Senator TROOD—Is that a matter of size or is it a matter of location?

Mr Davin—It is more a matter of overall suitability for the role of an ambassador as opposed to the role of a defence advisor. An ambassador has a much larger representation role, so we will need a larger apartment. It is a combination of factors. Head-of-mission residences have a totally different role than just accommodation requirements.

Senator TROOD—Indeed. Is the department responsible for managing the defence attache's residence at the moment?

Mr Davin—Not in the broader sense. The Department of Defence were paying the rent on that apartment for their officer. Now that we have taken it over, the Department of Foreign Affairs and Trade are picking up those rental costs.

Senator TROOD—How much is that on a monthly basis?

Mr Davin—The current cost is probably about €4½ thousand a month. It is very hard to estimate what the head of mission residence will ultimately cost, but we would say in the proximity of €8,000 to €10,000 per month, based on our knowledge of the market.

Senator TROOD—So it is about double.

Mr Davin—Approximately double the cost, yes.

Senator Chris Evans—You could check with former Senator Vanstone—

Senator TROOD—It is in her nature to be an invaluable source of intelligence on a great deal of things around Rome, but I have not had the opportunity to speak to her about that, unfortunately.

Senator Chris Evans—She is famous for her hospitality too.

Senator TROOD—So I am told, yes. Mr Ritchie, Mr Maude or whoever, what will be the primary matters of interest that we will be exploring and will be the nature of this relationship between us and the Vatican? What are the key policy issues that we wish to pursue?

Mr Maude—The Vatican does play a unique role in international affairs. The presence of a resident ambassador will allow us to be more active in talking to and engaging the Vatican on a range of issues. The sorts of issues that are relevant to Australia's national interests and on which the Vatican is active are issues like human rights, development assistance, food security, arms control, refugees, anti-people-trafficking, and climate change and the environment. In addition, the Vatican plays a role in interfaith dialogue, and that is an issue on which the government is active.

Senator TROOD—That is a long list of areas of interest.

Senator COONAN—I wonder how you survived without it, really.

Senator TROOD—Were they matters that we were previously in touch with the Vatican about?

Mr Maude—They would have been, yes.

Mr Ritchie—But clearly not to the same extent. The purpose of it was to upgrade the relationship with the Vatican.

Senator TROOD—I see that there is an upgrading and I recognise that that, presumably, is something of the intent behind the decision—and this is a long list of issues. But I want it clear whether or not we have added anything specifically to the list as a result of the representation.

Mr Maude—As Mr Ritchie said, it is just a matter of fact that with the resident ambassador you can give these sorts of issue more energy and more attention.

Mr Ritchie—I think it is fair to say that, especially with a non-resident ambassador so far, the reporting that we have received and the interaction with the Vatican has been relatively low level and low key and we have not had much by way of reporting from the Vatican.

Senator TROOD—Do you mean since Mr Fischer arrived there?

Mr Ritchie—No, prior to that. Since Mr Fischer started work, which was on 30 January, we have already noticed, given his legendary energy—

Senator Chris Evans—I was going to say no-one has ever called Tim Fischer lacking in energy.

Mr Ritchie—We have already noticed a serious increase in the amount of reporting on other things and on some very important issues.

Senator TROOD—I see. The thing I am struggling with here—recognising the important position that the Vatican has as the place where, clearly, Catholics around the world look to

receive religious guidance and things of that kind and acknowledging the importance of the Pope's contribution to theology and everything else around that—is whether or not the Vatican has a widespread or deeply acknowledged understanding of or insight into this list of issues that you have mentioned. Has it suddenly, for example, increased its expertise with regard to climate change or refugee matters? Has there been an increase in the activity of the Vatican in relation to this long list of issues you gave us, Mr Maude?

Mr Maude—I think that on these issues the Vatican's influence and interest go beyond the Catholic community. It wants and seeks to play a role in international debates on these issues, which are of importance to it, and it has a large bureaucracy and does play in the international debate on these issues. It is useful to be able to engage the Vatican on them.

Mr Ritchie—I might add that, of course, it is a state in its own right. Over 70 other countries already have resident embassies to the Holy See. The Vatican, as Mr Maude has said, has had a lot of expertise, a lot of very substantial bureaucracy and a lot of serious networks working on all these issues for some time. The intention is to deepen that relationship and have a resident ambassador who can tap into all those networks.

Senator COONAN—I will just jump in there for a moment. Wasn't the third secretary position eliminated at that stage?

Mr Ritchie—No.

Senator COONAN—Has it now been reinstated? What was the position?

Mr Wise—What happened there is that our Embassy in Rome provides the administrative support for both our Embassy to Italy and our Embassy to the Holy See. We withdrew the third secretary admin position from Rome as part of the cutbacks that were announced 18 months or so ago, but with the decision to appoint a resident Ambassador to the Holy See it was also decided that there would, of course, be an increased administrative load with that, and we therefore put back that third secretary position in the Rome embassy to support the administration.

Senator COONAN—Who was the former vice consul and third secretary in Rome?

Mr Wise—I cannot remember the name.

Senator COONAN—As I understand it, the officer returned to Australia and was then posted to Hong Kong. Is that right?

Mr Wise—I think that is right, yes.

Senator COONAN—Before taking up the position in Rome they had had Italian language training?

Mr Wise—That is right.

Senator COONAN—I suppose it is a fair summation to say that they are probably not using all that much Italian in Hong Kong.

Mr Wise—I expect not.

Senator COONAN—I do not want to cut across my colleague's questioning, and I will stop after this, but it gives the impression that an already stretched department reallocated

funds when it had to put somebody back in that position. The original officer received Italian language training, which obviously is not inexpensive. It is really a waste of money and a lack of strategic direction from both the foreign minister and the Prime Minister's office that they cannot think through where they are going with these proposals; they just seem to be ad hoc and very poorly thought out.

Mr Wise—The additional money that the government has given for the establishment of a resident Ambassador to the Holy See includes additional money to reinstate that third secretary position.

Senator COONAN—But not as part of the budget, which really underscores the point that this is thought out on the run and fixed up as you go.

Mr Ritchie—It is part of the additional estimates.

Mr Wise—Part of the costing for putting a resident ambassador into the Holy See included costings to restore that third secretary position to Rome.

Senator COONAN—Yes, but that was not a budgetary decision, was it? It was after the budget.

Senator Chris Evans—But this was a policy decision by government—

Senator COONAN—Yes, but after the budget.

Senator Chris Evans—We made a lot of policy decisions after the budget.

Senator COONAN—Do you ever! I have noticed \$80 billion of them over the last couple of days.

Senator Chris Evans—Senator, given your experience as a minister, you would understand that policy decisions are not all taken in the budget context. You would also understand that decisions taken after the budget in any financial year are then reflected, if costs are involved, in additional or supplementary budget statements.

Senator COONAN—Absolutely.

Senator Chris Evans—The officers have informed you how they have been handled. They have also informed the committee that the decision was taken by government and the date it occurred. It seems to me that is perfectly normal practice.

Senator COONAN—Yes, except that I stand by the inference that can be drawn from this that it is interesting that this suddenly became such an important priority for government that you wanted to set up a post in the Holy See of this magnitude and structure.

Senator Chris Evans—We made that policy decision—that is right. We stand by it and if you want to oppose it, criticise it or say that it will be abolished under a coalition government, that is purely for you. We think it is a good decision and we would hope that there is broad support politically for it.

Senator TROOD—I thought I understood the situation regarding the additional officer who had been supporting the representation to the Holy See as being a person who was typically in Rome but not attached to the existing embassy. Did I misunderstand that—that the third secretary in the embassy in Rome was the person who supported—

Mr Ritchie—No, we are talking about two separate things.

Senator TROOD—That is what I thought. I understood that but you have now told us that the decision to put representation in Rome has necessitated the return of the third secretary in the embassy in Rome. Is that what you have said?

Mr Wise—Before the government made a decision to have a resident ambassador in the Vatican, we had one officer, usually BB3 or BB4, permanently based in Rome working out of our embassy to the Holy See, a counsellor level position.

Mr Ritchie—Not the embassy to Rome.

Mr Wise—Doing the policy and liaison work with the Holy See.

Senator TROOD—That is what I thought you had told us.

Mr Wise—That is indeed the case. That position stays under these arrangements. Quite separately, up until the appointment of the resident Ambassador to the Holy See and henceforth, the administrative support for an embassy to the Holy See was provided by the embassy to Italy—organising the accounts, the property searches, employment of local staff, whatever. We do this in other places, too. For example, we have only one administrative cell servicing our two missions in New York—one to the United Nations, one to the counsel-general. It is the same in Paris and the same in Geneva, where we have more than one mission but we have only one administrative cell. It is a more efficient way to conduct our affairs. We now have a resident Ambassador to the Holy See and the other A-based officer working with him is that counsellor position, which was always there. Because of the additional workload, we have also put a third secretary back into the administrative section of our embassy to Italy.

Senator TROOD—That is what I understood, which reinforces Senator Coonan's point, I would have thought, that we do not seem to have thought this through very clearly. We pulled an officer out of Rome in pursuit of financial savings, ill-conceived as it was, and we have suddenly discovered that we have reversed the decision and had to put the officer back again.

Mr Wise—I would not say it was ill-conceived when the decision was made because we were making a decision then as to where we could continue to operate effectively but with reduced A-based presence. We did not have a resident ambassador to the Holy See so it was decided that, indeed, the embassy in Rome, also servicing the Holy See, could continue to work effectively with one fewer A-based employee. That decision was made and then subsequently the government made a policy decision about putting in a resident ambassador. Clearly, with the additional administrative load, no longer could the administrative cell support that without the restoration of the third secretary position.

Senator TROOD—I do not have difficulty accepting the proposition that you may well need more staff. In fact, it has been my longstanding view that our missions around the world are probably understaffed from A-based officers. I do not have any difficulty. I think the issue at question here, as Senator Coonan has made clear, is the management of staff and the planning that seemed not to have taken place. As you have said, Mr Wise and Mr Ritchie, you received no notice but for a week beforehand that this was intended. So the department was not consulted—you were not consulted about the intention to open a resident ambassador position in Rome to the Vatican and you were not consulted about the appointment of the

ambassador; you were advised that this was to be the case. You have had to scramble around since that time to make arrangements with regard to the appointment, the accommodation which is now necessary and, as it now turns out, the administrative support that is necessary to support this activity.

Senator Chris Evans—Senator, I think the characterisation is not a fair one. You can draw your own conclusions obviously, but I do not think that is a fair characterisation. I think it is a bit overstated. If the core question is: did a change in government policy in taking the decision to appoint an ambassador to the Holy See resident in Rome cause the department to have to make alternative administrative and housing arrangements, then the answer is yes. We fess up; that is true. Decisions take before that had to be altered to reflect the new government policy. That is absolutely right. We are guilty as charged.

Senator TROOD—It is not a hanging offence.

Senator Chris Evans—I would hope not.

Senator TROOD—What I am struggling to completely understand here, apart from what you have told me, is that in answer to a question from the last estimates the department advised the Senate committee that it was its view that the previous representation arrangements had worked well.

Mr Ritchie—That is right.

Senator TROOD—If they worked well, why did they need to be altered?

Mr Ritchie—The two are not incompatible, Senator. They had worked well up to that point at the level of representation we had with the Vatican. They are going to work better in the future because we have a resident ambassador. I do not think that is incompatible.

Senator TROOD—Is this an observation about the smooth operation of this representation?

Mr Ritchie—We had had an arrangement which had been the same under successive governments for many years. We had an officer based in Rome in an embassy to the Holy See with a non-resident ambassador. At that level of interaction with the Vatican the arrangement worked smoothly and well, but now having a resident ambassador the arrangement will work even better. We are getting more reporting, as I mentioned earlier, and no doubt more activity with the Vatican. It is an upgrading and deepening of the relationship, as the government said it would do.

Senator TROOD—As I think the minister said, no-one questions the energy with which Mr Fischer will undertake his responsibilities.

Mr Ritchie—No, certainly not.

Senator Chris Evans—Or, having run into him at the airport, the enthusiasm he has for the job.

Senator TROOD—I do not doubt that either. Mr Fischer is an admirable person in all ways. I think that is probably the commonly held view across both sides of parliament. His suitability for the post is not in question; what is questionable is the wisdom of opening this position when we have had a situation which has pertained for 35 years and which has, on the

department's own admission, worked perfectly well. Mr Maude has not been able to persuade me at least that we are getting \$13 million worth of extra value out of the representation.

Senator Chris Evans—Senator, it is perfectly appropriate and fair for you to draw whatever conclusion you like. That is a statement of your opinion. The government formed the view that this was a worthwhile investment in the relationship with the Vatican, that it required the appointment of an ambassador and we have taken a policy decision to do that and to meet reasonable costs. That is our policy decision. That is what is reflected in the evidence of the officers. If you think that is not an appropriate decision, that is up to you—and that is fine—but the government stand by the decision and we think the costs are not excessive given the value of the posting that we see to the Australian government.

Senator FORSHAW—On the same topic—I am sorry if this has been asked before I arrived after lunch—how many countries have ambassadors to the Holy See? Has that been asked?

Mr Ritchie—I mentioned earlier that slightly over 70 countries have got resident ambassadors.

Senator FORSHAW—Of those 70 countries—you might like to take this on notice—how many may not necessarily have an embassy located there?

Mr Ritchie—I will have to take that on notice. I do not know.

Senator FORSHAW—Thank you very much.

Mr Wise—I would like to add to a question that was asked before: for how long was the non-resident's accreditation from Dublin? The first time we had an ambassador accredited from Dublin was in September 1981, and that remained the case right through until the appointment of a resident ambassador, with the exception of the period from 1993 to 1995 when the accreditation was from the Hague, when the Honourable Michael Tate was the ambassador.

Senator TROOD—As you have said, the representation from Dublin has worked well over this period of time. Whatever particular advantage or opportunities we were seeking as a result of having the relationship with the Vatican were perfectly well secured by the existing arrangements.

Mr Wise—Although obviously the expectations of previous governments, as well as this government, until the appointment of a resident ambassador were more modest than they are now.

Senator TROOD—I cannot help but note, Mr Wise, that it runs through the period of both Labor and coalition governments.

Senator Chris Evans—The answer to your question is—

Senator TROOD—Minister, I understand your position and I—

Senator Chris Evans—The officers are not required to respond to your views. If you have a question that goes to their responsibilities, that is fine. If you want to make assertions, I will happily reject them. But the bottom line is that we think the relationship needed to be upgraded. We took that policy decision. That is the end of it. There is nothing more I can say

about that. That is our view. You are welcome to attack it. The officers are providing information for you as to the costs et cetera, but the bottom line is the government took a policy decision. We stand by it. The officers are not going to respond to whether you think they should agree with you or not or whether that is the appropriate decision. It is a decision of government.

Senator TROOD—You have repeated that several times, Minister. I think I understand that, thank you.

Senator Chris Evans—I am hoping to get it through.

Senator TROOD—I think I have comprehended it. In fact, I think I comprehended it the first time you said it.

Senator Chris Evans—Good.

Senator TROOD—Mr Ritchie. Earlier in the day you said that you thought we were—I think this was the phrase—‘underdone’ in Africa. What did you mean by that?

Mr Ritchie—Again, I do not wish to interpret my minister’s views. That is a comment that my minister, Mr Smith, has made. And I have had a posting in Africa myself, Senator. I think that what has happened over the last couple of decades is that our relationship with Africa has grown more substantially than we or successive governments appreciated, and most particularly our commercial relationship with Africa. We now have a very large number of Australian companies active in Africa, especially mining companies. I think that what Mr Smith has been trying to say is that perhaps the extent of our interaction at a diplomatic level and maybe in aid and other ways is a bit underdone, given the nature of the strength of the relationship we now have with Africa.

Senator TROOD—It seems to me that what he is saying is that we probably need more representation in Africa. Would that be a reasonable interpretation?

Mr Ritchie—Again, I will not interpret.

Senator TROOD—I know this is a matter for government and I am sure the minister will tell me in a minute that that is a matter for government, but—

Senator Chris Evans—You have got that, so that is okay. We have agreed.

Senator TROOD—That seems to me to be the implication of the notion of being ‘underdone’ in Africa. How many missions do we have in Africa?

Mr Ritchie—We have missions in Cairo, Nairobi, Harare, Port Louis, Abuja, Accra and Pretoria.

Senator TROOD—That is seven for a continent where we have, on your analysis, increasing interests across a wide spectrum of activities—independently of anything that might relate to UN activity, for example.

Senator FORSHAW—Are there any other offices besides those?

Mr Ritchie—No, in Africa that is it; that is what we have. That has waxed and waned over the years under various governments. It depends, as far as we are concerned, on decisions of the government and also on the budget. That is basically it.

Senator TROOD—It does indeed depend on the budget. Here we are spending at least \$13 million over four years and, if the representation continues, it makes a more substantial figure—double the cost, as we have been told, in relation to residences et cetera. That is \$13 million which perhaps, on one view, might be spent on opening another mission in Africa, where we are, on your own view—the minister’s view—underdone. So we have this contrast between being underdone in Africa, where we could usefully increase representation either by opening a new mission or by expanding the numbers in a mission already existing, and the fact that we have had, for 35 years, a situation which has worked perfectly well with the Vatican. Now where is the good sense of that, in terms of managing the department?

Mr Ritchie—I am sure you do not expect me to comment on that.

Senator Chris Evans—I am sure Mr Wise will give you the same answer I did, which is ‘government policy’.

Senator TROOD—I am struggling to understand the logic of this decision in light of your own remarks—the department’s and the minister’s own remarks—about the potential value we might achieve by increasing our representation in Africa.

Senator Chris Evans—As the officer said, Mr Smith has indicated that he would like to see our engagement increase in Africa. No doubt he is giving policy consideration to how that might be best achieved. I know, from my own discussions with him, he is keen to improve our engagement. I have made the point to him in those discussions that, from an immigration point of view, that would be useful because we do take a large number of refugee and humanitarian entrants from Africa. Our capacities there are limited by a whole range of factors. Any increased engagement with Africa in the future would certainly assist the immigration department, and I think we are going to be taking refugees from Africa for quite a long time to come. It is a question of budget and priorities, but I think you have heard Minister Smith’s views and I think you will see that reflected in his policy decisions in the coming months and years.

Senator TROOD—I thank you for that, Minister, because it adds another dimension to the long list of issues that we might profitably pursue with Africa. You have added immigration. I do not think there can be any question that issues of poverty, food security, international humanitarian relief, peace, arms control and disarmament—perhaps not interfaith dialogue but, nevertheless, all of those issues—which are of importance to us in the Vatican are also of great importance to us in Africa. And you have now added immigration, so it makes the case even more compelling for further representation.

Senator Chris Evans—Just for completeness, I would also say that the Catholic Church and its agencies are very active in the immigration field in supporting people in refugee camps and in distress situations. They, through the Catholic Church agencies, play a very important role in that and we work very closely with them. So you can add immigration to the issues where engaging with the Vatican would be useful as well.

Senator TROOD—I would be delighted if you came back to estimates after May with advice that you were opening further embassies or representations in Africa provided that the government is also prepared to make the resources available for that exercise.

CHAIR—There being no further questions on Europe, we will move now to the South and West Asia, Middle East and Africa, 1.1.5.

Senator COONAN—The minister visited Pakistan between 16 and 18 February, as I understand it, for talks on ways that Pakistan could bring insurgents under control. Is DFAT aware of any counterinsurgency training that is being provided to the Pakistani military via the ADF?

Ms Stokes—The government has made it publicly known on a number of occasions that it intends to expand defence cooperation with Pakistan, and counterinsurgency training will be one of the areas. The details on the counterinsurgency training are still being discussed with the Pakistani military counterparts so I think that it is probably best to direct questions on this to the Department of Defence.

Senator COONAN—I am sorry, I was not part of the estimates for Defence and I do not know whether these questions were asked—

CHAIR—Ms Stokes, are you saying that our government is currently engaged in negotiations with the government of Pakistan concerning assistance re counterinsurgency training?

Ms Stokes—Yes. The nature of that training will be to train the trainers. It will be relatively small-scale, certainly in the first instance, and we will build on an already growing defence cooperation. The minister made clear in his statements whilst he was in Pakistan but also in his statement to the parliament on Monday that the defence training—the number of places offered to Pakistani soldiers to train in Australia—will quadruple, and that will be in a range of areas. It may well be that some of that training may be relevant to counterinsurgency but I do not have all the details on that.

Senator COONAN—So you do not have the total numbers?

Ms Stokes—I think it will be approximately 40, but I think that is not necessarily a figure that is set in stone. It depends on availability and interest in the courses that are on offer.

Senator COONAN—What is the budget allocation for the training?

Ms Stokes—I would not have the answer to that, I am sorry.

CHAIR—Is this a Defence matter or a DFAT matter?

Ms Stokes—It is a Defence matter, but of course given our responsibility for the overall relationship we have some information about it. Of course the minister, Mr Smith—

Senator COONAN—He referred to it—

Ms Stokes—made reference to it while he was there and in his statement to the parliament on Monday.

Senator COONAN—As with all these matters, I appreciate that it can have some cross-portfolio implications. Where will the Pakistani military officers, or whoever the military representatives are, be trained?

Ms Stokes—My understanding is that for the approximately 40 positions that training would be in Australia. They would join pre-existing courses or planned courses in Australia for Australians and possibly other international soldiers as well.

Senator COONAN—Is DFAT aware of any other countries' forces that the ADF train in counterinsurgency tactics or skills?

Ms Stokes—I do not have the answer to that; I am sorry, Senator.

Senator COONAN—Has there been some assessment made by DFAT, in its overarching capacity, of any concerns regarding how secure the training is? Is there any risk of techniques, tactics and procedures becoming widely known amongst Taliban forces due to leaks from any Pakistani military personnel? It is really a risk assessment issue.

Ms Stokes—My understanding is that Defence would be addressing that aspect. I might add that I think the aim is to strengthen their understanding of counterinsurgency with a view to helping them tackle the range of insurgencies and extremists that the state of Pakistan is facing.

Senator COONAN—Yes. Is there any basis for DFAT to have concerns that elements of the Pakistani military are actively supporting the Taliban particularly in the Khyber Pass region, where Australian troops are serving?

Ms Stokes—We have made it very clear on numerous occasions, and the minister's discussions during his visit there encompassed this, as we have emphasised to the Pakistani government the importance of their taking a very firm, comprehensive approach to eliminating terrorist networks from their territory. Our position is very clear as to what is our expectation of the Pakistani government. We make that very clear privately and publicly.

Senator COONAN—So we can be assured that a very vigorous risk assessment has been undertaken in relation to this matter without, of course, seeking details?

Ms Stokes—Yes.

Senator COONAN—While in Pakistan, Mr Smith commented on the agreement that was reached between Taliban leaders and the Pakistani government regarding the introduction of sharia law to the Swat Valley. He said:

In the past we have seen on at least one occasion a similar agreement entered into which hasn't seen a positive outcome. We hope on this occasion, it is a positive outcome.

Do you know what similar agreement was being referred to by the minister? What was not positive about that outcome?

Ms Stokes—It is reasonably widely known that in Pakistan in various areas there have been attempts at so-called deals with the aim of ceasing the violence and conflict. The experience to date suggests that none of them have been successful. They have not been durable.

Senator COONAN—That is of great concern. Is it DFAT's assessment that the introduction of sharia law in the Swat Valley is likely to be a positive outcome?

Ms Stokes—As the minister said in his statement on Monday in parliament, we still do not have the full details of the agreement. Our high commission in Islamabad is following the

developments there as closely as it can and is keeping us informed. We are also in touch with other countries to get their assessments as well. At this stage we do not have enough information. One of the important points for us is the impact that it will have on the ground, so what is its practical effect in bringing an end to violence? Also we want to ensure that Pakistan's international human rights obligations are respected, and the government have made that very clear, and that includes in relation to women and children.

Senator COONAN—How do we make that assessment?

Ms Stokes—About the effectiveness?

Senator COONAN—Yes.

Ms Stokes—I think we are going to have to rely on information from our post and our consultations with the Pakistani government to get their views. We will also be in touch with our partners.

Senator COONAN—Did Mr Smith raise concerns with the Pakistani government over this during his visit?

Ms Stokes—He discussed this agreement, news of which was just breaking at the time of his visit. I think it is fair to say that the detail was just not clear at the time. He received some information from the Pakistan government and the Pakistan government did inform the minister that there is a provision in the Pakistan constitution that says that all laws should be consistent with Islamic law. That is a provision of the Pakistan constitution.

Senator COONAN—We will await with interest, but I must say that, at least on the surface, while we do not yet really know much about the detail, it is concerning. Critics have described it as:

...a capitulation to the militants, who began battling government forces in Swat more than a year ago, enforcing their dominance of the valley with beheadings, floggings and school burnings and abductions. That does not sound a very promising start, does it?

Ms Stokes—No. I think because of the lack of success with previous such deals, there is scepticism around whether it will be effective. But I think we need to wait and see how it looks, whether it has an impact, whether it does bring an end to violence and whether it does not lead to the militants coming back stronger than ever before. We definitely do not want that result. We will also continue to make sure our interests in the Pakistan government meeting its international human rights obligations are made well known to the Pakistan government.

Senator COONAN—It could have a pretty awful outcome for women and children in that area, couldn't it?

Ms Stokes—I think the Taliban rule was also pretty awful.

Senator COONAN—Are you in a position to talk about our long-term strategic objectives for Australia's commitment in Afghanistan?

Ms Stokes—Yes.

Senator COONAN—Has Australia had any requests from NATO for additional troops?

Ms Stokes—I think this question was dealt with yesterday in the Defence estimates. My understanding is that the answer was that we had not yet been asked.

Senator COONAN—Obviously, there have been some discussions between the minister—Mr Smith—and NATO representatives, and between Mr Fitzgibbon and NATO representatives. What has been the nature of those discussions?

Ms Stokes—I am not, at this stage, fully briefed on Mr Fitzgibbon's discussions in Krakow last week. The Department of Defence would be best placed to answer that.

Senator COONAN—Insofar as you are representing DFAT and Mr Smith is the minister, are you able to tell the committee about Mr Smith's particular role in discussions with NATO?

Ms Stokes—Is there a particular angle? Are you talking about troops?

Senator COONAN—Yes, and indeed any other aspect.

Ms Stokes—Mr Smith visited NATO towards the end of last year and he met with the Secretary-General. He met with the Atlantic council. During that visit he registered Australian views and interests and made it very clear that, as a non-NATO, ISAF-contributing nation, we expected to play a full role in the decision-making processes of NATO and to be fully consulted on all NATO decisions relating to Afghanistan.

Senator COONAN—I realise that this might be a bit of a crossover question, but it ought to be something that—

Ms Stokes—Excuse me, Senator. I would like to add that of course we have our embassy in Brussels, and our ambassador and his staff are very active on NATO related issues in Afghanistan and they are very active in registering Australian views with the other missions there and with the NATO secretariat.

Senator COONAN—All right. I was just prefacing this question with an acknowledgement that there are some crossover issues, but it ought to be something that DFAT can answer, also: what are, as a matter of interest, the government's long-term objectives for Australia's commitment in Afghanistan? Is there any thinking around time frame, numbers commitment or type of commitment?

CHAIR—Senator, that question was asked of the CDF and the Secretary of Defence yesterday and answered in some considerable detail. I just draw that to the attention of Ms Stokes. It was answered in considerable detail as to those strategic positions concerning issues in Afghanistan.

Senator COONAN—Thank you, Senator, I am aware of that. I just want to hear what this officer says.

Ms Stokes—The objective that Australia supports is that Afghanistan is not allowed to become again a base for the export of terrorism. That is our objective. My understanding is that our Defence colleagues, in talking to the committee yesterday, made it very clear that this will be a long-term endeavour.

Senator COONAN—That is it?

Senator TROOD—I just want to clarify this, because I was interested in Senator Coonan's question to Ms Stokes and I do not think we received an answer to it—that is, the long-term strategic objectives in Afghanistan, which I thought you were on the verge of answering.

Ms Stokes—I think I gave you the objective, and that is that Afghanistan does not again become a base for the export of terrorism. That is what our objective is.

Senator TROOD—I see. So that is essentially where we are now?

Ms Stokes—Yes.

Senator TROOD—Is that a result of a recent policy review, Ms Stokes?

Ms Stokes—I think that has been our objective for quite some time.

Senator TROOD—I see.

Senator Chris Evans—It was the objective of the former government, actually, which we have continued. As you will recall, the former government committed troops to the Afghanistan effort of the coalition forces, and the current government, when in opposition, supported that.

Senator COONAN—There is no suggestion we are not supporting it, Minister.

Senator Chris Evans—No, but I think everyone acknowledges that things are very difficult. I think President Obama has indicated the ongoing commitment of the US, and this government has indicated its ongoing commitment to what is a long-term and difficult challenge.

Senator COONAN—Let me make it perfectly clear that I am not for a minute resiling from the opposition's commitment to this as well; definitely not. What I was really trying to gauge, insofar as this can be publicly discussed in a responsible way, was whether there had been any review whereby the government was able to share with us where we are going in Afghanistan in terms of any change in direction, approach, numbers or type of intervention. Or are we just there much as the coalition had committed us before we left government?

Senator Chris Evans—I think the Minister for Defence, Mr Fitzgibbon, has had a lead on the strategy issues inside Afghanistan. I understand there was extensive evidence at Defence estimates yesterday on that and I know there is some public commentary and speeches by Mr Fitzgibbon which I can provide you with. But in terms of the question you asked, firstly, I think it would be best answered by Defence but, secondly, I understand they answered it yesterday, so when the *Hansard* is available I think you could have a good look at that. I am not trying to put you off, but I think that was the best place to ask the question, and it was asked. As I understand it, there was a fairly lengthy response, which would probably be the best first port of call.

Ms Stokes—I will just add that Mr Fitzgibbon also made a statement in parliament on Monday.

Senator COONAN—I have read all that. These things do give rise to difficult lines and boundaries, and I well understand that. We are coming up to 10 years commitment in Afghanistan, and it is legitimate to ask about the strategic underpinnings and where it is all going. I am sure it is something that eventually the Australian people would like to know a bit

more about. Having said that, I can appreciate that Ms Stokes may not be in a position to answer that with any frankness awfulness.

Ms Stokes—I do not want to duplicate what was covered by defence yesterday. I am in a position to talk about our civilian contributions in Afghanistan. An important review process that is underway at the moment is the one that the new Obama administration is undertaking that is addressing both Afghanistan and Pakistan. That is clearly a very important process, and we will be making a contribution to that. You asked about reviews, and that is a very important review. Of course, we are reviewing what we are doing there all the time. Recently Mr Smith made it clear that we are very much open to an enhanced capacity-building, reconstruction or nation-building contribution on the civilian side, and we continue to be open to that.

Senator COONAN—What does that comprise? Who is doing it?

Ms Stokes—It is AusAID, the aid agency. It is also the Australian Federal Police. It is also the work that our diplomatic network does in terms of the engagement we undertake not only in Kabul, where we have an embassy, albeit small, but also in other capitals—for example, in the Hague, with the Netherlands. We work very closely with the Netherlands in Oruzgan province. We operate with them closely on the military side, but we also try very hard to work closely with them on the civilian side.

Senator FORSHAW—Earlier you were being asked questions regarding the Holy See and you mentioned the various posts in Africa. I understand that a country like Algeria is serviced by four posts: Rome, Cairo, Abu Dhabi and Tripoli. Officers in each of those places look after particular issues—is that right?

Ms Stokes—Our ambassador in Paris is accredited—

Senator FORSHAW—Did I say Rome? I meant Paris.

Ms Stokes—to the government of Algeria.

Mr Ritchie—It might be that an Austrade representative—

Senator FORSHAW—That is what I am going to. So the embassy in Paris is accredited to look after Algeria. What about Austrade? Where is that located for Algeria?

Ms Stokes—I am not sure I have the answer to that.

Mr Ritchie—I am not entirely sure, but we can find out for you. It might well be the case that other agencies operate their representation to Algeria from a variety of posts.

Ms Stokes—And it is not unique to Algeria that this happens.

Senator FORSHAW—The reason I am asking this question is that a report was written a couple of years back by the Trade Subcommittee of the Joint Foreign Affairs, Defence and Trade Committee which looked at relations with North Africa and highlighted this situation with respect to Algeria. Has that been a common practice for other African countries? I know that posts on the African continent may look after a number of African nations.

Mr Ritchie—That is correct. We cover most of Africa from that relatively small number of posts. There are—Deborah will correct me on this—50 countries in Africa?

Ms Stokes—53.

Mr Ritchie—Fifty-three countries in Africa, so we are covering that from seven posts.

Senator FORSHAW—That has been the case for many years?

Mr Ritchie—I mentioned in response to Senator Trood earlier on that from time to time we have had other posts in Africa. We had a high commission in Dar es Salaam and we had an embassy in Addis Ababa. We actually had an embassy in Algiers a while back and in Zambia, in Lusaka, as well. So from time to time we have had embassies in other parts; they have been closed and opened and so forth. But it is correct to say that not only do our heads of mission have multiple accreditations in Africa but that quite often—I am not sure if this is the case now—the Austrade person who is based in South Africa will be responsible for a whole bunch of countries in the rest of Africa as well.

Senator FORSHAW—You mentioned Paris, but are there any other posts on the European continent, if I can call it that, that look after interests or are accredited to countries on the African continent?

Mr Ritchie—I think so, but I would need to check that. I think Lisbon might as well, for example.

Senator FORSHAW—I will be happy if you took it on notice and gave me a list of those.

Mr Ritchie—I would be happy to do so.

CHAIR—Senator Trood, do you have any more questions?

Senator TROOD—Since we are on South Asia I might perhaps do Mumbai. The questions are on consular matters relating to Mumbai.

CHAIR—We do have a heading for consular.

Senator TROOD—I know, but since we are here I thought I would ask them.

CHAIR—We are coming to the end of the time, but if that is your priority, so be it.

Mr Ritchie—I will ask my colleague Peter Baxter to come to the table.

Senator Chris Evans—Could I just indicate the ministers are doing a swap and you will get a vast improvement because Senator Faulkner is rejoining you.

Senator TROOD—Mr Baxter, I am speaking about the Mumbai bombings, of which I am sure you have an intimate knowledge, at least from a consular perspective. You will have no doubt seen some reports from Australians who were caught up in the bombings, and the general tenor of the reports has been to be quite critical of the Australian government or the consular support that they received at the time. Some quite notable individuals seem to have been caught up in it. There were some complaints about the ability of the Australian consular officials to assist and some suggestion that the consulate was actually closed. Could you provide me with an explanation. Do you agree with these observations?

Mr Baxter—No, I do not agree with those comments. I am not aware of a wide range of criticism. I am aware of one or two Australians who made some critical comments of our consular response very early in the attacks. That specific criticism was along the lines of when the attacks were underway and people who are seeking our advice we advised them to seek a

secure location, to stay put and to follow the directions of local authorities. That is, we think, very good advice in the circumstances where a terrorist attack is actually underway.

Senator TROOD—One person caught up in this matter said, ‘The embassy was not very helpful at all.’ Are you familiar with that comment?

Mr Baxter—No, not at all.

Senator TROOD—So that has not been brought to your attention?

Mr Baxter—Nobody has complained to me or, to my knowledge, written to the foreign minister expressing those concerns.

Senator TROOD—So have you received no complaints on this subject?

Mr Baxter—No, Senator—no complaints. On the contrary, we have had a lot of people actually appreciating our consular assistance.

Senator TROOD—I see. How many officers do we have there? We have a consulate there, don’t we?

Mr Baxter—We do. We have a consulate in Mumbai, which is managed by Austrade. But at the time of the attacks, fortuitously, our high commissioner, John McCarthy, was also in Mumbai with a number of embassy staff. And they were immediately focused on providing the response to the attacks.

Senator TROOD—And how many people are normally in the consulate representing Austrade?

Mr Baxter—I do not have the numbers for the Austrade consulate.

Senator TROOD—But it is an Austrade consulate?

Mr Baxter—It is an Austrade consulate, yes.

Senator TROOD—So how many people were there, able to assist Australians who may have been caught up in the matter at the time?

Mr Baxter—Of course, all of the staff of the consulate-general plus the high commission staff from New Delhi, including the high commissioner, who was in Mumbai at the time, were all deployed to assist with the response and, as soon as we were able to, we deployed additional staff into Mumbai. The attacks started on 26 November. On 27 November, the high commission in New Delhi deployed two additional officers to Mumbai. We had activated the DFAT crisis centre here in Canberra by 7 am on the morning of 27 November, as well as our emergency call unit. On 28 November, we deployed an emergency response team from Australia to assist Australians in Mumbai—

Senator TROOD—Sorry, Mr Baxter—how many people were in that emergency response team?

Mr Baxter—I am just getting to that, Senator. The team included a consular officer, two Centrelink counsellors, and a doctor sent by the Department of Health and Ageing. The Department of Immigration and Citizenship also deployed an airport liaison officer to assist Australians boarding flights in Mumbai. And then, two days after the attacks commenced, an AFP team arrived in Mumbai to provide assistance, both to the Indian law enforcement

authorities and to Australians on the ground. In addition to those staff, we deployed two staff to our high commission in Singapore—additional staff—to assist with the reception of and onward travel for Australians arriving from Mumbai.

Senator TROOD—And do you keep a record of the number of Australians who were affected by this, or the number you came in contact with who needed assistance?

Mr Baxter—Absolutely. When a crisis like this occurs, one of the first things we try to do is to ascertain the numbers of Australians that we think will be caught up, and we do that in a number of ways. The principal way is to check our online traveller registration. As you know, DFAT encourages people to register their travel details. Some people do; some people do not. So we get some information from the registration data and, as is the case in all crises, we get a lot of information from relatives and friends who are ringing DFAT and ringing our crisis centre and emergency call unit to inform us that they think their relatives were travelling to Mumbai at that particular time. So we then start compiling lists of people, and we eliminate those lists of people over a period of time. In the case of Mumbai, we had 86 Australians that we believed were in the areas that were immediately affected by the attacks and, within about 48 hours of the attacks occurring, we had located those people.

Senator TROOD—So you found all of the 86?

Mr Baxter—We were able to identify their whereabouts. As you know, tragically, two Australians were killed in the attacks. There were a number of Australians injured. And, as you would imagine, in a terrorist attack that went on over three days, the situation in Mumbai at that time was particularly difficult in terms of getting information and verifying information. But, as I say, we were able to do that quite quickly we think.

Senator TROOD—One of these reports cited Ms Satchwell and her boyfriend as having complaints about the treatment they received. Did their concerns come to your attention?

Mr Baxter—They did.

Senator TROOD—What was your response to that? They seem to have been rather unhappy with the assistance they received—or did not receive.

Mr Baxter—They received the advice that I referred to earlier. My understanding is that they were contacted by consular staff and, at the height of the attacks, they were told to find a secure location, to stay put and to follow the advice of local authorities. As you would recognise, DFAT does not have the capacity, in the middle of a terrorist attack, to go in and extract Australians from the locations that are under attack. So, while it might sound like very passive advice from one perspective, the best thing to do in circumstances where you are in a foreign location and under the jurisdiction of foreign law-enforcement authorities is to follow the directions that those authorities provide.

Senator TROOD—Did they subsequently come to the consul's attention?

Mr Baxter—No, they did not.

Senator TROOD—So they were not heard of again?

Mr Baxter—They did not seek our assistance. Our assistance was principally focused on those Australians who were caught up in locations that were under attack. As you know, the

attacks were sustained over a lengthy period. We had a significant number of Australians who were in the hotels that were the particular focus of the attacks. We were trying to provide assistance to those Australians inside the hotels while the terrorist attacks were occurring inside the hotels.

Senator KROGER—I would like to ask for clarification on a couple of points. When you determine to deploy further personnel to deal with a terrorist situation such as this, what comes first? How do you determine that you need to deploy the number of staff that you do? How do you undertake that evaluation of such a situation?

Mr Baxter—As I mentioned, whenever a consular crisis occurs overseas, if it is of a similar magnitude to that which occurred in Mumbai we will open our DFAT crisis centre immediately and we will then convene an interdepartmental emergency task force. That task force has representation from a very large range of agencies, including Centrelink, Defence, Immigration, health authorities, Emergency Management Australia, the Department of the Prime Minister and Cabinet and of course DFAT. I chaired the emergency task force. We quickly make an assessment based on the information we have received from our post and from partner countries as to what is going on and then we make an assessment of what sorts of resources we might need to deploy. As you would imagine, very early in a crisis it is often difficult to obtain 100 per cent accurate information as to what is going on so there is an element of drawing on our experience in dealing with other crises to determine what expertise we might need. That is why, once we started getting reports of a large number of people being killed or injured, we decided to send some medical personnel and some counselling personnel as well as people with practical skills to help those Australians who just wanted to get out of Mumbai as quickly as possible.

Senator KROGER—The medical personnel was just one doctor?

Mr Baxter—That is right.

Senator KROGER—Would that be normal given the potential magnitude of the situation and the fact that you did not know how many Australians were ultimately involved in it?

Mr Baxter—It depends on the circumstances. Mumbai is a city that has extensive medical facilities. If it is a country or a location where that is going to be a particular problem then we might look at doing more. Of course, if we receive information from our post or other sources that there is a particular difficulty in the provision of medical services to Australians then we would look at deploying more assistance—of course, with the approval of the government concerned. But there was no sense in these circumstances that those Australians who were injured had any problem receiving medical treatment.

Senator KROGER—My recollection of what unfolded during that time is that there was a person who was considered to be missing for a period of time. Was that the case?

Mr Baxter—There were lots of people missing for periods of time. As I said, we received—

Senator KROGER—But some days later all but one had been identified?

Mr Baxter—No, that is not the case. As I mentioned, we worked out from the information we had received the number of Australians who were there. We accounted for them all.

Unfortunately and tragically, two of those Australians were killed, but we did locate everyone within a relatively short period of time.

Senator KROGER—Of the 86 that there were concerns about and that you were aware were in the area, how many had registered online?

Mr Baxter—I do not have that number. At the time of the attacks we had 456 Australians registered as being in Mumbai. How many of those were amongst the 86 I do not know. I could check that for you and get you the answer. Based on our experience, I would say it would be less than half.

Senator KROGER—Okay. In one of your earlier statements you said that the advice that was being provided to those on the ground—and I hope I am quoting correctly here—was ‘to seek a secure location’. I can only imagine how difficult it would be to be on the other side of the telephone being told to seek a secure location if you were in the Taj Mahal hotel. Was advice given as to what that secure location was?

Mr Baxter—It was, if you were in a place where you were vulnerable to attack, to go somewhere where that would not be the case. For instance, people who we were talking to who were in the hotels that were under attack barricaded their rooms with furniture to stop the terrorists from entering. There is no question that that would be difficult advice to receive if you were in those awful circumstances, but from a practical perspective neither the Australian government nor any other foreign government was in a position in India to mount an extraction operation of their citizens in the middle of a terrorist attack in the central business district of Mumbai. It was just impractical.

Senator KROGER—One could appreciate, though, that Ms Satchwell and others—who had been in the city for, in some instances, only a matter of hours, were not familiar with the city and so on—who were given the advice to ‘find a secure location’ may be dissatisfied with that advice. Again, I question whether there could in fact have been further advice given. I presume some of those who were seeking advice were outside the hotels that were under attack. Were they given advice as to areas that they should be staying away from or their quickest route to the airport?

Mr Baxter—My understanding of the way in which the Indian authorities responded to the attacks is that the area of Mumbai that was under attack was quickly cordoned off, and it was very difficult for people to get access to or egress from that area, because clearly there was an Indian response to the terrorist attacks underway. As I said, I understand the point you are making, but from a practical perspective in those circumstances, without knowing exactly the location of every Australian—which we did not have at the time—that is the best advice that we could give.

Senator KROGER—I understand that there were emergency assistance payments established to help travellers who may have been experiencing immediate difficulties. Can you outline what those emergency payments were, please?

Mr Baxter—There were emergency payments set up. The Australian government, as you are probably aware, has a mechanism called the Australian government disaster recovery payment. That is administered by Centrelink, not by DFAT. It includes a one-off payment of \$1,000 per adult and \$400 per child for people who have suffered serious injury or

psychological trauma as a direct result of the attacks. There is also a capacity to assist with funeral, memorial and related costs of up to \$5,000 to immediate family members of any Australian who has died as a result of the 26 November terrorist attacks. Those arrangements have been in place for some time and have been applied in other circumstances, including the Bali bombings.

Senator KROGER—Were there any individuals who required financial assistance outside those guidelines to deal with unforeseen flights or whatever?

Mr Baxter—Not that I can recall, no. We did provide a range of other assistance to people. For instance, a lot of those people who were caught up in the hotels understandably just wanted to get out of Mumbai as soon as it was safe to do so, so there was a large amount of luggage that was left behind. We organised for that luggage to be returned to those Australians. DHL and Qantas very generously freighted that luggage back to Australia free of charge and then distributed it to the Australians involved, with our assistance. We worked with the state and other federal agencies to ensure the appropriate support was provided to the families of those who were killed or injured in the attacks.

Senator KROGER—Was there anything that the regrettable experience offered as an opportunity to learn from or that has inputted into any changes of procedure or process in dealing with disasters such as these?

Mr Baxter—We conduct a lessons learnt exercise every time we deal with a major consular crisis, and we have done so in this case. Given the circumstances and the ferocity and the length of the attacks, we are satisfied that we provided good consular assistance to Australians. It is the nature of the consular service that not everyone is always 100 per cent happy with what we do, but the speed with which we located the Australians who were in the affected area and provided them with assistance is something that we are very satisfied with. Of course this was, by its very nature, an unforeseen circumstance and the speed with which we reacted was appropriate. The number and the nature of the extra personnel that we deployed were also appropriate. So we are satisfied that we did all we could to assist Australians in those circumstances.

Senator TROOD—Have any decisions been made to do anything about the consulate in Mumbai as a consequence of this event, any increase in numbers or any security arrangements that need to be changed?

Mr Baxter—Not that I am aware of, no.

Senator TROOD—Ms Stokes, can I ask you about Zimbabwe, which is where I hope to go. I just wanted to know whether or not, in light of the—I hesitate to use the word—‘reconciliation’ that has taken place between the contending forces in Zimbabwe, the Australian government is proposing to change its policy in relation to sanctions and things of that kind?

Ms Stokes—The language that is used is that an inclusive government has been formed and agreement has been reached amongst the parties on this. It was achieved in large measure as a result of the diplomacy of SADC countries. We find ourselves in a difficult position. We hope that it will prove to be a viable government and that it will take some concrete steps to address Zimbabwe’s profound economic and humanitarian problems. We wish Morgan

Tsvangirai and his team the best in trying to have a positive influence on the government. We have to admit that, based on experience, we are not necessarily fully optimistic, but we would like to see it work if it can. So our policy is really to welcome it and, given that it reflects an agreement reached between the various parties and that it is supported by the southern African region, we also want it to achieve progress, to make some impact on the ground in Zimbabwe. That is really the most important thing. It is certainly too early to see that. We have not seen any signs of improvement; in fact, we have seen some negative signs—for example, the arrest of an MDC minister-designate—so that does not fill one with a lot of confidence. Our sanctions on travel and banking transfers remain current. We have not changed those.

Senator TROOD—So is it the position that you are waiting to see whether or not the agreement has stability and results in some progress—

Ms Stokes—Yes.

Senator TROOD—and, until such time as that takes place, the Australian government's position or policy has not changed?

Ms Stokes—In terms of sanctions it has not changed. In terms of our support for addressing the humanitarian problems, we will continue to be very generous when it comes to dealing with the humanitarian issues. It is still too early to tell exactly how this new government is going to work. It is something that we are watching very closely and our post in Harare is watching very closely. The minister had spoken to Morgan Tsvangirai before the formation of the government. We want to be alert to the opportunities for strengthening positive developments there. That is really our position at the moment.

Senator TROOD—Have we taken that position in conjunction with members of the Commonwealth and other interested parties, or is that a view we have reached independently?

Ms Stokes—We are always in consultation with like-minded countries who have a great interest in the welfare of the people of Zimbabwe—countries like the UK, Canada, the United States, the Netherlands and so on. We are also in touch regularly with SADC countries, and we recognise very much the leadership role and the role they have to play to make sure that this agreement works. The SADC countries will have a really key role, so our continued engagement with them is very important.

Senator TROOD—You excluded humanitarian responses from the observations you made, but you said that was continuing. On the apparently non-existent cholera epidemic: what are we doing to try and provide assistance in regard to that?

Ms Stokes—This financial year, we have contributed \$26 million in humanitarian assistance to Zimbabwe, mostly in the form of food aid. Most recently, we provided \$5 million to address the cholera epidemic. Those funds were committed through UNICEF. When you see AusAID, they can probably give you a little bit more detail on that.

Senator TROOD—Yes.

Ms Stokes—We are one of the leading humanitarian donors in Zimbabwe.

Senator TROOD—I can hold any further questions on that subject for AusAID.

CHAIR—Are there further questions on 1.1.5?

Senator KROGER—Yes. I have some questions I want to raise in relation to Israel, in particular Gaza. When Mr Smith was visiting the West Bank on 29 October last year, he pledged \$10 million in assistance to the Palestinian Authority. Could you provide a breakdown of the distribution of that assistance and whether in fact it has been distributed already?

Ms Stokes—I will need to ask AusAID for that. You will be seeing them this afternoon; you could ask them. They are probably listening to this now, and they may—

Senator KROGER—Thank you for that, Ms Stokes; I will withhold that question until a little later. My understanding is that some of that money has gone to UNRWA, the United Nations Relief and Works Agency, and I was wondering whether DFAT could advise what UNRWA's global budget would be.

Ms Stokes—Again, I think it is best to direct that question to AusAID.

Senator KROGER—Have you any idea what our budget has been to UNRWA—how much we have directed to them to date?

Ms Stokes—Ever since UNRWA was created? No, I do not, and it would probably take AusAID a little while to calculate that.

Senator Faulkner—But, Senator, because you are raising these issues, I am very confident that AusAID will be plugged into this discourse. Alternatively, I am absolutely confident that the minister's office will pass on the nature of your questions to AusAID so that AusAID officials will be well prepared to assist you when they come to the table.

Senator KROGER—Minister, thank you very much for that. I flag that I will raise it again in another hour so.

Senator Faulkner—By all means, Senator. Hopefully, the advantage of doing this now will be that AusAID will be well prepared to provide you with as much detail as they can on those issues.

Senator KROGER—Thank you very much. Thanks, Ms Stokes.

[3.12 pm]

CHAIR—There being no further questions on 1.1.5, we will turn to 1.1.6. We are going to the Pacific now. Are there questions on 1.1.6, Pacific?

Senator KROGER—I have one question in relation to the Pacific Islands Forum. I understand that there was a rather unusual closure to the forum when a very angry Fijian Attorney-General accused a DFAT employee of tampering with a Wikipedia entry of Justice Gates. Can you expand upon that, please.

Mr Ritchie—Certainly, Senator. Yes, we are aware of and certainly read the allegations made by the Fiji interim Attorney-General. We are in the process of undertaking some inquiries into that. That investigation, using our Conduct and Ethics Unit in the Department of Foreign Affairs and Trade, has not been completed yet. I might say, however, that, firstly, the officer who was named by the Fiji interim Attorney-General of course vehemently denies that he was involved in any way, shape or form, and, secondly, we believe him. He is the default person that appears on our system as our default IT administrator for members of the public,

so people can use his name—he is very well known to people who send us emails and other things. So we are still investigating that. We would be obviously concerned if it were true, but we have so far found no evidence that it is true, and the officer concerned absolutely, totally denies any involvement in it.

Senator KROGER—So, Mr Ritchie, you are suggesting that someone has used his—

Mr Ritchie—It is one theory, Senator. It is one theory.

Senator KROGER—One that has been sent to them and they have sent something on or used it in an inappropriate manner?

Mr Ritchie—It is one theory, Senator, yes. We certainly do not accept the accusation at face value.

Senator KROGER—So does DFAT have the IT skills or access to the interrogative skills necessary to go down the electronic investigative path?

Mr Ritchie—I do not want to go into the details of the investigation too much, but I can assure you that is part of it as well.

[3.15 pm]

CHAIR—We will now turn to 1.1.9, International organisations legal and environment.

Senator BRANDIS—I have some questions in relation to Australia's participation in the so-called 'Durban II' conference, which is schedule to take place in Geneva in April. I understand that on Monday of this week there was a meeting on the Durban II conference in Canberra at which NGOs were briefed by the minister and by a DFAT officer called Mr Craig Maclachlan—is that right?

Mr Potts—Yes, we hold biannual consultations with non-government organisations focusing on human rights and Mr Maclachlan chaired the meeting on Monday. Normally I would have chaired it but I was in Brisbane on other business.

Senator BRANDIS—There have been some preparatory committee sessions in advance of the Durban II conference, have there not?

Mr Potts—Certainly.

Senator BRANDIS—There was one, in fact, as recently as last week.

Mr Potts—That is correct.

Senator BRANDIS—Did Australia participate in that preparatory committee?

Mr Potts—Australia did participate, yes.

Senator BRANDIS—Where was that held, please?

Mr Potts—That was held in Geneva.

Senator BRANDIS—Had there been earlier preparatory committee meetings for the officially called 'Durban Review Conference' but lets use the shorthand name 'Durban II'?

Mr Potts—Yes, there have been.

Senator BRANDIS—How many have there been?

Mr Potts—I do not have the details but it is probably fair to say at least three or four brackets of sessions.

Senator BRANDIS—Have they all been in Geneva?

Mr Potts—I believe so.

Senator BRANDIS—And has Australia participated in all of them?

Mr Potts—No, we have not.

Senator BRANDIS—How many have we participated in, please?

Mr Potts—We participated in the latest, that is to say the session last week.

Senator BRANDIS—Is that the only one we have participated in thus far?

Mr Potts—We monitored the previous sessions.

Senator BRANDIS—I see. Does the decision to participate in the most recent preparatory committee meeting rather than monitor it indicate a change of attitude to Australia's level of involvement in the Durban Review Conference?

Mr Potts—No, it does not. The participation at last week's meeting was without prejudice to any ultimate decision about our attendance at the Durban Review Conference itself.

Senator BRANDIS—As I understand, there are two nations, Canada and Israel, which have so far announced that they will be having nothing to do with the Durban Review Conference. Can you bring me up to date? Are there others who in recent days have also announced that they will not have anything to do with the Durban Review Conference?

Mr Potts—We are aware of two—Canada and Israel.

Senator BRANDIS—As well, a host of nations have indicated that they are reserving their position in relation to participation, including the United States of America. Is that right?

Mr Potts—Correct.

Senator BRANDIS—Is that still Australia's attitude—that we are reserving our position in relation to participation?

Mr Potts—I think that is a fair characterisation.

Senator BRANDIS—Do not take my words for it. How would you characterise Australia's attitude to participation at the Durban II conference?

Mr Potts—I think we are waiting to see what comes out of the preparatory process before making a final recommendation to government. Government obviously will make a final decision on participation.

Senator BRANDIS—Did anything come out of the most recent preparatory committee meeting in Geneva last week which will shape your thinking on that issue?

Mr Potts—It is fair to say that it is more of a cumulative process looking at the various sessions. But I am not fully briefed, because I was away when the telegrams came in from my Geneva. But my understanding generally is that there was nothing that emerged from the discussion which made it any more likely that we would participate in the meeting.

Senator BRANDIS—I understand your need to express yourself very carefully, Mr Potts. Are there other officers available who may be aware of the cable traffic and who might be able to tell us with more particularity what transpired at the Geneva preparatory meeting last week?

Mr Potts—Not in the room, but I can consult during the next break.

Senator BRANDIS—That will be in only about 25 minutes time. I would be most grateful if you would.

Senator Faulkner—I am not sure that the department will still be with us at that time. I want to assist you here, Senator Brandis. We need to check whether—

CHAIR—At four o'clock we go to AusAID and the agricultural organisation.

Senator BRANDIS—I wonder if we could trouble Mr Potts to wait until four o'clock. If that information could be conveyed to him over the afternoon tea break, then perhaps with the indulgence of the committee he could inform us at four o'clock before we move to AusAID.

Senator Faulkner—I am certainly happy to facilitate Senator Brandis on this, if it suits the committee. I know that the committee wants to protect its own interests in terms of its time, but I am very happy to assist.

CHAIR—We will try to cooperate.

Senator BRANDIS—Mr Potts, there is to be one more preparatory committee session before the Durban Review Conference convenes in April, is there not?

Mr Potts—Yes, that is right.

Senator BRANDIS—That preparatory committee session is only two weeks before the conference, correct?

Mr Potts—I believe that is right. I do not have that detail in front of me, but it certainly accords with my general recollection.

Senator BRANDIS—Is it Australia's intention to participate at that preparatory committee session or is it likely that between now and then a decision will have been made by government about Australia's continued participation in this process at all which may result in our withdrawal?

Mr Potts—The way that I would put it is that we would be consulting government before the next preparatory session.

Senator BRANDIS—Perhaps this is more a question for you, Minister, than for you, Mr Potts. The decision as to whether Australia pulls out or goes ahead is a decision that we expect to be made between now and the next meeting of the preparatory committee, which is the ultimate meeting of the preparatory committee before the conference in late April. Is that right?

Senator Faulkner—I am happy to provide you with the information that I have. I can at least respond to part of what you have asked. You have already had some of that information made available to you by Mr Potts in answer to your earlier questions. My understanding is

this: in the broad, the government has not yet decided whether Australia will attend the 2009 Durban Review Conference, which I understand from you is called Durban II.

Senator BRANDIS—I think that it is called Durban II as shorthand.

Senator Faulkner—It is true that Australia participated in the last session of the working group on the Durban II outcomes document. That occurred—

Senator BRANDIS—Pausing there, Minister: when you say ‘the working group’ is that what I have been describing as the preparatory committee?

Senator Faulkner—I believe so.

Mr Potts—Yes.

Senator Faulkner—Technically, it is called a working group.

Senator BRANDIS—But we are talking about the same thing, aren't we, Mr Potts?

Senator Faulkner—For the sake of the record, it is the working group on the Durban II outcomes document. That was held in February. Australia obviously did that with a view to positively influencing the outcomes document. As you would appreciate, a range of other nations such as the United States also participated in that working group. Going specifically to what you have just raised with me, the most accurate and the best way of answering the question you have raised is to say, on behalf of the government, that a decision to participate in that working group does not indicate a decision to participate in Durban II—that is shorthand—or, for that matter, any other preparatory meetings or working group meetings. That decision will be based on a consideration of whether Australia and other countries which have a genuine interest in countering racism can positively influence the outcomes of the conference and also the extent to which the conference is likely to be marred by anti-Semitism.

To be frank with you, that is the limit of the information I can provide to you on behalf of the minister. I think, in large measure, it does answer the question that you have asked. I am sure Mr Potts or any of the other officials might be able to assist you with any other issues of detail around the working group or more broadly the Durban Review Conference. But I think in the broad that answers the questions that you have asked from the perspective of the government or the Minister for Foreign Affairs.

Senator BRANDIS—Mr Potts, presumably there is a process whereby the Australian government, were it to decide to participate in the Durban Review Conference, indicates its intention to participate and arranges for the accreditation of an Australian delegation.

Mr Potts—Yes, in the normal way the Minister for Foreign Affairs would prepare credentials for the delegates to the meeting.

Senator BRANDIS—And that has not occurred yet, plainly?

Mr Potts—No.

Senator BRANDIS—Is there a date by which, if Australia decides that it will participate, the accreditation or the presentation of credentials by the minister must take place?

Mr Potts—I do not know but I would be very surprised if it were much before the date of the meeting.

Senator BRANDIS—Are we talking about the working group meeting or the conference itself?

Mr Potts—The conference itself.

Senator BRANDIS—I see. So it is not like a Labor Party or a Liberal Party conference where the delegates must be registered a period of weeks in advance?

Senator Faulkner—Nothing is like a Labor Party conference.

Senator BRANDIS—Indeed. Have any other steps been taken by the Australian government to make arrangements for Australian delegates to participate in the Durban II conference in the event that that is the government's ultimate decision? For example, have hotel rooms or other accommodation been reserved in Geneva for an Australian delegation?

Mr Potts—Not that I am aware of.

Senator BRANDIS—Could that be checked, please?

Mr Potts—Certainly.

Senator BRANDIS—Have airfares and other travel arrangements been made to provide for the travel to the conference of an Australian delegation in the event that the government decides to proceed with participation?

Mr Potts—Certainly not in respect of any officers from my division. That is the only funding that I am in control of and the answer is no.

Senator BRANDIS—How many Australian officers are expected to be engaged in the next meeting of the working group—that is, the meeting in Geneva a fortnight before the conference—in the event that by that time no decision has been made by the Australian government to terminate participation in this process?

Mr Potts—It would be one or two, probably two officers, from our permanent mission in Geneva.

Senator BRANDIS—So there will be no Canberra-based officers from your section, for instance, going specifically.

Mr Potts—That is correct. It would be done out of Geneva.

Senator BRANDIS—And in the event that the government were to decide that Australia will participate in the Durban II conference itself, would it be the same position, that our Geneva-based DFAT staff would comprise the Australian delegation, or would the Australian delegation be more broadly based?

Mr Potts—That would be up to government.

Senator BRANDIS—What would be the ordinary course for a conference of this kind? Or is there no ordinary course?

Mr Potts—The Durban conference up to now has been a one-off in more than one respect, I guess. Durban II in a sense is again a one-off. So it is difficult to speculate on what might be the shape of an Australian delegation.

Senator BRANDIS—Mr Potts, you are aware of course of the intense concern entertained by members of the Jewish community about agendas being pursued by various nations at the Durban II conference as they were pursued at the initial Durban conference in 2001.

Mr Potts—Certainly, and understandably so.

Senator BRANDIS—Am I right in understanding that the chairman of the Durban II conference is to be Libya and that the two vice-chairs are to be Cuba and Iran?

Mr Potts—My information certainly confirms that Libya will be the chair and Cuba the vice-chair and rapporteur. I do not have information on the second vice-chair but I have no reason to suggest that your recollection is wrong.

Senator BRANDIS—No scope for any of the liberal democratic nations of the world to take a senior executive role at the Durban II conference, by the looks of things.

Mr Potts—No.

Senator BRANDIS—I am really saying this to invite you or the minister to respond if you wish. I think this should be ventilated. You are aware, aren't you, that among the concerns not merely of the Jewish community but of citizens of liberal democracies, including Canada, which has already decided not to participate, is that in the draft foundational document of the conference there are agreed paragraphs containing words of condemnation by plain allusion to the state of Israel as a racist and apartheid power.

Mr Potts—We are certainly aware that there are paragraphs, but my belief is that they are not agreed. They are still in contention. They are very much in the text.

Senator BRANDIS—You are aware that the text contains statements attacking the principle of freedom of speech as being a pretext for the defamation of religious belief?

Mr Potts—Yes, certainly.

Senator BRANDIS—It is a matter of concern to the Australian government, presumably.

Mr Potts—Very much so.

Senator BRANDIS—You are aware that the draft text contains paragraphs which condone and indeed encourage the discrimination against people on the basis of their sexual orientation?

Mr Potts—Certainly.

Senator BRANDIS—It is presumably a matter of concern for the Australian government as well?

Mr Potts—Again, yes.

Senator BRANDIS—You are aware that there are attempts from a number of states participating in the Durban II process to delete from the draft document words condemning anti-Semitism?

Mr Potts—Yes.

Senator BRANDIS—That is a matter of concern for the Australian government as well?

Mr Potts—Very much.

Senator BRANDIS—That there are attempts to remove from the draft document any suggestion that the Holocaust should be commemorated by the international community or member nations of the international community?

Mr Potts—Yes.

Senator BRANDIS—That is a matter of concern to the Australian government, of course.

Mr Potts—Yes, certainly.

Senator BRANDIS—Senator Ryan wants to follow me on this.

Senator RYAN—I have an article in front of me that refers to discussions that took place last Wednesday, I am told, at this working group. I understand that when a paragraph is bracketed that means, as you mentioned before, it is in dispute. The paragraph which I believe Senator Brandis was referring to ‘condemns without any reservation any denial of the Holocaust and urges all member states of the United Nations to reject any denial of the Holocaust as a historical event, either in full or in part, and any activities to this end’. I understand that has been bracketed. The paragraph was a suggestion of the European Union. The report I have in front of me says that the Iranian representative, who as we have heard may well be the vice-chair, put that in dispute and insisted it be bracketed. The chair then looked around the room asking for further comments on that proposal and there were no further comments. I would be interested to know whether an Australian representative was in the room and whether or not they did actually make a comment on that. I am assuming that is the way in which these processes work—that, if the chair called for comment, the Australian representative would have had the opportunity to either support or oppose the bracketing of this comment.

Mr Potts—I was not at Geneva and do not have a detailed report.

Senator RYAN—I appreciate that. I was wondering if you could take it on notice.

Mr Potts—Yes. I would also make the point that, once one’s unacceptable language is bracketed, in a sense that means it is not agreed already and it is left open to further discussion down the track.

Senator RYAN—I presume, Minister, you would agree that that is something that we would like Australian representatives to express very strong views upon.

Senator Faulkner—From what I have heard, very much so. What I can say to you and what I understand to be the situation is that a number of nations—Canada, Israel, the United States, New Zealand and the European Union—certainly share Australia’s concerns about, in the broad, the prospect of anti-Semitism marring the Durban review conference. My understanding—and I will check with officials if there has been any development since the briefing that I am not aware of—is that, at this stage, two nations, Canada and Israel, have announced that they intend to withdraw. I stress to you the comments I made earlier in answer to Senator Brandis’s question, particularly in relation to those concerns about anti-Semitism.

Senator BRANDIS—Senator Faulkner, you are the Cabinet Secretary. Are you able to give us an indication how soon the cabinet—or, if not the cabinet, the appropriate cabinet subcommittee or any other appropriate organ of the government—will make the decision about whether Australia proceeds with its participation in this terrible conference or decides not to participate?

Senator Faulkner—That is not necessarily a decision for me. As you would probably appreciate, I from time to time have, as a result of being the Cabinet Secretary, some visibility on decision-making processes that would not necessarily occur for a minister outside a particular portfolio. I actually do not have any information I can provide you or the committee about that. I do not want to make a guesstimate about it.

Senator BRANDIS—That is fine.

Senator Faulkner—Let me just conclude, Senator. I think it is an important point that you make. I am certainly happy to take it on notice for Mr Smith to respond, but in addition to doing that I will just check if any of the officials at the table have more knowledge about this than I have and invite them to share it with you if they do. Mr Ritchie advises me that at this stage they do not have any more knowledge, but I will certainly in that instance take it on notice for you and ask Mr Smith to respond at the earliest available opportunity.

Senator BRANDIS—Thank you.

Senator RYAN—Logically, as an extension of that question, I was going to ask later on whether or not there are any pre-existing criteria for such a decision. Senator Brandis has asked about timing of the decision. I would be interested in any criteria that are being applied, such as the content of the three working group papers rather than just the timing mechanism and when the decision has to be made by.

Senator Faulkner—Frankly, I do not know the answer to that question. Again, I will need to check with officials. Mr Potts advises me that this is generally done on a case-by-case basis by the minister of the day. That is perhaps the best answer I can provide to you. If I can find any additional information—which I suspect I cannot—I will certainly provide it to you.

Senator RYAN—I would appreciate that. Thank you.

Senator Faulkner—But I think the answer to you, Senator, is that it is done on a case-by-case basis.

Senator BRANDIS—I do not think this is a party political issue, but I am sure the government is well aware that there are elements of the Australian community—in particular the Jewish community—who regard this ostensibly antiracism conference as, in fact, a pretext for racist attacks on the state of Israel and as a vehicle for anti-Semitism, just as the original Durban conference in 2001 turned out to be.

Senator Faulkner—I will just respond to that and say that I have heard the nature and tenor of the questions both you and Senator Ryan have asked me about that. You have heard from this side of the table the tenor of my responses to those questions and also the tenor of responses from officials.

Senator BRANDIS—Indeed we have. Thank you. Lastly, I assume that your officials are aware of the resolution of 27 January 2009 of the 13th Plenary Assembly of the World Jewish

Congress in Jerusalem, which articulated in a fairly lengthy resolution the main elements of the Jewish community's concern about the Durban conference. I feel sure—

Senator Faulkner—Let us ask them. I invite officials to respond to you.

Senator BRANDIS—Mr Potts, you are aware of that resolution, aren't you?

Mr Potts—We are well aware of the tenor of concerns from the Jewish community and can well understand them as well, yes.

Senator BRANDIS—I wonder, Minister, if I could ask you to give us an assurance that, when this matter comes before cabinet, the terms of the resolution of the World Jewish Congress concerning the Durban II conference, which I think is the most considered expression of the views of the international Jewish community on this matter, will be brought to the attention of the appropriate decision makers.

Senator Faulkner—In broad, the answer to your question is yes. I do not want to suggest by answering yes that that necessarily means the process will be full cabinet consideration of such a matter, but I will ensure that the Minister for Foreign Affairs, Mr Smith, is aware of that point that you make and will do so in a positive way.

Senator BRANDIS—Thank you, Minister.

Senator Faulkner—I think Senator Brandis and Senator Ryan may have—

Senator BRANDIS—I think Senator Ryan had one other thing, but I have got my last question.

Senator Faulkner—I want to come back to that for a moment at the conclusion of Senator Ryan's questioning.

Senator RYAN—I have one quick question. I am happy to have a short explanation of how the process might work in this regard. One of the other concerns is that both the final document from Durban I and this draft paper for Durban II go to an inordinate amount of trouble to single out the state of Israel with respect to the Middle East. In fact, I believe it is the only country mentioned and singled out in such a fashion, which is again something of particular concern not just to the Jewish community but to those who care about the state of Israel. I did a quick search, which one can do with online documents, and could not find a mention of Syria, Iran or Hamas; I did not have time to do any more searches. What I was wondering is: given the Australian involvement has been limited to this point, has Australia had or will it have an opportunity if it does decide to go forward to, for example, seek to balance the commentary in this document? That did not happen at Durban I but, as I understand, Australia and others walked out. Would our ability to influence such a commentary be under consideration?

Mr Potts—I think not just Australia but a whole range of countries have been and are seeking to put more balance into the draft declaration. This is a draft declaration that is going to be agreed by consensus; that is the process. Adding or subtracting countries requires consensus, so it is going to be a difficult process. It is a process that is worth the effort up till now, but you cannot be sure what results it will bring. Obviously the state of the document is going to be a very key element bearing on the government's ultimate decision on participation.

Senator RYAN—None of those terms are mentioned even in bracketed sections in this document. Is there a capacity going forward for the Australian government, if we did participate in the last preparatory working group, to actually insert those even in a bracketed form? It strikes me that if one controls the agenda of a meeting one has an amazing influence on its outcome. The agenda thus far has been directed in one way, which is to target the state of Israel.

Mr Potts—We have been working along those lines already. If the government decided to continue in the last session we would continue those efforts.

Senator Faulkner—Chair, if you are thinking of having a break—

CHAIR—I am.

Senator Faulkner—I need to check with Senator Brandis whether, as this issue has evolved, he still requires Mr Potts to come back after four o'clock. If it would assist the committee, we would be happy to finish this matter off before the break.

CHAIR—I happen to agree with you; I think it is best we conclude this discussion before going to the break. Then when we come back from the break we can get answers to matters that are being pursued.

Senator Faulkner—Through you, Chair, can I ask Senator Brandis whether he still requires Mr Potts.

Senator BRANDIS—If it is possible for an answer be provided for that question through an inquiry over the break—it is not a complicated question.

Senator Faulkner—We will do our best.

Senator BRANDIS—Thank you. Senator Faulkner, just to finish this off, Mr Potts has spoken of these documents being arrived at by a process of consensus and it is plain, particularly from Senator Ryan's questions, the way in which the text is very much a negotiated outcome. But I feel sure, Senator Faulkner, you would have no difficulty in assuring the committee and the parliament that the Australian government will have no participation in and be part of no census which involves a final document which contains, either explicitly or by implication, anti-Semitic sentiments.

Senator Faulkner—Obviously you can be assured, Senator, that I share that sentiment and the government shares that sentiment and I think I can say that Mr Smith, the Minister for Foreign Affairs, would share that sentiment. I am always sensitive to the fact that I am not the decision maker in this; that is Mr Smith or other processes. But if you are asking me whether I share that sentiment, yes, I do. I think it is proper for me to note, as I have, that Mr Smith as Minister for Foreign Affairs is the decision maker and I represent him here.

Senator BRANDIS—Sure.

Senator Faulkner—But, to finish my answer to your question, I hope you have heard from me the strength of views—my strength of view, the Foreign Minister's strength of view and the government's strength of view—on this matter.

Senator BRANDIS—I certainly have.

Senator FORSHAW—And that is shared, Minister, by many others of course, including me.

Senator BRANDIS—I am sure they are shared by all of us here.

Senator Faulkner—I absolutely accept that.

Senator BRANDIS—The only reason I invite you to, as it were, state the obvious is that it does trouble me sometimes that, when one hears diplomats speak of documents being arrived at at international fora by a process of consensus, the pressure to participate in that consensus can sometimes lead states to agree to an albeit much watered-down version of sentiments which should not really be expressed in any form, watered down or not. I trust that will not happen here with the Durban II conference.

CHAIR—There are no further questions on this matter.

Mr Ritchie—I just want to answer a couple of questions that were raised earlier in the day, if that is okay.

CHAIR—Proceed, Mr Ritchie. Thank you.

Mr Ritchie—Firstly, with regard to Senator Forshaw's questions earlier, we have had a look at that. The embassy in Paris is accredited and responsible for Algeria, Morocco and Mauritania. Our embassy in Lisbon is not accredited but has what we call reporting responsibilities for Cape Verde and Guinea-Bissau. You asked about European posts. You also asked from where Austrade manages Algeria. It manages it from its post in Libya. Mr Wise, I think, has the answer to one of the questions raised by Senator Trood.

Mr Wise—Senator Trood asked about data on separations in the second quarter of the financial year 2008-09. Twenty-four employees separated from the department during the December quarter. The reasons for separation were: 10 transferred to another APS agency, seven resigned, three retired, three took voluntary redundancies and one employee died.

Proceedings suspended from 3.52 pm to 4.10 pm

CHAIR—The committee will come to order. Mr Potts, I believe you have some information to provide to us?

Mr Potts—Yes. I wanted to follow up on two aspects of matters raised by Senator Brandis—or Senator Ryan; I think it was Senator Brandis. The first was the question of the vice-chairs of the Durban preparatory process. He correctly identified Cuba and Iran as vice-chairs. There are in fact 18 vice-chairs, and they include countries such as Brazil, Norway, Greece, Belgium, Turkey, Estonia, Croatia, Chile and Argentina. Nonetheless, they do include Cuba, Iran and also Libya as chair. That is the bureau for the preparatory commission for the Durban II conference. What is not clear at the moment is whether they will also be the presiding officers for the Durban conference itself. That decision will be taken by the prep com only days before the conference itself.

The second matter is that I have been able to obtain some information about what has been happening in the working group whose session from last week that Senator Brandis was asking about. The information we have from Geneva is that it is still meeting. Although it was scheduled to go only for the week, it has gone well into this week and it is still on the first

reading of the text. That is a reflection, I think, of the length of the text, which the Russian chair has in fact been trying to prune. What is happening is that we, the US and the EU have been adding material in and so have the African group and the OIC countries. They have been bringing their problematic text. So the progress of reading is very slow, and we will not get a full readout from Geneva until this working group comes to a close either today Geneva time or, more likely, tomorrow.

CHAIR—So it has been meeting for almost two weeks.

Mr Potts—Correct.

CHAIR—A good set of negotiations not to be involved in, I would have thought! Thank you, Mr Potts.

[4.13 pm]

AusAID

CHAIR—I welcome the officers of AusAID. Senator Kroger, I believe you are going to open the batting.

Senator KROGER—I understand I may have put you on notice in terms of one of the issues that I raised only 45 minutes to an hour ago with DFAT. I am interested in the pledge of \$10 million that Mr Smith offered the Palestinian Authority when he was in West Bank on 29 October. Could you share with us the breakdown of that in terms of where that financial support was to be distributed and whether that has been distributed yet.

Ms Walker—Can I just clarify that you are interested in the \$10 million in emergency assistance for Gaza.

Senator KROGER—Yes, I am.

Ms Walker—The breakdown of that assistance is as follows. It has been provided in two tranches. The first commitment, of \$5 million, announced on 1 January, comprised \$2 million for the United Nations Relief and Works Agency, or UNRWA, \$1.5 million for the World Food Program and \$1.5 million for the International Committee of the Red Cross. The second tranche, a commitment of \$5 million, announced on 27 January, included another \$1 million for the United Nations Relief and Works Agency, \$1 million for the World Health Organization, \$500,000 for UNICEF, \$500,000 for the United Nations Population Fund, \$425,000 for Care Australia, the same amount for Save the Children Australia, the same amount for World Vision and for Oxfam Australia and \$300,000 for the Australian Red Cross.

Senator KROGER—Thank you. How was the break-up of those two commitments determined?

Ms Walker—The immediate commitment was to respond to a very serious humanitarian situation. The decision about the channels for that assistance was made on the basis of who was best placed to operate in the circumstances. The UN Relief and Works Agency has the mandate and the longest history in the Palestinian territories and is able to crank up a humanitarian operation very quickly in the circumstances. Similarly the World Food Program is the front-line agency for the UN system not just in the provision of food but also in its logistics capacity. It provides logistics services for the rest of the UN, so it is also able to

operate in that sort of environment. The ICRC is of course also a front-line agency in terms of operating in conflict situations, particularly in relation to the provision of medical assistance.

The second commitment, building on the first, provided further assistance through UNRWA, and that was principally for food assistance. The World Health Organization has been active in attempting to restore critical hospital services in Gaza. UNICEF plays a key role in providing water and sanitation services and also had good access particularly to vulnerable families and children. The UN Population Fund also had the capacity to provide emergency obstetrics kits, clean delivery kits, midwife delivery kits and those sorts of non-food items in quick order. The Australian NGOs that we assessed following consultations with them, all had the capacity to operate on the ground and all had access at the time.

Senator KROGER—From that explanation, I understand that it has been divvied up according to the skills that the different agencies have and their capacity to deliver humanitarian relief on the ground as expeditiously as possible. Am I correct in assuming that?

Ms Walker—Yes.

Senator KROGER—In relation to UNRWA, on what particular basis was that distribution made? How was it determined that they would have the best skills to provide immediate relief?

Ms Walker—Senator, UNRWA was set up in 1949. It is the agency which is mandated by the UN to operate in the Palestinian territories and it has done so over a very long period of time. It has a specific mandate also in relation to Palestinian refugees, not just in the Palestinian territories but in neighbouring countries. So it has the funding base and the organisational base and the presence in the Palestinian territories to be effective in managing and implementing a humanitarian response. It regularly engages in humanitarian relief operations in connection with refugees. It also engages in the provision of what we would regard as development assistance—that is, ongoing education and health services and the like.

Senator KROGER—Are you aware of what UNRWA's global budget is?

Ms Walker—The core budget for UNRWA in 2008 was in the order of \$580 million.

Senator KROGER—And in terms of those countries that contribute to that budget, can you confirm that significant contributors to that are the US and the EU? Are they the major contributors?

Ms Walker—I do have that information and I am just trying to find it. I do have the information on who the key contributors to UNRWA are, if you could just bear with me. I certainly have the information that, at the end of May last year, the largest contributors for 2008 were the United States, the European Commission, Sweden, the United Kingdom, Norway and the Netherlands, and a similar group of donors in the front rank in 2007.

Senator KROGER—Are there any Middle Eastern states who support UNRWA?

Ms Walker—I would have to take that on notice. I think the likely answer is that they may not be contributors to the core budget of UNRWA, but they would almost certainly be contributors to specific appeals. I could take that on notice.

Senator KROGER—That would be great. Could you also take on notice whether that support—whether it is for specific appeals—has increased in the recent period of high oil prices, and in terms of these stability or instability of the area. That would be helpful. Has there been any change in the pattern of support over the last 12 months?

Ms Walker—Thank you.

Senator KROGER—My understanding is that, of the employees who work for UNRWA, 90 per cent of them would be Palestinians—would that be right?

Ms Walker—I think the mix of employees of UNRWA is something like that, yes.

Senator KROGER—Are you aware of any concerns in UNRWA in relation to any employees who may be convicted or in question for terrorist activities?

Ms Walker—I am not aware of that.

Senator KROGER—Are you aware of any members—or employees, I should say—of UNRWA who are involved with Hamas?

Ms Walker—I am not aware, Senator.

Senator KROGER—Are you aware whether there have been any investigations into any employees of UNRWA as to their affiliation with Hamas?

Ms Walker—No, Senator, I am not aware.

Senator KROGER—In the support for these different agencies, which I must applaud, for many of them, when aid is determined—and I presume various tender processes are put out there seeking AusAID support—is it tied to any conditions?

Ms Walker—We do have funding agreements with organisations that we support and there are conditions in those funding agreements.

Senator KROGER—Are those funding agreements in principle the same for all agencies?

Ms Walker—They contain standard clauses, so there would be a consistency across it. Typically there would be a consistency across agreements for the provision of humanitarian relief, for example.

Senator KROGER—What would be some of those clauses? What is the nature of some of those agreements?

Ms Walker—It relates to the use of the funds provided by the Australian government, the manner in which those funds will be disbursed and the manner in which they will be accounted for.

Senator KROGER—So what is the process in terms of ensuring that the funds end up where they are intended to go? What is that accountability process?

Ms Walker—We have a specific clause in our agreements related to ensuring that aid does not end up in the hands of Hamas or any other extremist group. There is a specific clause in these contracts that specifies that Australian government funds must not be used for those purposes. We rely on the monitoring and evaluation arrangements of the agencies, and they specify to us how they will monitor and evaluate their activities. We take that into consideration when we make recommendations about which agencies will receive funding. To

the extent that we can, we do our own monitoring on the ground or we ask our trusted partners or like-minded donors—who, for example, may have more access than we do—to undertake monitoring on our part.

Senator KROGER—Are those clauses particularly specific in this case that they would include the use of refugee camps for terrorist related activities or politically related activities— Hamas related activities?

Ms Walker—My view is that the clauses would cover any activity associated with terrorism. But I am happy to seek some advice on that and come back to you on that point.

Senator KROGER—I ask because there has been a suggestion that some UNRWA facilities have been used as bases for missile launches. I am wondering whether in fact there has been any investigation into that to assess whether or not that may be the case.

Ms Walker—I do not think that I can comment on that. I would need to have some more specific information about the refugee camps that you are referring to and where they are located.

Senator KROGER—Absolutely. My concluding question is in relation just to that. Given the political dynamics of the area, the sensitivities of the area and the incredible complexity of all the competing interests in the area, what sorts of things would be pursued in, if you like, a confidential way? Would it require a formal complaint or would concerns expressed on the ground, so to speak, be sufficient in considering having quiet investigations into those sorts of matters?

Ms Walker—Australia is a member of UNRWA's advisory commission. This is a group of key donors that the agency has set up. It meets every six months in the region. It could be an appropriate forum for raising those sorts of issues. But I expect that there are other ways in which they could be raised as well.

Senator KROGER—It would be good to have the assurance that certainly there would be no employee of UNRWA who is engaged in either Hamas or terrorist activities and that there would be sufficient screening undertaken, during the recruitment process and the management process of these employees, to ensure that everybody was well intentioned in their endeavours.

CHAIR—Thank you, Senator Kroger. Any further questions under outcome 1? We will go to Senator Payne.

Senator PAYNE—I have a small number of questions for ACIAR as well today. I wonder, if the officers are here, whether we might deal with those, with your agreement, Chair, and the committee's agreement and then move into the substance of the AusAID questions?

CHAIR—I am happy with that, Senator Payne.

Senator PAYNE—There have been a couple of initiatives which I have raised in previous discussions with Mr Davis and his colleagues, and I was strongly encouraged to raise them directly with you. Having taken up that encouragement, I am very pleased to have the chance to ask you directly this afternoon. On World Food Day last year, the foreign minister issued a statement referring to the development of a multiyear food security initiative that would focus on investment in agricultural research through ACIAR, on helping countries address market

specific failures and on developing social safety nets. Is that new money or is that money already within ACIAR's budget?

Mr Core—The money that exists in the financial year 2008-09 is around \$65 million, made up of around \$51 million of appropriated funds and joint programs with AusAID of around \$14 million. There is under development inside both AusAID and ACIAR and other related agencies a food security strategy statement and there has been work on that agenda over the last several months. It has not been put to government formally and it will be subject to budget considerations in the process of leading through to the May budget this year.

Senator PAYNE—So that has not attracted a need for funding yet?

Mr Core—No. The funds that we are exercising with respect to ACIAR in the fiscal year 2008-09 are at around the same level of funding with respect to 2007-08, but there has been a lot of work over the last six months between officers not only of ACIAR but of AusAID and the agricultural ministry in developing a whole-of-government response to strengthening the food security agenda with special reference to the region.

Senator PAYNE—Thank you very much for that, Mr Core. I have seen some of the statements on that as well. What about the funding announcements since the May budget of 2008 which involve ACIAR, which include the funding for Indian food security research that goes to a post rainy sorghum related project of, I think, \$1 million, based on the minister's statement? In addition to that, there is the announcement in relation to a statement by the minister of last September of strengthening the Iraqi agricultural sector, which amounts to \$4.7 million over the next three years. Is that new funding or is that coming from within your existing budget?

Mr Core—The reference to sorghum, I think, is a project that is being funded through a multilateral institution, ICRISAT, headquartered in Hyderabad, and that would be from the existing funding base with respect to 2008-09. The funds for the successor project in northern Iraq are new moneys and are funds that have been essentially supported by my colleagues in AusAID and shifted across to ACIAR, as the program manager for that engagement. But they are new moneys in addition to what is formally presented in the portfolio memoranda from last year.

Senator PAYNE—Are the new moneys shared between ACIAR and AusAID or born on the ACIAR side?

Mr Core—No, there are a number of activities, amounting to around \$14 million with respect to 2008-09, where AusAID contributes funding to ACIAR. With respect to the Iraq project, it is exclusively funded by AusAID and those funds have been moved across under a record of understanding between the two agencies.

Senator PAYNE—Thank you very much for that. I will just go back to the food security initiative—although I do not think you called it an initiative; you called it something else.

Mr Core—A food security statement, perhaps.

Senator PAYNE—‘Statement’—okay.

Mr Core—Perhaps.

Senator PAYNE—That is under preparation, I think you said.

Mr Core—Yes. It is under development for consideration by government. It has not been formally put to government for their consideration; it is being worked on by officials.

Senator PAYNE—All right. In the observations that you made when you were talking about that before, I think you indicated that its intention is to focus on the region.

Mr Core—Primarily on the region, but the coverage of that statement is a matter which will be discussed by government. I would anticipate that it would be predominantly in the Asia-Pacific region but not exclusively; it will probably also cover parts of Africa. That is a very open question at the moment, because we have a joint mission between ACIAR and AusAID which left last Sunday and is due back, I think, on 11 March. Those considerations are subject to the findings of that mission and subsequent consideration by the executives of the two agencies and then the government.

Senator PAYNE—Where has the joint mission gone?

Mr Core—It has gone to Pretoria initially, and it then goes to Nairobi and then to Dakar in Senegal. It then returns; I think it comes out via Johannesburg.

Senator PAYNE—Thank you. Do I correctly understand you to say that the purpose of that joint mission is to explore the inclusion of parts of Africa in this food security statement?

Mr Core—Yes; it is to explore.

Senator PAYNE—What is the time frame over which you expect the statement to be developed and therefore the potential timing of the presentation to government?

Mr Core—I cannot really go into that in any great detail other than to say that collectively my colleagues and AusAID have been working reasonably intensively on the development of the statement over the last four to six months and that it is subject to budget consideration and formal consideration by ministers and the government.

Senator PAYNE—Thank you. I think that deals with the brief series of questions I had for ACIAR. Thanks, Mr Core.

CHAIR—Then we will return to the agenda. We are back to outcome 1.

Senator PAYNE—In previous discussions in the last couple of months at the estimates meeting, I have pursued with your officers, Mr Davis, the impact of the global financial crisis broadly in the region and then in relation to Australia's aid budget. I think we last discussed that in October, and Mr Laing gave me an erudite discussion of where the situation was then. Since that, in December last year, the ADB has predicted that Pacific economies will be particularly hard hit by a number of factors, including weakening merchandise exports and tourism, declining overseas remittances and the higher cost of and more limited access to international capital. In January this year the ILO predicted that we could see between 30 million and 50 million people worldwide losing their jobs as a result of the crisis. Then—in part going to the theme that I was discussing with Mr Core—the UN FAO reported another 40 million being pushed into hunger in 2008 and called for urgent funding. I think that when we were discussing it in October last year you indicated that you were monitoring the situation, which I think was the status quo at the time, but can you give me an assessment of those ADB

and ILO observations from AusAID's perspective and the impact that that therefore has on your activity?

Mr Davis—There are a number of ways we can approach this. There are some broad comments that we can make around the assessment, the analysis, of the effect that the crisis is having and what the engagement of AusAID in broader, whole-of-government discussions is on that. But maybe it will be more valuable if we are able to break it down into the impacts on the key economies in the region including, as you have already mentioned, the Pacific economies and, taking it even further than that, the sort of work we are now undertaking in terms of the impact on our actual programs within those countries. If we turn to the Pacific to begin with, I will get Mr Dawson to make some comments on that, and then Mr Moore on the Asian programs.

Mr Dawson—I think that we are broadly in agreement with the ADB analysis. We are working quite closely with the Asian Development Bank, sharing information, and also with the World Bank. Within the Pacific, most Pacific island countries have significant areas of vulnerability in general terms. They are small, they have a narrow economic base, they have very little capacity themselves for growth and they have limited capacity in a public sector sense to deal with the sorts of particular challenges that are been thrown up by a crisis.

I think their natural vulnerabilities are being exacerbated in a number of ways by the global economic crisis. We can see growth rates falling already. I think there has been a 1.7 per cent average fall from previous forecasts. Data across the region is not as good or as reliable on the economic side or on the social impact side as it is in Asia, obviously, but I think we can expect that the kinds of areas that have been identified by the Asian Development Bank are going to be the key ones to monitor: tourism, remittances, commodity exports and national revenue funds in particular.

There are a number of countries—Fiji, Samoa, Tonga, Vanuatu, the Cook Islands and others—which have a particular reliance on tourism. Anecdotal evidence is that there has been some relatively limited decline so far, particularly around long haul travel such as US and Asian-source travel to the Pacific. Our understanding is that it had fallen by about 10 per cent in late 2008. So far we have not seen data that shows a significant easing from the immediate region, Australia and New Zealand, but we are monitoring that quite closely and it may well be that there is a lag in the slowdown.

On remittances, a number of countries—Fiji, Tonga in particular, Samoa and Kiribati—have high levels of reliance on funding from remittances. At this stage, I think the data is not such that we can draw too many conclusions about what is happening. The expectation, certainly, is that as the economic downturn continues in sending countries or in countries—particularly North America—whose workers remit funding back to the Pacific, remittances are likely to fall. This, again, could occur with a lag.

On commodity exports, in countries like the Solomon Islands, for example, that have a significant exposure to commodity prices—the logging industry makes a significant proportion of the Solomon Islands' revenue—we are already seeing, according to the government in the Solomon Islands, a fall in demand for logs and a fall in commodity prices because of falling demand overseas.

On the other very important area in some countries—national revenue funds—countries such as Kiribati, Tuvalu, Nauru and countries in the northern Pacific have a significant amount of their revenue coming from national revenue trust funds, which have lost considerable value over the last six months. I think Tuvalu, for example, lost about 20 per cent of the value of its national trust fund, and income from the fund—which is a significant proportion of government revenue, and therefore of government expenditure—is expected to be close to zero in 2009. So, in the kinds of areas that the Asian Development Bank is identifying, we see most Pacific Island countries affected in some way or another, but it is a differential effect on individual countries, depending upon the nature of their economies and the role which those particular factors play in those economies.

I think, across the board, we could expect to see falls in government revenue and the risk of fiscal problems from unsustainable budget deficits unless governments are able to fairly rigorously prioritise their expenditure and potential, in some places, for declines in reserves. Most countries do not have what you would call a significant fiscal space—they run very close to deficit at the best of times. PNG is perhaps an exception in that respect, but, for most other countries, there is not much room if sources of revenue are removed all of a sudden.

I think there is going to be a need to look quite closely at structural issues in a number of countries. Budgetary management, losses of funding through state owned enterprises and suboptimal policy options in areas such as competition are all, I think, examples of areas where countries in the Pacific are going to need to look quite closely at their structural arrangements and at their policy settings. Those that will be most at risk, in our view, are those countries that do not address the structural problems and do not prioritise expenditure most carefully towards the highest priority objectives, particularly those around basic health, basic education, law and order, national economic infrastructure et cetera.

I am happy to talk in more detail about individual countries, but I think the picture is that all across the region will be affected. The kinds of factors that the Asian Development Bank has identified are certainly some of the key ones to watch, and, in our view, countries such as Tonga, Fiji, Solomon Islands, Kiribati and Tuvalu appear to be those that are most immediately vulnerable to the effects of the crisis. I am happy to talk, as well, about the Australian actions so far in response to that.

Senator PAYNE—That is what I wanted to follow up with you. I think on the last occasion you indicated that Tuvalu had made an approach to the Australian government in relation to budget support in the context of the economic environment. Have any of the other countries that you just named or any others since approached Australia for further assistance or support?

Mr Dawson—There has been no formal request in the same manner that the government of Tuvalu made. The government of the Solomon Islands, certainly in conversations with the local donor community, has indicated that it would like to discuss the issues of its own fiscal space, its own cash budgeting. There is certainly a dialogue that is going on with the Solomon Islands government at the moment, but there has been no other formal request.

Senator PAYNE—With a number of the countries that you listed—and the Solomons are included in that—we have either already signed off on or are in the process of working towards the Pacific Partnerships for Development. Do the exigencies of the financial crisis

have any impact on the arrangements for those partnerships? Are they sufficiently flexible to take into account changes and challenges that might be arising out of these environments so that the two governments can amend them where appropriate, or are they relatively static and then you do the rest of the work in a different space, if you like?

Mr Davis—No, this is a very dynamic situation. We will be trying as much as we can to incorporate the considerations that come from the impacts of the crisis into the discussions around the partnership arrangements with individual countries. Certainly, in the case of the Solomon Islands, the issues of the future sources of growth are structural issues associated with their budget. Those things were something which were identified as one kind of particular area of work under the partnership and discussions on those are continuing. They have now really been taken up in the context of this broader donor discussion with the Solomon Islands government. We are in discussions that we are holding with countries at the moment with which we are developing partnership arrangements. The pressures that come from the global financial crisis are certainly a major topic in discussions. The week after next, for example, I expect to go to Tonga for discussions about a partnership arrangement with Tonga and I fully expect that the pressures arising from the global financial crisis will be a major agenda item in those discussions.

Senator PAYNE—Is any consideration being given to increases in current levels of ODA to any of those countries as a result of the impact of the financial crisis?

Mr Dawson—The ODA budget for the year 2008-09 has already been set. There has been no supplementation to that for the Pacific region for the effects of the crisis in particular. Obviously this is an issue which government will be looking at in the context of the 2009-10 budget. Separate to that, we are very conscious that it is going to be important in the case of individual countries to have a dialogue with government about changing circumstances, changing priorities, and to address where we can reprioritisation of funding that has already been included in allocations for 2008-09.

Senator PAYNE—When you talk about addressing where you can reallocation of priorities, where do you expect to see that play out? What sorts of examples would you give the committee of what might be reallocated or reprioritised?

Mr Dawson—I think it depends upon the circumstances of each individual country entirely. There may, for example, be arrangements in some countries where we already have agreed arrangements to contribute essentially financing into sector-wide approaches that support health and education expenditures. That is something about which we could look at slowing down or delaying some other activities in order to increase the allocation to those sorts of programs. That would be an example.

Senator PAYNE—I want to ask some more specific questions around some of the Pacific Partnerships for Development which, I think, will have some flow from these issues as well. I would like to start with the Solomons PPD.

Mr Dawson—Do you want to do that now, Senator, or do you want to move onto the financial crisis as far as Asia goes?

Senator PAYNE—Okay, I will hang on to those questions. We will do the Asia part and then I will go back to those. That is a good idea, thank you.

Mr Moore—Clearly, the impacts of the global economic crisis are much more severe than initially anticipated, and that has seized the attention of governments throughout the region. In our partnerships with them, we have been working pretty closely to try to ensure that they are best able and best supported to adjust to these changed circumstances. As Mr Dawson said, individual countries face somewhat different pictures. I will run through a few examples, putting a stress perhaps on our current thinking about what we might be able to do in order to respond to the changed circumstances. For example, in Indonesia, which is obviously our largest development partner and is now facing declining growth probably to around or below four per cent, this is going to significantly increase the vulnerability of a lot of people who are just above the dollar-a-day poverty line. This poses the government some enormous challenges. Luckily the Indonesian government has got a good fiscal position, which means that it has a bit of budgetary space which some other less prudent governments have not got. So it is working on measures to bolster demand. In order to do that, it has asked a number of partners, including Australia, to support a World Bank led public expenditure support facility. It is this facility which will amount to US\$5 billion. We will be making a contingent loan with \$1 billion. The Prime Minister has announced that as a very tangible way of trying to ensure that the government has got sufficient financing behind its budget. That loan is being prepared by officials and if it is drawn down, it will be from the Treasury allocations.

On the AusAID side, to complement that, we have a significant amount of technical advisory capacity where we work with the Ministry of Finance and other economic ministries in Indonesia. So we are working with partners to devise a range of conditions around the use of this funding from Australia and others, including the World Bank, ADB and Japan. We are also looking to ensure there is adequate monitoring of the situation on the ground. Again, that is an area where our technical capacity can enhance Indonesia's efforts. As Mr Dawson indicated, we are looking to reprioritise our program but without losing sight of medium-term goals. For example, we are looking at whether we can speed up some of the measures that we are looking at that will provide social protection. For example, the President has a poverty reduction and community empowerment scheme which now reaches out to 80,000 villages across the country. The Indonesian government has already put over \$1 billion of its own money into that scheme, and we are looking at how we can come in and enhance the effectiveness of those operations to make sure that the resources get right down to the grassroots level where they are most needed. We are also trying to make sure that the government's plan to ensure economic stability is well supported, and advisory work will do that.

If I could turn to a couple of other countries. In Cambodia they face a significant and perhaps even sharper deterioration in their circumstances. They have a narrower economic base. They are heavily reliant on tourism, on the garment industry and on construction. All of those have dropped very, very dramatically and, again, there is a very significant incidence of poverty in the country, with five million Cambodians living on less than \$1 a day. So, for our part, we are quite a significant player in the agricultural area. This gives us an opportunity to work with the government to try to boost support for people in rural areas. We are working with the World Bank there. They are looking at short-term social protection measures. They are likely to be drawing down money from the global food crisis trust fund, and Australia is the largest contributor to that trust fund, so we are in dialogue with them about how those

moneys might best be used at the village level in Cambodia. We are also looking at how our agricultural production work can be enhanced to boost the incomes of small farmers.

In the Philippines, as yet the crisis has not hit as hard as perhaps it has in some other places. Everybody is watching remittances, because there are up to eight million Filipinos working overseas. Remittances are holding up well at present, and this is a paradox which has been noticed during other crises, but this will be very dependent, of course, on whether or not people retain their employment. Obviously, the more prolonged this is, the greater the prospect is that that will be difficult to maintain. As in Indonesia, we are working with the World Bank on a conditional cash transfer program that would put spending power into the hands of ordinary people. This sort of mechanism is obviously fast dispersing and immediately assists the most vulnerable. This scheme we have been working with the government on has just recently been set up, but by the end of December last year it was reaching approximately 337,000 households, so it is having a pretty significant impact.

I would also note that we are clearly working in a number of different fora and we are taking the opportunity to advocate that social expenditure on health, education, school feeding programs and the like gets protected. This is very important, because these are often the expenditure items that get most squeezed. We are also advocating in many fora that countries keep their markets open, because clearly this is the best way to ensure that growth is restored quickly and that we make the biggest impact on poverty reduction. Likewise through our work in APEC and ASEAN, we are seeking to put more capacity in the hands of the secretariats of those organisations to do the analysis, to get the message out and to advocate for good economic and social policy.

Senator PAYNE—Could I ask one question around those examples you have given on Cambodia, the Philippines, Indonesia and so on. In terms of the activities of the donors in all of those countries, are the initiatives that Australia is taking and the changes in approach or reprioritisations that we might be pursuing being done in conjunction with other donor countries? Is there coordination to this process?

Mr Moore—Wherever possible, that is our preference—to work very closely with the countries concerned and with other donors. That is why I mentioned several times that we are working a lot with the World Bank. It tends to be the coordinator in many of these circumstances and fast out of the blocks. But we are very keen to work with all partners in a coordinated way.

Senator PAYNE—Thank you; I appreciate that, and thanks for the update. Mr Dawson, can we go back to some of those issues around the Pacific partnerships as well. In the two that were signed in January this year—that is, the Solomons and Kiribati, I think—

Mr Dawson—That is correct.

Senator PAYNE—You mentioned Tonga. Who else is a future candidate for a PPD?

Mr Dawson—The two countries that we are currently, or are about to be, in the most intense stage of discussion with are Tonga and Vanuatu. It would also be our aim to have completed discussions on partnership arrangements with Nauru and with Tuvalu before the Pacific Islands Forum meeting in Australia in August this year.

Senator PAYNE—Is that ‘completed discussions’ or ‘signed the partnerships’?

Mr Dawson—Signed the partnerships.

Senator PAYNE—Okay. And then I assume that means you would have signed the partnerships with Tonga and Vanuatu before then as well.

Mr Dawson—Before then or at that stage, yes.

Senator PAYNE—In the Solomon Islands partnership, there is a reference under ‘Commitments’ in 2.1 which is probably dot point 3, I think. It talks about providing ‘long-term and predictable engagement with scope for increases in ODA where jointly determined performance criteria are met, including through performance based approaches’. Can you tell me where I can find the performance criteria that are referred to in that part of the partnership? Can you tell me what they are?

Mr Dawson—You then need to go to attachment A of the partnership, and you will see there listed four priority outcomes.

Senator PAYNE—Yes.

Mr Dawson—What is happening now is that there are more detailed discussions going on to flesh out those priority outcome areas into an implementation strategy to achieve the outcomes that are identified under each of those areas—for example, under ‘Improved service delivery’, there are references to access to health facilities, incidence of malaria, access to clean water and sanitation, maternal and infant mortality rates et cetera. So that is a process we are going through in each case. Under priority outcome 1, the Solomons are one case where we have already worked through that implementation arrangement. We have been able to do so because many of the outcomes, the indicators, the milestones, are things that have already been settled with the government of the Solomon Islands because there is a donor-sector-wide approach to the health sector to which a number of countries are already contributing, including Australia. So we have basically been able to align the partnership arrangement with the work that has already been done there to identify particular indicators. That is the process that we then need to go through in each of the other three identified areas.

Senator PAYNE—Can you tell me what the criteria are specifically?

Mr Dawson—Sorry, can you explain ‘the criteria’—for what?

Senator PAYNE—There are performance criteria allocated to the priority outcomes. Are you using those measurements in the dot points in attachment A as the criteria? So, if there is an increase in the percentage of the population that has access to a health facility staffed by a healthcare worker and stocked with appropriate medicines, it does not matter whether that is a one per cent increase or a 10 per cent increase, that is still regarded as meeting a performance criterion?

Mr Dawson—If you go further down that attachment, Senator, you find at the bottom the section on commitments. There are some specific commitments there in terms of proportions of funding to the health sector, procurement reforms and Solomon Islands government leadership of the health sector. The intention is that the criteria—if you want to put it that way but it is probably more in the nature of commitments—will change on a regular basis. We would fully expect that they will get more specific and more demanding over time, but as is

the general approach with all of these where we are trying to establish a pattern of work we are beginning at a relatively modest level.

Senator PAYNE—I did not choose the word ‘criteria’, it is in the document.

Mr Dawson—I understand.

Senator PAYNE—I suppose if I ask the same question around the Kiribati document on page 2 where it refers to, ‘scope for substantial increases in ODA where jointly determined performance criteria ... met,’ that would be the same sort of answer. What is the reasoning behind a reference to ‘substantial increases in ODA’ in the document relating to Kiribati and just ‘increases in ODA’ in the Solomons?

Mr Dawson—I do not think, Senator, there is any particular significance that should be attached to—

Senator PAYNE—You might think that if you are in the Solomon Islands, though. They do not get ‘substantial’ in their document but Kiribati gets ‘substantial’ in theirs.

Mr Davis—There is a very big program in the Solomons already, Senator.

Senator PAYNE—I am aware of that, Mr Davis. So it is a size thing, Mr Davis?

Mr Davis—I could not imagine there would be a very substantial increase on top of the already very substantial program in the Solomons, Senator.

Senator PAYNE—It depends on the substantial impact of the substantial global financial crisis, one might imagine. We discussed on the last occasion how it is that certain items are in some of these partnerships and certain items are not in others, for example. It seems to me that generally speaking across the Pacific and particularly when you contemplate it in conjunction with achieving the Millennium Development Goals that health comes up on most days as a matter for priority support. But as I read the document that relates to Kiribati, health does not have a prominent role and, in fact, is not in the priority outcome areas in the current partnership. I wonder if you can explain the reasoning for that to me, please.

Mr Dawson—I think it is a very similar to the reasoning behind the absence of any particular area in any particular country document. With Kiribati, we were conscious that the country has a very limited capacity to undertake changes and reforms in the public sector or to implement changes of policy. There is a very thin level of capacity in the public sector generally. We are attempting to do something, which is quite new in terms of this approach of mutual responsibility and mutual commitments. We did not want to overload the document from the beginning with too many areas or have everything with an immediate priority which may have distracted people from a focus on some particular areas which were clear priorities and where there was the opportunity to make some early progress in both. By so doing we could demonstrate how we would see the partnership developing into the future. The issues that were chosen were ones that were developed in consultation with the government of Kiribati. Kiribati has a particular interest in fitting its citizens for work overseas outside of Kiribati. Remittances are a very important part of the Kiribati economy.

More broadly than that, the government of Kiribati is seeing the development of an educated population that is able to integrate with the broader international community as a serious part of a long-term survival strategy for the country. Part of that is to do with pure

workforce skills in development but we also know from long involvement in the education sector in Kiribati overall that levels of educational achievement and quality are quite poor and potentially falling so it was certainly felt that it was not a sensible approach to simply start only at the level of technical education; we also needed to look at basic education. That automatically identified two particular areas that were very high on the priority of the government.

The third, around improved growth and economic management, almost defined itself again because of the particular problems that Kiribati has in terms of lack of growth alternatives and serious and emerging difficulties with budget deficits and current account deficits. So they were the areas that were immediately suggested. In talking through the issues with the ministers and senior officials of Kiribati we identified a number of other areas where we would continue to provide assistance and areas where we would look to include as priority areas in the partnership at a later date. Health was one of those; it is certainly an area that we have some involvement in already through training of nurses in Australia. We will continue to do that and when we have established a pattern of behaviour through some of the areas that are being identified initially then we can look to move relatively quickly to some of the other priority areas. That, for example, is exactly what we have agreed to do with PNG in the case of work around HIV AIDS and one other area. We have already identified those as the next two cabs off the rank in terms of priority areas for partnership discussions.

Senator PAYNE—My concerns about that were canvassed in the last estimates. We can come back to those. Scanning the four documents which we now have available to us as Pacific partnerships—and I am very happy to be corrected if I have this wrong—it seems to me that the only dollar figure in the partnerships in terms of a contribution from Australia is the \$69 million on page 6 of the Solomon Islands partnership over four years to support progress towards targets in the health sector. How does it come about that that gets a dollar figure and other aims, objectives and targets do not? And why \$69 million on top of the already generous contribution that we make to the Solomon Islands, as I am reminded?

Mr Dawson—This is just a fact of the stage we are at in the development of these documents. We are fully expecting that dollar figures will begin to be included within the implementation arrangements detailed for each priority area as those are developed. We are already talking with the countries that we have established that initial documentation with—for example, with PNG, Samoa and now with the Solomon Islands. In addressing, for example, the achievement of universal basic education in Papua New Guinea, we need to work through a process with the government of Papua New Guinea that looks at the resource requirements of doing that, that is, how much it would take to have universal education—basic education to 70 per cent of eligible children—by a given date. Then we look at how much the government of PNG is currently providing to that through its own budgetary resources and what is currently being provided by Australia and other donors to establish some sense of what the funding gap might be in order to finance that kind of investment in universal basic education and to start to develop some sort of sense of where that funding is going to come from, both from the donor community and from the government of PNG.

That is in the process in broad terms that we are following with all of these priority areas. They are measurable, they are costed, they are time bound. I think you will start to see more

specific dollar references appear in the commitments part of the implementation schedules for each of these priority areas. The reason you see it there in the Solomons is because this is one of the countries that we have already done. So we are able to identify our current and anticipated level of funding for the health sector in the Solomon Islands.

Senator PAYNE—On the face of it I understand that and I appreciate the points that you make. But I would have thought that, given the long-term relationship between Australian aid and Papua New Guinea, that would be an even easier one to start putting dollar figures in first up.

Mr Dawson—It is a question of mutual commitments. We are looking for commitments from partners as well about their resourcing or their policy or administrative reforms that go towards improving outcomes in a particular area. It is a dialogue.

Senator PAYNE—What is the difference between the mutual commitment that the Solomon Islands has made in relation to partnership priority outcome 1, Improved service delivery, and the dot points there under 'Health' that enable you to put a dollar figure on that, and the commitment made by Papua New Guinea to, say, priority outcome 2, Education sector improvement? How do you measure that? How does AusAID measure that to come up with the different approaches that you are taking in each of these partnerships?

Mr Dawson—How do we measure what?

Senator PAYNE—You talked about measurable commitment and reciprocity, essentially—a commitment coming back the other way from the country concerned. Are you saying to me that you can put \$69 million in that box for the Solomon Islands for achieving targets in the health sector because you have a measurable commitment from the Solomon Islands that you believe is reliable but you cannot put it in a box for Papua New Guinea or Samoa or for another country, for want of other examples, because you do not have the same measurable commitment?

Mr Dawson—In the case of the Solomon Islands we have a health-sector-wide approach involving a number of donors that the Solomon Islands government has signed onto that includes a number of commitments around reform and other administrative actions. We do not have that in the case of Papua New Guinea.

Senator PAYNE—You do not have an education-sector-wide approach with other donors that enables you to do what you just said? After all the years that we have been engaged in aid contributions in Papua New Guinea? And I am choosing an easy sector—not health!

Mr Dawson—Not one that, in a clear way, goes to the achievement of, for example, universal basic education. No.

Senator PAYNE—I find that quite concerning.

Mr Dawson—That is exactly what the partnerships are designed to do—to address a problem of predictability of resources and a clear focus on outcomes.

Senator PAYNE—In relation to the Solomon Islands, can you indicate to me how this partnership fits with RAMSI's priorities given that, if you look at the priorities outlined in the partnerships—for example, in No. 2, Improved economic livelihoods; in No. 3, Improved economic infrastructure; and No. 4, Addressing economic and fiscal challenges—there seems

to me, by way of observation, to be quite a bit of overlap between RAMSI's capacity development priorities, for example. Can you also indicate what discussions were had with RAMSI in the development of the Solomon Islands partnership?

Mr Dawson—We talked extensively with the RAMSI team in the Solomon Islands when we were developing the partnership arrangement. It was intended to be—and we believe it is—complementary to the areas in which RAMSI is working and will be working in the future. There is a discussion which is currently going on with the government of the Solomon Islands about the appropriate scope for RAMSI in the future. I think the Solomon Islands government, in one sense, would like to see RAMSI doing a lot of work in areas that are outside its original core mandate of administrative reforms, civil service reforms and reform around the machinery of government—the law and justice sector and economic management. In infrastructure it currently does some work around economic livelihoods, but I think the dialogue we are having with the government of the Solomon Islands at the moment is that those sorts of areas which work on infrastructure, economic livelihoods and service delivery are more appropriately done outside of RAMSI by other bilateral donors. In that sense, the civic partnership for development with the Solomon Islands focuses on those things which are beyond the original core mandate of RAMSI.

Senator PAYNE—The PNG and Samoa partnerships were signed in August of last year. Has there been any measurement or assessment since their signing of whether any progress has been made under any of the priority outcomes for those agreements?

Mr Dawson—Implementation schedules in both those cases are still to be completed.

Senator PAYNE—Implementation schedules are to be completed?

Mr Dawson—That is right.

Senator PAYNE—When do you expect those to be completed?

Mr Dawson—In the case of PNG, for example, we would expect those to be signed off at the Australia-PNG Ministerial Forum meeting in a couple of months time.

Senator PAYNE—This is not a speedy process, is it, Mr Dawson?

Mr Dawson—No. It is a complex one. It is detailed. That goes to the very point of why we choose to start with only a limited number of areas rather than a whole suite of sectoral areas.

Senator PAYNE—Does that mean I still have a chance to lobby on the implementation schedule for PNG in relation to HIV issues?

Mr Dawson—Absolutely.

Senator PAYNE—How exciting. Excellent. You will be pleased to know I used my time very productively at the Pacific Friends of the Global Fund launched on Monday in that regard. When is that PNG ministerial forum again?

Mr Dawson—From memory, early April.

Senator PAYNE—Where is the implementation schedule for Samoa up to? It has to be less complex, surely.

Mr Dawson—Yes. Perhaps I can get you some additional information on that before we close. I do not have it immediately with me.

Senator PAYNE—Thank you. I appreciate that.

Mr Dawson—The intention is to have those completed by May.

Senator PAYNE—Then when can I start asking about what we can measure as achievements under the partnerships? Please do not say 2010.

Mr Dawson—You can begin to ask immediately.

Senator PAYNE—Okay. Can we go to HIV in Papua New Guinea. I am sure that you would be expecting me to refer to the reports towards the end of last year about reductions in the budget in Papua New Guinea for addressing HIV-AIDS and concerns which have been expressed about that not just here but also in Papua New Guinea. I assume you are aware of those reports.

Mr Dawson—We are, yes.

Senator PAYNE—Do you have a view on those reports?

Mr Dawson—We have made our view clear in a number of discussions with the Papua New Guinea that we did not think that it was an appropriate treatment of the very important issue of HIV AIDS, an issue that had already been identified as a future priority for the partnership and had already been identified as a priority in our development cooperation relationship. We did not think that that was appropriate and we were disappointed by the reductions in budgetary funding. We have had dialogue with the government of Papua New Guinea, including in high-level consultations on the aid program and in separate visits, several times around that issue.

Senator PAYNE—But to no avail; there has been no change in the Papua New Guinea government's approach on this.

Mr Dawson—No, they have set their budget. This is going to be an ongoing dialogue.

Senator PAYNE—Where does that leave the AusAID program? That is also impacted by the depreciation of the Australia dollar, obviously—there have been reports on that as well. Where does that leave the AusAID program and its relationship with the programs—such as they are—of the government of Papua New Guinea in relation to addressing this issue?

Mr Dawson—Those programs will continue.

Senator PAYNE—How do we ensure that the effectiveness of our programs is not impacted by the depreciation of the Australian dollar? Do we have plans to increase the funding amount?

Mr Dawson—We will look at funding allocations in the next financial year after our current budget. But at this stage and for this year we are working within the budgetary allocation that we have been given.

Senator PAYNE—Given the decision of the Papua New Guinea government, does this make it more likely—can we live in any optimism—that HIV AIDS might become a priority

outcome area for the partnership with Papua New Guinea in its own right, not as a future item but in the current one?

Mr Dawson—Yes. When we have completed the implementation arrangements for the current five priority areas, it is our intention to immediately turn to discuss a similar treatment for HIV AIDS and for one other area as well.

Senator PAYNE—What is the other area?

Mr Dawson—Support for the tertiary education sector in PNG.

Senator PAYNE—Can't you amend the current priority areas, with the agreement of the PNG government—I understand that—to include HIV under priority outcome 3?

Mr Dawson—We can amend the document in any way that we agree with the government of Papua New Guinea but—

Senator PAYNE—Is Australia seeking to amend the document to include HIV under priority outcome 3?

Mr Dawson—No, it will be a priority in its own right. We will start on that immediately after we have concluded the discussions on the existing priority areas.

Senator PAYNE—I am still very disturbed by the fact that it is not in the original partnership priority outcomes for the first Pacific partnership for development, given that, as I understand it and as recent reports would have it, half of our aid program to PNG goes on HIV and AIDS programs and related services, broadly speaking. You will have seen the article—

Mr Dawson—I do not think that that is accurate.

Senator PAYNE—So you think Mr Toohey's article in the *Australian* was inaccurate or incorrect in that regard?

Mr Dawson—Half of our program does not go on HIV.

Senator PAYNE—What proportion, then?

Mr Dawson—Our funding is about \$178 million over five years. That means there is something over \$30 million per year. That is of the order of 10 per cent.

Senator PAYNE—So our HIV funding is \$178 million over five years?

Mr Dawson—That is correct.

Senator PAYNE—That is \$30 million a year?

Mr Dawson—Roughly.

Senator PAYNE—I only have basic maths, but I can do that! You put that at 10 per cent of our—

Mr Dawson—In the order of 10 per cent.

Senator PAYNE—Do you also disagree with his proposition, then, that—

Mr Dawson—I am sorry; I do not have the document that you are referring to.

Senator PAYNE—Are you familiar with the article that Paul Toohey wrote in the *Australian* recently, on 7 February 2009? It said:

HIV and AIDS is a generalised, heterosexual epidemic that will soon consume 70 per cent of PNG's health resources. Already, half of Australia's annual \$358 million in aid goes on HIV and AIDS programs.

If you do not agree with that, did AusAID make contact with Mr Toohey or the *Australian* to correct his error?

Mr Dawson—I might ask Margaret Callan, the assistant director general for our PNG program, to add something to this discussion.

Ms Callan—Senator, the error that he made was to take the five-year value of the HIV-AIDS program, which is \$178 million, as a proportion of the annual aid flow in 2008-09. So he compared a five-year program with annual flows in one year. That was the error.

Senator PAYNE—On the last occasion we also discussed the appearance in the partnerships performance framework of progress indicators on HIV-AIDS, such as the number of sites offering accredited HIV VCT, voluntary counselling and testing. When you came back to me in response to a question on notice you said you used the number of accredited counselling and testing sites because it was consistent with the Papua New Guinea government's medium-term development strategy performance management framework—it was consistent with the way they were measuring performance—and it captured the geographic spread and availability of HIV voluntary counselling and testing. I would ask you again why, if we are in the phase where we can address issues within the documentation for PPD, you would not include some assessment of the number of people receiving testing at these sites as an indicator as well. Why wouldn't you add that?

Mr Dawson—We could easily add many indicators. I suppose the approach that we have tried and will try to take is to have a manageable number of indicators. They may not be perfect, they may not tell the full story and we may need to change some in future, but we are trying to broadly adopt sensible indicators of achievement where they mirror ones that are in countries' national development strategies themselves.

Senator PAYNE—I understand that, but I would have thought that you would not want to get to a point where you had carefully located VCT sites in remote and regional Papua New Guinea which were part of the health clinics process—or whatever are part of—that nobody used. How can you find out if anyone uses them if you do not measure use?

Mr Dawson—With all of these it is going to be a question of adding the normal common-sense monitoring to specific measures of performance. We move around Papua New Guinea an awful lot and we visit these sorts of facilities a lot. It will be pretty obvious from visiting facilities and the staff who do it whether or not the facilities are being used. If it is apparent that there are facilities that are not being used, that will be an occasion for us to come back and start to think about whether we need a different indicator.

Senator PAYNE—That does not help me very much, though, as somebody who is trying to determine the efficacy of the Australian aid program from the tiny little point that I occupy in the galaxy on this matter—nor does it help, I would have thought, international observers who are concerned about the spread of the epidemic in Papua New Guinea.

Ms Callan—Could I possibly provide some clarification. As Mr Dawson said, while we have a high-level indicator in the summary document for the partnerships, in fact, through our HIV and AIDS program we do monitor the use of the VCT facilities. So, for example, I can tell you that, by June 2008, 48,290 people were tested at the VCT facilities. We do monitor it through our own programs, so we can give you those numbers.

Senator PAYNE—I was not suggesting for a moment that you do not. What I am dealing with is the fact that your organisation and this government regard the Pacific Partnerships for Development as flagships in terms of relationships and key issues in the Pacific. It has long been and continues to be my view that one of the greatest threats to our relationships, most particularly with Papua New Guinea, concerns the incidence, the prevalence and the spread of HIV/AIDS, and my personal opinion is that we should maximise every opportunity in these flagship documents to reinforce that and to reiterate our position. Quite frankly, I think we have fundamentally failed in the first Pacific Partnership for Development we signed with Papua New Guinea.

Senator Faulkner—There did not appear to be a question mark at the end of that.

Senator PAYNE—I am more than happy to add one.

Senator Faulkner—Feel free, but I am not responding to it, because it did not have a question mark.

Senator PAYNE—You would know if it did; I know you would.

Senator Faulkner—I would, but I am treating it more as editorial comment—which is fair enough to make but not necessarily fair enough in content. I do not want the *Hansard* to record something that might put me into hot water!

Senator HANSON-YOUNG—I have some brief questions around some questions that I put on notice last time. I wonder if we have any updates. I was interested in knowing whether there was a time frame on when we were likely to see a decision from the minister about the current ban on AusAID funded services providing certain family planning services and advice. Given various responses and announcements made by the minister over the last 12 months, I am wondering if the minister could give us any update on time frames. It is obviously the guidelines that I am referring to.

Senator Faulkner—This is on family planning?

Senator HANSON-YOUNG—Yes.

Senator Faulkner—You might recall that, on behalf of the minister, I answered a question on this particular issue in the parliament. I do not have any additional information in relation to a time frame. I am advised by officials that the status of this remains that the minister intends to make an announcement on this soon. I suspect you are going to ask me to define the word ‘soon’—

Senator HANSON-YOUNG—If you could, that would be very helpful.

Senator Faulkner—and all I can refer to you in this regard is—

Senator HANSON-YOUNG—The dictionary!

Senator Faulkner—Yes. I cannot define it further than that. I would like to be able to help you. I am just being frank with you.

Senator HANSON-YOUNG—Do you think it is ‘very soon’?

Senator Faulkner—I did not qualify ‘soon’. I can only give you that level of assistance. I understand that that is not in any sense an advance on any of the knowledge you currently have.

Senator HANSON-YOUNG—You might be able to enlighten me on whether the minister—or, in fact, the department—has met with any of the AusAID officials in relation to planning for any type of change in guidelines and what impact that may or may not have on programs and funding.

Senator Faulkner—I cannot enlighten you on that, but I am sure officials will be able to indicate to you whether the minister has had contact with them. I invite the relevant officials to outline that to assist you.

Mr Proctor—Over some months, we have provided information at various times to the minister’s office, but I cannot really enlighten you beyond that. It was under consideration by government and remains so.

Senator HANSON-YOUNG—But obviously there has been some thought to what adjustments may need to be made if these guidelines are changed?

Mr Proctor—We have certainly advised them what the guidelines are at the moment and what were the recommendations of the all-party group that came down over a year ago; but, beyond that, it is really in the hands of the minister.

Senator HANSON-YOUNG—Do you have any idea about possible changes to budgetary requirements? If the guidelines were changed, what might that mean for certain programs?

Senator Faulkner—Your question is a little bit hypothetical, but I understand what you are driving at. I am not sure, because of your question’s hypothetical nature, that officials can assist you. I will ask officials to provide whatever information they can in relation to the funding aspects of this element of our aid programs, and perhaps we can take it from there.

Mr Proctor—All I can really tell you is the Prime Minister in New York last September at a major UN meeting gave a commitment on a major amount of spending on maternal and child health over four years. Part of that certainly has to be for reproductive health services, but it was not more clearly defined than that. There is clearly a commitment by the government to increase overall aid levels over years. Undoubtedly, health will be part of that increase—it is a major part of the MDGs, for instance.

Senator HANSON-YOUNG—Maternal health is a goal on its own, isn’t it?

Mr Proctor—Correct—maternal health and child health, separately. For all those reasons, it is quite reasonable to infer that a substantial increase will occur in assistance in that area.

Senator HANSON-YOUNG—Have you received any requests to change the guidelines from organisations that you currently fund?

Mr Proctor—There are certainly regular comments by a number of the non-government organisations in favour of changing the guidelines. I think you would have seen in the

Australian about two weeks ago a letter from the heads of three NGOs, including Care and Oxfam, along these lines. Comments we receive are similar to the comments in that letter.

Senator HANSON-YOUNG—What is your general response to them when they raise these concerns?

Mr Proctor—‘It’s under consideration by the government.’

Senator PAYNE—Soon!

Senator HANSON-YOUNG—Very soon!

Senator Faulkner—That is not fair—‘under consideration by the government’.

Senator PAYNE—It was just a discussion between me and Senator Hanson-Young.

Senator Faulkner—Yes, I know that. I was being droll.

Senator HANSON-YOUNG—Thank you for correcting us.

Senator PAYNE—Yes, we need correcting.

Senator HANSON-YOUNG—That is probably it from me.

Senator PAYNE—I want to ask some questions about contributions to Fiji. Can the committee please be advised how the \$3 million that was committed in January this year to assist with the floods is to be spent?

Mr Dawson—That funding is being progressively programmed. As at the moment, somewhat over \$2 million of that funding has been programmed and committed against specific areas of work. They cover the Ministry of Education, looking at repair of schools and possible support for the payment of school levies to make sure that children do not have a household economic reason for not going back to school. Funding for that is in the order of \$640,000.

Senator PAYNE—Would that be because of loss of income to the families as a result of the floods?

Mr Dawson—That is right. Through the Ministry of Primary Industries, through the SPC, funding of around \$730,000 has been provided for repair and improvements to on-farm infrastructure, such as access roads and irrigation systems, and also for the replacement of plant stock—seeds, seedlings—and livestock replacement. Around \$314,000 has gone to the National Disaster Management Office to replenish emergency supplies and for transport and logistics support in connection with the delivery of supplies during the height of the floods and immediately after. There is about \$150,000 approximately to the United Nations Children’s Fund for sanitation and health supplies and a radio campaign around public health issues and to support assessment teams looking at damage to health infrastructure. There has been \$150,000, through the Fiji Red Cross Society, for the replenishment of their emergency supplies and a small amount—about \$36,000—to the Ministry of Health logistics support to damage assessment teams and for other technical assistance and public health issues.

So together the program has come to just slightly over \$2 million. And there is slightly under \$1 million where we are not yet committed or programmed to specific activities but where we are in discussions with the interim government authorities about some particular

areas of need. They particularly relate to the health sector, where we are looking at funding of up to about \$400,000 for repairs to health centres and nursing stations, and further support in the agriculture sector, perhaps, again, a little over \$400,000 to support agricultural rehabilitation. There may be some scope still for some additional assistance within the overall envelope of the \$3 million pledge.

We have been waiting for the Fiji government authorities to release an official damage assessment report. A document was shared with donors earlier this week—I think, the beginning of this week—and we are looking through the document at the moment with other donor colleagues to identify particular areas that are obvious gaps in the international response to the floods which might still need to be included within the scope of our assessments.

Senator PAYNE—Given the perhaps slightly unusual environment in which we find ourselves in terms of relations between the Australian government and the interim Fiji government, what mechanisms do we have in place to ensure that funding provided legitimately for addressing this sort of natural disaster is not used in any way to inappropriately support the interim government?

Mr Dawson—One of the reasons that we are particularly focused on the education sector and the health sector is because we have existing programs of work in both those areas with both those ministries and we are confident from the management of the existing programs that funding which is allocated to particular purposes can be tracked and there can be assurance that it is used for those purposes.

Senator PAYNE—Are we still funding the position of Supervisor of Elections in Fiji?

Mr Dawson—We have made a commitment previously to provide salary supplementation to that position. We have made some payments to the Fiji government to support that position, but by no means has all of the commitment we have made been exhausted.

Senator PAYNE—Why are we still doing that if there is no indication available to us of progress towards an election? You cannot be very busy.

Mr Dawson—We think that it is important to continue to support the Office of the Supervisor of Elections—the elections office—because it will clearly be an important player if and when the interim government decides to go ahead with an election.

Senator PAYNE—That could be quite an expensive investment, Mr Dawson, if we go with ‘if’. Do we intend to continue to fund the Supervisor of Elections on an open-ended basis? The last observation I heard Mr Bainimarama making said that it did not matter if it took five or 10 years. Are we going to keep funding the Supervisor of Elections through that period?

Mr Dawson—We will continue to look at our allocation of funding for this in the light of progress. But, at the moment, we have made the commitment. Some funding has been passed across. We do that on an acquittal basis—

Senator PAYNE—I am sorry—‘an acquittal basis,’ meaning?

Mr Dawson—The funding is tranced, and we do not release the next tranche until there has been a report on the use of the funding from the previous tranche—

Senator PAYNE—Excellent.

Mr Dawson—and, at the moment, we are at a point where we do not need to provide any additional tranches until we get that report from the Fiji government.

Senator PAYNE—What did the report say Mr Dawson? What is he doing? It is a he, is it?

Mr Dawson—The Supervisor of Elections is a she.

Senator PAYNE—A she? I am very pleased to hear that. What is she doing?

Mr Dawson—The reports that come from the government of Fiji provide information about financial acquittals. They provide brief performance reports relating to the Supervisor of Elections covering the relevant period. There are arrangements for a completion report at the end of the process. So there is a reporting arrangement with the government of Fiji. It is against that that funding is released.

Senator PAYNE—I am still not persuaded that I am well informed about what the Supervisor of Elections is doing or reporting on.

Mr Dawson—We are providing salary supplementation for the position.

Senator PAYNE—I know. And it is \$428,480 over three years, which, based on the observations made by the person currently in charge, for want of a better turn of phrase, may extend over five or 10 years, and you cannot tell me whether this is open-ended funding or has some sort of closure to it, if an election is not held.

Mr Dawson—I can tell you that it is not open-ended funding. The salary supplementation payments are paid quarterly in advance. So far, funding of FJ\$67,000 was made on 9 July. That was approximately at the stage that the supervisor began her assignment. And a second payment was made on 3 October of FJ\$33,000. They are the only payments to date, and they included supplementation for base salary, mobilisation allowance and housing allowance. We have not had a subsequent report from the government of Fiji. When we get that report, we will obviously look at what is in it and, if necessary, have a dialogue with the government before considering any further tranches of payment.

Senator PAYNE—‘What is in it’—like maybe an election date or something? I understood we were funding the position with an expectation that the Supervisor of Elections would have a role, moving towards the holding of an election, based on the results of the last Pacific Islands Forum which went so far as to decide that they would in fact suspend Fiji from the forum if certain criteria were not met, which included that. We really are in a fairly serious situation.

Mr Dawson—We are funding the position with the expectation that there will be arrangements made for an election.

Senator PAYNE—You must know something that the rest of us do not, Mr Dawson.

Mr Dawson—No—only what is on the record of the Pacific Islands Forum leaders meeting.

CHAIR—Is there a time line for when that expectation might be fulfilled?

Mr Dawson—This is probably more an appropriate area for my colleagues from DFAT to talk to, but my understanding is that Pacific island leaders have asked for information about progress towards the return to democracy by May, and with expectation of an election by the end of this year.

Senator PAYNE—I want to go back to the question of the Responsibility to Protect fund that we discussed at the last estimates and seek a copy of the guidelines for the operation or administration of the RTP fund, please.

Ms Walker—We do not as yet have guidelines for the operation of the fund, although we will have these in a short time frame because we plan to advertise the fund towards the end of March, early April. Advertisements will be placed in academic publications, newspapers, websites and of course on our own website, and we are planning that applications will be assessed by a selection committee. The composition of that committee is currently being finalised. So we have made some progress on the administration of this fund but I am unable to give you the guidelines at this stage. We can certainly make those available to you when they are finalised.

Senator PAYNE—You told me in October that you would be able to tell me within the next couple of months how this was going to operate and here we are at the end of February and you still cannot give me any information.

Ms Walker—I cannot give you the guidelines for the way the fund will operate.

Senator PAYNE—I would have thought that is a pretty basic requirement in terms of understanding how the fund is going to operate. You tell me you are going to advertise at the end of March. Is that right?

Ms Walker—Yes, that is correct—end of March, early April. The fund, as I indicated when we last discussed the matter, will be open to competitive applications from Australian and international institutions, individuals and NGOs.

Senator PAYNE—I have all that information.

Ms Walker—Yes. But I cannot give you the precise guidelines for the manner in which the applications will be assessed.

Senator PAYNE—Will it have a secretariat?

Ms Walker—At this stage the intention is that the fund will be managed by AusAID but administered most likely by the Asia-Pacific Centre for Responsibility to Protect.

Senator PAYNE—Will there be staffing costs paid out of the \$2 million allocated in the minister's announcement?

Ms Walker—No.

Senator PAYNE—What proportion of the \$2 million will be used for administrative purposes versus funding to applicants?

Ms Walker—I can come back to you this evening with that information. My recollection is that the administrative costs are in the order of \$200,000 but I would just like to check that.

Senator PAYNE—Thank you. Will you do that?

Ms Walker—Yes.

Senator PAYNE—I asked about guidelines for the operation of the fund. What about guidelines for applying for the funds?

Ms Walker—The guidelines will be available at the time that the advertisements are released for applications.

Senator PAYNE—And there is going to be a committee to select the successful applicants?

Ms Walker—Yes.

Senator PAYNE—That committee has not been finalised yet?

Ms Walker—No.

Senator PAYNE—So what is the commencement date of operation of the fund?

Ms Walker—We are hoping that decisions can be made by the middle of the year and that funding can flow to successful applicants between the middle and the end of this year.

Senator PAYNE—Is the \$2 million already allocated out of AusAID funds or is it intended to come out of a 2009-10 allocation?

Ms Walker—Part of the funding will come out of the 2009-10 budget.

Senator PAYNE—What part?

Ms Walker—At least \$1 million.

Senator PAYNE—That is half. So the other half is out of your current funds?

Ms Walker—Yes.

Senator PAYNE—Is it intended to be a recurrent allocation?

Ms Walker—It is a one-off allocation at this stage but the intention is that the projects would be completed over a period of time.

Senator PAYNE—What period of time?

Ms Walker—That will depend on the nature of the applications, including of course whether they are from individuals, small organisations, academic institutions and the like. Our intention is that the funds will be allocated to successful projects by the end of this year so work can begin. But I am not able to tell you over what time frame the projects will be completed.

Senator PAYNE—I am not sure what the return date is for questions on notice for this committee, Chair.

CHAIR—I am advised 9 April.

Senator PAYNE—That should fit in with the chronology you have given me, Ms Walker, for the advertising process and the production of guidelines.

Ms Walker—Yes.

Senator PAYNE—You can provide those to the committee on notice?

Ms Walker—Yes.

Senator PAYNE—Thank you. I have a couple of broad questions on overseas development assistance spending. I read the Assistant Treasurer waxing lyrical in December, Minister, in the *Sydney Morning Herald* in an article on spending on overseas aid. It was titled, ‘The pennies we give for foreign aid are far too few’—in Mr Bowen’s considered piece. Is the government considering an increase in ODA commitments?

Senator Faulkner—I did not actually see the article you are referring to.

Senator PAYNE—Mr Bowen will be very disappointed, I am sure.

Senator Faulkner—I suppose he would be. In the broad, Senator, I think you would appreciate that there is a difficult economic climate at the moment with the world financial crisis. But the government has made the point, and I assume Mr Bowen was making the point in the article you refer to although I did not see it, that maintaining aid spending is a critical thing at this time.

While obviously people face a tough time here in Australia domestically, obviously the poorest and most disadvantaged people in our region and around the world are also in very dire need. I think we are all well aware of that. As you know, Australian governments over the years have—I think properly—believed aid spending is a strategic investment. There remains a priority in terms of our aid program in the Asia-Pacific, which I think is very much reinforced by the focus of the issues that you have raised with the committee tonight.

It is a little difficult for me to provide anything other than a few general comments like that in relation to your question. Quite seriously, I have not seen Mr Bowen’s comments, but I am sure they accord with those broad comments I have just made—or I hope they do, anyway.

Senator PAYNE—I am sure you do. While we are looking at details of annual expenditure and the recording thereof, there used to be a publication known as the ‘Green Book’, a statistical summary series which we have not seen since probably 2004. Is that right, Mr Davis?

Mr Davis—That was probably about the time that that series as a publication was discontinued, but there is a lot of information available in our various databases that we can provide.

Senator PAYNE—So there is no intention to once again bring together a statistical summary of that nature? It was quite a useful tool.

Mr Dawson—I do have some information about this. I think the intention is that the next edition of the ‘Green Book’ to which you refer, the statistical summary of Australia’s international development cooperation, will be published in the second half of this year.

Senator PAYNE—That is a pleasant surprise to Mr Davis!

Mr Dawson—That single publication is planned to include data for the years 2005-06, 2006-07 and 2007-08. The last summary, for 2004-05, was published in October 2006.

Senator PAYNE—What is the reason for the gap?

Mr Dawson—I think there have been some issues around data management and some technical issues around ensuring that we have a high-quality data from the introduction of an integrated database.

Senator PAYNE—We will look forward to that. In terms of how we classify expenditure as ODA or otherwise, to take as an example we were referring before to RAMSI in general terms. Can you provide for the committee details of the annual expenditure by AusAID on RAMSI since its inception and any other ODA-eligible expenditure by any other government department on RAMSI since its inception so that we can have a look at that? I assume you want to take that on notice.

Mr Davis—Yes.

Senator PAYNE—Thank you. Can you also advise me of any annual expenditure by AusAID or ODA-eligible expenditure by any other government department that might go to what could broadly be described as refugee related support or assistance and to the services and agencies around that area, both in Australia and overseas, please?

Mr Davis—Yes.

Senator PAYNE—Thank you. In the same context, of what would be broadly described as refugee related expenditure, could you tell us anything of that nature—that is, expenditure by AusAID or ODA eligible expenditure by other government departments on refugees per se in Australia or overseas—since the last publication, whenever you said that was, Mr Dawson? I think it was 2004-05.

Mr Davis—Yes.

Senator PAYNE—In the relatively short time before the dinner break—I am endeavouring to conclude with AusAID by the dinner break at half past six—

Senator Faulkner—We very much appreciate that, Senator. It also means that we will have to inform the people of Austrade and the trade elements of the portfolio.

Senator PAYNE—In the run-up to the 2007 election the then opposition, now government, announced that it would, on election, allocate \$45 million over two years to address avoidable blindness in this region. Then I think the parliamentary secretary released a disability draft strategy, of which the Avoidable Blindness Initiative would form a part. The first step in that, as I read it, is the Avoidable Blindness Fund for which applications were due on 30 January. Is that correct?

Mr Dunn—The interim fund that you referred to is one element in the Avoidable Blindness Initiative. I could run through the detail of it if you like.

Senator PAYNE—Just let me ask a couple of questions around that, if I may, first. As I understand it that is a \$2 million allocation.

Mr Dunn—Yes, it is.

Senator PAYNE—And the cost of that is to be met from AusAID's existing resources.

Mr Dunn—Yes, it is.

Senator PAYNE—Could you tell us how many applications were received for the Avoidable Blindness Fund by the closing date of 30 January?

Mr Dunn—I would have to take that on notice. From memory it was of the order of nine or 10 but I would need to check the figures for you.

Senator PAYNE—When you are doing that, if it is appropriate—I seek advice or guidance on this—is it possible to indicate which organisations made applications?

Mr Dunn—Yes, certainly.

Senator PAYNE—When are decisions to be made about the allocation of that funding?

Mr Dunn—The decision has been made. Organisations will be informed shortly. The selection process was carried forward by a panel that involved senior representatives from the avoidable blindness area, including representatives from overseas.

Senator PAYNE—Can you tell us who was on the panel?

Mr Dunn—I can get the details for you, but it was chaired by the program development manager, Avoidable Blindness Initiative, a member of the Disability Taskforce and involved a number of other partners involved in the development of the disability work, and avoidable blindness in particular.

Senator PAYNE—I assume you will have to take this on notice given those other questions you have taken on notice but can you also advise the committee what were the criteria that were used to assess the applications?

Mr Dunn—Yes, I can. They related to existing work programs that those organisations had that could feed into a longer-term program of addressing avoidable blindness. We can provide you with the specific criteria.

Senator PAYNE—This question is similar to the one I asked of Ms Walker, about the R2P fund. How much of this \$2 million will be used for administration and how much is available to applicants?

Mr Dunn—All of the funding is available to applicants, though some of that funding of course may be used for administrative purposes by those organisations. All of it is available to the applicants.

Senator PAYNE—If the decision has been made—I appreciate your telling us that—perhaps you could give us some idea of the timetable of the announcement of that and when funds will be made available to successful applicants.

Mr Dunn—As I say, the announcement is imminent. There is no impediment then for funds flowing immediately.

Senator PAYNE—Okay. Can you tell us how the remaining \$43 million that was announced will be made available and how it will be distributed?

Mr Dunn—Yes, I can. I can run through the elements of the program. The Avoidable Blindness Initiative itself had a number of components, one being a development of a strategic partnerships framework. The development of that framework was slower than expected which is why we moved to establish an interim fund to start work with some of the

key organisations around the development of that strategic partnership. That partnership remains the key element of the Avoidable Blindness Initiative. An agreement has also been signed with Vision 2020 Australia to support some of their work, given their involvement in the pilot vision centre that was announced at the time of the election as well. Some funding has been provided and announced for the Pakistan-Australia Sub-Specialty Eye Care Project that is being supported out of the ABI is well.

Senator PAYNE—What is the amount of funding for that?

Mr Dunn—It was \$4.35 million over the period to 2010-11. There has also been work progressing on the strengthening of training institutions and capacity of eye health workers. Discussions are proceeding for a delegated cooperation arrangement with New Zealand aid and a commitment has been provided to move ahead on that. On the vision care centre pilot announced at the time of the election and subsequently in the budget, a design mission including representatives from the Vision 2020 consortium will be visiting Vietnam in the next couple of weeks to start discussions around how a pilot eye care centre could operate in that context. There is broader work going on on the longer-term needs assessment that was also identified as part of that. We have received an interim report from a consultant looking at the broad scale and scope of that needs assessment and from that we will be carrying on a broader process of looking at longer term needs. Also as part of the broad disability strategy work there has been the development of the disability strategy: the development for all: towards a disability-inclusive Australian aid program. This was launched by Mr McMullan in November last year. If you like, I could go through the broader elements of what that strategy entails.

Senator PAYNE—I wanted to ask you some questions, before you went on, about the development of a framework which you said was delayed and the reason for which the \$2 million was released in this early avoidable blindness fund. What were the reasons for the delay in the development of the framework?

Mr Dunn—It was probably the amount of focus that was going on the development of the broader disability strategy and the broader consultations with stakeholders in the avoidable blindness area. Part of the initial focus was on development of a strategy that the Avoidable Blindness Initiative forms one element of.

Senator PAYNE—So notwithstanding that delay is it still expected that the total of the \$45 million will be expended within that two-year time frame?

Mr Dunn—No, at this stage it is expected that the \$45 million funding would be re-phased over three years to take account of the slower than expected start-up in year one.

Senator PAYNE—In the 2008-09 budget papers there is not a funding allocation that I could find against the avoidable blindness program.

Mr Dunn—There was a figure identified but it was absorbed within the agency's allocation.

Senator PAYNE—Is that existing funding or is it new and additional funding for the initiative?

Mr Dunn—It is Existing funding.

Senator PAYNE—So whereabouts in the AusAID budget is it drawn from?

Mr Dunn—The bulk of it is drawn from the cross-regional program.

Senator PAYNE—And the rest of it?

Mr Dunn—Sorry, it is drawn from the cross-regional program.

Senator PAYNE—So it is not the bulk; it is all.

Mr Dunn—Yes.

Senator PAYNE—Thank you. Mr Dunn, did you want to add some more on towards the end of your statement? You were about to provide the committee with some more information.

Mr Dunn—If you prefer, we can provide you with a copy of the strategy which sets out the areas of operation and the immediate priorities that would be addressed through the strategy.

Senator PAYNE—That would be helpful. Is that available to the committee now or is it something that we are going to have to wait for.

Mr Dunn—No, we can get that for you immediately.

Senator PAYNE—Thanks, Mr Dunn. Can I ask a couple of questions on the debt for health swap? I think that is you, Mr Moore.

Mr Moore—That is correct.

Senator PAYNE—Can you please indicate to the committee what the status of discussions with Indonesia is on the debt for health swap?

Mr Moore—I can indicate that we have had a series of discussions and those discussions continue on the detail of a debt for health swap.

Senator PAYNE—There is not a lot of difference between what you just said and what you said to me in October last year.

Mr Moore—That is true. I think we said in October of last year that this matter is being progressed in the 2009-10 budget and hence there will be an announcement on budget night about the culmination of those negotiations.

Senator PAYNE—Has Indonesia committed to the arrangement?

Mr Moore—There will be an announcement on budget night about the culmination of those negotiations.

Senator PAYNE—I suppose you would not make an announcement that they had not committed, would you?

Senator Faulkner—Probably not.

Senator PAYNE—No, that would be an unusual practice, wouldn't it, Minister? That is much more progress, Mr Moore. You could have told me much more. Thank you. I will look forward to the opportunity to read about that in dispatches on budget night. Chair, I do not think there would be much utility in opening up any other areas at this point because they would take longer than anyone is inclined to spend, so I thank you and thank the committee.

Senator Faulkner—After the break Senator Wong is going to sit in for me while I perform some other duties. Depending on the length of the hearing I will join the committee later in the evening.

Ms Walker—I would just like to clarify a point. Senator Payne, I indicated that I could come back to you on the administration costs in relation to the R2P fund. I want to correct the amount of \$200,000 I suggested would be associated with administering the fund. In fact, none of the \$2 million will be used for administration.

Senator PAYNE—Thank you. I appreciate that.

CHAIR—Thank you to the officers of AusAID.

Proceedings suspended from 6.29 pm to 7.30 pm

Australian Trade Commission

CHAIR—Welcome. Before we begin questions, one piece of business to be dealt with is the tabling of the document entitled *Development for all*, which was provided to the committee by AusAID.

Senator FERGUSON—I can assure the minister and the officials that this will not be a long night. That should be some relief to you, Minister.

Senator Wong—That is music to our ears, Senator Ferguson.

Senator FERGUSON—I have some general as well as specific questions about Export Market Development Grants. I refer to Minister Crean's announcement that, following the reduction in the first tranche payments from \$70,000 to \$40,000, he now expects the balance of claims above \$40,000 to be paid at 30 per cent to 50 per cent. I also note with some amusement that the minister claims that this is the previous government's fault. He failed to secure additional funding in the 2008-09 budget process. What is the estimated shortfall in paying the full entitlements for EMDG applications for the 2007-08 year?

Mr Chesterfield—The estimated shortfalls are a little bit hard to predict because we are only about 70 per cent of the way through claims processing, but our figures suggest that it is between \$33 million and \$46 million.

Senator FERGUSON—I have heard estimates that it could be as high as \$50 million. Is that possible?

Mr Chesterfield—Yes, that is quite possible. As I said, we are only 70 per cent of the way through the processing, and the major claims that are left are, in general, the higher-dollar amounts and those that are perhaps more difficult to assess. So, at this stage, it is quite difficult to estimate how many claims will be processed and how much value those claims will amount to.

Senator FERGUSON—Is it your understanding that the government does not intend to do anything about this shortfall and that those recipients will have to do without?

Mr Chesterfield—I am not able to comment on that.

Senator FERGUSON—Perhaps the minister will be able to comment.

Senator Wong—Senator, I am sure you know that my knowledge of these issues is deep and wide, but I think we inherited a substantial shortfall from your government, which had failed to budget sufficiently—certainly for the eligibility changes in the 2008-09 year. Mr Crean has secured an additional \$50 million for the 2009-10 year. That is significantly more—a third more—than you provided in your last year of government.

Senator FERGUSON—Does Austrade consider that the additional \$50 million provided by the government will be sufficient to pay the full entitlements for the 2008-09 applications?

Mr Yuile—We cannot speculate at this early stage. That was the amount that the government had foreshadowed in its election commitments, and it was subsequently agreed to in the 2008-09 budget.

Senator FERGUSON—If you cannot speculate, how would the government have chosen the figure of \$50 million?

Mr Yuile—You will have to ask the minister that. It was a decision that was taken in the context of the election campaign and the calculations that were made at that time.

CHAIR—To assist you, Senator Ferguson: at the last estimates there was a lengthy discussion on this issue whereby the minister outlined that there had been an election commitment to grant an extra \$50 million to cover anticipated shortfalls in the EMDG area, that budgeting for this would be considered in the future on an annual basis, that announcements would be made in this year's budget for the 2009-10 year and that announcements would be made at a later stage. That is my recollection of the discussion when it was covered off at the last round of estimates.

Senator FERGUSON—So is it fair to say that the government has allocated \$50 million because of an anticipated \$50 million shortfall? Mr Yuile, you were saying that in Austrade you would not speculate about the amount that might be required. Surely there must have been some advice sought.

Mr Yuile—As I said, it was an undertaking that was given in the election context. I am assuming that the then opposition consulted with industry and that the \$50 million is designed to address the additional eligibility provisions that were undertaken during the election campaign and then subsequently included in legislation. That is the estimate that the government at the time made. All I am saying is that these things are subject to a range of different factors depending on world economic activity and firms' judgements about the scheme and when they might choose to claim. I just do not think it is appropriate for me to speculate.

Senator FERGUSON—I know it is somewhat difficult for you, Minister, to be put in this position to answer some of these questions, but with the size of the \$42 billion spending package wouldn't it have been, perhaps, a reasonable expectation that the extra \$50 million required to pay in full entitlements under the 2007-08 scheme applications, which certainly affect our economy quite significantly, could have been found? Do you know whether that was considered in your cabinet?

Senator Wong—Senator, I am hardly going to discuss cabinet deliberations with you.

Senator FERGUSON—No, I understand that.

Senator Wong—I will just make a point here. You opposed the stimulus package, so it is interesting that you choose to come in here arguing post facto, after voting against it, about what else we should have put in it.

Senator FERGUSON—Had this been in it, perhaps we might not have—

Senator Wong—I might hold you to that, Senator, and I might put that to some others in your party. I suspect the answer might be the same: that you would continue to oppose it. The election commitment has been delivered on and a significant increase from what was left in this program under your government has been delivered.

Senator FERGUSON—What is the estimated cost of the changes made to the scheme by Minister Crean? I understand he increased the maximum number of grants from seven to eight and reduced the minimum expenditure threshold from \$15,000 to \$10,000. What is the estimated cost of the changes made?

Mr Chesterfield—I believe the minister has indicated that the estimated cost is around \$50 million.

Senator FERGUSON—Is the reduction in that expenditure an indication that the government does not believe that exporters need assistance in developing overseas markets?

Mr Yuile—You mean the shortfall this year, Senator?

Senator FERGUSON—No, I am talking about how the changes made to the scheme have increased the maximum number of grants, as I understand it, from seven to eight and reduced the minimum expenditure threshold from \$15,000 to \$10,000. Is that correct?

Mr Yuile—Yes, that is correct.

Senator FERGUSON—So, if there is a reduction in government expenditure, is it a fact that the government believes that the exporters do not need assistance?

Senator Wong—As you know, this is not my portfolio, but how is that a reduction? It is an expansion in eligibility.

Senator FERGUSON—With a reduction in the expenditure threshold.

Senator Wong—Oh, the expenditure threshold.

Mr Chesterfield—Sorry, Senator. The reduction in the expenditure threshold is to the amount that companies need to spend before they are eligible for the scheme.

Senator Wong—That is right.

Mr Chesterfield—So it is a benefit to exporters, particularly those that spend smaller amounts of money. Otherwise they would not be eligible until they reached the \$15,000 amount.

Senator FERGUSON—Okay.

Senator Wong—More people get it. You have to spend less in order to be eligible; that is what I understand.

Senator FERGUSON—I have not read this myself, but I understand that the Mortimer review has recommended that the number of grants be reduced to five and that the threshold be increased to \$30,000.

Mr Chesterfield—That is correct.

Senator FERGUSON—Is there any reason why the minister has not adopted the report of his own inquiry?

Mr Chesterfield—The government are yet to respond to the Mortimer review.

Mr Yuile—There has not been a formal response to the—

Senator FERGUSON—Do you know when that is likely to be?

Mr Yuile—I cannot tell you precisely. That would be something for the minister and the cabinet.

Senator FERGUSON—It just seems strange that he would have made that decision already when there is a report pending which actually recommends something totally different.

Mr Yuile—The report was obviously presented in September last year. Election commitments were made and the election commitments were fulfilled.

Senator FERGUSON—Does the government accept that EMDG produces substantial positive results, as is stated in the Mortimer report and in a lot of previous reviews, I must say, of the EMDG scheme? Does the government accept that?

Mr Yuile—I believe the minister has said as much. We can get you a precise reference, but I think that is the case and he certainly said that in the election documentation.

Senator Wong—We have been very clear and Minister Crean has been very clear in his belief of the benefit of this program. As I said, he has ensured an increase of around a third on what was left by the previous government for the 2009-10 year, in the 2008-09 budget. This scheme is post-facto.

Senator FERGUSON—It is just that it seems rather strange that the Prime Minister announced during his speech at the recent export awards presentation that the government would do whatever it could to assist exporters, and yet there has been no announcement on whether the recommendations of the Mortimer report will be followed.

Senator Wong—The government is considering its response to the Mortimer review.

Senator FERGUSON—And you have no idea when the announcement will be made in relation to the recommendations?

Mr Yuile—I cannot give you a date, Senator.

Senator FERGUSON—Minister, do you have any idea?

Senator Wong—No, I do not have that information. The government is still considering its position.

Senator FERGUSON—All right. From a South Australian perspective, which of course I am always interested in, there is a question relating to the impact of EMDG budget problems

on small wine exporters. Do you know how many winemakers or wine export agents are registered for EMDG in South Australia?

Mr Yuile—Senator, I do not have that with me but one of our colleagues may have it. Perhaps you could keep going and we could come back to that.

Senator FERGUSON—I am curious to know how many there because I wonder how the downturn in international markets, which we are seeing at present, is going to affect these exporters without the encouragement of the export development grant. I will wait for a moment because it depends on the answer.

Mr Vickers—We are unable at the moment to break down wine manufacturing for South Australia, but I can confirm that in the last grant year there were 269 wine manufacturers who were registered for EMDG. If you are happy for us to take it on notice we could break that down for you by state.

Senator FERGUSON—I would be pleased if you could do that on notice, because it is significant when you consider that my and the minister's home state produces something like half of Australia's wine, or wine grapes, that there is going to be a considerable impact on many of those who are registered for grants, and there is the fact that many of the emerging markets are not significantly going to improve our wine exports. I can only assume that many winemakers or wine export agents in South Australia that are registered for EMDG in South Australia are going to be disappointed.

Mr Vickers—I can assure you, Senator, that we have quite a substantial reach into the industry through both the Austrade office and through the EMDG staff, and we are in very close contact with those companies to provide assistance both through EMDG and through Austrade's other services to help them secure their markets.

Mr Yuile—The other thing that was certainly mentioned in the minister's press release was that those smaller operators who would have claimed up to \$40,000, or had eligible expenditure assessed up to \$40,000, will of course be receiving their full grant, which is over 50 per cent of applicants.

Senator FERGUSON—I will leave the EMDG Scheme alone for a while. I want to ask a couple of short questions in relation to free trade agreements. I refer to Minister Crean's announcement.

Mr Yuile—May I interrupt you, Senator?

Senator FERGUSON—Yes.

Mr Yuile—The policy responsibility for free trade agreements resides with the Department of Foreign Affairs and Trade.

Senator FERGUSON—True.

Mr Yuile—Sorry, I just wanted to make sure in case we wasted your time.

Senator FERGUSON—Well—

Mr Yuile—It depends on the question, Senator, but the policy responsibility for those agreements resides with the department—

CHAIR—Were you going to talk about specific agreements?

Senator FERGUSON—Well, only about the announcement of Minister Crean that he is signing an FTA agreement tomorrow in Thailand.

Mr Yuile—Yes, Australia, ASEAN and New Zealand FTAs.

Senator FERGUSON—It is now six months since Minister Crean announced, on 28 August 2008, the negotiations have been concluded. What is the reason for the delay in the signing of this agreement? Why have no details of this FTA been made available?

Mr Yuile—I really do have to leave that with the people responsible for negotiating the agreement. It is usual not to release documentation on agreements until they are concluded and signed off. So that is probably not an unusual happening. The question of the timing is one that our colleagues can answer although, clearly, the disturbances in Thailand over recent months have certainly extended the period when I think the original signing was proposed. But others are more qualified than me to answer that.

Senator FERGUSON—You may or may not be able to answer this question, because I realise it might be under Foreign Affairs. Do you know what the tariffs imposed on cars by Malaysia and Indonesia are?

Mr Yuile—I do not have all that with me. It is part of those negotiations that you referred to. I am sure that they would be able to answer those easily for you.

Senator FERGUSON—There are a couple of general questions on Austrade and Austrade offices. Has there been any reduction in staffing in Austrade in the past 12 months in relation to the number of people that you have got stationed in your overseas offices?

Mr Yuile—I will invite my colleague Marcia Kimball to answer that. But at the budget estimates last year we went through the changes to the budget and the reductions in both staffing and our offices. But if you would like us to do that again I will invite Ms Bennett or Ms Kimball to respond in detail.

Ms Kimball—Yes, last year Austrade was required to achieve \$11.5 million in savings to meet the government's budget priorities. As a consequence of that, as we explained at our May estimates, we did reduce our presence in some locations offshore—five locations in fact. We did reduce the number of some of our offshore staff as well in around, I think, 21 locations. So there were about 27 offshore staff reduced.

Senator FERGUSON—So it was reduced by 27?

Ms Kimball—Yes.

Senator FERGUSON—Which offices were closed? Can you remember?

Ms Kimball—Zagreb, Budapest, and we had employees in single posts in Colorado Springs, Mendoza and Bali.

Senator FERGUSON—How, for instance, was a Budapest decided upon to be closed? Was it because of the numbers of inquiries? Was it because of the volume of work that was involved? I remember going to Budapest just after it was reopened some years ago.

Ms Kimball—Yes, it was. We had to weigh up quite a lot of factors.

Ms Bennett—Essentially, we look at our global network and we look to a number of factors including the market conditions in the appropriate countries, to look at their strength as a trading partner. We then also do look to where the Australian business community is going, is exporting and is investing. We look at the strength of the inward investment from those countries. So it is a variety of factors, macro and more micro at the business level, that enables us to make, unfortunately, decisions about the markets to withdraw from.

Senator FERGUSON—Budapest also looked after the Czech Republic and one other, didn't they?

Ms Bennett—That is correct.

Senator FERGUSON—Who looks after them now?

Ms Bennett—We now have a greater spread. For instance, people from the more Western offices still remaining would cover those markets.

Mr Yuile—I think it is explicitly Warsaw that covers the Czech Republic.

Ms Kimball—We have a presence in the Czech Republic. We have a small office in Prague.

Senator FERGUSON—But not in Budapest?

Ms Kimball—Not any longer.

Senator FERGUSON—What about South America? Do you still have a presence in Lima in Peru?

Ms Kimball—Yes, we do.

Senator FERGUSON—Have any of the offices in South America been closed?

Ms Kimball—We had one outplaced officer in Mendoza. That was the only one.

Senator FERGUSON—So you still have one in Buenos Aires but not in Mendoza?

Ms Kimball—Yes. They cover that part of Argentina.

[7.51 pm]

CHAIR—We will now address items 1.1.7 and 1.1.8. Welcome, Mr Ritchie and officers of the Department of Foreign Affairs and Trade.

Senator FERGUSON—I have a couple of very brief questions. My first question is about the Cairns group. How many times, and where and when, has the Cairns group met since the new government was elected?

Mr Ritchie—I will ask Mr Yeend to answer that question for you.

Mr Yeend—The Cairns group has been meeting regularly since the government came into office. There are meetings held in Geneva almost weekly at both the ambassador level and the technical level. There was a ministerial meeting of the group held in July last year. Obviously there is regular contact between ministers, as well as ambassadors and officials.

Senator FERGUSON—Since the government was elected, how many meetings of the Cairns group has the minister attended?

Mr Yeend—There was the meeting in July last year.

Senator FERGUSON—Which other ministers from the Cairns group have attended any of those meetings? Is that the only meeting that any other minister has attended?

Mr Yeend—Yes. There have been various other ministerial meetings of WTO ministers. At those meetings there are often meetings of subgroups of Cairns Group ministers or bilateral meetings between Cairns Group ministers, but, in terms of a full ministerial meeting of the Cairns Group, the meeting in July that I referred to was the most recent.

Senator FERGUSON—When is the next ministerial meeting planned?

Mr Yeend—There is no agreed date that I can give you at the moment, but there are discussions taking place in Geneva about the Cairns Group work program, including the possibility of a meeting at some point. But there is no specific date that I can give you at the moment.

Senator FERGUSON—The reason I am asking is that the Prime Minister and the new government promised to revitalise the Cairns Group. I understood that it only met once or twice, and that was on the margins of other meetings, since December 2007 and that the meetings were poorly attended by ministers of other countries. Is that a fact?

Mr Yeend—I do not have the precise attendance, but that is not my recollection. Ministers from most of the other members were at the meeting in Geneva that was held last year. Certainly there is regular contact, as I said, between ministers of the group and certainly Mr Crean is very active in building those and pushing for those contacts. The Cairns Group has a key role to play in the agriculture negotiations under the Doha Round of negotiations. The work that has been going in the group in Geneva has been intensified. As I say, there are regular ambassadorial and technical level meetings to try to maintain momentum in the Doha negotiations overall where the Cairns Group has played a very important and influential role in resolving or being a contributor to the attempts to resolve these remaining issues in the agriculture negotiations.

Senator FERGUSON—We seem to be have trying for a long time.

Mr Yeend—Yes. That is another story because—

Senator FERGUSON—It is, but as a department have you had instructions from the minister specifically to try to revitalise the Cairns Group?

Mr Yeend—Yes. The government's position on revitalising the Cairns Group is certainly something that we have acted on since the government has come into place. It is evidenced by this increased work program and the key role the Cairns Group has played in getting us to a situation in the middle of last year where we were very close to getting the breakthrough in the negotiations that we have been seeking for a number of years. It was through no fault of the Cairns Group that that breakthrough was not there; in fact, we played an important role in trying to bridge some of the differences in a range of issues across the three pillars of the agriculture negotiations. This is all indicative of a very active Cairns Group that has certainly been playing a key role in the negotiations in the last 12 months.

Senator FERGUSON—It would appear that if there has only been one ministerial meeting, and other meetings seem to be business as usual, there has not been a great attempt

to revitalise the whole thing. You would have thought that if there was an emphasis on revitalisation there would have been much more input from the minister and from others to try to make sure that the Cairns Group has far greater effect on the outcomes of Doha.

Mr Yeend—I have just been saying that I think the Cairns Group has been playing a very active role, including at ministerial level, in trying to seek the outcome that we all want, which is to get an agreement on agriculture modalities as part of a comprehensive agreement that will finalise the Doha negotiations.

Senator FERGUSON—Can I turn to the speeches that have been made on the US stimulus bill which passed the American congress and senate. We have heard mentioned many times the buy American provisions which require the purchase of US-made iron, steel and manufactured goods for all building or public works projects funded by the bill. The legislation states that these provisions must be implemented in a way that does not violate US obligations under international trade rules. Does the government consider that the Australian free trade agreement with the United States would exempt Australia from any proposed restrictions?

Mr Yeend—In the US stimulus package that was signed into law by President Obama last week, you are correct, one of the key provisions with regard to the buy America elements of the package is that they must be implemented in a manner that is consistent with the US's international obligations. By that we are referring to both its obligations under the World Trade Organisation—

Senator FERGUSON—I am sorry?

Mr Yeend—It must abide by its obligations under the World Trade Organisation agreements but also under bilateral FTA agreements. You are quite correct to point to our free trade agreement with the US. Indeed, it is the AUSFTA that ensures that Australian suppliers and service providers of items being procured by the US government must be given equal treatment or no less favourable treatment.

Senator FERGUSON—So, in fact, we are exempt from those provisions—is that what you are saying?

Mr Yeend—Yes.

Senator FERGUSON—We are exempt from those provisions?

Mr Yeend—It is a very detailed package of legislation, and we are going through the detail, but certainly the US free trade agreement does cover us in the way that I have mentioned.

Senator FERGUSON—If you remember, it was attempted a couple of years ago in relation to steel. It was attempted, and pressure was put on by the then government to make sure that we were exempt. The provisions of the trade agreement, you believe, will maintain that exemption?

Mr Yeend—Yes; that is now in the law. In fact, the government took a very active role to ensure that that reference to the US respecting its international obligations was included. The process in the US is that there is a bill that comes through the House of Representatives in congress and a bill that comes through the senate. At various stages those bills did not include

the reference to the need to take account of international obligations. We were very active at all levels, as were a number of other countries with similar interests, to put maximum pressure on the US to ensure that we got that provision included. We were certainly encouraged that President Obama made some very helpful comments that he recognised the importance of the US living up to its international trade obligations and the dangers of any measures that could be seen as protectionist and inconsistent with international trade obligations, particularly in the midst of the global financial crisis.

Senator FERGUSON—Thank you.

Mr Ritchie—Chair, I was wondering if we could provide answers to a couple of the questions that were asked earlier today.

CHAIR—Do you wish to read them into the *Hansard*?

Mr Ritchie—Yes, if that is all right.

CHAIR—That is okay with me.

Mr Ritchie—Senator Kroger asked earlier in the day how many of the 86 Australians known to be in the area of the Mumbai terrorist attacks were registered with DFAT. The answer is: of the 86 on our list, only two were registered at the time of the attacks; another one registered after the attacks commenced. Mr Wise has a couple of answers too.

Mr Wise—Senator Coonan asked how many broadband 1 or 2 non-GT or corporate finance management trainees were serving overseas in policy or mixed duty positions during 2007-08 and calendar year 2008. In 2007-08 there were a total of 80 policy and mixed duty positions at the BB1 or BB2 levels in our overseas network. Of these positions, eight were filled by employees who were not GTs or CFMTs. In calendar year 2008 the number of employees serving overseas in policy or mixed duty positions who were not graduate trainees or corporate finance management trainees was unchanged.

The senator also asked how many BB1 and BB2, non-graduate trainee, corporate finance management trainees were selected for posting to policy or mixed duty positions during the financial year and the calendar year. In financial year 2007-08, one employee in this category was notified of a posting to a position. In the calendar year, one employee fell into that category. The senator also asked how many identified Aboriginal or Torres Strait Islanders the department employed. As at 26 February 2009, the department had 34 ongoing employees who identified as Aboriginal or Torres Strait Islander. We are aware of at least three other Indigenous employees who have been recruited and who are awaiting their security clearances.

Senator Coonan also asked how many Indigenous employees separated from the department in financial year 2007-08 and to date in the financial year 2008-09. In 2007-08, one Indigenous employee separated from the department. Five ongoing Indigenous employees separated from the department during the financial year 2008-09 up until 26 February 2009. We have engaged one new Indigenous employee since January 2009.

Senator Trood asked about positions created from NPPs. There were 31 positions, not 32 as I said early, were created by new policy proposals in 2008-09. The levels of these positions against the various initiatives were: for the Asia-Pacific community, one BB1 and BB2 and

two BB3; for Bali democracy, there was one EL2, two BB3s and one BB1 and BB2 for the International Commission for Nuclear Non-Proliferation and Disarmament, there was one SES band 1 officer, one EL2, three BB3s, and two BB1 and BB2s; for Pacific engagement, there was one SES band 1, two EL2s, two BB3s and three BB1 and BB2 officers; for the resident ambassador to the Holy See, there was one SES band 2 position and one BB1 and BB2 position; for Southern Ocean research, there was one BB3 position; and finally for the UN Security Council taskforce, there was one SES band 1 officer, one EL2, three BB3s and one BB1 and BB2.

Senator Trood also asked about the language designated positions at the head of mission level. The following head of posts positions are language designated: Brasilia, Buenos Aires, Dili, Guangdong, Honiara, Lisbon, Madrid, Mexico City, Noumea, Paris, Port Moresby, Port Vila, Santiago and Shanghai. The heads of mission/heads of post in all of those positions are proficient in the designated language.

Finally, Senator Forshaw asked about the Holy See and the other resident missions there. There are a total of 70 missions with resident ambassadors in the Holy See. Thirty-seven of these are countries where we do not have our own mission. We do have our own mission in the remaining 33 countries. There are also five non-state missions in the Holy See. If you wish, I can give a list of those countries to the Hansard staff to incorporate in the record.

CHAIR—Is it the wish of the committee that the document be incorporated in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

Holy See: other resident missions

There are a total of 70 missions with resident Ambassadors in the Holy See.

Thirty-seven of these are countries where we do not have our own mission.

In the remaining 33 countries we do have our own mission.

There are also five non-state missions in the Holy See.

Countries with a resident Ambassador in the Holy See - and where we do not have a mission:

1. Albania
2. Angola
3. Bolivia
4. Bosnia-Herzegovina
5. Bulgaria
6. Colombia
7. Congo, Democratic Republic of
8. Costa Rica
9. Cuba
10. Czech Republic
11. Dominican Republic
12. Ecuador
13. Gabon
14. Georgia
15. Guatemala

16. Haiti
17. Honduras
18. Ivory Coast
19. Libya
20. Lithuania
21. Luxembourg
22. Macedonia (FYROM)
23. Monaco
24. Montenegro
25. Morocco
26. Nicaragua
27. Panama
28. Paraguay
29. Peru
30. Romania
31. San Marino
32. Senegal
33. Slovakia
34. Slovenia
35. Ukraine
36. Uruguay
37. Venezuela

Countries with a resident Ambassador in the Holy See - and where we do have a mission:

1. Argentina
2. Austria
3. Belgium
4. Brazil
5. Canada
6. Chile
7. Cyprus
8. Croatia
9. East Timor
10. Egypt
11. France
12. Germany
13. Greece
14. Hungary
15. Indonesia
16. Iraq
17. Ireland
18. Israel
19. Italy
20. Japan
21. Korea, Republic of
22. Lebanon

23. Mexico
24. Netherlands
25. Philippines
26. Poland
27. Portugal
28. Russian Federation
29. Serbia
30. Spain
31. Turkey
32. United Kingdom
33. United States of America

Other non-state resident representatives are from:

- Arab League
- EU
- Sovereign Order of Malta
- Taiwan
- UNHCR

CHAIR—Thank you for attending this evening, Mr Wise and Mr Ritchie. I thank the minister for attending as well. I thank the staff of the secretariat and Hansard for their services.

Committee adjourned at 8.09 pm