



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION
COMMITTEE

Consideration of Budget Estimates

TUESDAY, 19 JUNE 2001

CANBERRA

BY AUTHORITY OF THE SENATE

SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE

Tuesday, 19 June 2001

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

Senators in attendance: Senators Brandis, Cook, Hogg, Sandy Macdonald and Schacht

Committee met at 7.05 p.m.

FOREIGN AFFAIRS AND TRADE PORTFOLIO

In Attendance

Senator Hill, Minister for the Environment and Heritage

Australian Agency for International Development (AusAID)

Outcome 1, Australia's national interest advanced by assistance to developing countries

Output 1: Policy

Mr Bruce Davis, Director-General

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

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

Mr Colin Lonergan, A/g Deputy Director General, Program Quality Group

Dr Robert Glasser, Assistant Director General, Executive Branch

Ms Michelle Gillespie, Budget Unit

Output 2: Program management

Mr Bruce Davis, Director-General

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

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

Mr Colin Lonergan, A/g Deputy Director General, Program Quality Group

Mr Richard Moore, Assistant Director General, Mekong and South Asia Branch

Mr Scott Dawson, Assistant Director General, East Asia Branch

Mr Mark Fleeton, Assistant Director General, Resources Branch

Dr Elizabeth Brouwer, Assistant Director General, Office of Program Review and Evaluation

Mr Ian Anderson, Assistant Director General, Contract Services Group

Mr Paul Flannagan, A/g Assistant Director General, Humanitarian and Community Branch

Mr Peter Versegi, Director, Papua New Guinea Governance

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

Ms Ali Gillies, Assistant Director General, International Programs Branch

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

Administered items—Australia's aid program**Australian Centre for International Agricultural Research (ACIAR)****Outcome: Agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems****Output group 1: Collaborative research that addresses agricultural and natural resource management problems of developing countries and Australia****Output group 2: Trained researchers in developing countries and Australia**

Dr Bob Clements, Director

Mr Michael Brown, Deputy Director, Corporate Programs

Mr Paul Tyrrell, Finance Manager

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

Dr Alan Thomas, Deputy Secretary

Mr Doug Chester, First Assistant Secretary, Corporate Management Division

1.1.7 International organisations, legal and environment

Mr David Ritchie, First Assistant Secretary, International Organisations, Legal and Environment Division

Mr Christopher Langman, Assistant Secretary, Environment Branch

Mr Rod Smith, Assistant Secretary, International Organisations Branch

Mr Richard Rowe, Assistant Secretary, Legal Branch

1.1.8 Security, nuclear, disarmament and non-proliferation

Mr Bill Paterson, First Assistant Secretary, International Security Division

Mr John Carlson, Director-General, Australian Safeguards and Non-Proliferation Office

Mr Peter Tesch, Assistant Secretary, Arms Control Branch

Dr Lachlan Strahan, Director, Chemical and Biological Disarmament Section

Mr Bernard Lynch, Director, Conventional and Nuclear Disarmament Section

Mr John Sullivan, Assistant Secretary, Nuclear Policy Branch

Mr Andrew Leask, Assistant Secretary, Australian Safeguards and Non-Proliferation Office

Dr Terry Beven, Director, Nuclear Trade and Security Branch Mr Garth Hunt, Director, Non-Proliferation Section

Mr Bruce Miller, Assistant Secretary, Strategic Policy and Intelligence Branch

Mr Richard Sadleir, Director, Asia Pacific Security Section

Output 1.2: Secure government communications and security of overseas missions

Mr Neil Mules, First Assistant Secretary, Diplomatic Security, Property and Information Management Division

Mr Peter Davin, Diplomatic Security and Property Branch

Mr Paul Foley, Information Management Branch

Output 1.3: Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)**Parliament of Australia****Services to attached agencies****Services to business****Services to state governments and other agencies overseas and in Australia****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 Karina Campbell, Assistant Secretary, Protocol Branch

Mr Peter Edwards, Director, Protection, Privileges and Immunities Section

Output 2.1: Consular and passport services**2.1 Consular services****2.2 Passport services**

Mr Chris De Cure, Acting First Assistant Secretary, Public Diplomacy, Consular and Passports Division

Mr Ian Kemish, Assistant Secretary, Consular Branch

Mr Derek Tucker, Assistant Secretary, Passports Branch

Mr Bill Monaghan, Director, Passports Operations Section

Mr Marc Campbell, Executive Officer, Management Administrative Coordination Section

Output 3.1: Public information services and public diplomacy**3.1.1 Public information and media services on Australia's foreign and trade policy****3.1.2 Projecting a positive image of Australia internationally****Freedom of information and archival research and clearance**

Mr Chris De Cure, Acting First Assistant Secretary, Public Diplomacy, Consular and Passports Division

Mr Simeon Gilding, Assistant Secretary, Images of Australia Branch

Mr Christopher Freeman, Director, Media Strategies and Internet Section

Mr Marc Campbell, Executive Officer, Management Administrative Coordination Section

Enabling services**Items: General corporate support; human resource management and overseas conditions of service; financial and budget management; national non-secure (communication system) information technology and information management; records management; property management; executive support; training and development; evaluation and audit; internal legal and statistical services; security services.**

Ms Caroline Millar, Assistant Secretary, Executive, Planning and Evaluation Branch

Ms Nicola Watts, Director, Ministerial and Executive Liaison Section

Mr Ian Biggs, Director, Corporate Planning Section

Mr Chris Marchant, Director, Evaluation and Audit Section

Ms Anne Hazell, Chief Finance Officer and Assistant Secretary, Finance Management Branch

Mr Richard Andrews, Director, Budget Management Section

Mr Chris Moraitis, Assistant Secretary, Staffing Branch

Ms Jane Madden, Assistant Secretary, Staff Development and Post Issues Branch.

Australian Secret Intelligence Service (ASIS)**Australian Trade Commission (Austrade)****Portfolio overview****Outcome 1, Public understanding of Australia's trade and investment direction, government export programs and promotion of Australia's image internationally****1.1 Ongoing programs to show all Australians the benefit of overseas trade; raise awareness of the Federal Government's export assistance programs; and promote a positive image of Australia internationally****Outcome 2, Contribution to Australia's export trade performance by facilitating and encouraging trade and investment between Australia and foreign countries****2.1 Export and outward investment services****2.2 Advice and guidance to federal government and coordination of Commonwealth export activities****2.3 Inward investment attraction services****Outcome 3, Australians informed about and provided access to consular, passport and immigration services in specific locations overseas****3.1 Consular, passport and immigration services****Outcome 4, Contribution to Australia's export trade performance by providing financial and other assistance to eligible Australian organisations through export market development schemes****4.1 Export financial assistance**

Mr Michael Crawford, Acting Executive General Manager, Australian Operations

Mr Craig Symon, General Manager, Export Finance Assistance Programs

Mr Ian Chesterfield, General Manager, Corporate Finance and Assets

Ms Julia Selby, Acting Deputy Managing Director, Australian Operations

Mr Terry O'Connor, Corporate Manager Government, Policy and Communications

Mr Michael Vickers, Group Manager, Client Development and Ally Liaison

Mr Bernd Neubauer, General Manager, Invest Australia

Ms Marcia Kimball, General Manager, Human Resources

Mr Kym Hewett, Chief Information Officer

Mr Peter Amey, Manager, Europe Regional Office

Mr Peter Bergman, Manager, North East Asia Regional Office

Mr Anthony Fernando, Manager, Americas Regional Office

Ms Jessica Ramsden-Smith, Manager, Middle East/Indian Ocean Regional Office

Mr Pat Stortz, Manager, South Pacific Regional Office

Mr Jim Enright, Manager, South East Asia Regional Office

Department of Foreign Affairs and Trade**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 (including Australia–Japan Foundation, Australia–China Council, Australia–Korea Forum)**

Mr Colin Heseltine, Ambassador-designate to the Republic of Korea

Mr David O'Leary, A/g First Assistant Secretary, North Asia Division

Ms Glenda Gauci, Assistant Secretary, North East Asia Branch

Mr John Tilemann, Director, Korea Section

Mr Leslie O'Brien, Director, Australia-Korea Foundation
Mr Doug Trappett, A/g Director, Japan Section
Ms Gillian Walker, Director, Australia-Japan Foundation
Mr Terry White, Director-Tokyo, Australia-Japan Foundation
Mr Kevin Magee, Director, China Economic and Trade Section
Mr Kyle Wilson, Director, China Political and External Section
Mr John Langtry, Director, Hong Kong, Macau, Taiwan Section
Ms Julie Chater, Director, Australia-China Council

1.1.2 South and South East Asia (including Australia-India Council, Australia-Indonesia Institute)

Ms Gillian Bird, First Assistant Secretary
Mr Stephen Deady, Assistant Secretary, Mainland South East Asia and South Asia Branch
Mr Jurek Juszczyk, Director, Thailand, Vietnam and Laos Section
Mr Christian Bennett, Director, ASEAN, Burma and Cambodia Section
Mr Graeme Lade, Director, India and South Asia Section
Mr John Powys, Director, Australia-India Council
Mr Paul Grigson, Assistant Secretary, Maritime South East Asia Branch
Mr David Binns, Indonesia Section
Ms Michelle Chan, Director, East Timor Section
Ms Zuly Chudori, Acting Director, Philippines, Malaysia, Singapore and Brunei Section
Mr John Michell, Director, Australia-Indonesia Institute

1.1.3 Americas and Europe

Mr Ian Wilcock, First Assistant Secretary, Americas and Europe Division
Mr Peter Shannon, Assistant Secretary, Americas Branch
Dr Lee Kerr, Director, Canada, Latin America and Caribbean Section
Mr Phil Lowday, Director, United States Section
Ms Sue Tanner, Assistant Secretary, Europe Branch
Ms Zena Armstrong, Director, North and West Europe Section
Mr Alex Brooking, Director, Central, East and South Europe Section
Mr Richard Ryan, Director, European Union and Institutions Section

1.1.4 South Pacific, Africa and the Middle East

Mr James Wise, First Assistant Secretary, South Pacific, Africa and Middle East Division
Mr George Atkin, Assistant Secretary, Middle East and Africa Branch
Mr Frank Evatt, A/g Director, Africa
Ms Clare Birgin, Director, Middle East Section
Mr Don Cuddihy, Executive Officer, Middle East Section
Mr John Oliver, Assistant Secretary, New Zealand and Papua New Guinea Branch
Ms Anne Plunkett, Director, New Zealand Section
Mr Bruce Hunt, Director, Papua New Guinea Section
Mr Graham Fletcher, Assistant Secretary, Pacific Islands Branch
Mr John Pilbeam, Director, Pacific Bilateral Section

1.1.5 Multi-lateral trade negotiations

Mr Graeme Thomson, Principal Adviser, Trade Negotiations Division
Mr Allan McKinnon, Assistant Secretary, Agriculture Branch
Mr John Larkin, Assistant Secretary, Services and Intellectual Property Branch

Mr Tim Yeend, Assistant Secretary, Trade Policy Issues and Industrials Branch

Mr Justin Brown, Assistant Secretary, WTO Trade Law Branch

1.1.5 Trade development/policy coordination and APEC

Mr Peter Baxter, First Assistant Secretary, Market Development Division

Mr Patrick Lawless, Assistant Secretary, Trade Development Branch

Ms Lorraine Barker, Director, Trade Policy Coordination Section

Mr Neil Batty, Director, Market Information and Analysis Unit

Mr Mike Roberts, Director, Export Credit Policy Section

Mr Billy Williams, Director, New Economy, Business Relations and Ecotech Section

Mr Arnold Jorge, Executive Officer, Trade and Investment Liberalisation Section

Austrade

CHAIR—I declare open this meeting of the Senate Foreign Affairs Defence and Trade Legislation Committee. I welcome back Senator Hill, the minister representing the Minister for Foreign Affairs and the Minister for Trade, and I welcome the officers of Austrade. The committee will first examine the proposed expenditure for Austrade and then the outputs for the Department of Foreign Affairs and Trade which were not examined on 6 June. The committee has before it the particulars of proposed expenditure for the service of the year ending 30 June 2002, documents A and B, and the portfolio budget statement for Austrade. When written questions on notice are received, the chair will state for the record the name of the senator who submitted the questions. The questions will be forwarded to Austrade for an answer. The committee has resolved that the deadline for the provision of answers to questions taken on notice at these hearings is Wednesday, 18 July 2001.

When officers are first called upon to answer a question they should state clearly their names and positions, as is usually the case. I remind everybody that mobile phones are to be switched off in the hearing room. This additional hearing will close at 11 p.m., if not before. Minister, do you wish to make an opening statement?

Senator Hill—No.

CHAIR—Are there any questions for the portfolio overview?

Senator COOK—This is the portfolio overview for Foreign Affairs and Trade, not Austrade.

CHAIR—No, it is the portfolio overview for Austrade.

Senator COOK—This may not be the correct place to ask these questions, so please correct me if I am wrong. I wanted to ask a few questions on the Chicago consul general. Is this the correct place to do that?

Senator Hill—I would not have thought so. What do you say, Mr Chairman?

CHAIR—No, I do not think so, Senator Cook.

Senator HOGG—I just think a point of clarification is needed here. I understand that tonight's agenda has been broken into two parts, Austrade and then the rest of the foreign affairs outputs. It says 'portfolio overview'. I presumed that first portfolio overview relates only to Austrade, and then there is a second portfolio overview once we get to the foreign affairs section.

CHAIR—That is my understanding as well, Senator Hogg.

Senator COOK—This is where we can ask an agency wide question. I want to ask some questions about the Austrade pricing review. It is referred to in the portfolio budget statement on page 81. How much is the pricing review noted there expected to cost?

Ms Selby—The pricing review has not commenced yet and, in terms of the cost, it will be the time of the people involved. Until we are under way I do not think we can actually give an estimate, but I will ask Ian Chesterfield if he can answer in more detail.

Mr Chesterfield—At this stage, as Julia Selby says, we have not done detailed costing of what it might cost, but it is probably going to be around \$350,000 to \$400,000 would be my guess.

Senator COOK—How many staff is it likely to involve?

Mr Chesterfield—We will probably have a team of three or four full-time staff for the six-month period, and then various staff coming in and out of the review as we have specialist activity required.

Senator COOK—Will these be staff additional to your current complement brought in for this event, or will be they staff currently employed on other duties diverted from those duties for this event?

Mr Chesterfield—A combination of both. We have a couple of consultants that we have been using in preparation for the review.

Senator COOK—That is two, is it?

Mr Chesterfield—That is two, yes, and they will be continuing through the review, yes.

Senator COOK—Does that mean since three or four staff will be employed for six months, one or two other staff that are currently on other Austrade functions will be diverted from those functions?

Mr Chesterfield—Probably, yes. That is right, Senator.

Senator COOK—When will you know for sure?

Mr Chesterfield—I believe that the department of finance have a timetable of getting the program for the review to us around the end of June, and agreement on the way forward in the review—in other words, the timetable and detail of the review—by the end of July. At the end of July is the answer.

Senator COOK—Did I hear you say that the review will be running for six months?

Mr Chesterfield—Yes, Senator.

Senator COOK—So that will conclude in January?

Mr Chesterfield—Yes. The reviews, as I understand it, are designed to be finalised by the end of December.

Senator COOK—Senator Hogg has just drawn to my attention on page 82 of the portfolio statements the administrative review that is being undertaken, which will be completed in 2001-02. It states:

This review will include extensive benchmarking of services and consider the degree to which Austrade has effective and flexible management strategies in place to ensure that outputs are delivered efficiently. What is involved in that review?

Mr Chesterfield—That is a review of our administration processes, both centrally and overseas. It is essentially looking at whether we have best process practices for our finance

and human resources and legal activities and, indeed, implementing the best practice processes in each location around the world.

Senator COOK—Who will be conducting it?

Mr Chesterfield—It is currently under way and it is being done by a team of two people internally and one external consultant.

Senator COOK—And who is the external consultant?

Mr Chesterfield—That is a company called Silkmont Pty Ltd. Beverly Daniel is the person that we are contracting with there.

Senator COOK—When do you expect it to be completed?

Mr Chesterfield—We expect it to be completed in the first half of 2001-02.

Senator COOK—Since you are examining it on world's best practice, from what do you draw world's best practice. What is the model that you are looking at that you are comparing Austrade's effectiveness with?

Mr Chesterfield—It is a question of trying to find the best and most efficient processes through charting work flows, through looking at what technologies are available in what locations. The National Audit Office have done work in Australia that looks at best practice methodologies for the finance function, for example. We would look at our systems and compare those with the ANAO's best practice guide in that matter. That is largely how we do it, but with a hundred locations around the world it is very difficult to design the absolute best practice model and get benchmarking for each of those locations.

Senator COOK—Just going back to the Austrade pricing review for a moment, Austrade already outsources many of its services, doesn't it?

Mr Chesterfield—That is correct.

Senator COOK—This pricing review is to look at whether there is scope to outsource further services.

Mr Chesterfield—I do not believe that is the primary objective of the pricing review. I believe the primary objective is to look at whether the costs of the outcomes and outputs that Austrade deliver are appropriate or not.

Senator COOK—Which may involve a consideration of whether there is further outsourcing?

Mr Chesterfield—Certainly we would be asked to benchmark against possible outsource partners or market competitors, yes.

Senator COOK—For this pricing review, you have two consultants. What firm is that?

Mr Chesterfield—One is Silkmont Pty Ltd, which is Bev Daniel again. She is playing a role in helping us coordinate the review. I cannot remember the name of the other company at the moment, so I will have to get back to you on that.

Senator COOK—Why are there two companies? Is one a specialist in one sort of field and the other a specialist in another field?

Mr Chesterfield—Largely it is a result of us having a person from the second company that we selected that we knew could do the sort of work we required, Senator.

Senator COOK—How were they selected?

Mr Chesterfield—We looked at the needs we had in terms of the work that we anticipated we would need to do and the specialist knowledge this person had available to them. They had worked with us before in the areas we were interested in.

Senator COOK—You invited these firms directly? There were no tenders called?

Mr Chesterfield—We invited these firms directly.

Senator COOK—No head-hunter was engaged to search out particular firms?

Mr Chesterfield—No.

Senator COOK—There were no other alternatives to these firms?

Mr Chesterfield—We did not go through that process because of the specialist knowledge we believe we required in that instance. That is in accordance with our policies.

Senator COOK—How were the terms of the contract reached then?

Mr Chesterfield—These people are on a continuous consultancy agreement. We looked at the work that needed to be done and negotiated the rates that were competitive for that sort of work.

Senator COOK—If I were to put you to the test could you prove that their rates are competitive?

Mr Chesterfield—I believe so, yes.

Senator COOK—You can take this on notice, I do not need to know it tonight, but could you let me know the name of the consultancy that has slipped your mind?

Mr Chesterfield—Yes.

Senator COOK—Could you let me know—on notice—what particular functions of Austrade have been outsourced and to whom?

Mr Chesterfield—Certainly. We have that list.

Senator COOK—Thank you. I have nothing further on the overview, Mr Chairman.

CHAIR—Do you have particular questions for Austrade, Senator Cook?

Senator COOK—In outcome 1, Exporting for the Future program 2001-02, how much do you expect to spend on this program for that financial year?

Ms Selby—In 2000-01 the program is expected to cost \$500,000.

Senator COOK—How much has been spent on that program up until now, till the commencement of the next financial year? What has been the budget for it thus far?

Ms Selby—The number I gave you is \$500,000 for 2000-01. Michael, can you help?

Mr Vickers—That is a difficult question to answer unless I can take you through a definition of what constitutes expenditure—

Senator COOK—Just before you do that, Mr Vickers, I understand Ms Selby's answer. Your answer was for the year 2000-01, the year we are currently in.

Ms Selby—Yes.

Senator COOK—How much is expected to be spent on it for the year 2001-02, the year in prospect?

Mr Vickers—We do not have a budget set for the coming year yet, Senator.

Senator COOK—When might you have a budget for the coming year?

Mr Vickers—My understanding is that it has been discussed recently by the executive. I would assume that before the close of this financial year we will set a budget for the coming year. The funds come from internal sources, so it is not a great matter of finding the money; it is a matter of setting the priority within the organisation.

Senator COOK—It is a matter of finding the money from within your current overarching budget. Was the \$500,000 that was spent for the financial year we are currently in, 2000-01, also from within the existing budget of Austrade and not by way of a special appropriation?

Mr Vickers—It was from Austrade's existing budget.

Senator COOK—If I were a finance ghoul—just picture me in that role for the moment—I could say you have at least half a million dollars in your budget that we could take back or that you could spend on this program. Is that right?

Mr Vickers—I do not think I could speculate on that, I am sorry.

Senator COOK—It is very wise not to speculate on me being a finance ghoul. What does the Exporting for the Future program expect to do?

Ms Selby—The program expects to raise the awareness of the importance of trade in the general Australian community and to increase the awareness of government assistance programs and Austrade programs for exporters, and bring more companies into exporting—maybe using our services, maybe not.

Senator COOK—Since you do not have a budget for the financial year to which the estimates apply, and you may get a budget after these estimate hearings conclude, do I deduce from that that you will not be spending any money between now and the end of this calendar year?

Mr Crawford—There are a couple of points we need to keep in mind here. One goes to the fundamental nature of Exporting for the Future. It is fundamentally about leveraging a lot of events that have already occurred, and a lot of visits from staff from overseas, and wrapping it up into one coordinated package. To do that you need some seed funds. As Michael Vickers said, at the moment we are finalising internal budget allocations. That will be done very quickly in the next couple of weeks. We would be able to come back to you with what the seed fund budget looks like within that period.

Senator COOK—I look forward to you coming back to me with what the seed fund budget looks like. But since my question was, do you expect to spend any money between now and Christmas—

Mr Crawford—The answer is yes.

Senator COOK—Do you expect to spend most of your budget between now and Christmas?

Mr Crawford—Most of which budget?

Senator COOK—The budget that you are framing, that you will come back to me—

Mr Crawford—No, I do not expect that. I would expect that to be spread over the year, with down time during December-January, for obvious reasons—the Christmas period; ramping up the program again in February through to June next year.

Senator COOK—How much of your budget would you set aside for the balance of this calendar year?

Mr Crawford—I will take a stab at this. This program is, in a sense, an organic dynamic program. As the successes build upon each other we may look at putting more funds into it; we may be able to do more with less funds. But I would expect that it would be a fifty-fifty split.

Senator COOK—Do you think this program worked last year?

Mr Crawford—Senator, one of the fundamental changes we have to appreciate is that making a quantum leap in the export performance of this country requires a willingness to allocate resources to long-term results. The issue of school curriculum materials and activities in urban and regional areas may not deliver results tomorrow but they may over time. We believe they will over time. How do you measure its success? We measure its success so far by attendance and I think it is going very well. On the school curriculum materials side, the feedback so far from relevant teacher groups has been very positive.

Senator COOK—At the last estimates we had a bit of a discussion about this. This is not broadcast Australia wide, is it? It is broadcast in selected centres.

Mr Crawford—The program itself is Australia wide.

Senator COOK—Australia wide?

Mr Crawford—Exporting for the Future, yes. Exporting for the future is, as I said, an umbrella coverage for a raft of activities which the organisation undertakes on an ongoing basis, supplemented by some strategic initiatives like school curriculum materials.

Senator COOK—The school curriculum materials go Australia-wide?

Mr Crawford—Yes. Seminars and visits go Australia-wide.

Senator COOK—Will all state governments take up the school curriculum?

Mr Crawford—I will have to defer to Mr Vickers on that question.

Mr Vickers—We are at the moment testing the curriculum materials with 36 schools around Australia. Once that testing phase is finished, the results are in and final editing changes are made, then we will be going to the states and asking them to adopt it. The states have different policies. Some states have a curriculum set by the state government; others simply set guidelines and leave it to individual schools to finalise the curriculum they will use to meet those guidelines. It is not true that in every case it is appropriate for the state government to endorse the curriculum content.

Senator COOK—Are the 36 schools in all states and territories?

Mr Vickers—Yes.

Senator COOK—You are testing with them with the approval of the state education authorities?

Mr Vickers—Again, it depends on the state. The state education authorities have been involved in the program thus far in developing the format for the program and making sure that it meets their curriculum requirements. It is not appropriate in every case for the state to approve. They do not work in that way, but they have been involved.

Senator COOK—We are talking now of the current year in which you have a budget for this program of half a million dollars. How much of that half a million dollars was spent on school curricula development?

Mr Vickers—\$270,000 is being spent on that.

Senator COOK—Are there samples of your work that we can see?

Mr Vickers—There are early samples of the year 9 and 10 work but, as I said, they are being tested at the moment. I am happy to provide them, obviously, but it will be a little bit premature. They provide an indication but they are not finished.

Senator COOK—I am happy to see them when they are finished.

Mr Vickers—Yes.

Senator COOK—But they can be provided?

Mr Vickers—Yes.

Senator COOK—In terms of the half a million dollars for this current year, \$270,000 of it has been spent, leaving \$230,000. How is that going to be spent?

Mr Vickers—We have \$120,000 which is earmarked for events—seminars, field days—and we have \$100,000 which is spent on radio advertising. Some of that money will be spent in the period between now and the end of this year. It is, in a sense, being rolled over into the new financial year.

Senator COOK—How much of that money is going to be rolled over?

Mr Vickers—I would think a large majority. We have spent about \$8,000 and I think the remainder of it will be rolled over.

Senator COOK—There will be \$92,000 rolled over?

Mr Vickers—Yes.

Senator COOK—That will be spent between now and Christmas?

Mr Vickers—Yes.

Mr O'Connor—There is a defined list of events which the radio ads support, based on an analysis of the best value for money for radio advertising to provide maximum coverage to attract people to the events. The money spent to date of \$7,913—approximately \$8,000 as Mr Vickers said—has been to support the Austrade stand at the Lucindale field days which attracted potential clients and interested people from throughout the Greater Green Triangle area. I will defer to Senator Schacht and his knowledge of the terminology of that area. I understand that Senator Schacht visited—

Senator SCHACHT—I visited the Lucindale field days and saw that.

Mr O'Connor—In fact, the radio advertising and the stand, as I understand from our TradeStart office in Mount Gambier, generated 15 new potential clients.

Senator COOK—Am I right, when looking at the current year, that these field days were held at Lucindale in South Australia, in Darwin—

Mr O'Connor—Are you talking about the radio advertising in this current year?

Senator COOK—Yes.

Mr O'Connor—No. I am only aware of the radio advertising at Lucindale in this current financial year.

Senator COOK—What about the year in prospect?

Mr O'Connor—We do have a list of events where the radio advertising will support those events. One of those is in Darwin to support the Northern Territory Expo.

Senator COOK—Will Whyalla, Port Augusta and Port Pirie be this year?

Mr Crawford—Yes.

Senator COOK—Toowoomba?

Mr Crawford—Correct.

Senator COOK—Gunnedah?

Mr Crawford—Correct.

Mr O'Connor—Would you like the complete list, Senator?

Senator COOK—I would like the complete list, but I think I am near the end of it.

Mr O'Connor—No—the Northern Territory Expo in Darwin; a major Exporting to the World event in Toowoomba, including the Darling Downs and, effectively, is from the greater south-east of Queensland; International Business Week in South Australia, which includes the Upper Spencer Gulf region, the Iron Triangle area; Ag-quip, which is one of the major field days in Gunnedah; the Dowerin field days in Western Australia; the Henty machinery field day in New South Wales; the Australian national field days in Orange; and the Business Growth Expo in Ballarat. The advertising is not solely placed on stations in those centres. It is distributed amongst radio stations throughout the area. It is designed to raise awareness of the event and to attract potential exporters or interested members of the public to come to the stand at that event.

Senator COOK—Are you aware that the federal electorates in which this radio advertising is being conducted are Barker, which is a Liberal electorate; Solomon, which is potentially a Liberal electorate, I understand, in the Northern Territory; Grey in South Australia, a Liberal electorate; Groom, a Liberal electorate; Gwydir, a National Party electorate; O'Connor, a Liberal electorate; Farrer, a National Party electorate; Calare, which is Mr Andren's electorate; and Ballarat, a Liberal electorate. Is there an oddity that strikes you in that this advertising is only occurring in coalition electorates?

Senator Hill—Only that the Labor Party has so few seats in country areas.

Senator COOK—That is not true.

Senator Hill—How many do you have?

Senator COOK—Quite a few.

Senator Hill—Not too many.

Senator COOK—No, quite a few. We have quite a few seats in country areas.

Senator SCHACHT—All of Tasmania.

Senator Hill—If you are suggesting some political objective, why would we be advertising in Barker?

Senator COOK—It does boggle the mind.

Senator SCHACHT—You are going so badly in South Australia, I don't blame you!

Senator COOK—Why are you not advertising in so many other places? The stated purpose of this program is for general Australian community information. Why are there no advertisements in, say, Newcastle, Port Kembla, Geelong; anywhere in the Gippsland region? Why are there none in Bunbury, Busselton?

Senator Hill—I did not know you held Gippsland.

Senator SCHACHT—We hold two of the state seats in—

Senator Hill—State, not federal.

Senator COOK—No. We hold a federal seat just on the edge of Gippsland.

Senator Hill—You want us to advertise in Gippsland?

Senator SCHACHT—McMillan in the Latrobe Valley.

Senator COOK—These are all regional areas that I have referred to. Were none of those examined for this sort of promotion?

Senator Hill—Why don't you let him answer? You said, 'Why aren't you advertising in Newcastle?'

Senator COOK—I have referred to all of these areas.

Senator Hill—Let us go through them.

Mr Crawford—Senator, as I said before, this program is organic.

Senator SCHACHT—It is what?

Senator Hill—It is organic. Don't you know what that means? We all know what that means.

Senator COOK—What does it mean?

Mr Crawford—It is evolving and growing, Senator.

Senator HOGG—It is like a mushroom!

Mr Crawford—I will get the Webster definition for you later, if you like. As we said in the last estimates, the initial focus was on events that we had identified that had the potential to have the greatest return in regional Australia.

Senator COOK—The greatest return for whom and for what?

Mr Crawford—The greatest return in terms of Austrade's core mission which is finding and developing exporters.

Senator COOK—Really? Let us go to this. What are the advertisements? Does at least one of the advertisements feature the voice of Mark Vaile the trade minister?

Mr Crawford—In the advertisements so far there have been three voice-overs—one with Mr Vaile, one with a local exporter I believe, and one with a TradeStart officer.

Senator COOK—And we are going to spend \$92,000 that we know of before Christmas in all of these marginal electorates that are held by the coalition—

Senator Hill—Barker is not marginal.

Senator COOK—promoting Mr Vaile.

Mr O'Connor—Senator Cook, you have now—

Senator Hill—Don't tell Tuckey!

Senator COOK—O'Connor is not a marginal; I concede that.

Senator Hill—Barker?

Mr Crawford—Senator, this program—I will find a different word than 'organic'—is a public program which will be kept under constant review and we have budgeted \$92,000. That does not mean we are going to spend it. If we start finding the return on—

Senator COOK—Hang on. Let us be very clear, Mr Crawford. The evidence before us at the moment is that \$92,000 has been set aside for spending between now and Christmas on a

program of radio advertising; one of the ads featuring the voice of the trade minister in electorates that are coalition held. That is the evidence.

Mr O'Connor—Sorry, Senator, but that is not correct.

Senator COOK—I am sorry, Mr Andren is not a coalition member.

Mr O'Connor—And neither, the last time I looked, was Mr Snowdon, Senator.

Senator COOK—No, but we all know about electoral redistribution, Mr O'Connor.

Mr O'Connor—Senator, you asked a question as to why the adverts are appearing to support particular events. The adverts are not designed to appear in any one given electorate. The nature of the political party which holds a particular seat played no role in the determination of where the adverts would appear and which events they would support. The events were determined by Austrade as part of the process to basically expand the awareness and importance of trade and of the role of Austrade and the importance to Australian companies of export.

In regional areas the best approach to do that was to identify high profile events and to have a display stand there. There are a large number of other events in which Austrade is also participating in regional areas and in outer metropolitan areas as well. These adverts were very carefully targeted at the major events—in other words, the greatest pulling power. I would not want to, in charge of Austrade's communications, authorise money being spent on an advert that would appear in only, for example, Alice Springs in preference to somewhere like Orange, which has a much larger population and larger potential client base for Austrade.

Senator COOK—What about Newcastle? What about Geelong? What about some of those other places—Wollongong? Why were they not considered?

Mr O'Connor—Senator, the basis of the advertising campaign was designed on, if you like, a template of major events being held that the EFF campaign was supporting. Austrade has an existing series of events in places like the Illawarra, the Hunter Valley and in the capital cities. Only earlier this year, for example, there were major events in Campbelltown and in the Illawarra by senior trade commissioners and trade commissioners from the South-East Asia region. Those events are supported through alternate means.

Senator COOK—None of them feature the voice of Mark Vaile, do they?

Mr O'Connor—If the Minister for Trade wished to speak at an event like that, then I am sure he would. In terms of the script for the trade minister, as Mr Crawford said—

Senator COOK—I have read the script.

Mr O'Connor—As you can see, it is the role of the trade minister in basically urging companies interested in getting into the international marketplace to take advantage of that situation.

Senator COOK—Yes. But, Mr O'Connor, the government is spending \$20 million a month advertising programs between now and Christmas.

Senator Hill—I do not know that we have conceded that, have we?

Senator COOK—Yes, it is. Do you want to go through the particular areas in which you are spending it?

Senator Hill—Labor says that we are spending \$20 million.

Senator COOK—The government is spending \$20 million a month advertising government programs between now and Christmas.

Senator Hill—If it was \$20,000 it would not make much difference.

Senator COOK—Austrade have rolled over \$92,000 from last year that we know of and another amount that has yet to be budgeted for that promotes the Minister for Trade in coalition electorates. If you have no reasonable explanation about any other place in Australia, why shouldn't we consider this as simply part of the government's election campaign?

Mr O'Connor—Because, Senator, the adverts are not designed to promote the Minister for Trade. They are designed to attract potential clients to attend the events.

Senator Hill—And who better to do that than the Minister for Trade?

Senator COOK—Would you please read out what he says in this?

Mr O'Connor—He says:

Australia's international profile has never been higher and the opportunity has never been better. We are urging all companies in Australia that are interested in getting into the international market place to take advantage of that situation at the moment, so soon after the Olympics Games.

That was the script for the south-east field days in Lucindale. Basically the voice-over introduction is:

Smart businesses are exporting for the future. Just ask Trade Minister Mark Vaile.

With an outro of:

You too can export. Find out how at the Exporting for the Future exhibit at the Lucindale Field Days. A Federal Government initiative.

The second ad features the line:

Just ask local Export Development Manager Heather Walker.

Senator COOK—Yes, I know the second ad and I know the third ad.

Mr O'Connor—And the third ad is :

Just ask Bruce Rodder, Sales Manager for local success story Mini Jumbuck.

Mr Crawford—Senator, one of the fundamental problems in regional Australia is that—

Senator COOK—Before you answer, Mr Crawford, you might include in your answer that this program, as Ms Selby told us, is for the general Australian community.

Mr O'Connor—Correct.

Senator COOK—And you have picked a particularly sensitive part of the Australian community.

Senator Hill—What sensitive part of Australia?

Senator COOK—What are you going to be doing about the rest of the Australian community?

Senator Hill—What he said is that they have been attracted by events and they have tried to build a campaign around those events to encourage exports.

Senator COOK—No, to support Mark Vaile, Minister.

Senator Hill—How on earth would that benefit Mark Vaile in the seat of Barker?

Senator COOK—Why are you pork-barrelling coalition electorates?

Senator Hill—The ad that has just been read out could hardly be described as pork-barrelling.

Senator COOK—Oh, yes, it can! It is like all of these smart ads that you have got.

Senator Hill—Who is going to win a vote in Barker as a result of that?

Senator COOK—I actually recall in Barker at the last election—

Senator Hill—I do not know who you are kidding.

Senator COOK—that it was not such a lay-down misere for you.

Senator Hill—Barker has been a safe seat forever.

Senator COOK—Good luck to you!

Senator Hill—It is not National either, I might say.

Senator COOK—No, I know it is not National. I never said it was.

Senator Hill—Yes, but you are suggesting in some way that putting out an ad for exports in Barker is going to benefit Vaile. It is totally obscure.

Senator COOK—Why are there no ads anywhere else in Australia but in Liberal or National Party seats?

Mr O'Connor—That is also not correct, Senator. Austrade—

Senator COOK—Mark Vaile's voice appears in Sydney, Melbourne, Perth, Adelaide and Hobart?

Mr O'Connor—No, Senator, you asked whether there were no ads elsewhere in Australia. Austrade has a marketing campaign which has already commenced primarily focused on the national and metropolitan press—and airport posters as well—to attract new clients, particularly smaller and medium sized potential exporters, to basically contact Austrade and to draw attention to our new services to be offered over the web site.

Senator COOK—How do you rate advertising for a trade display at a local show in coalition seats as effective in terms of the return for the money you spend in promoting trade? How did you arrive at that?

Mr O'Connor—Senator, again I draw attention to the fact—as Mr Crawford says—that we do these on the basis that we believe they are effective. We measure effectiveness on the basis of attendance at these events and also on the basis of potential new clients. To date the one radio campaign we have conducted led to a significant number of attendees at the Lucindale field days and led to—

Senator SCHACHT—Because of the radio ads?

Mr O'Connor—Yes, they were heard throughout large parts of western Victoria and south-eastern South Australia.

Senator SCHACHT—Yes, they heard it, but is that the reason they turned up?

Mr O'Connor—You can always speculate about the effectiveness of a particular part of the campaign.

Senator SCHACHT—Provide us with the figures of this year's attendance at the field days and the previous attendance and see whether there has been an increase.

Mr O'Connor—We did not have a standard for Lucindale field days.

Senator SCHACHT—No, but just compare the numbers. You say you have advertised. I went to this one this year and I have to say that when I queued up to get in the gate I did not

see anybody singing the jingle of Mark Vaile or saying, 'By gee, whippo, we've been here because we've heard Mark Vaile on a radio ad.'

Senator Hill—If you did not hear anyone singing the jingle you should tell that to Senator Cook.

Senator SCHACHT—No, the point is that the ad was not there to get people to the field day. It was to subtly promote the government's trade minister as an electoral advantage. This is the excuse for the field day. That is why you are there.

Senator Hill—Very subtle!

Senator SCHACHT—Not if you have several thousand dollars worth of advertising going out on a country radio station. How much did you spend on 5SE to put the ads on—\$3,000, \$5,000?

Mr O'Connor—I can get that to you on notice, Senator.

Senator SCHACHT—That would be saturation coverage on a country radio station.

Mr O'Connor—As I said earlier, Senator, the ads do not appear on a single radio station. They appear—

Senator SCHACHT—Where else would you put it for the Lucindale radio station—for Lucindale?

Mr O'Connor—For Lucindale?

Senator SCHACHT—Into western Victoria.

Mr O'Connor—Yes, that is right.

Senator SCHACHT—That is another coalition seat.

Mr O'Connor—It would not matter which party held it. It is the basis of the number of potential attendees—

Senator SCHACHT—No, but when it goes over the border you are into the Victorian coalition seat.

Senator Hill—The trouble is we hold too many seats.

Senator COOK—No, that is not the trouble.

Senator Hill—You are going to do this advertising in the bush; you are going to hit coalition seats everywhere.

Senator COOK—The trouble is we have not yet had an answer to the question about the other regional centres I referred to.

Mr Crawford—In policy terms, Senator, the issue is what Austrade knows is that in areas like Newcastle and Wollongong there is a substantial existing framework of enterprise development programs, both at the state and local level, which allow us access to clients. We know the clients who are there. We can communicate with them easily. We can tap into them. The fact of the matter is that in a place like Lucindale there is no established framework network or support network.

Senator SCHACHT—Do you know how big Lucindale is? You are talking about the lower south-east, I presume, not just Lucindale.

Mr Crawford—Senator, the task of substantially increasing the number of successful importers in this country means we have to tap into as many resources as possible.

Senator COOK—Oh, come off it.

Senator SCHACHT—In Lucindale? I presume you are talking about the lower south-east of South Australia and the Western Districts of Victoria.

Mr Crawford—I am instructed—

Senator SCHACHT—You are talking about Lucindale. Lucindale is a town of 500 people.

Mr Crawford—We are talking about the show there.

Senator SCHACHT—The show, yes, and I presume you are talking about networking for all the industries in the lower south-east—fisheries, vines, horticulture.

Mr Crawford—We are talking about putting industries in touch with Commonwealth assistance to help them export. That in itself—

Senator SCHACHT—For the whole south-east, presumably.

Senator COOK—Can I then ask you this question. For the upcoming program for which \$92,000 we know is going to be spent—but we do not know what the budget will be for the balance of the year, nor do we yet know how much of that will be spent between now and Christmas, but we will know after these estimates are concluded apparently—do you intend to advertise in any of the centres that I have named, like Newcastle, Port Kembla, Geelong?

Mr Crawford—I defer to Mr O'Connor on the corporate—

Mr O'Connor—There is print advertising scheduled already in those centres, as well as in the national press. There are airport ads in Sydney and Melbourne.

Senator COOK—In those centres that I have referred to?

Mr O'Connor—Senator, in terms of marketing the message of getting potential exporters or companies that might be considering becoming exporters to attend an event, either in the case of the Exporting for the Future specific regional days or the Exporting for the Future metropolitan or urban seminar series, there are various more cost-effective ways of actually attracting clients. In the case of Geelong or in the Hunter Valley, a five-minute radio interview with, for example, the executive general manager, South-East Asia, on a radio station in the Hunter Valley is a more cost-effective way—for one it's free—to actually attract potential clients and promote that event.

Senator COOK—It is probably true of Lucindale as well.

Mr O'Connor—No, Senator, it is more difficult in those areas because of the reach. I am originally from South Australia. I am aware of Lucindale. I know it is not a very large town, but I am also aware that there are a large number of potential exporters—

Senator COOK—I think you can kick a footy down the main street without much risk of hitting anyone in Lucindale.

Mr O'Connor—Not the way I kick a football, no. But it is a large area. There is a diverse range of industries and there is not one single radio station in the area that covers it all. I could suggest to the executive general manager, South-East Asia, that he spends an entire day doing interviews with individual stations. It is more cost-effective for us to have a series of ads. Radio Wise—I am not sure if you are aware of the program—is actually a relatively cheap form of, if you like, third party endorsements, in this case with three—

Senator COOK—Can you come back to my question, Mr O'Connor. In the next six months will you just be advertising in these centres that you read out to me, or will you be advertising in some of the other regional centres that I referred to?

Mr O'Connor—Are you talking about overall marketing, both print, radio?

Senator COOK—Yes, where your dollar is going.

Mr O'Connor—We will be advertising across the country, in regional newspapers, with the Radio Wise campaigns in support of specific events. Most of the spend is actually on national and metropolitan papers.

Senator COOK—Have you worked out where you are going to be advertising yet?

Mr O'Connor—Yes.

Senator COOK—You know that?

Mr O'Connor—Yes.

Senator COOK—Are you going to be advertising in Rockhampton?

Mr O'Connor—Yes, Senator, with the—

Senator SCHACHT—Radio ads in Rockhampton?

Mr O'Connor—Radio ads? No, they are print ads in Rockhampton and the *Bulletin*, I think.

Senator COOK—If you work it out, can you provide us with a list of where those advertisements will be and what the mode will be, whether it will be radio, print or television?

Ms Selby—Yes.

Senator COOK—If you can do that straightaway, I might be able to—

Mr O'Connor—To answer the question, Senator, in terms of the marketing expenditure for 2001-02, we are talking about a spread over the entire two-year period—some of it has been carried over to support the launch of the web site, which is happening next financial year—and, in total, it is just over \$1 million. Fifty-three per cent of that is on national and metropolitan newspapers, 21 per cent is on airport posters, 12 per cent is on regional newspapers, 10 per cent on magazines, four per cent online. The \$100,000 in total for Radio Wise is actually a very small component of that.

Senator COOK—Let me ask this question. Has this program been approved by the board, including where the ads are to be put?

Ms Selby—Yes, it has.

Senator SCHACHT—One of the programs you said you were advertising is in the Upper Spencer Gulf in South Australia for SA Business Week. Was that correct?

Ms Selby—International Business Week

Senator SCHACHT—International Business Week. Is there any particular activity for International Business Week in the towns of the Upper Spencer Gulf while you have the radio ads on?

Mr O'Connor—Yes. There is an Exporting for the World event, which is highly intensive. It has a number of private sector partners.

Senator SCHACHT—But they are already coming. You do not need to radio advertise to get them there.

Mr O'Connor—You do need to advertise to get more individual companies and members of the public to attend the events.

Senator SCHACHT—You want members of the public to attend a seminar?

Mr O'Connor—No.

Senator SCHACHT—The event?

Senator COOK—The event is a show.

Mr O'Connor—For example, as you would be aware from the Lucindale field days, we have an Austrade stand which highlights the impact of exporting, the benefits to companies.

Senator SCHACHT—During International Business Week is that stand going to be at Whyalla, Port Augusta, Port Pirie or Port Lincoln?

Mr O'Connor—I defer to Mr Crawford in terms of the specific knowledge of the exporting for the world events, but it is an intensive, concentrated period and, therefore, because of the widespread nature of the event, because it is supported as part of International Business Week, it makes more sense to advertise, to spend some money to help attract people to those events.

Senator SCHACHT—Don't you have a database of every registered business, public and private, in the Spencer Gulf area, and everywhere in South Australia on your own database? Why don't you just write them all a nice letter and invite the several hundred along to the event if you want to get them interested in exporting? Why do you need to give them radio ads?

Mr O'Connor—Because it is a public awareness raising campaign as well, one of Austrade's key—

Senator COOK—That is exactly what it is.

Senator SCHACHT—That is what it is—public awareness of the government.

Senator Hill—They are opportunities to export, to attend and to visit the stand and to learn more about it.

Senator SCHACHT—But they can write a letter to them to come and visit the stand.

Senator Hill—But after they had finished visiting that stand, they could have visited your stand.

Senator SCHACHT—Why don't you just write them a letter? There might be a total of what, 500, 1,000, small businesses in the Spencer Gulf area. Just send them all a letter at 45c a pop.

Mr O'Connor—There are 30,000-odd residents.

Senator SCHACHT—All the residents are going to get into international export, are they? A single income earner in Whyalla is going to be running around interested in exporting to somewhere else in the world?

Senator Hill—This debate has taken an hour.

Mr O'Connor—We would hope, in fact, that they were, because then they would be supporting the efforts of the companies that are exporting. It is not simply raising the awareness amongst companies that are exporters. It is an awareness raising of the public.

Senator SCHACHT—Goodness me!

Mr O'Connor—It is one of the key outcomes that Austrade has to meet.

Senator SCHACHT—You will provide us with the detail of the radio spend on the Upper Spencer Gulf radio stations? I presume it is the two commercial radio stations, 5AU and 5PI, is it?

Mr O'Connor—I would imagine so, but I will check that for you.

Senator COOK—Can I ask you about the Chicago office. I think the budget papers provide \$800,000 for Austrade for 2001-02.

Ms Selby—Yes.

Senator COOK—Towards a new consul general in Chicago, and that is at \$700,000 in subsequent years. That is Austrade's contribution to this post. What will that consul general do for Austrade?

Ms Selby—The consul general, who will be a DFAT officer, will support Austrade's activities in promoting trade and investment with the Midwest of the United States, so the consul general will, using the consul general title, gain access to senior people in companies that we might not otherwise gain access to ourselves.

Senator COOK—He is a trade commissioner?

Ms Selby—No. We will be employing our own trade commissioner in Chicago. The new Chicago post will have a consul general, a DFAT officer, and will have a trade commissioner and a locally engaged person to work with the trade commissioner in promoting trade and investment.

Senator COOK—So your \$800,000 in the first year, \$700,000 in subsequent years, is to pick up the Austrade cost of running that post?

Ms Selby—For the Austrade people, yes.

Senator COOK—When will you be announcing the appointment of your trade commissioner?

Ms Selby—We are starting the process of working out the level of the job and then we will proceed to advertise it.

Senator COOK—When might that be?

Ms Selby—Over the next couple of months, I would think. Now we know who the consul general is. We need to wait, before we start, for the logistics to be worked out. We will be working out the actual details of the position, then we will advertise it, so I would expect it would take two or three months.

Senator COOK—Have you established criteria for the position?

Ms Selby—That is what we are in the process of doing.

Senator COOK—It has been announced by the foreign minister that the consul general will be Mr Ron Harvey. You are saying he is a DFAT officer?

Mr Crawford—Correct.

Ms Selby—Yes.

Senator COOK—A current DFAT officer?

Ms Selby—No, I am not saying he is a current DFAT officer. It is a question for DFAT.

Mr Crawford—Questions on the consul general should be directed to DFAT, Senator.

Senator COOK—Yes, I will direct those questions to DFAT.

[7.58 p.m.]

Senator COOK—With respect to output 4.1, the Export Market Development Grant Scheme, does Austrade have any strategy for addressing the steady decline in EMDG applications?

Mr Symon—We are having a look at this issue, Senator, by way of a three-pronged approach. Firstly, we are looking at the regions that our clients go to and what is happening after the South-East Asian decline. Some of those markets have not fully recovered. So we are looking at regional issues. We are looking at industry issues, because some industries are performing differently in the export area. Given that we are moving in the small and medium end, that means we are finding that a lower proportion of our clients are becoming what we call exiters—that is, going right through the eight years of the scheme—and we are looking at the ramifications of that on applications as well. I hope that over the next couple of months I will be able to give you some solid answers because it is something I am particularly interested in. But those are the three areas we are looking at—regions, industries and the size of businesses that are using the scheme.

Senator COOK—When did you commence this review, Mr Symon?

Mr Symon—As the grant year for which we are just getting the figures in now were drawn to my attention, and it appears that there is not an increase, I obviously felt that it was important that we study this issue very carefully, and that is what we are doing.

Senator COOK—But there has just been a complete overview of the entire EMDG program. Was this not an issue picked up in that?

Mr Symon—The review you are referring to was handed to the government, as you know, on 30 June last year. I am obviously looking at figures subsequent to that.

Senator COOK—The decline was not picked up in that overall review. Is that what you are saying?

Mr Symon—No, the review looks at the issue of the number of applications that are coming in. You can either look at it on the number of applications or the dollar value that we are putting out, obviously. My concern chiefly is the number of applications that we are receiving.

Senator COOK—That review, as you say, was handed to government in June last year and the government responded to that review in the budget this year.

Mr Symon—That is right.

Senator COOK—The changes have occurred in the interim period.

Mr Symon—That is right.

Senator COOK—Did Austrade offer any advice to the government about what might be done to help reverse the decline, when it was responding to last year's June report, in this budget?

Mr Symon—You would be aware, Senator, because it was in the Senate only yesterday, as you know, that there are some changes to the legislation that the government has agreed to. Obviously, we will be looking at the impact of that on our application numbers. My particular concern, though—although it is early—is to have a look at why it is that in some, particularly South-East Asian, markets our clients do not seem to be going into some of those countries as we might have expected. People have been a bit burnt by the experience in South-East Asia. That is not the sole answer but that seems to be a significant issue and something we obviously have to address.

Senator COOK—There is a very high proportion of first-time applicants rejected, isn't there—over 20 per cent?

Mr Symon—Yes, that is correct. For first-time applicants, the figure is 22 per cent.

Senator COOK—And for first-time applicants who do not claim in the following year, the figure is over 40 per cent, isn't it?

Mr Symon—That is correct, Senator.

Senator COOK—In the review that you are now undertaking, are you going to focus on those categories as well?

Mr Symon—Yes, we are. We are caught between a rock and a hard place on these issues. There was an audit review done of this program in 1993 and that put a lot of weight on us to make sure that fraud on the scheme was minimised. You would be aware of the issue. As we harden the rules to deal with that issue, the sorts of points that you are raising come to pass, and we are trying to get the balance right. It is not in our interests to hold back from giving out the money that is provided to us by the government to claimants who meet the rules. At the same time, we are always being reviewed to check that the public purse is protected. We are trying to get that balance right.

Senator COOK—But the audit you are referring to was in 1993.

Mr Symon—Yes.

Senator COOK—The decline in the number of applicants is particularly marked over recent years.

Mr Symon—My comments related to the point you were making about, firstly, the over 40 per cent figure for the people who do not come back for the second grant and, secondly, the 22 per cent figure for the people who get failed on their first application.

Senator COOK—Why is, increasingly, the Export Market Development Grant Scheme being paid to larger companies, with a tailing-off among the smaller companies? Why is it going to the big end of town rather than where small to medium business is?

Mr Symon—The changes that were put in place in 1996 that you would be aware of required that we do not pay grants to companies that have a turnover of more than \$50 million or export earnings of greater than \$25 million. With respect to whether the companies are big or not, as I recall, 90 per cent of our applicants and people who are successful are companies with export earnings of less than \$5 million and I think 65 per cent of our claims go to companies with staff numbers of less than 25. We have been directed to target the scheme to the small and medium end, and I believe we do.

Senator COOK—That is not what the figures that I have seen show. They show a distinct drift towards bigger firms at the cost of smaller firms.

Mr Symon—Senator, it is true that there is a threshold, as you would be aware, of spending that at this day is \$20,000 but, of course, in the legislation it is being reduced. Obviously, for tiny firms that amount of money is a significant amount to be spending on export promotion, but there are reasons that I am sure you are aware of as to why that threshold is there. The government, though, has reduced that threshold amount in an attempt to address the exact issue that you are talking about.

Senator COOK—What are you proposing to put the threshold at?

Mr Symon—\$15,000.

Senator COOK—That is the issue that is of most concern to the small and medium sized companies, isn't it?

Mr Symon—Yes, it is. That is the thing they come to us about: 'Why do we have to spend this much money before we can get a grant amount?'

Senator COOK—You are conducting a review of this, but given the current level of the exchange rate, given the burden imposed on small to medium sized companies for BAS compliance, which they stridently complain about, given the revenue implications of the GST in recycling that, could they be factors in reducing the number of applicants, simply because business is stressed out and cannot take advantage of the scheme?

Mr Symon—It is difficult for me to give you a definitive answer to that. Your point about the Australian dollar is an important one, but it cuts both ways, because many of the expenditures that our clients need to make to get EMDG money is denominated in foreign currencies. In fact, therefore, it is a little bit more expensive, even though it is a cheaper dollar. I know your point, though, is the value of their product or service in overseas markets, but a lot of what they are purchasing to get the EMDG scheme money is actually more expensive than it was before. It cuts both ways. That is the point I am making.

Senator COOK—Yes, it is more expensive for them to get into the market. That is why you would expect that the EMDG scheme would be resorted to more often if people were trying to get into the market. As you say, the dollar cuts both ways and the expenses of establishing overseas are higher. But if quality and timeliness to the market are the same, then we kill on price in those markets. Does it come back to some other factor like the GST and BAS compliance?

Mr Symon—As far as the GST is concerned, I do not think you are talking about the GST impact on exports; that discussion has been had. As to why people are or are not putting their claims in, all I can say to you is that we have some pretty hard and fast rules about when we will accept claims. You know that 30 November is when we cut things off. As you get closer to that date, the quality of the claim tends to be reduced. There is obviously a burden on small business in terms of filling out forms and those sorts of things. I do not really know what we do about that. We have to have the information we are required to have to legally give this money out or reimburse these companies.

Senator COOK—I could make some suggestions but this is not the forum for me to improve service delivery on behalf of the government. I have no further questions, Mr Chairman.

CHAIR—There being no further questions on Austrade, I thank you, Ms Selby, and the officers of your department, and wish you well in your work as you proceed back to Sydney. I now call to the table Dr Thomas and officers of the Department of Foreign Affairs and Trade.

[8.10 p.m.]

Department of Foreign Affairs and Trade

CHAIR—The committee will now put to the department questions relating to the portfolio overview and then proceed to particulars of proposed expenditure for outputs 1.1.1 to 1.1.6. Are there any questions relating to the portfolio overview?

Senator COOK—Did Mr Downer take a helicopter to the venue of the Davos World Economic Forum meeting in January this year?

Senator Hill—From Australia?

Senator COOK—No, from wherever he was in Switzerland to the venue.

Dr Thomas—I believe Mr Downer did take a helicopter for the last leg of the journey, related especially to some security considerations and whether trains could get through. Mr Baxter, First Assistant Secretary, Market Development Division, has details about attendance at that particular conference.

Mr Baxter—As Dr Thomas outlined, that was essentially the situation. Following advice from the Swiss authorities on the level and nature of demonstrations around the particular conference at that time, it was judged that there was no way that the public train could get through. Mr Downer was advised to find alternative means of transport, which he did. In doing so, prior to the arrangements being finalised, he sought authorisation through the Department of the Prime Minister and Cabinet, as is the normal course of events.

Senator COOK—Who paid for it?

Mr Baxter—I am not too sure. I think we would have, as the portfolio of Foreign Affairs and Trade. I would have to check that, but certainly it was approved by the Department of the Prime Minister and Cabinet prior to the arrangements being finalised.

Senator COOK—Do they have some veto over the travel movements of the foreign minister?

Mr Baxter—No, it was not a question of veto; it was the nature of the expenditure. As I understand it, there is a procedure in place in those particular circumstances and that procedure was followed.

Senator COOK—From where did it take off to go to Davos?

Mr Baxter—I do not have those precise details with me but I am happy to take that on notice and give you those details.

Senator COOK—Could you ring someone and find out and tell us tonight?

Mr Baxter—I will try to get that for you tonight.

Senator COOK—How much did it cost?

Mr Baxter—Again, I would have to get those details for you.

Senator COOK—And what was the justification again?

Mr Baxter—The justification was security grounds on the advice of the local authorities on the ground at the time.

Senator COOK—The train did eventually get through, didn't it?

Mr Baxter—I am not sure.

Senator COOK—The Swiss authorities acted strongly in enforcing the law in Switzerland for public access. If you are a demonstrator, you might have a different view, but that is their problem. Who made the security assessment—Australia or Switzerland?

Mr Baxter—My understanding is that it was the local authorities on the ground.

Senator COOK—Were any Federal Police in attendance?

Mr Baxter—There was a federal policeman who travelled with the party due to the concerns about the nature of the demonstrations, as I understand it.

Senator COOK—Is he the Federal Police officer who is attached to the department?

Mr Baxter—I am not sure. I do not have any details on that.

Dr Thomas—We do not have a Federal Police officer attached to the department at the moment, Senator.

Senator COOK—At the moment?

Dr Thomas—No.

Senator COOK—You have let him go? No more leaks; good sign. So he was a Federal Police person on duty in Switzerland.

Mr Baxter—Yes. My understanding is that, specifically because of the nature of the threat to the security of the minister and his party, there was a security person attached to that delegation.

Senator COOK—Was this someone stationed in Switzerland or someone flown in from Australia for the event?

Mr Baxter—My understanding and recollection is that the person travelled from Australia with the delegation or from another post in the region. I am not aware of the AFP having people stationed in Switzerland.

Senator COOK—But you will find out and tell us.

Mr Baxter—I will find out and give you the details of that.

Senator COOK—Can you confirm that no protestors got into the venue at this forum?

Mr Baxter—I am not aware of that occurring, no.

Senator SCHACHT—How much notice did the Swiss police give you that there was a security problem between the opening of the venue and when you had to make arrangements for the helicopter?

Mr Baxter—I would have to check that.

Senator SCHACHT—Can you check that tonight?

Mr Baxter—Sure. We will do what we can.

[8.15 p.m.]

CHAIR—There being no further questions on the portfolio overview, we will move to output 1.1—Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity. Output 1.1.1 relates to North Asia, including the Australia-Japan Foundation, the Australia-China Council and the Australia-Korea Forum.

Senator COOK—How has the recent work done on the Australia-Japan relationship, the conference in Sydney on 29-30 April, been followed up?

Ms Gauci—A process and strategy have been set in place for follow-up of the Australia-Japan conference. In brief, the main features of the follow-up are as follows. Firstly, under each of the recommendations of the Sydney conference we have worked out a list of relevant and interested government departments, agencies and other bodies that might be interested in carrying forward the recommendations and we have engaged in consultation with them.

Secondly, the web site that was established for the conference remains operational. We invite comments and suggestions from the general public and others that are interested in Australia-Japan relations to make a contribution through that medium. Thirdly, we have established a mechanism to receive evaluation of follow-up of the recommendations, feedback and involvement in the forward agenda. That group comprises some of the key

participants at the Australia-Japan conference. It will be led by Jerry Ellis, who was the company-chairman. Other participants will be Helen Nugent, Professor Gordon De Brouwer, Margaret Seares and Hugh White. In addition to that, we have regular and detailed consultations with Japanese colleagues about the Japanese end of it and how we can work together to take forward the recommendations.

Senator COOK—Are there any resources set aside to support this effort in the department?

Ms Gauci—At the moment it is being done by the division.

Senator COOK—No new resources have been applied to the task?

Ms Gauci—Not at this stage, no. We are still really in the process of evaluating and reviewing the recommendations and working out in what way they might be followed up.

Senator COOK—Given the objectives of this, it is reasonable to expect that new resources will be required, isn't it?

Ms Gauci—That may well be the case further down the track but, as I say, it is still at an early stage of evaluating the recommendations and the required follow-up.

Senator COOK—I am advised that we are going to seek a TIFA with Japan. Is that right?

Ms Gauci—Certainly that was a recommendation of the Australian strengthening economic relations study. It was a recommendation that came out of the Australia-Japan conference. Mr Vaile took up the question of a TIFA in his visit to Japan a week or so ago. At that time his Japanese counterpart agreed that it was a proposal worth exploring further and officials will travel to Japan in the next little while to have discussions about what a TIFA might look like, what sort of sectors might be included, and other modalities.

Senator COOK—It is official now, is it, that we are seeking a TIFA with Japan?

Ms Gauci—We are certainly exploring the idea of a TIFA with Japanese counterparts, yes.

Senator COOK—We are initiating an exploration?

Ms Gauci—It is a joint exploration, because it is a recommendation that came out of the conference and the participants were from both sides. Certainly in Mr Vaile's discussions in Japan, the Japanese side agreed to be part of this review and the process of looking at what a TIFA might look at. It is a mutual commitment.

Senator COOK—What is a TIFA?

Ms Gauci—A trade and investment facilitation agreement can be as broad and as comprehensive as the parties themselves agree it to be. It can include whatever sectors the parties agree it to be and can include whatever cross-cutting issues the parties would like it to be. We have our ideas on issues that might be included in it. The *Australia-Japan: Strengthening economic relations* report listed some sectors and issues that they thought should be included and they are all on the table for discussion with the Japanese.

Senator COOK—Are we pursuing those sectors that were listed in the report as our ideal version of what this elastic concept of TIFA might be?

Ms Gauci—The sectors and the cross-cutting issues identified by the report are amongst the issues that we are going to talk with the Japanese about in the next few weeks.

Senator COOK—So there are additional ones as well? What might they be?

Ms Gauci—It is a whole range of issues. We are still putting together what we will take up with the Japanese. Part of the consultative process in the lead-up to our discussions with the

Japanese will be to get from business, industry lobby groups and other interested parties an idea of the sorts of sectors and issues they would like to have raised in those discussions.

Senator COOK—It is more than what is in the report, but you cannot say what the ‘more’ will be?

Ms Gauci—It is a little early yet—we are still in the process of having consultations with interested parties—to be prescriptive about what would or would not be included. The Japanese, for their part, will have their own ideas as well. The purpose of the industry discussions is to come together and put everything on the table and discuss where we might go from there.

Senator COOK—Have the Japanese foreshadowed any additional areas outside of what was contained in the report?

Ms Gauci—Not at this stage, Senator.

Senator COOK—Have we foreshadowed anything to them?

Ms Gauci—We are in the process of putting together a discussion paper which will kick off the process of looking at some of those issues. Until we have that first round of discussions at officials level, we will not be able to refine very much the parameters of what we are looking at at this stage.

Senator COOK—What is the timetable for this? When do you expect to have concluded that discussion with Japan?

Ms Gauci—If officials go to Japan in the next few weeks, we are hoping to put to the Japanese side that we would be in a position by about September to have an idea of the types of sectors and so on that might be included and which we can put to ministers on both sides—the Japanese side and the Australian side—for consideration.

Senator COOK—That is the sequence, is it? Around September you would put to both sides issues for consideration. What then happens?

Ms Gauci—In parallel we are conducting consultations with business lobby groups and other government agencies. That process also needs to be completed before we can really move past that stage—just to get a clear idea of what sectors and issues those parties want included. At this stage September is what we are looking at. If that takes place then and the Japanese side is happy to move at that point, we would hope to take it to the next stage, which is to start proper discussions about a TIFA.

Senator COOK—Will it take very long for you to get ready for that?

Ms Gauci—As I say, we are aiming for September to reach the stage where we can put recommendations to ministers.

Senator COOK—So around September we will have an idea about what Australia might seek and how willing our Japanese counterparts might be to engage in discussions about those points and a view of what they might want.

Ms Gauci—That is the aim, yes, Senator.

Senator COOK—Is there any idea of how long it will take to conclude these negotiations?

Ms Gauci—I think it is too early to say that. With respect to the September deadline, the Japanese have already foreshadowed to us that they have a number of very resource intensive activities on the FTA TIFA front under way; specifically the Singapore one. We need to be realistic about those time frames, but September is what we are aiming at.

Senator COOK—Was the tourist industry invited to the Australia-Japan conference in Sydney?

Ms Gauci—There were participants at that conference who had an interest in and some experience in tourism issues.

Senator COOK—But were they as an industry invited to participate?

Ms Gauci—The selection of participants was not on the basis of particular sectors. It was on the basis of individuals' particular experience and expertise in their fields. There was not a tourist industry representative at the conference on the Australia side but, as I say, there were people there that had some experience and exposure to those issues.

Senator COOK—Was there a presentation at the conference on the potential of tourism between the two nations?

Ms Gauci—As you are probably aware, the themes for the conference were broken up into three parts, the first being political, strategic, the second economic, trade, and the third social, cultural, et cetera. Tourism type issues and people movement issues came up in the discussion of both the trade and economic theme and the cultural and social exchanges theme.

Senator COOK—In that context, were any of the formal organisations that represent the tourism industry invited to participate?

Ms Gauci—Could you repeat that question?

Senator COOK—In the context of the discussion on trade and industry that you have just referred to, were any of the formal organisations that represent the tourist sector invited to participate?

Ms Gauci—The conference was confined to the 50-odd participants who were selected to be part of it and, within the parameters of the conference itself, other people were not invited to come in and participate in particular segments. However, in the follow-up of each of the recommendations, obviously there is scope at this point to talk to specific industry people. I will add that, in fact, the tourism industry was specifically interviewed when the Australian strengthening economic relations study team were doing their research.

Senator COOK—It did indicate, didn't it, that it wanted to participate in the conference?

Ms Gauci—We certainly talked to DISR ahead of time. The work that they are doing in the tourism sector was fed into background papers that were prepared for participants. As I say, the economic consultants for the SER study spoke to tourism industry people.

Senator COOK—Have you received complaints from the tourist industry that Qantas was invited to participate as a representative of the tourist industry but it was not?

Ms Gauci—No, we have not, Senator.

Senator COOK—You haven't?

Ms Gauci—No, not that I am aware of.

Senator COOK—Will you check to see if there is anything that you are not aware of?

Ms Gauci—Yes, I can certainly do that. I might add that one of the recommendations of the conference was to examine recent trends with a view to promoting two-way tourism. That is one of the issues that we are following up now with industry as well as government.

Senator COOK—Japan supports Australia's participation, does it not, in the ASEAN Plus Three process?

Ms Gauci—Yes, it does.

Senator COOK—Were there any discussions about this at the conference?

Ms Gauci—Not about ASEAN Plus Three specifically, as I understand it.

Senator COOK—That is not part of rebuilding our relationship with Japan; that is something else, is it?

Ms Gauci—The recommendations that came out of the conference are not an exclusive list of what we can do in the relationship but certain issues relating to enhanced Australia-Japan cooperation, both bilaterally and in the region, certainly were part of the discussions and there were a number of recommendations along those lines that came out of the conference that are available on the web site. I can certainly provide a copy of the Sydney declaration of recommendations if you have not had a chance to see it yet.

Senator COOK—No, I have had a chance to see it. What I am asking specifically is: in this dialogue with Japan we did not raise the question of our participation in ASEAN Plus Three with them on this occasion?

Ms Gauci—The question of Australian-Japanese cooperation in the region was certainly an overarching theme but, as I understand it, the issue of Australian participation in ASEAN Plus Three did not come up as a specific issue.

Senator COOK—When we get to this item later on about WTO accession for China, I have got a few questions. Specifically on China and in relation to financial services licences in China, are we any closer to gaining further licences as promised from the Chinese side for financial entities in Australia?

Mr O’Leary—We obviously continue to raise the question of insurance licences at every available opportunity with the Chinese. The most recent occasion when this was done was when the Deputy Prime Minister, John Anderson, went to China in May. There were two aspects that came out of it. From the Chinese side, they are giving us a clear message that they do not see any prospect of Australia gaining a second insurance licence; the first having been given to Colonial.

Senator COOK—Which became AXA.

Mr O’Leary—No, AXA was National Mutual.

Senator COOK—My mistake.

Mr O’Leary—Obviously the other one is now viewed as a French licence. They have made it very clear that they do not see us getting a second licence until China’s WTO accession occurs. During the Deputy Prime Minister’s visit, we gained some assurances at fairly senior levels in China, in that the vice-premier who was hosting the visit made it clear that Australia would be one of China’s priorities for an additional licence once WTO accession has occurred. Indeed, the then acting head of the State Development Planning Commission indicated that he thought it was very possible that Australia would be the next country to receive another insurance licence post accession. That is not an ironclad guarantee, obviously, but let me say that the CEO of AMP, Paul Batchelor, who was in that delegation, was very much encouraged by the general nature of the Chinese remarks, including some of the ones I just made to you.

Senator COOK—Does this division of DFAT discuss APEC issues with the Chinese government?

Mr O’Leary—No.

Senator COOK—What is the role of this division on economic and trade work in China?

Mr O’Leary—It is essentially bilateral trade and economic work. The APEC and WTO multilateral work is covered in the two trade divisions.

Senator COOK—I have got some questions on Korea. Shipments of live cattle to Korea: we have had reports about those shipments being interfered with at the dockside. What is the situation?

Ms Gauci—The situation is that two shipments of imported Australian cattle have entered Korea since Easter. Around half of the cattle from the first shipment are being slaughtered for the wholesale market. The other half will continue to be fattened and some may be used by the Korean livestock research institute for research purposes. The second shipment of live cattle remains in quarantine and it has not been decided yet what will happen to these cattle when they leave quarantine.

Senator COOK—With respect to the reports about our shipments having been demonstrated against and interfered with, did that not occur?

Ms Gauci—There were demonstrations, yes, Senator.

Senator COOK—But it did not impede the export?

Ms Gauci—It did not impede the export?

Senator COOK—That is the question, yes.

Ms Gauci—The exports had taken place. The demonstrations occurred once the live cattle were landed in Korea. The second shipment was already on the water at the time the protests against the first shipment occurred.

Senator COOK—Do we have any further shipments in prospect?

Ms Gauci—Not at this stage.

Senator COOK—Is there any reason for that?

Ms Gauci—None that I am aware of, but certainly we are continuing to talk to the Korean government about permitting the unimpaired movement of the live cattle once they clear quarantine.

Senator COOK—Is there any market reason or some sort of non-market reason that may explain why no more shipments are planned in the future?

Ms Gauci—There was a shipment planned at one stage but, as I understand it, the exporters have decided to review that decision before proceeding.

Senator COOK—Is the announcement by the Prime Minister for a free trade agreement with Korea now effectively dead?

Ms Gauci—As you are aware, we are undertaking a strengthening economic study report with Korea, along similar lines to the one that was conducted with Japan. That report is still in the process of being researched and I do not know what sort of recommendations that report would come up with. There would certainly be recommendations to enhance trade and investment ties between Australia and Korea in it.

Senator COOK—When is it due to report?

Ms Gauci—The final report is due at the end of August.

Senator COOK—I look forward to it.

Senator HOGG—I have a couple of questions on China and Taiwan. Have there been any representations received over the past six months from the Chinese government concerning visits to Taiwan by Australian ministers or to Australia by Taiwanese ministers?

Mr O'Leary—It is usually the case when there are any unofficial level visits in either direction of a senior nature that the Chinese embassy in Canberra makes representations to us about it. So, indeed, yes, there have been.

Senator HOGG—How many representations would there have been in that time?

Mr O'Leary—What was the time period?

Senator HOGG—The last six months.

Mr O'Leary—I do not know that I can put a specific number on it but there would have been several occasions.

Senator HOGG—You might take that on notice, if you can, and what the nature of those representations was.

Mr O'Leary—Certainly.

Senator HOGG—Are you able to tell me now what the nature of the representations was?

Mr O'Leary—Certainly, I am aware that there were concerns expressed in relation to the unofficial mission that Mr Vaile made to Taiwan, leading a business mission there. There were also representations in relation to a holiday visit by the Taiwanese foreign minister to Australia. Obviously, in the latter regard, we emphasised that it was very much a holiday visit and that that visit did not involve any contact whatsoever with the Commonwealth government.

Senator HOGG—Is there a policy or a set of criteria which is applied in respect of visits by Taiwanese ministers? You have mentioned holidays vis-a-vis there may well be other outcomes that are desired. Are there sets of criteria and, if so, what are they and how do they apply?

Mr O'Leary—I suppose the basic criteria is that, since the 1972 communique in which Australia established relations with the People's Republic of China, we have followed a one China policy, but we have also emphasised that in relation to relations with Taiwan we would continue to conduct economic and cultural relations with Taiwan on an unofficial basis. I think that is something that the Chinese are fully aware of. They do not like it, but there is a certain degree of tolerance of that.

Senator HOGG—Have there been any visa applications or proposals rejected by us for visits by Taiwanese ministers this year?

Mr O'Leary—Yes, there have been.

Senator HOGG—Who were they and on what grounds? Do we know?

Mr O'Leary—There have been two. One relates to a proposed visit by a minister for transport for Taiwan. The second relates to the Chairman of the Overseas Chinese Commission in Taiwan. Probably all I can say on that, Senator, is that decisions that are taken on those issues by the minister are made in a judgment of what our overall national interest is.

Senator HOGG—Are you able to provide the committee with a list of unofficial visits to Australia by Taiwanese ministers since 1996? You will obviously need to take that on notice.

Mr O'Leary—Yes, we would have to take that on notice.

Senator HOGG—Yes, I appreciate that. Has there been any consideration given to a possible visit to Australia by the former Taiwanese President Lee?

Mr O’Leary—No.

Senator HOGG—Would there be any problem with such a visit, where the person is now no longer a serving official of the Taiwanese government?

Senator Hill—It could be a bit tough if we answer that on the run, I would think. Do you want to reflect on that?

Mr O’Leary—I would just say it is hypothetical and I really could not comment.

CHAIR—There being no further questions on output 1.1.1, I thank the officers with that responsibility.

[8.41 p.m.]

CHAIR—We now move to output 1.1.2, South and South-East Asia, including the Australia-India Council and the Australia-Indonesia Institute. I notice, Senator Hogg, you have a couple of questions. Would you like to ask those now?

Senator HOGG—I have just a couple of questions on President Wahid’s visit and then a couple of questions on Laos and Vietnam. Can the department provide an update on preparations for President Wahid’s visit to Australia?

Ms Bird—President Wahid is scheduled to visit Australia next week, Senator, arriving on Monday, 25 June.

Senator HOGG—And staying for what period? Do we know if that has been finalised?

Ms Bird—Yes. He is staying for most of the week. He is planning to visit Canberra, Sydney and Darwin, although during the week he will be going across to New Zealand for one day. That is on the Wednesday.

Senator HOGG—He will, in effect, come in on the 25th, exit Australia on the 27th and then come back, I presume, on the 28th to complete his visit?

Ms Bird—That is correct, yes.

Senator HOGG—Do we know which Indonesian ministers will be accompanying the President?

Ms Bird—At this stage he is expected to be accompanied by four ministers: the Minister for Foreign Affairs, the Minister for Agriculture, the Minister for National Education and the Minister for Marine Affairs and Fisheries.

Senator HOGG—Is there a schedule available for the President’s itinerary at this stage?

Ms Bird—What I have given you is where it stands at this stage. I do not think it has been released officially at this stage, but that is the plan, in basis, for the visit.

Senator HOGG—The ministers who are travelling with President Wahid, I presume, will be running a parallel program of some sort during the visit. Are there any programs for their visit?

Ms Bird—Not that I am aware of at this stage, Senator.

Senator HOGG—Is there anything likely to change the timing of the visit?

Ms Bird—The timing of the visit was confirmed as recently as yesterday by the presidential officers.

Senator HOGG—I do not know if this is in your area—that is, the latest advice concerning travel to Indonesia?

Ms Bird—Yes, I have the latest travel advisory. Do you want me to give you the details of that?

Senator HOGG—Yes, please, in broad terms.

Ms Bird—The headline items of the advisory are that Australians should defer all travel to West Timor and also defer holiday and normal business travel to Aceh and that they should exercise caution in travelling to Irian Jaya and East Java. There is more detail, but they are the main elements.

Senator HOGG—I understand that that advice was issued on 8 June.

Ms Bird—The one I have was issued on 8 June and is current.

Senator HOGG—When was it last updated?

Ms Bird—For the one I have, 13 June was the last review. They are regularly reviewed by the consular area of the department in consultation with the post.

Senator HOGG—What is the department's assessment of the potential for unrest or disturbances in Jakarta arising from the removal of the fuel price subsidies and the continuing political crisis?

Ms Bird—There have been a number of demonstrations on that particular issue but, so far, the police have been able to keep the situation under control.

Senator HOGG—Therefore, you would see no need to change the advice as it currently stands?

Ms Bird—The advice indicates that Australian travellers in Indonesia should be careful of, obviously, political rallies or demonstrations—large groups.

Senator HOGG—I have a couple of quick questions on Laos. Can the department provide an update on the circumstances of Kerry and Kay Danes?

Ms Bird—I might ask my colleagues from the consular area to join me for this topic, Senator.

Mr De Cure—The situation there is at a delicate stage. The government and the Danes' lawyer are working together to find a solution to this particular case. It is obviously at a very delicate stage at this point and I am not sure that really we want to say too much publicly about where that is all at.

Senator HOGG—I respect that. Without going to the details of what is exactly happening, when were the last representations made to the Laos government by the Minister for Foreign Affairs concerning the Danes' case?

Mr De Cure—On 15 June Mr Downer asked the ambassador to seek urgent advice from Lao authorities on the current status of the decision making process in relation to this case. That would have been the last formal representation in relation to this case.

Senator HOGG—In respect of the case itself, without pre-empting what is happening currently, are you able to give us a chronology of the developments in the Danes' case, specifically a list of all the representations that have been made on their behalf?

Mr De Cure—I could certainly provide you with a fairly comprehensive list. It would probably take some time, as you would appreciate, Senator.

Senator HOGG—If you have got a list there, I am not going to ask you to read it now. I think it would be just as helpful if you could table it this evening; that will be duly photocopied by the secretariat and you can have your original back. That will suffice.

Mr De Cure—Sure.

Senator HOGG—Thank you very much. The other question is in respect of Vietnam. Can the department provide the committee with a briefing on the state of Australia's human rights dialogue with Vietnam?

Mr Deady—The Australian government is committed to working with Vietnam to improve the human rights situation there. We do take a very active but practical approach to try to improve the situation there, also through initiatives on technical assistance and training. The minister, Mr Downer, discussed human rights issues with Vietnamese Deputy Prime Minister Cam during the latter's visit to Australia last September and also with the foreign minister during Mr Downer's visit to Vietnam in May 2000. Also, the government, through the embassy in Hanoi, monitors the human rights situation in Vietnam on an ongoing basis and makes representations to the Vietnamese government regularly on a number of individuals who are subject to detention, house arrest or harassment for the peaceful expression of their political and religious beliefs.

Senator HOGG—Are there any seminars or programs that we are running specifically in Vietnam? I am thinking of the programs that we have got running in Burma. I do not know whether there might be exactly the same or similar programs in Vietnam.

Mr Deady—As I understand it, as part of our assistance to Vietnam, a range of practical initiatives, technical assistance and training are provided in Vietnam on human rights issues.

Senator HOGG—Do you have a list of those initiatives, by any chance?

Mr Deady—I do not have them with me.

Senator HOGG—Can you take that on notice and provide a list of those initiatives?

Mr Deady—We can do that, yes.

Senator HOGG—Also, what representations has our embassy made in respect of human rights issues in Vietnam over the past year?

Mr Deady—Again, I mentioned the couple of specific representations made by Mr Downer and ongoing representations by the embassy. If you are looking for a detailed list of specific occasions, we would have to look—

Senator HOGG—The major ones—if you can isolate those for us. I would imagine there is not a whole range of them.

Mr Deady—Yes.

Senator HOGG—Just the small list that you have. If you could take that on notice and provide it to us, we would be very pleased indeed.

Senator COOK—I have got some questions about, believe it not, banana imports from the Philippines. What is the situation with regard to the Philippines' request for access to our market? What is the current score?

Mr Grigson—As you know there is an IRA being conducted by AFFA into bananas. We are expecting an outcome in the middle of next year. It is on track at the moment.

Senator COOK—Do you expect it to be completed by the middle of next year?

Mr Grigson—That is my understanding of the timetable.

Senator COOK—There was a recent press report quoting a senior official in the Philippines government as saying, ‘We’—the Philippines—‘weren’t worried at all. We have an agreement with the Australian government.’ Was that what he was referring to?

Mr Grigson—I cannot comment, Senator. The IRA, as you know, is being conducted by AFFA using a science based approach. The Philippines has been kept up to date on that and we have heard nothing to suggest that there is anything other than a straight process in play.

Senator COOK—We do not have any other sort of agreement that they might be referring to, do we?

Mr Grigson—Not that I am aware of, Senator.

Senator COOK—Can I talk to you about AFTA-CER, or should I reserve that until later?

Dr Thomas—We can deal with it now if you want to, Senator. It is Mr Baxter’s division.

Senator COOK—The last time we spoke I was told that the work involving the linking of AFTA-CER was continuing—

Mr Baxter—Yes.

Senator COOK—and that Australia was actively involved in developing the agenda for the ASEAN ministerial meeting this October. Is there any likelihood of any change?

Mr Baxter—Yes, there have been some developments since last time we discussed the issue. Senior economic officials from the countries that comprise AFTA and the CER countries met for the first time in late March in Kuala Lumpur to discuss the scope of the closer economic partnership which was agreed by ministers last October in Chiang Mai. At that meeting in Kuala Lumpur Australia and New Zealand put a number of ideas on the table for ASEAN officials to consider. It is true to characterise that meeting as very positive and there was agreement that the scope of the closer economic partnership should be broad and reflect the interests of both CER and AFTA.

Today, in fact, in Bangkok a second meeting is being held of what is called the ASEAN working group on regional integration which ASEAN set up at that meeting in Kuala Lumpur in late March, to take forward its external economic relations with a number of countries, including Australia and New Zealand. There will be a further meeting in August of senior economic officials—in Brunei, I believe—and the ministerial meeting you referred to will now likely take place in the second half of September.

Senator COOK—Have we made any senior diplomatic efforts to persuade Malaysia to accept this proposal?

Mr Baxter—Yes, absolutely. All of our posts are tasked to take up the issues surrounding the AFTA-CER closer economic partnership at a senior level with the host governments. I have had discussions with senior Malaysian officials on the scope of the partnership and the elements that we would like to see in it.

Senator COOK—Have we made any overtures at ministerial level?

Mr Baxter—Yes. The minister met with his ASEAN counterparts recently in Shanghai at the ministers responsible for trade meeting.

Senator COOK—Did we put it to Malaysia that this proposal to link AFTA-CER should go ahead?

Mr Baxter—Malaysia is obviously one of the AFTA countries. As I said, it is a country that we have had discussions with, both at officials and ministerial level, and ongoing through our high commission there, as we are with other members of AFTA.

Senator COOK—But this is a critical one, isn't it, in getting over the political obstacles?

Mr Baxter—Obviously, Malaysia's position on Australia's participation in regional initiatives is well known, but I think it would be incorrect to characterise the state of negotiations between AFTA and CER as being something that Malaysia was somehow colouring or influencing. There is a whole range of countries which are expressing quite a lot of different views on various aspects of the closer economic partnership concept.

Senator COOK—I turn to the FTA negotiations with Singapore.

Mr Baxter—I will hand over to Mr Kenyon, who is the chief negotiator.

Senator COOK—Welcome back, Mr Kenyon.

Mr Kenyon—Thank you.

Senator COOK—Is it still expected that these negotiations will be completed this calendar year?

Mr Kenyon—We have now had three rounds of negotiations, the most recent being at the beginning of this month in Singapore. I think we are beginning to make progress, especially in relation to the important services objectives that we have in the negotiations. We think that Singapore is about to make a decision to adopt the same approach to services liberalisation that we have in CER with New Zealand; namely, that everything would be liberalised, except for a short list of exceptions. Once this decision is made by Singapore, which we hope will come by the end of June, that will certainly pave the way to make more rapid progress. We are still hoping to do the agreement within the timeframe that has been scheduled, but it depends very much on how quickly we can reach substantive conclusions on all the major issues.

Senator COOK—CER with New Zealand—I did not think we had a financial services or investment arrangement with New Zealand.

Mr Kenyon—We have a general services agreement with New Zealand, under which we have both adopted the negative listing approach. Also this is liberalised, apart from a short list of services that are not liberalised under that arrangement.

Senator COOK—That must mean we do not have an investment agreement.

Mr Kenyon—We do not have an investment agreement. That is correct, Senator, yes.

Senator COOK—Is that excluded as well in the case of Singapore?

Mr Kenyon—No. We are expecting to have an investment chapter in the agreement with Singapore.

Senator COOK—Do we have common ground on the rules of origin issue?

Mr Kenyon—Yes. I think we do now have common ground on the rules of origin question. Basically, we will continue to operate, in the agreement with Singapore, the rules of origin arrangements that we have under CER with New Zealand, the 50 per cent last process of manufacture threshold for rules of origin. There is a possibility, depending on how the negotiations with Singapore proceed in the coming weeks, that we could provide some flexibility for Singapore on products that are not subject to protective tariffs, and not

manufactured in Australia as defined by the tariff concession order system of the Australian tariff.

Senator COOK—Are there any specific requests from Singapore in relation to air services?

Mr Kenyon—I think Singapore now accepts that the air services negotiations which have been running on a separate track for some time between Australia and Singapore will continue on a separate track.

Senator COOK—And it will not be picked up in the agreement?

Mr Kenyon—That is correct, yes.

Senator COOK—Thank you very much. I would just like to ask a question or two about the Thai government's proposal that we explore a bilateral free trade agreement with Thailand. It looks like your night, Mr Baxter.

Mr Baxter—Yes, it would seem so.

Senator COOK—Or at least at this stage of the proceedings. Where exactly is that proposal from Thailand?

Mr Baxter—As you will recall, Senator, the Thai government announced in March that its International Economic Policy Committee had given in principle agreement to explore the possibility of bilateral trading arrangements with nine countries, of which Australia was one, and we were very pleased to see that announcement and we responded very positively to it. There was correspondence between Mr Vaile and his counterpart in the new Thai government after that announcement, followed up by an active program of discussions at senior officials level. Recently, on 5 June, Minister Vaile met with the Thai Minister for Commerce, Minister Adisai, and discussed the proposal. The joint ministerial meeting between Thailand and Australia is on here in Canberra later this month, and those discussions will continue at that ministerial meeting here in Canberra.

Senator COOK—These are exploratory discussions—no decision yet to commit to a process to negotiate?

Mr Baxter—At the moment we are looking to get agreement to conduct a joint study, scoping out the issues that each side would be seeking to pursue in the conduct of negotiations on a formal agreement.

Senator COOK—Why do you want an agreement for a joint study?

Mr Baxter—The Thai government has made it clear that they want to look in detail at what benefits would flow to them. Obviously that is a process that we have already started on our side. We believe that by looking at issues jointly we will be able to facilitate the process of reaching agreement on hopefully an eventual negotiation.

Proceedings suspended from 9.00 p.m. to 9.19 p.m.

CHAIR—We will now continue with consideration of particulars of proposed expenditure for the Department of Foreign Affairs and Trade. I welcome back Dr Thomas and we move now to output 1.1.3, Americas and Europe. I understand, Senator Hogg, you have no questions on this.

Senator HOGG—No.

CHAIR—Senator Brandis wishes to table a number of questions on notice.

Dr Thomas—Mr Chairman, just before we start, Mr Baxter now has the answers to those questions about the helicopter costs which were asked under the overview. Would you like him to read those into the record?

CHAIR—We would like to have those now.

Mr Baxter—Senator, in response to your questions earlier on the hire of a private helicopter by Mr Downer in January at the World Economic Forum meeting in Davos, I have answers. Firstly, in terms of who paid for the helicopter, the bill was forwarded to the department of finance as part of ministerial travel costs, as in the normal course of ministerial travel. Our mission in Geneva has confirmed that the bill was forwarded to DOFA. The cost was approximately \$A8,800. The helicopter travelled from Zurich to Davos. I understand that is about five hours by train. On the day that the helicopter was taken, the roads were blocked and the train did not run. So as well as the security consideration, it would not have been possible for Mr Downer to reach Davos on that day by other means of transportation.

In terms of whether any protestors got into the venue in Davos, over the period of the meeting there were several incidents of break-ins but the Swiss police controlled these offences very quickly. We have no information on whether there were actual attempted break-ins during Mr Downer's attendance in Davos. In terms of what advice the mission received from the Swiss police, an AFP liaison officer from Canberra arrived in Zurich three days prior to Mr Downer's arrival to hold discussions with the Swiss police and other security agencies on exactly the issue of transportation from Zurich to Davos.

Senator COOK—Thank you very much.

CHAIR—Continuing with output 1.1.3, Senator Brandis has some questions and we might deal with those now.

Senator BRANDIS—I would like to direct a number of questions to the costs associated with the relocation of the consulate general in New York and the United Nations mission in New York to a single location at 150 East 42nd Street in 1998. Am I correct in understanding that the cost of the relocation of those two offices to a co-located site was \$3.16 million?

Mr Mules—Senator, the total cost of the move of the two premises was \$3.1 million. The rent for the two separate offices was \$5.1 million and the combined rent in the co-located premises was \$3.1 million, so there was a saving of \$2 million per annum as a result of the co-location.

Senator BRANDIS—For what term is the lease of the co-located premises in East 42nd Street?

Mr Mules—I will get that answer for you in just a second, Senator.

Senator BRANDIS—I will go on. Of the premises taken at the new location, am I right in understanding that one and a half floors, the 33rd floor and about half of the 34th floor, were leased?

Mr Mules—Again I will have to ask my colleague to get that information for you. We will have to take those matters on notice, I am afraid.

Senator BRANDIS—That is fine, Mr Mules and Mr Davin. Perhaps I will just run through the questions that I have. Can you confirm for me, please, that at the new co-located site the whole of the 33rd floor and approximately one half of the 34th floor were taken; that the UN mission occupies the entirety of the 33rd floor—I am sorry, jump in if you can tell me immediately.

Mr Davin—It is true that the UN mission occupies the entire 33rd floor. We also occupy the entire 34th floor, along with a number of other agencies that are represented in the New York consulate general.

Senator BRANDIS—Those other agencies include Austrade, Invest Australia, the Australian-American Association, the American Friends of the Australian National Gallery, as well as the office of the consul general?

Mr Davin—That is correct, Senator.

Senator BRANDIS—Are there any other agencies or offices for Australian personnel on the 34th floor?

Mr Davin—I should take that on notice, Senator, rather than guess, but there are a number of agencies represented there.

Senator BRANDIS—Mr Davin, you might also take on notice what proportion of the space on the 34th floor is occupied by the consul general's office. The reason I ask these questions is that my attention has been directed to a press article published on 27 May this year, written by a journalist called Adrian Bradley. It was published both in the *Sunday Telegraph* and the *Sunday Herald Sun* and concerned the arrangements for the consul general's offices and residence in New York. Have you by any chance seen those press articles or are you familiar with them?

Mr Mules—Yes, Senator.

Senator BRANDIS—You would be aware that the substance and effect of what the journalist alleged is that the consul general, Mr Michael Baume, had some \$3.1 million spent for his benefit in the course of the relocation to East 42nd Street. Would you like to comment on the accuracy of that assertion, Mr Mules or Mr Davin?

Mr Mules—Senator, in your opening comments you referred to the total cost of the relocation of the two offices as \$3.16 million and I suspect that may be the figure that the journalist was referring to.

Senator BRANDIS—So it appears. Is it not the fact that the overall relocation of the UN mission and the Australian offices to the new site, and therefore that proportion of those costs that may be attributable to the relocation of the consul general's office, effected a considerable saving, if only in rental, to the Australian taxpayer?

Mr Mules—That is correct, Senator.

Senator BRANDIS—Is it not the case that Mr Baume's own office on the 34th floor of East 42nd Street is approximately the size of a backbencher's suite in this building?

Mr Mules—Senator, you will have to excuse me, I am not sure of the size of a backbencher's office.

Senator BRANDIS—Perhaps you can give us the measurements on that.

Mr Mules—We can certainly do that. I can say that the office is one which is considered appropriate for the functions and work of the consul general.

Senator BRANDIS—Has the view been expressed to you by any person within your department who is in a position to know of these matters that the arrangements for Mr Baume, both in his office and in his residence, are other than modest and appropriate?

Mr Mules—No, Senator.

Senator BRANDIS—Have any internal audit examinations within the department found any improper expenditure in New York during Mr Baume's term?

Mr Mules—Not to my knowledge, Senator, no.

Senator BRANDIS—Has the audit status of New York been upgraded within your department during Mr Baume's term?

Dr Thomas—I am not aware of that, Senator.

Senator BRANDIS—Have the facilities provided to Mr Baume during his term been made more generous than those that were available to his predecessors in the Office of Consul General, including consuls general such as Mr Chris Hurford?

Mr Mules—No, Senator.

Senator BRANDIS—In the press article to which I have directed your attention there is also a suggestion that there has been extravagance on Mr Baume's part in relation to two particular items of furniture or equipment in the residence. Again, you may need to take these matters on notice. Firstly, it is alleged that \$7,710 was spent on a new refrigerator. Are you aware of that allegation?

Mr Mules—I am, Senator.

Senator BRANDIS—That is, in fact, the case, isn't it?

Mr Mules—Yes. That was the cost of replacing an industrial quality refrigerator-freezer which had broken down after 15 years of heavy use.

Senator BRANDIS—It is the case, isn't it, that the broken-down refrigerator-freezer which had been replaced had been purchased in 1984 for \$4,267?

Mr Mules—I do not have those exact details, but that sounds in the right ballpark, Senator.

Senator BRANDIS—As far as you were concerned, this was merely a case of replacing at a like or comparable cost a fully depreciated and malfunctioning item?

Mr Mules—Yes, Senator.

Senator BRANDIS—It was also alleged by the journalist, under the headline 'Spend-up in New York', that a sofa had been recovered for a cost of \$4,952. Are you aware of that?

Mr Mules—Yes, Senator.

Senator BRANDIS—Is it the case that the estimated cost by your department of replacing the sofa with an item of furniture of like standard and quality was approximately \$6,500?

Mr Mules—That is correct, Senator.

Senator BRANDIS—Do you have a view as to the appropriateness of that expenditure in recovering and refurbishing the sofa at that cost?

Mr Mules—Yes, Senator. I think we would certainly be happy with the recovering rather than a replacement. I point out that the sofa had been in service for some 18 years.

Senator BRANDIS—That was an economy, in fact.

Mr Mules—Indeed, Senator.

Senator BRANDIS—Is it not the case, Mr Mules, that the consul general's residence in New York, as is the case of the Australian Ambassador to the United Nations in New York, has always had a catering style kitchen from which the consul general is expected to be able

to serve lunches or dinners for up to 20 people sitting down or to host receptions for up to approximately 150 people at cocktail parties?

Mr Mules—Yes, Senator.

Senator BRANDIS—Do you regard that as appropriately within the function and job description of what the consul general ought to be doing?

Mr Mules—Yes, Senator.

Senator BRANDIS—The facilities I have described, including the industrial standard refrigerator, have always been regarded as necessary to support functions or dinners of that scope?

Mr Mules—Yes, Senator.

Senator BRANDIS—Beyond recovering the sofa and replacing the industrial standard refrigerator-freezer, are you aware of any other expenditures undertaken by Mr Baume over his 4½ years as the consul general of other than a minor or routine repair nature?

Mr Mules—Senator, my understanding is that, over the term of Mr Baume's appointment, a total of \$A21,760 has been spent on the official residence for, as you point out, routine and minor repairs and maintenance, and \$A12,662 on furniture and fittings, which is specifically for the two items that we have already discussed.

Senator BRANDIS—Dealing with the first of those two categories, Mr Mules—that is the amount spent on repairs over the 4½ years that Mr Baume has been the consul general—do you have a view of the appropriateness of the costs incurred for the repairs and maintenance that were carried out?

Mr Mules—Yes, Senator. We consider them appropriate.

Senator BRANDIS—Can you tell me, please—if not you, Mr Mules, then somebody else—what is the departmental assessment of whether or not Mr Baume has met the performance standards expected of him by the department in his office as consul general?

Dr Thomas—Senator, each year the department undertakes an assessment of the performance of each of the heads of mission. These are, of course, discussed in detail with Mr Downer and it is decided whether or not they, like all heads of mission, are eligible for performance pay and at what level.

Senator BRANDIS—What was the outcome of Mr Baume's performance review?

Dr Thomas—These particular performance assessments are confidential, Senator.

Senator BRANDIS—It is the case, is it not, that Mr Baume has recently been awarded the medal of the Foreign Policy Association of the United States? Are you aware of that?

Mr Wilcock—Yes, Senator, that is the case.

Senator BRANDIS—He is the first Australian ever to have been elected as President of the Society of Foreign Consuls in New York. Are you aware of that?

Mr Wilcock—That is also the case.

Senator BRANDIS—And he has recently been appointed as an Officer of the Order of Australia, in part because of his work as consul general in New York in advancing Australian interests at that post.

Mr Wilcock—Yes, Senator.

Senator BRANDIS—I appreciate what you say, Dr Thomas, about confidentiality, but is there any reason for us to be concerned that Mr Baume in the discharge of his official duties as consul general is doing other than an exemplary job?

Dr Thomas—No, Senator.

Senator BRANDIS—Is there any reason for anyone to suggest that there has been any extravagance or lack of economy in the way in which, whether at the official residence or at his office, Mr Baume has caused expenditures to be incurred?

Dr Thomas—No, Senator. We would consider them to be appropriate in accordance with usual departmental standards on these things.

Senator BRANDIS—Thank you.

Senator Hill—I can also tell you, Mr Chairman, that successive governments have been trying to co-locate those offices in New York for many years and it has always proved too difficult, for a range of different reasons.

CHAIR—Thank you, Minister.

Senator COOK—I am riveted by the last interchange. Let me try and regain my poise and come back to questions.

CHAIR—Will you find that hard, Senator Cook?

Senator COOK—Not at all really. I have a number of questions on the proposal that Australia negotiate a free trade agreement with the United States. I presume this is the right area in which to raise these matters.

Dr Thomas—Yes, you can certainly raise them with this item, Senator. I will invite my colleague, Mr Bruce Gosper, who has been working with our Americas division, dealing with that issue.

Senator COOK—Why is it that no press release or statement has been put out, announcing that Australia formally seeks to negotiate a free trade agreement with the United States?

Mr Gosper—Senator, I will have to check, but I think a number of statements have been made by Mr Vaile and Mr Downer about this and, indeed, by other ministers. I believe, too, it was referred to in the trade outlook statement which was tabled by the minister in parliament a month or so ago.

Senator COOK—I think if you check you will find that commentary on what we are proposing to do has been part of press releases, part of statements made, and referred to in what you call the TOOS document, but I have not been able to uncover on your web site, or on the web site of either of the ministers, a formal statement announcing that this was our intention. Is there some reason for that?

Mr Gosper—I guess it goes to what you might term a formal statement; nevertheless it is widely known and has been the subject of quite a bit of consultation with industry and other community groups, for instance.

Senator COOK—We will come to the consultation, but could you think of a reason why no formal statement would be made?

Mr Gosper—At this stage, what we are looking for through our discussions with the US is an indication that it is prepared to enter into a negotiation. We do not have a clear indication at this point.

Senator COOK—But we are, to use the phrase, lobbying to that end, are we not?

Mr Gosper—We are discussing it with the US and seeking agreement, yes.

Senator COOK—So isn't it odd that we have not formally announced that we intend to do this?

Mr Gosper—That is something that is widely known. Of course, it is something that is very consistent with our approach to free trade agreements, that has been set out many times in formal documents; that is, we are open to entering into free trade agreements with major economies where we believe they could result in substantial gains and where they can be done in a way that is consistent with our broader trade and foreign policy objectives.

Senator COOK—I agree, but being open is different from being a proponent and devoting considerable resources to the endeavour, which appears to be what the department is doing. But let me go on. Is there a timetable for the public release of the studies being undertaken by Mr Oxley and the Centre for International Economics' Mr Stoeckel?

Mr Gosper—Yes, Senator. We expect the results of the CIE study, the study by Mr Stoeckel, which will be an econometric modelling exercise, to be available within the next few days. We expect that the other study you refer to, the one being done by the APEC study centre, to be available in about a month's time.

Senator COOK—In the next few days? Would that be when Mr Stoeckel is speaking at the seminar being organised by the APEC study centre?

Mr Gosper—Indeed.

Senator COOK—Is it intended to release this study?

Mr Gosper—Yes, Senator. We will be releasing it at about that time. We will be making it available on our web site, for instance.

Senator COOK—You said there has been consultation with Australian industry. When did the consultations first commence?

Mr Gosper—They have occurred over a number of months. For instance, Mr Vaile has had discussions with the Australian Industry Group, with the auto trade council in May, with some of the meetings of the Trade Policy Advisory Council. The department has had discussions with the Australian Confederation of Industry, with the National Farmers Federation and with other agricultural groups, with the Australia Council, of course, which involves a range of groups with interests in the cultural area, and again with the automotive industry. It has also been the subject of other routine consultations that we undertake, including the national trade consultations, which involve the state and territory governments, and other industry and community consultations over the last couple of months.

Senator COOK—You said May. Were there any conducted earlier than May?

Mr Gosper—I would have to check that, Senator. I think there have been some discussions before then, yes, but I will have to get you a more specific answer.

Senator COOK—I would thank you if you did, but you would be in a position to know what consultations were undertaken, wouldn't you, Mr Gosper?

Mr Gosper—I think the bulk have been over the last three or four months.

Senator COOK—Does that mean April?

Mr Gosper—April, May.

Senator COOK—The intention of the government to seek an FTA with the United States was well known before April, by virtue of all this commentary that we have just been talking about, wasn't it?

Mr Gosper—Yes, Senator, that goes back much longer, as does the general concept of an FTA. It has been the subject of discussion at various levels, academic and otherwise, for quite some time.

Senator COOK—I will come to what the academic levels have said about this some time ago, but if you had to put a date on it, this started from a cabinet decision in November last year, didn't it?

Mr Gosper—November? That sounds right, Senator.

Senator COOK—Apart from those groups that you have consulted with, have any other groups sought to consult with you about an FTA with the United States?

Mr Gosper—The discussions we have had have been ones that we routinely have with a number of groups, but a number of the participants in those groups have approached us to say they would like, during those consultations, to hear about the FTA, and we have certainly responded to that.

Senator COOK—On the occasion that the minister tabled his trade outlook statement in the parliament, he also, on that same day, as I recall, addressed the National Press Club. You are nodding in the affirmative, I note for the record. In the Q&A session following his address, he was asked, 'Are all the issues that the Americans are concerned about'—as far as he was concerned—'on the negotiating table?' As I recall, he answered in the affirmative. Is that the case?

Mr Gosper—At this stage, Senator, of course, we are looking for a comprehensive agreement.

Senator Hill—Is it the case that he answered in the affirmative or is it the case that all of the issues are on the table?

Senator COOK—If he answered in the affirmative, ergo the other follows, does it not?

Senator Hill—You may be suggesting that he was mistaken.

Senator COOK—I am not suggesting that.

Senator Hill—So what are you asking?

Senator COOK—I am just wanting confirmation that, as far as the minister is concerned, the issues that the United States has with Australia in its bilateral relationship are, for the purposes of this exercise, 'on the table'.

Senator Hill—Do we believe that that is the view of the minister?

Mr Gosper—I do not have his exact words, but he did say that everything was on the table. Of course, that was in the context of seeking an agreement to negotiate and making quite clear in public statements that when we have that agreement each side will need to determine what its negotiating objectives and priorities are.

Senator COOK—Yes, but all I am seeking now—and this does not seem to be anything very complicated to me—is that, as far as the minister is concerned, and he is the negotiating minister as far as this operation is concerned, all the issues that the Americans seek from us are on the table.

Mr Gosper—The minister has made clear we are looking for a comprehensive agreement.

Senator COOK—Australia is, as I have said, the proponent of this idea. It is not the Americans who have initiated it to us. That is true, isn't it?

Mr Gosper—That is true to some extent, although can I add that this idea of an FTA has been around for some time. It stretches back to at least 1992—

Senator COOK—I am coming to that. I know.

Mr Gosper—and was a proposal from the US side in that context.

Senator COOK—Not exactly this initiative, though, Mr Gosper. This is an initiative for a bilateral FTA with the United States. The 1992 initiative was an initiative that was characterised as the hub and spokes initiative, wasn't it?

Mr Gosper—The Clinton administration, within the last year or two, of course, discussed this proposal a number of times but was not able to reach an internal consensus on whether it wished to put it to us in any formal way.

Senator COOK—You are now raising a different matter. In 1992—what your previous answer referred to—it was, in character, different. Wasn't what President Clinton raised a so-called P5 negotiating format?

Senator Hill—Isn't a hub and spoke a series of bilaterals?

Senator COOK—It can be, Minister.

Senator Hill—With one party common to them all?

Senator COOK—It can be.

Senator Hill—For those of us who are not bicycle riders, can you help us with the 1992 proposition? How would you explain it?

Senator COOK—Are you inquiring of your own witness, Minister?

Senator Hill—I am trying to help you.

Senator COOK—No, I am helped well enough, thanks.

Senator Hill—Well, I am trying to help the committee.

Senator COOK—The committee is not asking you questions, Minister; I am.

Senator Hill—I do not want to be left in a confused state.

Mr Gosper—The 1992 proposal, which was one that was made in the election campaign, as I recall, of President Bush at the time, related to, as I understood it, APEC and the prospect of a plurilateral arrangement.

Senator COOK—The Clinton administration arrangement that you referred to just a moment ago—coming back to my earlier question—was a P5 proposition, was it?

Mr Gosper—The P5 was one of the formulations that was talked about in congress at the time. It had its genesis in some suggestions made by Congressman Crane at the time.

Senator COOK—Are you aware of the report by Professor Richard Snape in the early nineties into the efficacy of a free trade agreement between Australia and the United States?

Mr Gosper—I am aware of the report, yes.

Senator COOK—Then you would be aware of its findings. You have nodded in the affirmative.

Mr Gosper—Yes.

Senator COOK—What are its findings?

Mr Gosper—One of its findings was that an FTA could contribute to Australia's GDP to the extent of 0.34 per cent.

Senator COOK—And the conclusions of the report?

Mr Gosper—The conclusion of the report was that it was an option that should be kept open but there were also some arguments against it.

Senator COOK—The conclusion of the report was that the arguments against it outweighed the practicalities of proceeding?

Mr Gosper—At that time, yes.

Senator COOK—The government has chosen to characterise what it is seeking to negotiate with the United States as a free trade agreement. That has a defined meaning under WTO rules, does it not?

Mr Gosper—It does.

Senator COOK—How do you define it?

Mr Gosper—It would be an agreement which liberalises substantially all areas of trade.

Senator COOK—Would you agree that the definition is the most embracing of such possible agreements?

Mr Gosper—Yes, indeed.

Senator COOK—Australia has constantly argued internationally that free trade agreements should conform to that structure, hasn't it?

Mr Gosper—Indeed.

Senator COOK—We are out there, if you like, proselytising that these rules should be kept.

Mr Gosper—Indeed.

Senator COOK—Why have we chosen that format and not some other format, like a trade preference arrangement, with the United States?

Mr Gosper—Because we believe genuinely liberalising FTA would be the most economically beneficial for our respective economies.

Senator COOK—That is fair enough. If it were successful, it would be. We believe, do we, or the government believes, that this is the correct way to start the negotiations?

Mr Gosper—Yes, Senator. That is what we are seeking to achieve.

Senator COOK—Did it consider any other format of a closer economic relationship or partnership or expanding the present TIFA that we have with the United States?

Mr Gosper—In making its decision, it certainly considered the nature of the economic relationship and the various mechanisms we have for working with the US on trade issues and economic issues.

Senator COOK—It considered all those alternatives.

Mr Gosper—That is the general context, conciliation.

Senator COOK—Did it consider whether we should pursue this on a P5 basis?

Mr Gosper—Yes, that was part of the consideration.

Senator COOK—Obviously that has been rejected. Has that been rejected permanently or just for the time being?

Mr Gosper—I do not think ‘rejected’ is correct, Senator. We have a preference to begin at least bilaterally but we are certainly open, for instance if the US believes that a P5 is the preferable way to do it, to consider that and we would hope that any agreement would be open for others to join.

Senator COOK—Would you agree with the general statement that the US economy is one of the most open in the world?

Mr Gosper—As a general statement, yes.

Senator COOK—But the areas of protection in the US economy are notoriously agriculture.

Mr Gosper—Yes.

Senator COOK—Shipbuilding.

Mr Gosper—Yes.

Senator COOK—Telecommunications.

Mr Gosper—That is probably not as widely known.

Senator COOK—These would be our prime targets in negotiating with the US, would they not?

Mr Gosper—Certainly agriculture would be a very key issue for us.

Senator COOK—And shipbuilding?

Mr Gosper—Shipbuilding would be, but our trade interests are relatively small compared to agriculture.

Senator COOK—Yes, of course. Agriculture is the big issue.

Mr Gosper—Indeed.

Senator COOK—And the major sticking point in the bilateral relationship over a long, long time.

Mr Gosper—Yes.

Senator COOK—On shipbuilding, it is true, is it not, that the fast ferry manufacturers in Australia, Incat and Austal, have now taken up joint ventures with the United States and are building within the national borders of the US. One is in Alabama and one is in Florida.

Mr Gosper—One is in Louisiana, I believe.

Senator COOK—Louisiana, is it? Thank you.

Mr Gosper—Yes, Senator, they are doing that, although I understand that some of the vessels, up to 50 per cent, are actually constructed in Australia before being finished in the United States.

Senator COOK—They cannot be sold for internal maritime use within the United States, can they?

Mr Gosper—Presumably not from port to port.

Senator COOK—They can from the US to Canada or the US to Mexico.

Mr Gosper—Yes, indeed.

Senator COOK—But not from a US port to another US port. I suppose it is fair to say the aluminium fast ferries are the only complex, sophisticated manufacturer in which Australia leads the world and now the existence of the Jones act has levered the construction of them from Australia to the United States; an example of technological transfer from our country to the US.

Mr Gosper—That is one way to put it, yes.

Senator COOK—Having identified the main areas that we would have in mind in trying to open the US economy to an FTA, the US, in their trade estimates report, nominate what they call foreign trade barriers and nominate foreign trade barriers for Australia, do they not?

Mr Gosper—They do. It is a report that reflects industry input. A lot of industry groups make submissions and USTR reflects that in its annual report.

Senator COOK—That is the way the USTR often operates—picking up submissions from American industry and batting them on as targets for American trade ‘liberalisation’.

Mr Gosper—Yes.

Senator COOK—When everything is on the table, are all the issues in the trade estimates report on the table too?

Mr Gosper—It is not clear what the US objectives would be, Senator. We have not had that discussion with them yet. We have not reached any in principle agreement, even to begin negotiations, so no opportunity yet to discuss what negotiating objectives might be. That is perhaps the only guide we have to what commercial interests in the US might be, but it does not necessarily reflect what the US government priorities would be.

Senator COOK—That is a fair answer, Mr Gosper, because it is accurate. We have not had the official word but it is reasonable to say, is it not, that as a matter of form USTR tends to represent those views that American industry has nominated and which the USTR has put in its annual trade estimates report.

Mr Gosper—That is a fair assessment.

Senator COOK—One presumes, therefore, those issues are what Minister Vaile refers to when he says, ‘All the issues are on the table.’

Mr Gosper—I am not sure that he referred to any specific industries or issues or whether he had them in mind when he talked about the need for a comprehensive agreement.

Senator COOK—No. He did not refer to any particular issues, as I read the transcript of the Q and A, and I do not think either you or I have the capacity to read his mind, other than what he has said. We are all literate people in trade and it is a reasonable presumption, is it not, that when he says all issues are on the table, then he means these issues.

Senator Hill—You have just said that we cannot read his mind. I do not know that the official can take it any further than he has done. He has already had a fair go at interpreting the minister. You keep wanting to press him further and I think that that is a touch unreasonable.

Senator COOK—I do not want to be unreasonable, but I do think this is a quite important issue because it does beg the question: what did the minister mean when he said, ‘All the issues are on the table’?

Senator Hill—Yes, but it is difficult to explore through an estimates committee exactly what a minister meant in a question and answer session when the minister is not present. If

you want to know exactly what he meant then we should take it away and get you a response from the minister. The official can tell you what he believed he meant, and he has done that.

Senator COOK—Let me think about that answer, Minister. I will go on and ask some further questions and think about it when I am doing so, and come back perhaps in another form. Without going to the question—I will not press you, Mr Gosper, because the minister has raised the question that maybe I am behaving unreasonably and that is not my intention—can I conform with you that the trade estimates report published by the USTR, which nominates foreign trade barriers, nominated sanitary and phyto-sanitary measures—that is, quarantine measures—for Australia as one trade barrier in Australia.

Perhaps I will read all of these: food labelling—that is mandatory labelling for requirements of food produced using gene technology; support for our car and textile industries; intellectual property protection—that is restrictions on parallel imports; our permitting of software decompilation and our allegedly inadequate protection of commercial test data; foreign investment screening, referring to FIRB; the market role of agricultural commodity boards and higher than average tariffs on passenger motor vehicles and textiles, clothing and footwear. Are they the issues set out in the last trade report?

Mr Gosper—I do not have it in front of me, but that sounds like their usual list, Senator. Of course, this process that the USTR goes through gathers submissions from industry. It does not reflect what US government trade priorities might be, and that is evidenced, I think, by the way in which the government has sought to take up those issues over the past few years. It understands clearly, of course, that what we have done with parallel importation is for our own reasons and perfectly WTO-consistent. We have had this discussion with them a number of times, for instance, and they accept that position. These issues are a catalogue of issues that are represented by industry, but on many of them we have totally divergent views and we have views that are quite reasonable, are in our national interest and are quite consistent with all of our trade obligations.

Senator COOK—Indeed, but just let me for a moment talk to you about agriculture. It is my recollection that at the commencement of the Uruguay Round the US put agriculture on the table for negotiations, but that when it came to the conclusion of the round, agriculture was mostly off the table. Things are put on the table for negotiation purposes that are not seriously meant to be traded, aren't they?

Mr Gosper—I am not sure of the point you are seeking to make, Senator, or the response you are looking for.

Senator COOK—It may be that the minister should intervene and pull me up, but it may be that he should not.

Senator Hill—No more than absolutely necessary.

Senator COOK—Thank you for your liberal view. All I am saying is that the US nominate a lot of issues. Your answer is, 'Yes, but they may not be serious about all of them. There are particular positions in relation to many of them.' All I am trying to establish is that that is the nature of the negotiating process and there is a record here of placing the substantial issue that we are interested in—agriculture—on the table, albeit in a multilateral form, and then removing it when we come to the business end of the negotiations.

Mr Gosper—That may be a negotiating tactic but, in respect of an FTA negotiating agenda, we are just speculating.

Senator COOK—Can you tell us how an FTA negotiation with the United States balances or relates to our interests in Asia, our interests in a CER-AFTA relationship, our interests in ASEAN Plus Three, our interests in ASEAN?

Mr Gosper—Are you asking me, Senator, what interest we are showing in similar economic arrangements in Asia?

Senator COOK—No. I am asking you what is the Asian reaction to our interest in promoting an FTA with the United States?

Mr Gosper—We have not had any particular reaction, Senator. Of course, some Asian countries, such as Singapore themselves, would like to negotiate with the US. There have been various studies done at academic and other levels, involving Japan and Korea, that have talked about doing things with the US as well.

Senator COOK—Has the Australian government responded to President Bush's April letter to the Prime Minister?

Mr Gosper—That is not a question I can answer. You might need to address that to Department of Prime Minister and Cabinet.

Senator COOK—Turning to the lamb case, you said, I think, in relation to parallel importing that the United States knows that our position is entirely consistent with the WTO and therefore whatever views they might have are ameliorated by that fact. I am paraphrasing you, I am not quoting you exactly, and you seem to be acknowledging that I have paraphrased you fairly.

Mr Gosper—Yes.

Senator COOK—What is the current situation with the US's response to the WTO decision on lamb? Do they take the same attitude as on parallel importing?

Mr Gosper—I will paraphrase from their official advice, if I may:

It is the intention of the United States to implement the recommendations and rulings of the DSB in this dispute in a manner that respects U.S. WTO obligations, and we have begun to evaluate options for doing so. The United States will need a reasonable period of time in which to do so. My delegation stands ready to discuss this matter with New Zealand and Australia, in accordance with Article 21.3(b) of the DSU.

That was their formal advice as of 14 June. We are seeking at the moment—in fact, overnight—to clarify when indeed we can talk with the US, and we wish it to be as soon as possible, on what it intends by way of implementation and 'a reasonable period of time'.

Senator COOK—As I understand, they are saying that they intend to comply with the decision but they need more time to work out how and when.

Mr Gosper—'A reasonable period of time', yes.

Senator COOK—'Reasonable' is an elastic concept, depending on which side of the argument you are sitting. It is fairly usual, I think, for most countries subject to a WTO decision to say that they intend to comply, but the real debate is about when and how. The real test here is how quickly they might comply, is it not?

Mr Gosper—Certainly we have been making it clear that we want them to implement it as soon as possible, and that is entirely appropriate with the nature of the finding and the nature of the issue.

Senator COOK—Has the American administration made a decision as to whether they would refer those questions of how long and in what manner they might comply to the ITC?

Mr Gosper—No, Senator, I do not believe so. There is an interagency process that is under way in Washington now and we expect that it will report to the USTR in the next few days.

Senator COOK—In the next few days we will, therefore, learn whether or not they do intend to refer it?

Mr Gosper—Indeed.

Senator COOK—This administration has referred other questions of dispute to the ITC.

Mr Gosper—It did in the case of wheat gluten, yes, if that is the intent of your question.

Senator COOK—But it would be wrong to necessarily assume, would it not, that they intend to do that on lamb?

Mr Gosper—Yes.

Senator COOK—Do we have a view about what is a reasonable time and how they should comply?

Mr Gosper—We can only take some guide from recent jurisprudence. Of course, most arbitrators, where arbitrators are called in to look at this question, tend to look at the shortest possible time. With wheat gluten I think it was around 20 to 140 days, which reflects the nature of the legislative process that is required in the US to go through these sorts of things. But, again, we are just speculating on what the US may be seeking.

Senator COOK—I understand what the US may want, but what does Australia want? Let me express a view. They acted unreasonably towards us. They have been nailed at the WTO. The quicker they set the arrangement right, the better we would like it. What do we think is a reasonable time to allow that?

Mr Gosper—The shortest possible time. We will have to hear their proposal and their reasons and consider them.

Senator COOK—And do we hear and consider against the background that we still reserve our right to raise this matter at the WTO again if we think the time period is unreasonable and the matter is unacceptable?

Mr Gosper—We have a right to arbitration on what is a reasonable period of time, yes.

Senator COOK—We have not waived that?

Mr Gosper—No.

Senator COOK—It is an alive option, then?

Mr Gosper—Indeed.

Senator COOK—I ask you because we have waived it in other cases in the past. Is there any reason to expect that they might want to look at a remedy which leaves the tariff rate quota in place?

Mr Gosper—There is no particular reason to believe that, Senator. We do not know exactly what has been considered in the interagency process.

Senator COOK—You referred to wheat gluten a moment ago. I note that the administration has decided to lift the import restrictions to avoid retaliation from the EU. Australia does have a specific interest in this case. What does it mean for the lamb restrictions if it was applied under the same law?

Mr Gosper—I think there may be some relevance in the sense that in that case the US decided it would not prolong the measure but would provide an alternative package of

assistance to the domestic industry. Certainly, in respect of the lamb issue, withdrawal of the measure or termination of the safeguard measure is appropriate and we would be prepared to consider some WTO consistent alternative adjustment mechanism in its lieu.

Senator COOK—The US is talking about restrictions on steel imports. Last time they did that BHP got caught up in it. In the current circumstances is it likely that any Australian steel might get hurt?

Mr Gosper—The US has not yet decided exactly the scope and coverage of its announced section 201 action. It is expected to announce that in the next few days. Potentially, there are Australian interests involved. Last year BHP sent \$342 million worth of cold-pressed and semi-processed steel to the United States. We do not know yet whether that will be caught up, but we are talking to the company to make sure that the company is aware of what is going on and that we have all the bases covered.

Senator COOK—If restrictions are applied to the importation of Japanese or Korean steel, that will hurt our coal and iron ore industries, won't it?

Mr Gosper—Yes. That is a particular perspective that we took up on the last occasion that both the 201 action and the prospect of Congress enacting import restraints on steel were considered, about 18 months to two years ago.

Senator COOK—It is an issue that both Senator Hogg and I are concerned about, because he comes from Queensland—a coal exporting state—and I am from Western Australia—an iron ore exporting state. Have we raised these questions with the Americans in relation to what they are considering on steel?

Mr Gosper—Not at this juncture. We are waiting for advice on exactly, as I said, the scope and coverage of its intended action.

Senator COOK—Both Incat and Austal, the fast-ferry manufacturers, have said publicly they are hoping to secure Pentagon contracts for their craft. Both have had substantial lay-offs of employees in the last month. Have we provided any help to those shipbuilders in their efforts to secure fast-ferry sales to the US military?

Mr Gosper—Maybe Mr Wilcock can assist me with this, or Mr Shannon. Both those companies, as I understand it, have been involved in discussions with various US agencies and we have facilitated both those companies' interests.

Senator COOK—So we have made representations?

Mr Gosper—We have facilitated, for instance, visits and contacts with the appropriate authorities.

Senator COOK—But it is up to them to represent their product; okay. I think last time we talked about the efforts that were being made to ensure that the US subsidisation does not undermine our hard-won access to the Japanese rice market. Rice growers in Australia complain about this all the time, and not just in relation to Japan. I am sure you are familiar with the case. Have we made any progress?

Mr Gosper—I do not believe there have been any developments on this issue since February. I am not aware of any further representations from rice growers on this issue. It is a longstanding issue and one of our regular dialogues with USDA and other authorities. We continue to emphasise to them that their high domestic subsidies that apply to US rice, even though it might be within their Uruguay Round commitments, is simply playing into the hands of the Japanese and eroding the commercial benefit from what limited market access has been provided there.

Senator COOK—Are we concerned that there might be unfair competition from US sources that are heavily subsidised, versus Australian rice exporters in markets like Turkey?

Mr Gosper—I have not heard references to that.

Senator COOK—Hong Kong?

Mr Gosper—I have not heard references to that. I would need to check and provide further advice.

Senator COOK—I have heard references to it but please check. What would be the value of a fully fledged Australia-US FTA to Australia?

Mr Gosper—I referred before to the figures that were done by the Snape modelling. Given the developments in our economy since then, I would hope the figures would be greater, but we will know when the figures from the Stoeckel modelling are available in a couple of days time.

Senator COOK—So we are pursuing this without knowing what the benefit to the Australian economy would be, other than we think there is a positive?

Mr Gosper—We assume it is positive and it is substantial.

Senator COOK—And it is substantial?

Mr Gosper—0.34 per cent, of course, is about a third of the estimated gain from the Uruguay Round outcome.

Senator COOK—We have to measure that against what we realistically think are the reasonable chances of breaking through on agriculture with the US, of course. Nonetheless, we should try. I am 100 per cent with you on that, Mr Gosper—and with the government. Anything we can do to break that down, I am up for. I wish to move on from the United States. Thank you, Mr Gosper. You may be answering these next questions; I do not know. The government's response to the parliamentary inquiry into Australia's trade and investment relationship with Latin America states that a council on Australian-Latin American relations will be established and serviced by DFAT. When will the council formally be launched?

Mr Shannon—It is the intention that the council will meet as soon as possible in the new financial year when funding becomes available.

Senator COOK—Has a secretariat been established?

Mr Shannon—Not yet, Senator.

Senator COOK—It will be resourced from within DFAT; there will not be a special appropriation?

Mr Shannon—That is the intention, yes.

Senator COOK—It will be in the next financial year; when, do you know?

Mr Shannon—August, I think, is a realistic timeframe. The members of the executive committee which will oversee the council, as it were, have not yet been selected but we are well advanced in that process.

Senator COOK—It seems I am a premature congratulator, Mr Gosper. I do have something further on the US-Australia FTA—not quite, but I think it is in your zone. In the FTAA arrangements, Brazil has come on board. It is put to the sugar industry in Australia by some commentators that Brazil may, through the FTAA, negotiate preferential access to the US market, which will jeopardise our quota arrangements. How seriously do you take that view?

Mr Gosper—We would watch it, of course. This general issue came up in the context of Mexico's additional access negotiated as part of the NAFTA agreement—the 800,000 tonnes this year leading to full liberalisation in 2008. We have made a series of representations to the administration about the fact that we do have a commitment for a country quota and we expect that to be respected. Certainly, in respect of the Mexican effort, that has received a positive response from the administration. So we are watching closely.

Senator COOK—On Brazil, in calendar year 2000, imports from Brazil of something called 'other food products' rose from an average annual value prior to 1999 of about \$1 million to \$279 million. What did the Brazilians do so well that changed the relationship in that category from \$1 million to \$279 million?

Mr Shannon—I do not know. I would have to take that on notice and report back.

Senator COOK—The growth would have begun in late 1999.

Senator COOK—The growth would have begun in late 1999—that is a 40 per cent increase—and led to a substantial trade deficit with Brazil. You are going to take that on notice. Turning to Europe, Mr Chair, I have a specific question relating to our coverage of economic and trade developments in the Republic of Ireland. What is the extent of our diplomatic representation in Dublin? What presence do we keep in the capital?

Ms Tanner—We have an embassy there with an ambassador and a number of other diplomatic staff. We can give you the total details if you wish.

Senator COOK—I am curious to know what number of our complement are tasked with reporting on the domestic economic developments in Ireland—what is going on in the domestic Irish economy—and can we identify factors that underpin their better than normal economic growth?

Ms Tanner—Certainly a number of the diplomatic staff in the embassy would have as their duties coverage of domestic economic developments. Ireland's new economy credentials and its economic progress would certainly form part of the regular reports which they would send back to us.

Senator COOK—So we do monitor it?

Ms Tanner—We certainly do monitor it.

Senator COOK—And you could ask: what are the particular drivers that explain why the Irish economy has been the stand-out performer in Europe?

Ms Tanner—That would form part of the reporting which our mission would provide us.

Senator COOK—Are you able to tell us?

Ms Tanner—I do not have the details with me at the moment, but we could certainly provide you with that.

Senator COOK—Thank you.

[10.21 p.m.]

CHAIR—We now move to output 1.1.4—South Pacific, Africa and the Middle East.

Senator HOGG—Can the department provide the committee with an update on Australia's efforts in supporting the peace process in the Solomon Islands?

Mr Wise—Australia has provided support right from the outset of the problems within the Solomon Islands by, first of all, backing the various multilateral and regional efforts to deal with the emerging ethnic conflict there from about 1998 onwards. It became an issue of real

concern. At the moment its main support is with the International Peace Monitoring Team, which is made up of 49 monitors headed by Australia; in fact, led by an officer of our department. We also provide a lot of support for the indigenous Peace Monitoring Council, which is the lead agency for the peace process. Through the aid program—

Senator HOGG—Could I just stop you there. What support is that, mainly administrative or advisory?

Mr Wise—We provide two advisers to that organisation and financial backing as well. Through the aid program we are also providing community project support to try to provide means of employment for some of the ex-combatants.

Senator HOGG—Do you have an assessment of the challenges that will be faced in the Solomon Islands over the next 12 months?

Mr Wise—Yes, Senator. It faces a range of challenges; real challenges when it comes to economic management. The Solomon Islands government's revenue has, in many respects, dried up. It relied a lot on the plantation sector which, because of the conflict, is almost moribund. The fisheries industry has been badly affected also by the loss of investor confidence in the country. The goldmine, which is not far from Honiara—it is on Guadalcanal, where most of the trouble occurred—has closed down. On the economic management side the loss of revenue is a real concern.

The government also has been unable to meet the minimal conditions which the international financial institutions and other donors have required of the Solomon Islands, which would enable the release of some funds to support the economy. Those conditions are that they produce a realistic government budget; that they cease the remissions that have been granted for customs duties and other taxes, and also they put in place reasonable arrangements to protect the logging industry.

Senator HOGG—Once those preconditions are satisfied, I presume then that will open up some form of assistance in those areas that you outlined: the plantation sector, the fishing industries, the goldmine and so on.

Mr Wise—It will open up assistance in a range of sectors and there will be flow-on effects. But as far as the gold sector is concerned, for example, what is required is a level of confidence in the Australian mining company concerned that the tensions have eased enough to allow them to go back in with confidence to resume the operations.

Senator HOGG—What progress are we seeing in the efforts to re-establish law and order?

Mr Wise—Over the last couple of months we have seen a bit more progress in the normalisation of policing in the Solomon Islands. There is still some way to go there, but gradually the Royal Solomon Islands Police is able to exert its authority. The police field force, which was heavily involved in the so-called 'tensions', as the Solomon Islanders call them, are coming back into the fold of the Solomon Islands police. If you compare the situation now in the Solomon Islands with where it was eight months ago, quite dramatic improvements are obvious. The interethnic conflict has ceased. The vandalism, violence and looting that was very common in Honiara has also ceased, so the situation has improved quite considerably. That said, there is still a long way to go and we are concerned that economic mismanagement may lead to an undermining of the overall law and order situation if it is not arrested fairly soon.

Senator HOGG—Thank you. Can the committee be provided with an update of Australia's planned assistance for the conduct of Fiji's election in August?

Mr Wise—Yes. The government has committed \$1 million Fijian—which is around \$A850,000—in cash assistance for that election, and also offered technical advice. There has been a series of negotiations with the Fijian authorities which are conducting the election. Last week a UN mission was in Fiji and that is going to be heavily involved in the coordination of donor assistance. We have been working very closely with it as well.

Senator HOGG—Is that \$850,000 in addition to anything that AusAID might be putting in?

Mr Wise—That is AusAID money.

Senator HOGG—I asked a similar question of AusAID and that is why. So there is no additional money out of—

Mr Wise—No, AusAID is funding the assistance.

Senator HOGG—I presume that would include assistance from the Australian Electoral Commission?

Mr Wise—That is right. The Australian Electoral Commission has had officers in there already and is certainly planning to send in, I think, three officers on three separate occasions during the electoral process to provide technical assistance at different stages of the election.

Senator HOGG—But there is nothing over and above that?

Mr Wise—No, but there is an offer there to provide other technical assistance. We are waiting to see what the Fijians request of us.

Senator HOGG—Last but not least, are there any plans for us to send parliamentary or other observers to the elections?

Mr Wise—We understand the Fijians will invite observers for the elections. We would like to respond positively to that invitation, but whether it is going to be under the umbrella of the United Nations, the Commonwealth or bilaterally is something that is still being determined.

Senator HOGG—When do you think we will be in a position to know about that?

Mr Wise—I think it will have to be in a matter of the next few weeks.

Senator HOGG—So fairly shortly.

Mr Wise—Yes, the elections are at the end of August.

Senator COOK—Did the Australian government, through the embassy in Pretoria in South Africa, have any discussions with the South African government on the pharmaceuticals issue in which the pharmaceutical companies were taking legal action against the South African government, which they later withdrew, over the South African government's intention to parallel import certain medicines?

Mr Wise—I do not know the answer to that question, Senator. Do you know, Mr Atkin?

Mr Atkin—The embassy reported on this case as it proceeded, Senator. We had a position that, consistent with WTO obligations, we welcomed developments which facilitated the freeing of trade in this area. In fact, the Minister for Foreign Affairs, Mr Downer, had the opportunity to make that point directly in South Africa just a week or so after the court proceedings were settled. He took the opportunity to congratulate the South African government on a successful pursuit of achievement in the area of free trade.

Senator COOK—I take it from that that we actually supported the position of the South African government?

Mr Atkin—Yes, in those terms.

Senator COOK—With respect to the Pacific regional trade agreement, can someone tell me where that is up to at the moment?

Mr Wise—Yes, Senator. The forum trade ministers meeting will be held in Apia, Samoa, next week. We are hoping that that will result in the forum leaders being able to sign off on a free trade agreement in the Pacific at its meeting in August in Nauru.

[10.32 p.m.]

CHAIR—We will now move to 1.1.5—Multi-lateral trade negotiations.

Senator COOK—I understand that the Director-General of the WTO, Mike Moore, has set a July timetable to form a cut-off in order to try and get a new round launched at Qatar.

Mr Gosper—Mr Moore has talked about having a ‘reality check’ in July, rather than a cut-off. There has been a lot of discussion about this, but basically we do not see it as a cut-off, and a number of the other principal players in the negotiations do not see it as a cut-off. We expect that it will be much later in the period leading up to Dohar before we know whether a round will or will not be launched.

Senator COOK—At this point what is the department’s assessment of the likelihood of getting agreement by the time of the ministerial?

Mr Gosper—There have been some interesting developments over the last few months, most particularly, I think, dating to the May OECD mission where we saw the first real engagement of the US administration on the agenda for a new round. USTR Zellick spoke very forcefully there and at the APEC meeting in Shanghai about US objectives. We have also seen emerge some new flexibility from the EU—not sufficient flexibility, we believe, on some of its large agenda.

On developing countries, there is a large range of views, but essentially they still seem to be mired to a large degree in the implementation agenda. It is far from clear whether they are going to be able to agree the agenda for a new round. So there are some optimistic signs. A very important process is now under way in Geneva—and this is different from when we last talked to the committee in February—chaired by the chair of the general council, Stuart Harvenson of Hong Kong, which has worked through, in a very useful and detailed way, some of these issues. So there are some good signs but there is a lot of work to do.

Senator COOK—And there are still a number of months to go.

Mr Gosper—Indeed.

Senator COOK—Are we optimistic that we might get there?

Mr Gosper—I think we should be optimistic, yes. But, equally, we acknowledge the difficulties that are still there to be faced.

Senator COOK—I understand USTR Zellick had discussions with Australia’s mission in Geneva recently, when he was there, and with other Cairns Group missions. Are we encouraged by those discussions with regard to progress in the agricultural negotiations?

Mr Gosper—I think they were very important meetings. That was Zellick’s first real engagement with the Cairns Group. He said afterwards that he found it very good. At the meeting he spoke about the very good cooperation that had been in evidence in the last 12 months in particular between the United States and the Cairns Group in the mandated agriculture negotiations. Both the Cairns Group representatives and USTR Zellick spoke about the way we had worked together at Seattle and almost achieved agreement on an

agriculture text. Equally, Zellick made it quite clear that he is looking to how he can bring together all parties on the basis for the launch of a round.

Senator COOK—So you would mark that as what?

Mr Gosper—It was a very positive process.

Senator COOK—What work is the department doing on the minister's announcement at the World Economic Forum last September that Australia would work actively with a group of middle sized economies to promote the launch of a new round?

Mr Gosper—We have been working with many of those economies. The announcement was made, of course, at a particular time when there was no engagement from the US and there was a distinct lack of leadership in the negotiations. I think it was recognised by many ministers then that they needed to exert some greater influence. Apart from Australia's trade minister, of course, Alec Erwin from South Africa, George Yeo from Singapore and Boutros-Ghali from Egypt have been instrumental since then. There has been a range of discussions held by Mr Vaile with some of these people and others that have sought to develop some momentum for the negotiations.

Senator COOK—Yes, but it was made in the context that we were two months short of the US presidential elections. The expectation was that, following the US presidential elections, the likelihood that America would play a stronger hand was realistic. It was against that context. My question was: what work have we done and which countries are—apart from those two you have mentioned—the ones the minister referred to as 'a group of middle sized economies'?

Mr Gosper—We are not talking about an alliance as we are with the Cairns Group, a formal coalition, because amongst that group there is a diverse range of opinions on the full range of WTO issues. What we are talking about is networking between ministers from middle size economies. That has been occurring at an accelerating pace over the last six to 12 months.

Senator COOK—Is there such a coalition in existence now?

Mr Gosper—To the extent that the representatives from these economies are talking regularly about how to achieve the launch of a round, then yes, I believe that is so.

Senator COOK—Which economies are they?

Mr Gosper—I have named some of them—South Africa, Singapore, Australia, Egypt, Brazil, Chile. They are some of the core participants.

Senator COOK—Are there any others?

Mr Gosper—Hong Kong, of course, has been a very important part of this and has worked quite hard at it. We have had good contact with Pakistan. We have talked with the Argentinians quite a bit and the Mexicans have been much more open to discussing the basis for the launch of a round.

Senator COOK—You have answered part of this question in your answer already, but has the process of building this coalition that the minister referred to involved explicitly visits by the minister to particular economies for that purpose, or is it coalition building by senior officials?

Mr Gosper—It occurs at all levels and it has many elements—for instance, the invitation to the Egyptian minister for the economy, Boutros-Ghali, to visit the Cairns Group ministerial some months ago in Canada, which was an important alliance that did not exist during the

Uruguay Round and is one of the important outreach exercises that Australia and the Cairns Group are now involved in.

Senator COOK—Which countries did the minister explicitly visit in order to build this coalition?

Mr Gosper—It is not a matter of a formal program of visits. Much of it is done on the margins of existing meetings—for instance, the APEC meeting in Shanghai at which there were a range of meetings held with these people; the OECD meeting in Paris; telephone calls and so forth.

Senator COOK—I remain interested in the effectiveness of the department's WTO disputes, investigation and enforcement mechanism. I think last year I was told that there had not yet been any formal requests under the mechanism from Australian industry for the government to take action in the WTO. Is that still the case?

Mr Gosper—That is still the case, Senator. It is an issue that we are working on. Of course, the program was set in place not for the advantage of the big organised industries and industry associations. They know exactly where to come to in government. They have their own sources of advice. We are seeking to ensure that smaller companies and smaller industry sectors know the system and how they can avail themselves of its benefits. To this extent, we are not really satisfied yet that we have been able to provide adequate access to the database we have and we are working further on that.

Senator COOK—Maybe you could get Austrade to advertise for you. It does not mean—and I should not draw this conclusion—that there are, therefore, no actionable cases out there that we do not know about. It is just that at this stage the message has perhaps not got as far as you would like.

Mr Gosper—As I say, we expect that most of the dispute settlement cases will come from the industries with the major trade interests in key markets. We have very good communication with them about dispute settlement action.

Senator COOK—I think there is a fairly widespread perception that a number of cases do exist, but so far none of them have come forward.

Mr Gosper—We are looking for people to come forward. We are trying to encourage it. We are talking with state governments about this in great detail, for instance.

Senator COOK—I have heard some up-beat news on this just today, actually. Can someone tell me what is the current likelihood of China's accession to the WTO occurring this year?

Mr Thomson—It is at a more positive stage than at any point in the last 12 months, following a settlement between the United States and China on some of the key issues standing in the way of progress. Essentially these issues are on agricultural commitments and on trading rights, and on some services related issues. The issue immediately facing the accession of China is to see that progress that has been reached between the United States and China multilateralised in the process in Geneva. The working party on China's accession is convening in Geneva in the middle of next week for about a week's meetings. We will certainly be lending our weight to that process, starting in a week's time in Geneva, to see the multilateral process come to agreement on these hard sticking points, and then to set a work program to deal with the remaining issues.

There are a few other issues to be settled in the process. These are felt to be, I think by all sides, of a significantly lesser order than the problems that have been resolved by the United

States. There is quite a lot of detailed work to be done. The actual agreement will extend to about 900-plus pages, and all of that work in terms of verification and final settlement remains ahead of us. By the end of July we should be in a good position to judge, in fact, whether it is finally moving to a conclusion after 13 years of negotiation.

Senator COOK—Is there any effort to get this done by the Shanghai APEC summit?

Mr Thomson—It has always been a time which a number of people have felt would be a practical and good outcome. It will depend on China, however—if they wish to reach that objective. China's trading partners in the WTO will, I think, leave no stone unturned to achieve that objective, if that is what China wants to do. Accessions fundamentally proceed at the pace of the acceding country.

Senator COOK—I think we mentioned this before, Mr Gosper. The department is holding a seminar jointly with the APEC Studies Centre at Monash University this Thursday on the proposal for an Australia-US free trade agreement.

Mr Gosper—The APEC Studies Centre is holding it. We are certainly participating. The minister is speaking and some other departmental officers are speaking at it, but it is not a jointly conducted seminar.

Senator COOK—In my invitation to speak it said that the department was helping to fund the event by bringing out to Australia a number of recognised experts from the United States.

Mr Gosper—Yes, we have funded two speakers to come out.

Senator COOK—Are there any proposals for the department to do a similar thing to explain to Australian industry what is happening to a WTO round?

Mr Gosper—Yes, Senator. We have a very extensive public consultation program. We have already had roundtables with industry and community groups. We are having meetings in the state capitals within the next week, in Sydney and Melbourne, and then—

Senator COOK—I was asking about a seminar or a conference.

Mr Gosper—These are public meetings. They are notified as such and anyone from the community is welcome to attend it and to talk about their perspectives on WTO issues.

Senator COOK—And for APEC?

Mr Baxter—We have had extensive consultations with business and other groups in the lead-up to the ministers responsible for trade meeting—there was a very large seminar held in Melbourne at the end of April—as well as other ongoing consultation with industry groups in the lead-up to the APEC meetings.

Senator COOK—And with Australian industry over what may flow, given the prospects for the accession of China to the WTO?

Mr Thomson—There has been very significant consultation over the whole 13 years of the accession process. That continues. For example, there have been consultations conducted this year with the wool industry. There was a major conference in Canberra at which you spoke, run by the ANU, on the more legal aspects. The department was a funder of that conference, and there have been past such occasions where the department has assisted the community to have a forum to convey views.

Senator COOK—Now it is shaping as more likely, is anything planned?

Mr Thomson—This is something where the main interest would be at a commercial level. Austrade last year, as you may be aware, ran seminars around Australia in each of the major

capital cities. It is an issue that we have under advisement with Austrade to conduct a further round of targeted consultations.

[10.49 p.m.]

CHAIR—We will move now to 1.1.6—Trade development/policy coordination and APEC.

Senator COOK—I have a couple of quick questions on APEC, and I want to ask the department about my questions on notice concerning staffing—whether or not those questions have been answered. On APEC, is it at all clear at this stage what the likely outcomes of the APEC meeting will be?

Mr Baxter—It is a bit early to forecast what sort of outcomes will be achieved at the leaders meeting this year but that is not to say that Australia and a number of other countries that we are working closely with are not putting in efforts to ensure that the outcome this year is a very positive one, particularly given the proximity of the APEC leaders meeting to the ministerial meeting on the launch of the WTO.

Senator COOK—You are saying it is just too soon.

Mr Baxter—I am saying that it is work in progress. We have just had the MRT and that was a very positive outcome. Now the focus, as you know, will shift to the leaders meeting.

Senator COOK—Mr Chairman, I should have asked these questions up front but I still see the officers at the table. I put on notice, on 4 June, a series of six questions relating to staff. Is the department in a position to answer those?

Dr Thomas—Yes, Senator, we are. We understood they were not formally on notice; that they were questions you would ask at the session. So the officers are prepared to answer those questions now. We could table them for you.

Senator COOK—If you could table the answers for me, I would appreciate that. In this budget, as I recall, DFAT is to lose 89 ASL. That is correct, isn't it?

Mr Chester—The numbers that have been put forward as staff reductions relate to our overall staff numbers. That includes LES staff as well as A-based. The majority of those 89 positions will be LES positions.

Senator COOK—How many A-based are among the 89?

Mr Chester—It is not easy to answer that. The staff numbers we project we will have over the coming financial year are around 1,930, give or take four or five. We will start the financial year at around that number. At this stage we would be saying it would be a very small number—one, two, three, or of that order.

Senator COOK—Looking in the budget at ASL per department, the only other department that loses an outstanding number more is Tax, which loses 1,500. They are people who have been recruited for the change in the tax system, for the GST implementation. What is the reason for such a large number of staff exiting DFAT and your portfolio associated agencies?

Mr Chester—You are talking about the 89?

Senator COOK—Yes.

Mr Chester—The 89 is, as I said, predominantly locally engaged staff.

Senator COOK—I know, but what is the reason for it?

Mr Chester—For the departure of locally engaged staff?

Senator COOK—For the department of 89, some of whom are A-based and most of whom appear to be locally engaged?

Mr Chester—As I said, a very small number are A-based—one, two or three, of that order. The departure of locally engaged staff is a result of a global review of our locally engaged staff numbers that was conducted in the last calendar year. The results of that review have been implemented over this calendar year and, as a result of that, there will be a net reduction of around 80 to 90 locally engaged staff positions globally across all our posts.

Senator COOK—That suggests there are no A-based staff losing their jobs.

Mr Chester—That is right. That is what I am saying. It is a very small number. I cannot say it is none but in all likelihood it will be a single-digit number. It depends on where we start next financial year, at what staff levels. As I said, I suspect that will be around 1,930, which is the figure we are aiming for, for the entire next financial year.

Senator COOK—We found that we had 89 surplus to requirements locally engaged staff around the world, did we?

Mr Chester—A net reduction of between 80 and 90, yes.

Senator COOK—That is quite a sizeable number, given our number of posts. Is there a suggestion here that somehow or other hiring of locally engaged staff got out of control at the local level?

Mr Chester—No. I do not think that is a fair assessment of it.

Senator COOK—What is a fair assessment?

Mr Chester—It is a matter of rationalisation of the tasks that are being done at posts. There have been elements of new technology going into posts in the management areas and so on, those kinds of changes—posts globally reviewing their needs.

Senator COOK—This is the mythic ‘do more with less’ mantra, is it, Mr Chester?

Mr Chester—No, it is probably working smarter, doing things more efficiently and effectively.

Senator COOK—It is a very courageous defence. I would be happy if you would table the answers to my questions on notice.

CHAIR—Thank you, Senator Cook. Thank you, Minister. Thank you, Dr Thomas and, through you, the officers of your department. We shall see you later in the year or early next year.

Committee adjourned at 10.56 p.m.