



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE

ESTIMATES

(Budget Estimates)

MONDAY, 2 JUNE 2008

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

Monday, 2 June 2008

Members: Senator Mark Bishop (*Chair*), Senator Trood (*Deputy Chair*), Senators Cormann, Forshaw, Hogg, Sandy Macdonald and McEwen

Participating members: Senators Abetz, Adams, Allison, Barnett, Bartlett, Bernardi, Birmingham, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, George Campbell, Chapman, Colbeck, Jacinta Collins, Coonan, Crossin, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fifield, Fisher, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kemp, Kirk, Lightfoot, Lundy, Ian Macdonald, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Moore, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Polley, Ronaldson, Scullion, Siewert, Stephens, Sterle, Stott Despoja, Troeth, Watson, Webber and Wortley

Senators in attendance: Senators Allison, Mark Bishop, Brandis, Cormann, Fierravanti-Wells, Fifield, Forshaw, Heffernan, Hogg, Hutchins, Sandy Macdonald, McEwen, Milne, Nettle, Payne, Ronaldson and Trood

Committee met at 9 am

FOREIGN AFFAIRS AND TRADE PORTFOLIO

In Attendance

Senator Faulkner, Special Minister of State and Cabinet Secretary

Department of Foreign Affairs and Trade

Portfolio overview

Mr Doug Chester, Deputy Secretary

Mr James Wise, First Assistant Secretary, Corporate Management Division

Ms Ann Thorpe, Chief Finance Officer

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

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

1.1.1 North Asia

Mr Graham Fletcher, First Assistant Secretary, North Asia Division

Ms Alice Cawte, Assistant Secretary, East Asia Branch, North Asia Division

Mr Tom Connor, Assistant Secretary, North East Asia Branch, North Asia Division

1.1.2 South-East Asia

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

1.1.3 Americas

Mr Chris De Cure, Acting First Assistant Secretary, Americas Division

1.1.4 Europe

Ms Penny Wensley, First Assistant Secretary, Europe Division

1.1.5 South and West Asia, Middle East and Africa

Mr David Ritchie, Deputy Secretary

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

Mr Paul Robilliard, Assistant Secretary, Afghanistan and Iraq Branch

1.1.6 Pacific

Mr David Ritchie, Deputy Secretary

Mr Richard Rowe, First Assistant Secretary, Pacific Division

1.1.7 Bilateral, regional and multilateral trade negotiations

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

Mr Ric Wells, Head, China FTA Task Force and Head, Japan FTA Task Force

Mr Tim Yeend, First Assistant Secretary, Office of Trade Negotiations

Ms Virginia Greville, Assistant Secretary, Market Development Business Liaison and Regional Trade Policy Branch

1.1.8 Trade development/policy coordination and Asia-Pacific Economic Cooperation

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

Ms Virginia Greville, Assistant Secretary, Market Development Business Liaison and Regional Trade Policy Branch

1.1.9 International organisations, legal and environment

Mr Michael Potts, First Assistant Secretary and Ambassador for People Smuggling Issues, International Organisations and Legal Division

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

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

1.1.10 Security, nuclear disarmament and non-proliferation

Mr David Ritchie, Deputy Secretary

Ms Jennifer Rawson, First Assistant Secretary, International Security Division

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

Output 1.2—Secure government communications and security of overseas missions

Mr Sam Gerovich, First Assistant Secretary, Diplomatic Security, Information Management and Services Division

Output 1.3—Services to other agencies in Australia and overseas, including parliament, state representatives, business and other organisations**1.3.1 Parliament in Australia**

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

Mr Andrew Todd, Assistant Secretary, Parliamentary and Media Branch, Consular, Public Diplomacy and Parliamentary Affairs Division

1.3.2 Services to attached agencies

Mr James Wise, First Assistant Secretary, Corporate Management Division

1.3.3 Services to business

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

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

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

Output 1.4—Services to diplomatic and consular representatives in Australia**1.4.1 Services to the diplomatic and consular corps**

Ms Lyndall McLean, Chief of Protocol, Protocol Branch

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

Ms Lyndall McLean, Chief of Protocol, Protocol Branch

Output 2.1—Consular and passport services**2.1.1 Consular services**

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

Mr Bassim Blazey, Assistant Secretary, Consular Policy Branch, Consular, Public Diplomacy and Parliamentary Affairs Division

2.1.2 Passport services

Mr Bob Nash, Executive Director, Australian Passport Office

Output 3.1—Public information services and public diplomacy**3.1.1 Public information and media services on Australia's foreign and trade policy**

Mr Paul Tighe, First Assistant Secretary, Trade Development Division

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

Mr Andrew Todd, Assistant Secretary, Parliamentary and Media Branch, Consular, Public Diplomacy and Parliamentary Affairs Division

3.1.2 Projecting a positive image of Australia internationally

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

Mr Andrew Todd, Assistant Secretary, Parliamentary Media Branch, Consular, Public Diplomacy and Parliamentary Affairs Division

Mr Peter Tesch, Executive Director, World Expo 2010—Shanghai

3.1.3 Freedom of information and archival research and clearance

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

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

Ms Dara Williams, Assistant Secretary, Information Resources Branch, Consular Public Diplomacy and Parliamentary Affairs Division

Output 4.1—Property management

Mr Peter Davin, Executive Director, Overseas Property Office

Output 4.2—Contract management

Mr Peter Davin, Executive Director, Overseas Property Office

Enabling services

Mr James Wise, First Assistant Secretary, Corporate Management Division

Ms Ann Thorpe, Chief Finance Officer

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

Dr David Engel, Assistant Secretary, Global Issues Branch

Australian Agency for International Development

Outcome 1—Australia's national interest advanced by assistance to developing countries to reduce poverty and achieve sustainable development

1.1 Policy

1.2 Program management

Administered items—Australia's development cooperation program

Outcome 2—Australia's national interest advanced by implementing a partnership between Australia and Indonesia for reconstruction and development

2.1 Australia-Indonesia partnership for reconstruction and development management

Mr Bruce Davis, Director General

Mr Jamie Clout, Deputy Director General, Corporate Enabling Division

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

Mr Richard Moore, Deputy Director General, Asia Division

Ms Catherine Walker, Deputy Director General, Global Programs Division

Mr Murray Proctor, Deputy Director General, Program Enabling Division

Mr Mark McGillivray, Chief Economist

Ms Octavia Borthwick, Assistant Director General, Asia Regional Branch

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

Ms Stephanie Copus-Campbell, Assistant Director General, Pacific Branch

Mr Robin Davies, Assistant Director General, Growth and Resource Management Branch

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

Ms Ali Gillies, Assistant Director General, Asia Bilateral Branch

Mr Robert Jackson, Assistant Director General, Corporate Operations Branch

Mr Shane McLeod, Chief Information Officer

Ms Therese Mills, Assistant Director General, People and Planning Branch

Ms Lisa Rauter, Chief Finance Officer

Mr Chris Tinning, Assistant Director General, Development Partnerships Branch

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

Mr Dave Vosen, Acting Assistant Director General, Humanitarian and Middle East Branch

Mr Peter Waddell-Wood, Acting Assistant Director General, Economics and Service Delivery Branch

Ms Alison Chartres, Acting Assistant Director General, Governance and Capacity Building Branch

Ms Jenny Da Rin, Acting Assistant Director General, Indonesia and East Timor Branch

Mr Ross Muir, Director, South Asia Section

Ms Gaynor Shaw, Director, East Asia Regional Section

Ms Julie Delforce, Director, Asia Transboundary Section

Mr Andrew Collins, Director, Mekong Section

Australian Trade Commission**Outcome 1—Australians succeeding in international business with widespread community support.****1.1 Awareness raising****1.2 Government advice and coordination****1.3 Services and opportunities****1.4 Austrade administered: EMDGs for small to medium sized businesses and ITES loans and advances****Outcome 2—Australians informed about and provided access to consular, passport and immigration services in specific locations overseas****2.1 Consular, passport and immigration services**

Mr Peter Yuile, Deputy Chief Executive Officer

Mr Tim Harcourt, Chief Economist

Ms Hazel Bennett, Director, Finance, Information and Planning

Mr Ian Chesterfield, General Manager, Business Policy and Programs

Ms Marcia Kimball, Director, Human Resource

Ms Helen Monro, General Manager, Government and Communications

CHAIR (Senator Mark Bishop)—Thank you, ladies and gentlemen. I declare open this meeting of the Senate Standing Committee on Foreign Affairs, Defence and Trade. I welcome Senator Faulkner, representing the Minister for Foreign Affairs and the Minister for Trade. Welcome, Mr Doug Chester, the deputy secretary, and officers of the Department of Foreign Affairs and Trade.

Today the committee will examine the portfolio budget estimates statements for the Department of Foreign Affairs and Trade, beginning with the portfolio overview, followed by general non-trade outputs and enabling services. We will then move to AusAID from approximately 3 pm through until 6.30 pm. Foreign Affairs and Trade output 1.1.7, Bilateral, regional and multilateral trade negotiations, and output 1.1.8, Trade development/policy coordination and Asia-Pacific Economic Cooperation, will be examined tomorrow evening from approximately 9.30 pm, after 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 the department for an answer. I remind senators to provide their written questions on notice to the secretariat by close of business on Wednesday, 11 June. The committee has resolved that Thursday, 31 July 2008 is the return date of answers to questions taken on notice at these hearings.

Please note that, under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. The giving of false or misleading evidence to the committee may constitute a contempt of the Senate.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: ‘Any questions going to the operation of financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for

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

An officer of a department or of the Commonwealth or of a state shall not be asked to give opinions on matters of policy. He or she shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken, and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim.

Minister, do you or any officer wish to make an opening statement?

Senator Faulkner—No, Chair, thank you.

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

Senator TROOD—Mr Chester, I have been looking fairly closely at the department’s accounts. I must say they strike me as very disturbing. I suppose the first question is whether or not the department has been subjected to the 1.25 per cent efficiency dividend and the two per cent one-off efficiency dividend. Has it?

Mr Chester—Yes.

Senator TROOD—Did the department seek an exemption from the two per cent efficiency dividend at all?

Mr Chester—You may recall from the additional estimates hearings earlier this year that, as a result of submissions made by ministers, there was a rephrasing of some of the savings measures that applied to the department at that time and, in relation to our budget for next year, as a result of considerations by the government, an additional amount of money was provided to the department pending a so-called root and branch review of the department’s operations. So in a sense those two factors were related to the overall impact of both the 1¼ per cent efficiency dividend and the two per cent efficiency dividend.

Senator TROOD—So both were applied to the department—is that right?

Mr Chester—Both measures were applied, but some relief was provided to the department pending the outcome of the root and branch review later this year.

Senator TROOD—As I look across the total figures for the portfolio, in relation to outcomes 1 to 3 there is a modest increase in funding, but it does not seem to be an increase which keeps pace with inflation over the period of time. Would you agree with that?

Mr Chester—If you look at our expected final position in 2007-08 and then compare that with our budgeted outcome for 2008-09, there is an overall increase of around \$5 million in our revenue from government.

Senator TROOD—You would agree that is not a large increase in revenue, is it?

Mr Chester—It is \$5 million.

Senator TROOD—It is not a large increase in revenue, is it?

Mr Chester—You are asking for an opinion. It is \$5 million.

Senator Faulkner—Senator, what Mr Chester has been able to provide for you is the quantum.

Senator TROOD—I understand that, Minister; thank you. Let us put this in some context then. Are you familiar with the Prime Minister's speech on 26 March to the East Asia Forum, Mr Chester?

Mr Chester—Yes, vaguely familiar with it.

Senator TROOD—Perhaps I could help you. You may recall that during that speech he talked about the foreign policy agenda for Australia going through the first period of his government. Is that correct?

Mr Chester—Yes.

Senator TROOD—Perhaps you wrote the speech.

Mr Chester—No.

Senator TROOD—You are not claiming responsibility for it?

Mr Chester—No.

Senator TROOD—I see. Perhaps these words from the speech will be familiar to you:

Australia therefore has no option other than to be fully globally and regionally engaged if we are to effectively prosecute our national interests.

It goes on to say:

... the challenges Australia faces will require us to be more internationally active, not less ...

And then, a little further on:

... this will require a new period of active, creative Australian middle-power diplomacy ...

You are familiar with those words?

Mr Chester—Yes.

Senator TROOD—They suggest activity, do they not?

Mr Chester—Yes, they do.

Senator TROOD—Perhaps they suggest an increasing range of activity for the portfolio into the future.

Mr Chester—Perhaps, or a change in emphasis.

Senator TROOD—I would say not so much a change in emphasis. I take those remarks from the Prime Minister at face value—which is to say that 'more internationally active, not less' seems to suggest an increasing tempo of diplomatic activity around the world. I have also looked very closely at your strategic directions statement in the portfolio outcome in the

PBS, which I think begins at page 15. It is a very helpful statement, I must say. I have looked through that very closely, and it seems to me that there are a wide range of new initiatives in that strategic directions statement which the government has set for the portfolio to undertake. Would you agree with that?

Mr Chester—Yes, that is right.

Senator TROOD—So you agree that there are a large number of activities which the department was previously not emphasising as part of its responsibilities?

Mr Chester—Yes, I said that earlier—the change of emphasis.

Senator TROOD—Would you also agree with me that it includes things like a renewed focus on multilateralism—

Mr Chester—Yes, that is correct.

Senator TROOD—a bid for a non-permanent seat on the United Nations Security Council—

Mr Chester—Yes.

Senator TROOD—stronger Australian representation at the United Nations—

Mr Chester—Correct.

Senator TROOD—in relation to the Human Rights Council, among other things; an increase in the coordination of the trilateral strategic dialogue; deepening economic and social integration with New Zealand; enhanced engagement with the Pacific states; the launch of the 2012 global agenda on climate change; a new relationship with Niue in relation to fishing; maintaining pressure on Japan with regard to whaling; and various prosecutions of free trade agreements. There is a long list, would you not agree, of initiatives that were not previously on the department's agenda and which are now on the agenda?

Mr Chester—That is correct.

Senator TROOD—Is it a reasonable proposition that these are going to demand departmental resources?

Mr Chester—Yes, they will demand departmental resources. As I said earlier, there is this new work agenda that we have, but there is also a need for the department to review what it has been doing over previous years to see where perhaps less resources can be applied. This is, in a sense, what the so-called root and branch review is all about. The government will define what it wants of the Department of Foreign Affairs and Trade. That will be the first element of the review—working out what it is that the government wants us to do in a foreign and trade policy sense. The second phase is asking, 'What is the appropriate resourcing that will be required to deliver that agenda?' As I said, we see this as an opportunity to clearly align resourcing with the requirements that the government sets for the department.

Senator TROOD—I wanted to ask some questions about the review in a moment, but perhaps I can just concentrate on this proposition that I am putting to you, which is that there are a large number of new responsibilities which the government is expecting of the department. Are there any activities or responsibilities on the previous agenda which the government is taking away from the department? Have you been told, for example, 'There are

things which you were doing which we no longer wish you to do,' which might offset the increasing demand on you for resources?

Mr Chester—We are still in the process of defining those areas.

Senator TROOD—But at the moment there is not a list of things about which the government has said, 'We don't want you to do these any longer'?

Mr Chester—No, there is no list of that nature.

Senator TROOD—So you are doing all that you did previously, in its various manifest ways around the world, and you have now a very long list of new issues to contend with?

Mr Chester—We are prioritising—applying the resources that we believe should be applied to particular priorities. We may well be applying less resources to things of a lesser priority.

Senator TROOD—I think you were prioritising last time we spoke.

Mr Chester—We have been prioritising for decades.

Senator TROOD—As I suspect a department should do. I just wonder whether or not you can prioritise to such a point that you run out of the resources you need to actually undertake the responsibilities which have been given to you by government.

Mr Chester—We are not at that stage. It is true we are busy. We have a busy agenda at the moment. But, as I said, there will be work done to identify the key priorities that we should be focusing on and the root and branch review will, we have no doubt, assist the department to clearly understand what is expected of us.

Senator TROOD—One hopes that might be the case. As I say, I will get to that in a moment. The situation in the department in relation to resources is fairly desperate, isn't it, just looking at these budget papers? Leave aside what the review might deliver and the possibility, which I acknowledge, that you will end up with fewer responsibilities and an increase in resources, which would bring it into a greater degree of symmetry than seems to be the case at the moment. At the moment, on page 49 of the portfolio budget statement, there are some forward estimates for the department in relation to revenues from government—the first line of the revenue. Over the period to 2011-12 that indicates a further decline in the department's resources from government; doesn't it?

Mr Chester—The forward estimates are—I was going to say fairly meaningless—not all that accurate. For example, there are a lot of so-called lapsing programs. Because they are lapsing, the funding is not included, but they are programs which will no doubt continue, and therefore there will be, fairly automatically, an appropriation to cover those programs. Terminating programs are included in there as well. So you are not really comparing apples with apples when you look at anything in relation to the forward estimates, and obviously the further out you get with the forward estimates the more misleading they are.

Senator TROOD—Are we not to believe the forward estimates, then, as being in any way indicative of the department's financial health?

Mr Chester—They are the starting point of what the revenue from government will be in those years, but, as I said, there are programs that we are undertaking at the moment which

are deemed to be lapsing programs and, because they are lapsing, the appropriation will not be included in the out years. Somebody may be able to give me a very good example of one of those.

Senator TROOD—On the other hand, they may not.

Mr Chester—I am sure they will. I should have thought of this one myself—if you look at the budget measures for this year, there is funding of I think \$39 million for Kabul. That is over two years, so it is around \$20 million a year. That is included in the 2009-10 estimates, but there is no funding for Kabul in the 2010-11 estimates. I do not want to pre-empt what the decision may be in 2010-11, but you would assume that if we have a diplomatic presence in Kabul in 2010-11 then that level of funding will be included. If you add that to the 2008-09, you have \$829 million, which is an \$8 million increase over the revenue from government this year. There are many other examples of where we have lapsing programs whose funding is not included in the forward estimates. So you need to treat these with some level of caution, particularly the further out they come.

Senator TROOD—What is anybody, not just an opposition, to do if they cannot look at these forward estimates and regard them as being indicative of the direction of the department's finances into the future?

Mr Chester—I think that is a question for the Department of Finance and Deregulation.

Senator TROOD—But these are your numbers.

Mr Chester—They are applied on the basis of rules set by another agency.

Senator TROOD—But presumably on information that your portfolio has provided to Finance or Treasury.

Mr Chester—The figures are not inaccurate; you need to read behind the figures to understand what they are. That is what is in the forward appropriations for the department, but there are lapsing programs that are—quite rightly—not included in that.

Senator TROOD—Allowing for that—but, looking at these figures, the department's revenues from government do not look good into the future. Can you agree with me at least in relation to that proposition?

Mr Chester—On the numbers, no, but that has been the case for the last decade. This is not something new. It is always the case with forward estimates that they are misleading, if you just take the figures, the further out you get.

Senator TROOD—That may be the case, but these look to me almost tragic for a foreign service, and for the expectations that the government has of the department into the future. If I look at that agenda that I read out a moment ago and see all that is now expected of you—a far more activist foreign policy, and something called 'creative middle-power diplomacy', which you are supposedly going to practice—then there is going to be Australia all over the place, in places where it has not been, beavering away, representing Australia's interests. Yet, as I look at these forward estimates, you are not only being provided with less funds, in real terms; these are not even adjusted for inflation. And if I actually adjust those for inflation, then you are worse off. These are not adjusted for inflation, are they?

Mr Chester—They include the inflation parameter in them; the various parameter adjustments are included in those figures.

Senator TROOD—I see. So these figures actually take account of Treasury's projections of inflation, do they?

Mr Chester—That is right.

Senator TROOD—I see.

Ms Thorpe—What happens under the budget process is: whatever you do, you always do a marginal adjustment. So when you get a parameter adjustment—say, for this financial year for inflation—you put it right across the forward estimates. And then next year if for some reason the inflation figure is higher or lower, then you would do the marginal difference again. So that is why it is always very difficult to see. But the inflation on what the basis of what the parameter adjustments are this year are actually across the forward estimates.

Senator TROOD—I see. Well, thank you, Ms Thorpe, because that is helpful. But it still does not leave the department in particularly good shape, does it? Even allowing that inflation has been taken into account, you are—

Mr Chester—I have explained the figures, Senator. You are not comparing apples with apples.

Senator TROOD—I look at the statistics that are in the budget papers and I read them. I am a simple fellow. I look at them and try to understand them as best I can, and what this tells me is that the Department of Foreign Affairs and Trade, going into the 2011-12 year, is going to have fewer resources to do more than it has at the moment. That seems to me to be a perfectly logical and rational and appropriate conclusion to be drawing from these forward estimates. Would you not agree with that?

Mr Chester—Senator, I do agree—

Senator TROOD—Okay; thank you.

Mr Chester—but that does not mean it is the correct conclusion.

Senator TROOD—So you are agreeing with my incorrect conclusion?

Mr Chester—If you look at these in a logical way then, yes, you could come to that conclusion.

Senator TROOD—Ah; well, thank you.

Mr Chester—What I am saying is that the conclusion you have come to is incorrect.

Senator FORSHAW—You said earlier: this is no different, or it has happened before for so many years. Could you just expand on that a bit and give us a bit of historical context about what has been happening over the last 10 or 12 years?

Mr Chester—If you have a look at the yellow booklet from five years ago you will find the same decrease.

Senator FORSHAW—We would, would we?

Mr Chester—You would, yes.

Senator Faulkner—For those of us who have had the misfortune to have to examine these portfolio budget statements for very many years, I can assure you that these sorts of patterns are contained in the portfolio budget statements. The main change appears to be the colour of the document, from yellow to orange-yellow.

Senator PAYNE—Although, Minister, I think it would be an accurate observation to say—and I will rely on the *Hansard* record to correct myself if I am wrong—that I am not aware that the committee has been told by a deputy secretary of the department before that the PBS is, effectively, misleading unless you go behind the document. I mean, we are limited in the material on which we can rely. I do not think we have been told that before, but I do stand to be corrected by the *Hansard*.

Senator Faulkner—I do recall that some committees may have. In 1996, there was questioning of officials at the equivalent budget estimates about the cuts to the Foreign Affairs and Trade portfolio of 11 per cent or \$56.9 million, from memory. In talking about issues of precedent, that is one that comes to mind.

Senator PAYNE—Happily, my insomnia is not yet that bad, Senator Faulkner.

Senator Faulkner—Unfortunately, mine is.

Senator PAYNE—There may be a message there for you.

Senator Faulkner—There may well be.

Senator PAYNE—In terms of the observations that Mr Chester has made in relation to answers to Senator Trood and the use of the PBS, I think it does leave the committee in a difficult position when we are trying to examine the material put before us for the purposes of the estimates. If there is something lacking in the PBS then perhaps the department can assist us further with better information.

Mr Chester—I did not say that it was inaccurate; I said that you need to look behind a lot of the figures. I think that has always been the case. I personally recall discussions in the last few years about elements of the yellow booklet and how it indicates a particular outcome, but when you go through and look at how that outcome is arrived at a slightly different story will merge. I think that is just the nature of documents like this. To try and put an explanation that provides the basis for all the figures in this booklet, you would end up with an encyclopaedia.

Senator PAYNE—Which we would be happy to work with, Mr Chester. But in the interests of transparency, which of course was one of the greatly lauded aspects of the new government's ascension, it would be helpful to the parliament, and to the public I am sure, who are of course riveted by these materials as well, if we were able to have the most accurate information possible.

Mr Chester—It is accurate and I have explained that. In relation to the revenues from government, one of the key reasons the figure goes down is that there are things called lapsing programs. Because it is a lapsing program, it would be wrong to put the funding in for a program that lapses. But there are some programs that you would imagine, and you cannot pre-empt decisions of government, may continue. There needs to be a formal process like in the example of Kabul where funding was provided two years ago. That lapses at the end of this financial year. There is funding provided for another two years for our presence in

Afghanistan, and that lapses in two years time and the government will make another decision. Because it is a lapsing program, it would be wrong to put an amount in the forward estimates for 2010-11 to cover that off.

Senator PAYNE—I do understand that but there are two aspects of the discussion that you have had with Senator Trood this morning: firstly, your comment in relation to priorities, which I would like to reread in the *Hansard* to make absolute sense of it; secondly, the observation about the nature of the PBSs and their value, which I think the committee might wish to examine further.

Senator FORSHAW—Would it be fair to say that, if you look again at the past portfolio budget statements, the actual figures of government revenue compared to what might have been in the forward estimates in previous years show some significant differences or differences generally through the years?

Mr Chester—Yes, that is correct.

Ms Thorpe—That would reflect the fact that government then made decisions to provide extra money for particular programs. That is what you cannot put in the forward estimates at the moment because the decisions have not been made.

Senator FORSHAW—Thank you.

Senator TROOD—I think the point I was making in all this, Mr Chester, was that, although I acknowledge that some programs lapse and perhaps some might be added, which you might not be aware of at the moment, what we do know at the moment is that the government has set a very ambitious foreign policy agenda.

Mr Chester—That is right.

Senator TROOD—On the basis of what we see in the PBS, that agenda is unlikely to be funded unless some serious—to use your words—‘reprioritisation takes place’. That is the point.

Senator Faulkner—But also I am sure you have heard Mr Chester’s evidence in relation to the review that is being conducted—I think jointly by DFAT and the department of finance; I think that is correct, yes—which is designed to ensure that departmental resources are in line with government priorities. I have just confirmed with Mr Chester that he himself is actually involved in that review.

Senator TROOD—Thank you, Minister. I was going to ask some questions about the review in a moment, but, since it has come up so often, let us dispose of it so we understand the details of it. This is the review that was announced in April, the one that is looking at outcomes, priorities and resources—is that right, Mr Chester?

Mr Chester—That is correct.

Senator TROOD—Has that started?

Mr Chester—Some work has been done. There are discussions between the two relevant ministers on the terms of reference. We would expect those to be finalised fairly soon, but, independent of that, officials of the department of finance and officials from the Department of Foreign Affairs and Trade are doing some preliminary work on the review, collecting

information, data, on various aspects of the department's work that will assist the formal review process once the terms of reference have been finalised.

Senator TROOD—So this is a review that was announced in April?

Mr Chester—That is right.

Senator TROOD—And, as yet, nothing has been done apart from some preliminary work.

Senator Faulkner—You heard the evidence, Senator. It was not that nothing had been done.

Senator TROOD—No, Minister, I said 'except preliminary work', which is what Mr Chester told us.

Senator Faulkner—Well, that preliminary work has been done.

Senator TROOD—I do not suggest that preliminary work is not important—

Senator Faulkner—Thank you.

Senator TROOD—but I just wanted to make it clear. I want to understand how far we have advanced in this process of review.

Mr Chester—The formal existence of the review focused very much on the budget outcomes, so really the formal tick off was linked very much to the May budget process. Yes, there was a foreshadowing of this review prior to the budget coming down, but the starting point is really one of early May rather than late April.

Senator TROOD—We are into June now, so we are underway then—is that right?

Mr Chester—That is right, yes. It is wrong to say there is nothing being done. There is work being done by the department. That work has been underway for at least six weeks. And there is work being undertaken by the department of finance, but, as you would imagine, they were quite busy with the budget process and would not have done much before budget night.

Senator TROOD—I accept that. With the department's limited resources, I suspect you have been quite stretched in trying to make progress on the matter. Just explain to me how this review is being undertaken. Have there been officers taken off line to head up the review, or has a committee been struck? Has someone from outside been brought in to provide the leadership on the review? Perhaps you can just explain to me the structure of it, please.

Mr Chester—This is still to be finalised and there are still communications between the two departments and ministers on this. So I would not want to go into too much detail until that is finalised. I think it is envisaged by both ministers and both departments that there will be a joint review team—Department of Foreign Affairs and Trade and Department of Finance and Deregulation. There will be an oversight committee that is co-chaired by both departments. Officers from both departments will work together to do those things I mentioned earlier. They will provide information that will define what it is that the department should be doing and what its priorities are. That is the first step. Secondly, they will look at the resourcing element.

On the resourcing element, you would imagine that there would be two key factors there. One is: what is it that we are spending our \$820 million on at the moment? Is that

appropriate? Are there savings? Once what it is we should be doing is defined, we can ask: what are the appropriate resources to do that? Is it less resources to do it? Is it more resources to do it? If it is more then how do you go about determining what those resources are and providing those resources? The work that is done by officials will be considered by a number of cabinet committees. NSC will have a role in it, as will the ERC process. It is planned to have this work finished by sometime around August or Septemberish.

Senator TROOD—August or Septemberish?

Mr Chester—Something like that. That is still to be finally determined, but that is what we would have in mind.

Senator TROOD—So an officer of your department will have primary carriage of the review for the department. Is that right?

Mr Chester—There will be a group of people from the department. A number of staff will be taken offline to be involved in this.

Senator TROOD—How many staff will that be?

Mr Chester—We have not finally determined that, but it will be a small number. Others will obviously have input into it. The department of finance will do something similar.

Senator TROOD—I presume the minister has to sign off on this review proposal. I know he announced it but I assume your minister will be required to sign off on the terms of reference and the parameters of the review.

Mr Chester—I think both ministers will, as I indicated earlier. That process is in train at the moment. The draft terms of reference have been drawn up—

Senator TROOD—Has a submission gone to the minister on the subject from the department?

Mr Chester—Yes, as I said, draft terms of reference have been provided and there is discussion between the two agencies and the two ministers on those draft terms of reference.

Senator TROOD—I am trying to clarify whether or not the department has sent a proposal to your minister with regard to the review, outlining whatever might be regarded as appropriate to be covered—terms of reference, persons involved, the time it might take, perhaps cost.

Mr Chester—Yes. It has been sent to both ministers.

Senator TROOD—Has the minister signed off on it?

Mr Chester—Yes.

Senator TROOD—So it has come back from the minister's office—

Mr Chester—As I said, it is now with the department of finance and those discussions are being undertaken between the two departments.

Senator TROOD—I see. Do you have any intimation of how long it is going to take for Finance to respond?

Mr Chester—Fairly soon, I believe. Perhaps even sooner if I was not sitting here.

Senator TROOD—So you are likely to be a key actor in this review?

Mr Chester—Yes, the proposal is that I will oversee the work in the department.

Senator TROOD—Once Finance gets back to you, you would expect things to start moving fairly quickly. Is that right?

Mr Chester—Well, move even more. As I said, there has been some work undertaken. Some department of finance officials have recently travelled to some of our posts to get a better understanding of how our posts operate. There is preliminary work being undertaken.

Senator TROOD—I see.

CHAIR—Will you be the co-chair of the review from DFAT?

Mr Chester—That is the proposal, yes.

Senator TROOD—Is it anticipated that the committee or primary officials will be visiting missions overseas extensively as part of the review, or will it be largely conducted here in Canberra?

Mr Chester—I think it will now largely be conducted here in Canberra. There will obviously be information sought and received from the overseas posts but, as I said, some officials from the department of finance who will be heavily involved in this review have recently visited a selection of our posts to get a better appreciation and understanding of the role and the work of posts.

Senator TROOD—What about the cost of this review? Has there been any discussion about who will bear the financial burden of it being undertaken?

Mr Chester—No, there has not, but we would envisage absorbing the costs from the department's point of view. I do not see those costs as being very large. Similarly, the department of finance will absorb their costs, I have no doubt.

Senator TROOD—Have you made an estimate of the cost of the review?

Mr Chester—No, I have not, because I believe the costs will be quite small.

Senator TROOD—Modest perhaps.

Mr Chester—Modest.

Senator TROOD—And sufficiently modest that they can be absorbed within the department's modest budget.

Mr Chester—Yes, we will be able to absorb them within our normal operations.

Senator TROOD—Mr Chester, you are a long-serving member of the department. Can you recall when a review of this type was last undertaken?

Mr Chester—Not of this nature, no. There have been other reviews. There was a review done in, I think, 2000-01 that was, I guess, a comparative resourcing review of the Australian foreign service compared to the foreign services of some other countries. There were other reviews done in the mid-nineties, particularly after the quite significant budget cuts in 1996, about how we managed with much less money. But I cannot recall a review of this nature.

There are others sitting behind me who no doubt have been in the department much longer than I have and who may recall something, but I do not.

Senator TROOD—On this matter, as on many matters, I am happy to rely upon your recollections and testimony. But you expect the review to be comprehensive in relation to all of the issues—resources, outcomes et cetera?

Mr Chester—As I said, the first key issue is focusing on defining the priorities—what it is that the government wants of the Department of Foreign Affairs and Trade. If we get that defined, then we work out what it is going to cost to do that and whether there is more or less money required to do that. That is the focus—defining what it is that the government wants of the department.

Senator TROOD—I see your hand in it, Mr Chester, in relation to priorities. Did you say you expect it to be completed in September?

Mr Chester—Around that time, yes—August, September, October, something like that.

Senator TROOD—Has a decision been made as yet as to whether or not the results of the review will be made public?

Mr Chester—No, no decision has been made.

Senator TROOD—Do you anticipate that it will be made public?

Mr Chester—It is hard to say. The document is being prepared to go into a cabinet process, so there may be elements of it that are made public, but I would imagine the entire document would not.

Senator TROOD—You have explained that this is largely an undertaking from Finance and DFAT and that a submission has gone to Finance. Will cabinet need to sign off on this? Perhaps it is a matter you can address, Minister. Will cabinet be required to sign off on this arrangement before any further work goes on?

Senator Faulkner—I think the timing Mr Chester is speaking of is—and Mr Chester will correct me if I am wrong—that it will be a significant input into the 2009-10 budget process. I will just check with officials whether my understanding is correct. That has been confirmed by officials.

Senator TROOD—Is there anything else about the review, Mr Chester, that perhaps you need to tell us?

Senator Faulkner—Senator, not even you can get away with a question like that.

Senator TROOD—I wanted to give the deputy secretary an opportunity to unburden himself, Minister.

Senator Faulkner—We are very happy to answer your focused questions, but perhaps we will let that one slide through to the keeper.

Senator TROOD—All right. Perhaps we can return to the main issue of the existing budget. When we met in February, you were in some difficulty explaining precisely where some of the efficiencies might be found in the department. I think in your evidence you said that you had ‘not made any final decisions yet’ on how you will operate within the

appropriation you have. You said that you would do that 'after the May budget'. We are, of course, after the May budget. I wonder whether or not you have now settled on where the efficiencies will be made more precisely.

Mr Chester—Yes, we have. I hope I did not give the impression that we were having difficulties identifying that. What I said was that we would wait until the budget to determine what savings we may need to make in 2008-09.

Senator TROOD—I think you were being prudent, Mr Chester.

Mr Chester—Yes.

Senator TROOD—As usual. Perhaps you can enlighten us on the decisions you have now made on that subject.

Mr Chester—You will recall from the additional estimates hearings that in January the department and the minister had announced \$57.25 million worth of cuts. That was as a result of meeting the election commitments that had been made to cut certain programs. Those savings measures, as I said, were announced in January and implementation took place over the next six months or so. As a result of the budget, there is an additional \$4.4 million worth of savings that the department is required to make this financial year. How we will meet that \$4.4 million worth of savings was announced I think around 14 or 15 May. An admin circular went out to all staff at that point. The January savings amounted to \$16.98 million that we were required to find in this coming financial year—the 2008-09 financial year—and then on top of that \$16.98 million we need to find another \$4.4 million in savings within the department.

Senator TROOD—Perhaps you can just remind me what that \$4.4 million will be.

Mr Chester—It will be the withdrawal of a small number of positions overseas—five positions; a reduction in total A based staffing of nine—so we will reduce our staff numbers in Canberra by nine; and we will apply an additional efficiency dividend of 0.95 per cent across the operating budgets of all work units.

Senator TROOD—So the five positions are in addition to the 20 that were announced earlier in the year, is that right?

Mr Chester—That is correct.

Senator TROOD—I assume you know where they are coming from.

Mr Chester—I do, but I cannot find them.

Senator TROOD—I am sure you have them.

Mr Chester—They are in Belgrade, Ho Chi Minh City, Kuala Lumpur, Phnom Penh and Port Louis.

Senator TROOD—I see.

Mr Chester—We are seeking to draw those positions around the end of the year—the end of December.

Senator TROOD—In relation to the 20 positions that were announced in January, we asked at the February estimates for you to provide us with the levels of those withdrawals and

the functions of the persons involved. I would be grateful if you would provide the information to us in relation to these five posts, please.

Mr Chester—I can do that now, if you like.

Senator TROOD—That is fine.

Mr Chester—There are only five. The position in Belgrade is a third secretary position. It does political reporting. The position in Ho Chi Minh City is a third secretary position. It is essentially a corporate position. The position in Kuala Lumpur is a first secretary position. It does predominantly political reporting. The position in Phnom Penh is a third secretary position. It is, again, predominantly a corporate position. And the position in Port Louis is a third secretary position—a so-called ‘mixed duties’ position, which means it does some political reporting and some corporate work.

Senator TROOD—All of those officers will be home by the end of the year?

Mr Chester—That is correct.

Senator TROOD—I think you told us, in relation to the 20 positions, that most of those officers were to be returned to Australia by the end of the financial year—is that correct?

Mr Chester—That is correct.

Senator TROOD—Are you still on track for that to happen?

Mr Chester—Yes. All the arrangements that were made back in January on return dates are operating as planned.

Senator TROOD—I see. So they will be back in Canberra?

Mr Chester—You will recall that there were one or two that were going to stay beyond the end of June for schooling.

Senator TROOD—There were some personal considerations.

Mr Chester—That is still the case.

Senator TROOD—One of these new posts is from Belgrade, from Europe obviously.

Mr Chester—Yes.

Senator TROOD—Perhaps you can just explain this to me: one of the priorities that I mentioned earlier is for the government to better engage with Europe. That is right, is it not?

Mr Chester—That is correct.

Senator TROOD—Half of the previous announcements in relation to reduction in staff come out of Europe, and now you have told us another one is—so that is 11 posts out of Europe. They seem to be inconsistent propositions: that is to say, increasing one’s engagement with Europe at precisely the same time as you are actually withdrawing posts from Europe. In other words, you are reducing the resources that we have in Europe and we are reducing Australian based resources—we are reducing the professional staff from our foreign service that are actually deployed to Europe. Have I missed something here or are those propositions inconsistent with each other?

Mr Chester—Both statements you have made are correct. What we have done in trying to identify where we can make savings is to try and find savings that will have the least impact. The decision of the management of the department was that these five positions were the ones that would have the least impact on the operations of the department. It is true that if you take staff out of posts then the posts will produce less. We had this discussion last time. But we believe that these particular positions will have a lesser impact than, perhaps, some other positions that could have been looked at.

Senator TROOD—I confess that I am at a loss to understand this proposition. While simultaneously making the case that Australia should engage in its foreign policy with Europe, and NATO in particular, we withdraw professional staff from our posts there. On the face of it, that seems to me to be curious logic and inconsistent staffing arrangements.

Mr Chester—I think that it is worth pointing out that the DFAT presence in Europe is not the sum total of Australia's engagement with Europe. There are many other ways in which the government will engage with Europe. Other agencies will engage without having a presence there, ministers will engage through visits there or through welcoming visitors from Europe here. There are lots of ways that you meet the objective of greater engagement. It is not just the DFAT presence.

Senator TROOD—I accept that. I am sure—

Senator FORSHAW—It is all part of diplomacy, isn't it?

Senator TROOD—Well, Senator Forshaw, I would not go down that path if I were you. That is a very dangerous path.

Senator FORSHAW—That inquiry was for when you were in government.

Senator TROOD—Precisely. We have still yet to receive the government's response to that report, and looking at these figures, which I will get to in due course, the public diplomacy area is not well funded. If I were you, I would not pursue that particular line.

CHAIR—Perhaps you might continue with your questions, as they are of interest to us.

Senator TROOD—I will do that. Mr Chester, I acknowledge that point. I acknowledge that the Department of Immigration and Citizenship and the Department of Defence have attaches there. Indeed, I would very much hope that Australia's engagement with Europe was not only left to the stretched and meagre resources of the Department of Foreign Affairs and Trade. But it is the lead department in these areas, isn't it? It is responsible for staffing the missions and it is responsible for maintaining the, if you will, corporate Australian identity in Europe. Were that to collapse there would not be much left of Australia's engagement with Europe. It is absolutely central, isn't it? The department's engagement is central to Australia's position in Europe.

Mr Chester—As I said, it certainly contributes and plays a part.

Senator TROOD—Okay. You said nearly one per cent across all other units—is that correct?

Mr Chester—Yes. The efficiency dividend is 0.95 per cent of the administrative budgets of other units.

Senator TROOD—That includes things like travel.

Mr Chester—Yes. It will include a dividend across the entire administrative budget, so it will include divisional travel budgets and all elements—stationery, telephones and all of those kinds of things.

Senator TROOD—So posts would be required to do this, obviously.

Mr Chester—That is right—all posts.

Senator TROOD—All posts will be required to do it. We had an interesting discussion last time about travel and I think that you made the point that the kind of travel that was likely to be affected was short-term travel—you may have even used the term ‘discretionary travel’.

Mr Chester—Yes, short-term missions. That is right.

Senator TROOD—Yes. And is that still the case?

Mr Chester—That will be the case. We have quarantined from this 0.95 per cent efficiency dividend the so-called corporate, centrally managed travel, which is the travel money to get people to and from postings. That has not been reduced. But the more discretionary short-term mission travel budgets of work units, posts and divisions back in Canberra—that broad administrative budget—has been cut by 0.95 per cent. It does not have to fall on the travel side. It will be up to managers to determine how to manage their administrative budgets to meet the cuts.

Senator TROOD—So they could cut down on their stationery bill?

Mr Chester—Or a combination of the various elements.

Senator TROOD—They could choose to leave travel untouched.

Mr Chester—If they wish.

Senator TROOD—I see. The corporate travel, as you call it, is the moving of staff around, of course, which is an essential part of any foreign service. So the travel that is likely to be affected is the attendance of officers at conferences and bilateral meetings and things of that kind?

Mr Chester—Managers will need to prioritise, as they always have and always will. They will prioritise how they will spend their money and they will make decisions.

Senator TROOD—Perhaps you could help me, Mr Chester, with regard to the rules that apply to travel and the level of travel of officers, as to whether or not there is an expectation that they will all fly either business or economy class. Are there departmental guidelines with regard to that activity?

Mr Chester—Yes, there are guidelines. They are actually negotiated in the department’s collective agreement for international and domestic travel.

Senator TROOD—What are the guidelines with regard to officers travelling? Is it dependent on their classification level?

Mr Chester—International travel from Australia for short-term missions or to and from postings is at business class. There is some travel that relates to officers on posting travelling back to Australia on home leave. Home leave fares for staff to travel back to Australia is at

economy class. So there is some variation there. Travel within Australia for non senior executive staff is at economy class. For SES staff the entitlement is business class, but many choose to fly economy class, particularly on the east coast.

Senator TROOD—Do I take it that it would be normal for a head of mission to be flying business class on her or his duties?

Mr Chester—A head of mission travelling to and from a post would be business class—

Senator TROOD—Doing anything.

Mr Chester—It is up to the individual. Heads of mission, except those appointed to big countries, do not travel that much by air. In the US, for example, I am not sure how our head of mission or our staff in Washington travel, whether it is business class or economy class. I just don't know.

Senator TROOD—They have a discretion about that travel, presumably.

Mr Chester—SES officers have an entitlement to business class travel. For non-SES it is economy. But some of the SES officers will choose to fly economy to stretch their budget or to set an example. That is their personal wish.

Senator TROOD—Okay.

Mr Chester—Can I just come back to the discussion of Europe. I have just been given some figures on our representation around the world. Of our 543 positions overseas, 125—

Senator TROOD—I am sorry, they are the A based positions?

Mr Chester—They are the A based positions. One hundred and twenty-five of those are in Europe.

Senator TROOD—What percentage is that—more or less a fifth?

Mr Chester—I do not have the percentage, but it is the most highly represented region of the world. South-East Asia comes second with 115; then there is the Americas, 76; the Middle East, 45; North Asia, 66 and so on. We still have a large percentage of our staff, compared with other regions, hosted in Europe.

Senator TROOD—I am pleased to hear that. I am less pleased to hear it in the context that we are seeking to regenerate, re-engage or strengthen our relations with Europe. I would have thought that approximately 20 per cent is a good base to begin from, but if we were actually strengthening our relations with Europe then we might like to see an increase in that figure, not a decline, which is what we are seeing.

Mr Chester—I think that more important than the percentage is the number. I think 125 is a large number of diplomatic staff in one region of a world.

Senator TROOD—In a small foreign service, that is true. However, the point I have been consistently making is that this government is setting an expansive and creative, apparently, agenda. To me that suggests not fewer resources but more resources. That is the only point I was making and the same applies to Europe, which is one of the central tenets of this expansive, creative, middle-power diplomacy.

I would just like to turn to staff. As it happens, you just mentioned there are 543 A-based officers around the world. I think I will put this question on notice because I think you probably will not be able to answer it: how many A-based officers are there at our missions around the world? I think you said last time that there are 91 missions—is that correct?

Mr Chester—That is right—88 posts plus three offices: Nauru, Ramallah and Taipei that we manage.

Senator TROOD—At all of our posts, could you identify the number of Australia based officers at each post, the level at which they are posted and the functions that they have.

Mr Chester—Are you after just A-based?

Senator TROOD—Yes.

Mr Chester—Not just DFAT but other agencies?

Senator TROOD—I would like the A-based DFAT officers at those posts.

Mr Chester—I will take that on notice.

Senator TROOD—Yes, I do not expect you to provide that to me now. In relation to those posts, could you provide the number of locally engaged staff?

Mr Chester—At each post?

Senator TROOD—Yes, just the number. I do not need the details of the particular functions that they have.

Mr Chester—The DFAT locally engaged staff?

Senator TROOD—Yes. Is that an identifiable group of people?

Mr Chester—Yes.

Senator TROOD—On the matter of staff, I was disturbed to see a report in yesterday's *Sun-Herald*, which you may have seen—a reliable journal, of course!

Mr Chester—Michelle Grattan's article?

Senator TROOD—This has the by-line 'Kerry-Ann Walsh, political correspondent'. In its penultimate paragraph, it states, 'About 100 staff had left Foreign Affairs and the rapidly expanding Department of Prime Minister and Cabinet.' Is that an accurate report?

Mr Chester—No. I think it said 100 staff in the last three months.

Senator TROOD—Not in the newspaper I read, I must say. It says about 100 had left Foreign Affairs.

Mr Chester—Thousands have left Foreign Affairs since it was established. There needs to be a time line here.

Senator TROOD—I think that is a proposition with which I cannot disagree, Mr Chester. But I think the thrust of this article, if I may say so, and I am reading something into it, is that recently, perhaps since 24 November—but I do not even put that proposition—there has been a decline and perhaps even an unusual rate of departure from the Department of Foreign Affairs and Trade. Perhaps you can tell us, since November last year, since the election—

Senator Forshaw interjecting—

Senator TROOD—You might do that, Senator.

Senator FORSHAW—No, I will not.

Senator Faulkner—What we will do is try and give you some information. Mr Chester will see how we can go at answering that question.

Senator TROOD—Thank you. What I am interested in, obviously, is the accuracy of this report and whether there is anything in it. If there isn't, I am greatly reassured, but I would appreciate if you could provide us with any information about departures from the department since the election.

Senator Faulkner—I did not actually see the newspaper article to which you refer. Mr Chester will respond to your question.

Senator TROOD—Thank you.

Mr Chester—I certainly read the article as indicating that there had been something in the order of 100 in the last three months, which is not true. But it is true that there has been an increase in separations from the department over the last few months. Forty-four staff separated from the department in the March quarter—from January through to March—which is a little bit higher than normal.

Senator TROOD—How much higher would it be, Mr Chester?

Mr Chester—Normally, we would have around 25 to 30 departures per quarter. Between 100 and 120 ongoing staff separate from the department each year.

Senator TROOD—This is twice as many.

Mr Chester—No, it is not twice, but it is—

Senator TROOD—Let us not quibble. It is around about that figure.

Senator Faulkner—If you said approximately a 50 per cent increase on the figures that Mr Chester is providing, you would be right, but you have doubled that and made it twice as many. But that is fine; that is the way it works in these committees from time to time.

Senator FORSHAW—You should be a journalist, Russell!

Senator Faulkner—But be precise.

Senator TROOD—Thank you, Minister. So we have got 44—

Mr Chester—Yes, that is right.

Senator TROOD—in the last three months, in that January to March quarter.

Mr Chester—In that quarter, 44, yes, that is right—which is higher than normal. As I said, there are normally 25 to 30 per quarter, around 100 to 120 separations a year. Historically, that is what we operate on the basis of.

Senator FORSHAW—Do you mean normal for January to March or normal for quarter by quarter?

Mr Chester—It is usually spread fairly evenly, quarter by quarter.

Senator TROOD—Are there reasons given for these separations? Do you record the reasons for their separation?

Mr Chester—We do. The reasons why we have separation from the department, again, are fairly consistent over the years. Where we have seen the increase in the March quarter is in movement and promotion to other agencies. That has gone up—in fact, more than doubled—in the March quarter. In fact, it is nearly three times the number in the December quarter and the September quarter of this financial year and double most quarters of last financial year.

Senator TROOD—So how many of those 44 officers moved to other agencies?

Mr Chester—Nineteen staff moved on either promotion or transfer to other agencies.

Senator TROOD—Promotion out of the department?

Mr Chester—Promotion out or transfer out of the department to another APS agency—19 in the March quarter. It was six in the December quarter, six in the September quarter and 31 in total for all of last financial year. So that is where the increase is.

Senator TROOD—I see. Is there a favoured agency, a destination, to which they are going?

Mr Chester—I do not have that detail with me, but I am not aware that there is a favoured agency. There is quite a deal of movement within the Public Service at the moment, so this is quite understandable. I think you would also understand that DFAT staff are quite competitive in—

Senator TROOD—Well sought after, Mr Chester.

Mr Chester—They are, and there will be particular reasons why staff have chosen to go to another agency rather than stay in DFAT. DFAT staff have always been highly sought after. In the past, more have decided to stay in the department rather than move to other agencies.

Senator TROOD—I see that. What are the other explanations for departure apart from moving to other agencies?

Mr Chester—You mean like death and—

Senator TROOD—Retirement, perhaps; death; misadventure of some kind that I—

Mr Chester—There were seven retirements, 15 resignations, no dismissals and no deaths in that quarter, I am happy to report.

Senator TROOD—That is encouraging. How many resignations?

Mr Chester—Fifteen in total, which, again, is about normal. We run at between 50 and 60 a year, so 15 in a quarter is about on par. As I said, it is the movements to other agencies that the increase has come from.

Senator TROOD—I see. Is there any suggestion that any of these resignations might be related to the extraordinary work ethic that apparently is being generated within the Public Service as a result of the activism of the Prime Minister's government?

Mr Chester—As I said, the resignation numbers have remained consistent for most of the last 10 years or so. There is no change in them.

Senator TROOD—I assume you record the level at which these officers held their position at retirement?

Mr Chester—I have some data on that. I certainly have the figures in relation to whether they were Senior Executive Service officers or non Senior Executive Service officers.

Senator TROOD—Of the 44, how many are from the SES?

Mr Chester—Five, and 39 non SES. One of those SES officers was a retirement, one was a resignation and three were movements or promotions to other agencies.

Senator TROOD—I see. Is there any trend here that relates to the period of service within the department at all? In other words, whether these officers might be in the SES or are not, is there any indication that people are leaving the department after a long or a particularly short career at all?

Mr Chester—No, I do not think so. If we are talking about the 19 who have moved to other agencies, I do not think I can say that there is a trend. But, historically, a significant proportion of the movement out of the department is staff who do their first year or two in the department in Canberra and go on their first posting for three years. It is at that point that we do see a pattern of moving on from the department—either resignation or going to another agency. That is for a number of reasons. They may find that this is not necessarily the work that they want to do. There may be personal or family reasons, and that is becoming more of an issue that we need to deal with. The two-career family unit is impacted by overseas postings. There is a drain there and a challenge for staff and their families. Schooling for children becomes an issue. There are particular phases of the schooling cycle when staff do not want to take their children overseas because it may disadvantage them. For that reason, they may look at promotion elsewhere in the department so that they still move up. More and more agencies have positions overseas, so there is still the possibility for overseas service by going to other agencies. There are a variety of reasons. I do not think there is anything I can point at specifically in the last three months.

Senator TROOD—You have provided me with the information I have requested, but I might ask you to take on notice the detail of this—that is to say, perhaps you could provide me with the details of the 44 officers, the positions which they held at the time of their departure and the explanations of their departure, just for completeness. I think you have provided me with most of what I wanted, but if I could have those full statistics I would be grateful.

Mr Chester—Certainly. To the extent we can, we will provide that.

Senator TROOD—That is fine.

Senator NETTLE—I want to start with asking some questions in relation to the rendition of Mamdouh Habib and particularly in relation to an answer provided by the Attorney-General's Department the week before last which referred to a meeting on 23 October in Canberra with senior officials from a number of departments, including the Department of Foreign Affairs and Trade. Who represented the Department of Foreign Affairs and Trade at that meeting?

Mr Chester—While the officers are getting organised, let me start. My understanding is that this discussion took place at a so-called pull-aside meeting following a scheduled meeting. We do not know who was there from DFAT, I am reluctant to say. We have no record of it. We do not deny there was a DFAT person there, but we have not been able to find out who it was that was at that meeting.

Senator NETTLE—As I understand it, it was a pull-aside after another meeting—

Mr Chester—That is right.

Senator NETTLE—which was a meeting about the government's review of and response to a range of issues following September 11. I would have thought that would have been a meeting for which there would be minutes. Do you know who was at that original meeting, if not the pull-aside?

Mr Chester—No, we do not. It is not clear from our records who was at that meeting.

Senator NETTLE—How could that be?

Mr Chester—It depends very much on the nature of the main meeting itself and what DFAT's role was in that meeting. As I said, we have not been able to determine who was at that meeting and therefore at the pull-aside.

Senator NETTLE—Does that mean you have no record of either of those two meetings occurring on that day?

Mr Chester—No record that we have been able to lay our hands on—that is correct.

Senator NETTLE—Are you continuing to look to see if you do know who was at that meeting?

Mr Chester—Let me ask down the other end. Are we continuing to look?

Ms Rawson—As Mr Chester has said, we have looked at our written records and not been able to find any record of the meeting on 23 October or of the subsequent discussion. That is our record. There has, I understand, in Senate estimates hearings last week, been reference to the document of another agency which referred to the discussions. We do have that particular document, but in terms of departmental records, we have no record of it. I have spoken to a small number of officers who, because of the positions they occupied at that time, might have been at that meeting. The question arose, but no-one to whom I have spoken has any recollection of being at that meeting or the subsequent discussion.

Senator NETTLE—The document referred to you, I presume, is the ASIO security intelligence report from that meeting.

Ms Rawson—Yes.

Senator NETTLE—Do you have a record of who in the department of foreign affairs that document was circulated to?

Ms Rawson—That document, as you have noted, is an ASIO document. I note that, in his answer to the legal and constitutional committee on 26 May, the Director-General of ASIO said that the document was distributed to an appropriate range of people in Australia, but he was not prepared to put on the record either its contents or its distribution. In those

circumstances, I would be reluctant to do that, and indeed cannot recall the detail of the distribution.

What I might say, consistent with answers that were given to the other committee last week, is that it would have been distributed to appropriate people dealing with security issues in the office of the Minister for Foreign Affairs and appropriate senior officials in the department who would have had the necessary clearances for such a document.

Senator NETTLE—Last week the Commissioner of the Australian Federal Police indicated that he had received that document. The Secretary of the Attorney-General's Department also indicated that he had received that document and that that document had also been circulated to the security adviser within the Prime Minister's office. So last week there were three people who indicated that they had received that document. Obviously, ASIO had that document as well. In light of those three departments being able to outline who received the document, I ask you again whether you are able to outline who from the Department of Foreign Affairs and Trade received that document.

Ms Rawson—I am sorry, Senator. As I said, in terms of the foreign minister's office it would have been distributed to the appropriate adviser in the minister's office who dealt with security issues and who would have had the necessary security clearances to have access to such a document. In the department it would have been appropriate senior officials. I cannot recall whether it included the head of the department but I would assume that it would be the head of the department at that time. But, again, going back to the comments of the Director-General of ASIO, that is as far as I think I would go, given that it is another agency's document.

Senator NETTLE—Would such a document have been provided to the foreign affairs minister?

Ms Rawson—I am not in a position to say whether it went to the foreign minister himself or not.

Senator NETTLE—Do you have any record of whether the Department of Foreign Affairs and Trade was involved in any follow-up action as a result of the pull-aside meeting that happened on 23 October?

Ms Rawson—There is no record of action taken by the department subsequent to that document. We were aware, though—and, again, it was put on the record last week—of the actions that were taken by ASIO with regard to advising United States authorities of the government's position.

Senator NETTLE—Given that this was a meeting about an Australian citizen, and the discussion was about him being rendered or sent to Egypt where he faced torture, why would it be that the department of foreign affairs would not be involved in any follow-up action about an Australian citizen overseas in this circumstance?

Ms Rawson—I cannot speculate on even whether there were any discussions at the time on that. But I can say that the Australian government's position had been conveyed by a senior official of the Australian government to a range of United States agencies at a senior level.

Senator NETTLE—I am sorry, are you referring there to the then director of ASIO—

Ms Rawson—Yes.

Senator NETTLE—On the following day, 24 October, ASIO has indicated previously in Senate estimates that they had a meeting with Mamdouh Habib at that time, at which they were, on behalf of the department of foreign affairs, assisting with consular matters.

Mr Baxter—Yes, we do have a record of that. Our consul in Islamabad at the time asked a law enforcement official who was granted access to visit Mr Habib for non-consular purposes on 24 October to hand over to Mr Habib a standard letter that we provide to Australians who may need consular services.

CHAIR—Thank you, Mr Baxter. We will return to this discussion after morning tea.

Proceedings suspended from 10.30 am to 10.47 am

CHAIR—We will resume our examination of the portfolio documents in budget estimates and return to Senator Nettle to continue her question.

Senator NETTLE—Is it unusual that there is no record of the meeting of 23 October?

Mr Chester—I would not describe it as unusual. It really depends on the circumstances and, as I said earlier, what our role in that meeting was. I can imagine a number of scenarios where an officer would not recall a particular meeting that may have taken place. I think that is where this one probably falls. There were a number of meetings that this officer would have been going to and they just do not recall this particular meeting.

Senator NETTLE—I am asking about two meetings. Is it unusual that there is no record of either of those two meetings—the one about government response to September 11 or the rendition of an Australian citizen?

Mr Chester—No. I think it is unfortunate that we cannot identify who was there but it does not overly surprise me that that may be the case.

Senator NETTLE—Do you think it is acceptable that there is no record of that?

Mr Chester—Probably not acceptable, but I would not want to be too harsh. Again, it depends on the circumstances—what our role was, why we were there and those kinds of things—and how important the meeting was from a departmental point of view as to whether there should have been a record of that meeting.

Senator NETTLE—Minister, can I ask you whether you think it is acceptable that there is no record of that meeting?

Senator Faulkner—I think departmental records of course are important. As I am sure you and other committee members would be aware, ministers representing at these estimates committees very often receive briefing from agencies before these committee hearings take place. In this case I certainly received such a briefing last week. I indicated to Mr Chester, who was present, that I thought it was very likely that you would ask these questions. I hope you do not mind the fact that maybe this was a little predictable, which is absolutely fair enough. I asked similar questions of Mr Chester myself. I am satisfied of the accuracy of Mr Chester's response and the fact that the department has checked its records, or the records it does have, thoroughly in providing you with the answer that it has. I can assure you that I

asked some similar questions and was assured—and assured myself—that the evidence that you have been provided with is accurate, albeit evidence that indicates that the level of detail that you require is not able to be provided.

Senator NETTLE—Is it possible that there were records of this meeting that now no longer exist?

Senator Faulkner—I would have to ask officials if that were a possibility. I will ask if officials can assist Senator Nettle in regard to that.

Mr Chester—I do not think so. I think it would be unusual, if formal records did exist, that they would no longer exist. I do not think that is feasible.

Senator NETTLE—What do you think the reason would be that there are no records?

Mr Chester—As I said earlier, I think it probably relates to the nature of the meeting.

Senator NETTLE—Could you expand—

Mr Chester—It probably relates to the nature of the meeting and revolves around DFAT's role in the meeting and in the subsequent discussions and what may have come out of the meeting and the subsequent discussion. The relative importance at that particular time for the department would be a reason why there may not have been a formal record kept.

Senator NETTLE—The meeting was about an Australian citizen being held overseas. Surely DFAT would have a central role in that.

Mr Chester—That was the discussion, rather than the meeting. But I was not there. I just do not know the nature of that discussion.

Senator NETTLE—Is it correct that there is no record of DFAT taking any action as a result of the decisions at that meeting?

Mr Chester—I think Ms Rawson responded to that question earlier—from testimony that was given last week at estimates—that action was taken as a result of that discussion and views were transmitted to the US government.

Senator NETTLE—By the Director-General of ASIO?

Mr Chester—That is right.

Senator NETTLE—Is it unusual for DFAT to use ASIO as the conduit to another country to convey information about the treatment of an Australian citizen overseas?

Mr Chester—My understanding in this particular case is that that was the line of communication. Others may want to add to that.

Ms Rawson—I would only add that at that time we had a very strong focus on getting consular access to Mr Habib. We did not have access to him, so there was no direct contact with him on that. As Mr Chester has said, the communication was in the security channel at that time, so that was how it was conveyed to the United States.

Senator NETTLE—I was not so much thinking about the consular access, which is another issue we have talked about before. The Attorney-General's Department said of the meeting on 23 October that the government could not agree to the rendition of Mamdouh Habib to Egypt. That is where I would have thought the Department of Foreign Affairs and

Trade would have had a role. Is it unusual for ASIO to communication that kind of decision about how an Australian citizen should be treated overseas rather than the Department of Foreign Affairs and Trade?

Ms Rawson—Yes. I think in the normal course of events it would be correct to say that DFAT would in many circumstances be the channel. In this particular case, the government's position was conveyed at a senior level on behalf of the Australian government as such. While I cannot speculate on what happened at the discussions at the time, it seems that it was considered that the position of the government had been conveyed clearly to the US government.

Senator NETTLE—Did the US ambassador at the time convey any position to the US government about the Australian government's position on this?

Ms Rawson—Do you mean the Ambassador of the United States or the Australian Ambassador to the United States?

Senator NETTLE—The Australian Ambassador to the United States.

Ms Rawson—I am not aware of any record of him conveying that position.

Senator NETTLE—Can you think of another instance where Foreign Affairs did not act in relation to a meeting about the rendition of an Australian citizen to another country? Is there another circumstance apart from this?

Mr Chester—I do not necessarily agree with the proposition that we did not act. As others have said earlier, we were seeking access to Mr Habib at that time and continued to seek access for many months after that time. I am not sure how to answer the question given that. Action was taken as a result of that discussion. A view was transmitted to the US government.

Senator NETTLE—Minister, can you give an indication about how the current government would respond to such a situation?

Senator Faulkner—I answered your question in, I think, fairly stark terms in relation to the current government's approach to rendition at Prime Minister and Cabinet estimates, as you are aware. I have nothing to add to that. I think that answer speaks for itself. On the other matter that you raised in your questioning, obviously the effluxion of time should not affect the record in relation here. Even though the incidents that you are referring to occurred in 2001, there ought be no suggestion that, whatever the record might be of those events, that it ought still be in existence.

Senator NETTLE—Has the position about how such a matter should be dealt with changed with the new government?

Senator Faulkner—As I am the minister representing at the table, I am not aware whether there have been any process changes. But I really need to seek some advice from officials on that. I will ask Mr Baxter to respond to that.

Mr Baxter—In all cases where the government become aware that an Australian has been detained overseas by a foreign government, we seek as quickly as possible to gain consular access to that Australian citizen, just as we did in the case of Mr Habib several years ago and

we would do in any future cases. The government takes its consular responsibilities very seriously. We pursue access assiduously as part of that.

Senator NETTLE—I ask more specifically about the issue of rendition. I accept what you are saying on consular matters, but there is discussion about Mr Habib being rendered in this case to Egypt. Is there any change in policy or in the way in which the government operates to indicate that, were the same thing to happen again, it would be treated differently?

Mr Baxter—As the minister has indicated, the government does not support extraordinary rendition. Our consular functions are governed by international agreements. While we try to assist to the greatest extent possible, there are, on occasions, legal and practical limits as to what we can do.

Senator NETTLE—I asked the Attorney-General's Department why they did not pursue any legal action in this matter, but do you have anything further to add about why a decision was made not to pursue legal action? Presumably the rendering of Mamdouh Habib was considered by Australia to be illegal.

Mr Baxter—Consistent with government policy, we would make strong representations to any government concerned to gain consular access to any Australian detained overseas, as we did in Mr Habib's case, and we would make it clear that the government does not support extraordinary rendition.

Senator NETTLE—So far all I have been able to determine from asking four—perhaps five—different departments is that the only person that made any communication about Mamdouh Habib's rendition to Egypt was the Director-General of ASIO. Do you have any evidence to offer to suggest that the case is different?

Mr Chester—My understanding was that that was done on behalf of the government and therefore on behalf of the other agencies involved as well.

Senator NETTLE—Ms Rawson, you indicated you had asked various people who were in different positions at the time if they knew who represented the department of foreign affairs at the meeting on 23 October.

Ms Rawson—Yes.

Senator NETTLE—Have you asked Denis Richardson, who is now the Ambassador to the United States? He, of course, was at that meeting on 23 October. Has he been asked about who represented the Department of Foreign Affairs and Trade at that meeting?

Ms Rawson—No, Senator. I personally certainly have not done that. I have not asked him.

Senator NETTLE—Could I ask you to do that?

Ms Rawson—Certainly.

Senator NETTLE—That is probably all the questions I have right now.

Senator MILNE—I want to ask, in relation to staffing policy for DFAT: what is the policy about secondment of staff to industry?

Mr Chester—Secondment of staff?

Senator MILNE—Does DFAT allow its staff to be seconded to private industry for any period of time?

Mr Chester—No, Senator.

Senator MILNE—I see.

Mr Chester—I cannot recall an instance of secondment to industry in the last 10 years.

Senator MILNE—So it is fair to say that the policy is not to do so?

Mr Chester—I am not sure it is a policy.

Senator MILNE—Well, the practice—

Mr Chester—Our practice in general would be not to do that.

Senator MILNE—And at the moment you therefore do not have any DFAT officers seconded to industry.

Mr Chester—That is correct.

Senator MILNE—Can you tell me whether Brendan Augustine was a DFAT employee when he was seconded to work for Woodside in Mauritania from 2005-06?

Mr Chester—Yes, that particular officer was an officer of the department at that time and, no, he was not seconded to Woodside. He went on leave without pay from the department to take up a position with Woodside.

Senator MILNE—And then when that position finished he came back to the department?

Mr Chester—When the period of leave without pay that he was granted expired he came back to the department.

Senator MILNE—If the policy is not one of secondment, is it a policy of DFAT to allow its officers to take leave without pay, or leave of whatever kind, in order to work for private industry and to then come back to the department? Is that a practice that regularly occurs?

Mr Chester—It is a practice that is agreed to on a case-by-case basis. There will be occasions where staff are granted leave without pay from the department to take up employment with private sector organisations, tertiary organisations, NGOs or whatever. It is a practice that will occur more often with staff who are already on leave without pay. For example, an officer accompanying a partner on a posting will be on leave without pay and will come to the department and ask if they can take up employment with a tertiary or private sector organisation. That happens more often than staff in Canberra coming and asking if they can take leave without pay to go and work for a particular organisation. But it is not unusual; it does happen.

Senator MILNE—How many Canberra based staff do you currently have on leave without pay working for industry?

Mr Chester—I will have to take that on notice. There may be none on this particular date but I will need to check that.

Senator MILNE—None at the moment?

Mr Chester—I will need to take it on notice, but I suspect the answer is very close to zero at this particular point in time.

Senator MILNE—I would ask that you also take on notice, if you could, how many staff in, say, the last three years have worked for private industry whilst on leave from the department.

Mr Chester—Do you want to limit that to Canberra based staff? As I said, there are quite a number of staff overseas.

Senator MILNE—It is not the partners of people who are posted overseas that I am concerned about. It is employees in Canberra taking leave to go and work for the private sector and then coming back to the department that I am interested in.

Mr Chester—I am not sure of the distinction but we will do it that way.

Senator MILNE—Thank you. When Mr Augustine was in Mauritania working for Woodside, did he maintain an email address with DFAT and did he send DFAT any information about what Woodside was doing or what was going on in Mauritania at all?

Mr Chester—No, although I believe he did on occasion talk to staff at the embassy in Paris, which has responsibility for Mauritania, as would be the norm. A lot of Australian companies that work in that part of Africa will have liaison with our embassy in Paris as the need arises.

Senator MILNE—How can the public be confident about there being no conflict of interest—

Mr Chester—In what sense?

Senator MILNE—In the sense that an employee of DFAT would maintain access at a level higher than other citizens, I would have thought, by virtue of their experience and knowledge of the department when they go off to work for the private sector and then come back to DFAT.

Mr Chester—I do not think there is any evidence of that. He was an employee of Woodside. Employees of many companies working in Africa talk to our embassy in Paris. I do not believe that the access that this officer had was any different from what staff from other companies have.

Senator MILNE—Okay. Can you tell me whether, in the course of that interaction with the embassy in Paris, DFAT was aware at any time of the nature of the amendments to offshore oil production and gas et cetera agreements between Woodside and the displaced government? Would they have had awareness of that?

Mr Chester—That I do not know. Leaving aside the small amount of interaction that the official may have had with the embassy on behalf of Woodside, it may be that the Paris embassy, which looks after Mauritania, was aware through their own discussion with the government and others in Mauritania what was going on in relation to that legislation.

Senator MILNE—Will you take that on notice and just check if the embassy in Paris was aware of the nature of the amendments to the four offshore production sharing agreements between Woodside and the displaced Mauritanian government?

Mr Chester—Yes, we will.

Senator MILNE—Thank you. When did Mr Augustine come back to the employment of DFAT?

Mr Chester—He returned to the department on 26 March 2007.

Senator MILNE—What was his role then and what is his current role in the department?

Mr Chester—I think he was in one of the trade divisions. Mr Augustine resigned from the department on 9 November 2007.

Senator MILNE—Sorry, when did you say he came back?

Mr Chester—In March 2007. He resigned from the department in November 2007. As I said, he worked in the trade division but he also, I am reminded, spent a short period of time working on African issues in the department.

Senator MILNE—Do you know where he went after he left the department?

Mr Chester—He went to the private sector, I understand. But I am only speculating. I believe it was a private company.

Senator MILNE—Did he go to Woodside?

Mr Chester—My understanding is that he did not when he first left the department. I have no idea where he is working at the moment. He left to go to a private company that was not Woodside. I think that that is all that the department officially knows.

Senator MILNE—Okay. That is where I come to the conflict of interest and the public interest issue here. If somebody who works in DFAT, takes leave, goes to work for a private sector company, comes back to the department and has some oversight of African issues, for example, isn't there a high risk to the public that in returning to the department and then going off again to the private sector—whether it is that one company or a company sector, like oil or gas generally—that the manner in which the officer conducts the business, oversight and interest in Africa will be prejudiced towards the interests of business as opposed, necessarily, to the public interest?

Mr Chester—I do not think so. I think that that is a pretty bold statement. We have a very good record within the department of staff knowing where the line is drawn in relation to conflicts of interest. I would be very confident in the area of the professionalism of the staff in the department. I do not rule out that there is a risk, but equally I think the professionalism of the staff would not cause anyone to lose too much sleep about such a conflict actually arising.

Senator MILNE—Can you tell me if Mr Augustine, when he was working for Woodside, had any role brokering the \$100 million payment to the Mauritanian government?

Mr Chester—I do not know what he was doing day-to-day, and I do not know the accuracy of the statement that you have just made.

Senator MILNE—Okay, can I put on notice for the embassy in Paris as to whether they are aware of any role that he may have had?

Mr Chester—You can put it on notice, but I can tell you now that there is not an answer. The embassy would not know that. We would not know that.

Senator MILNE—You just said a minute ago that he had contact with the embassy in Paris whilst working for Woodside in Mauritania. There were a lot of agreements brokered at that time and, if he was in contact with the embassy then, they may know. So I am asking if you will put it on notice: did they know whether he had any role in brokering that deal?

Mr Chester—We will take it on notice.

Senator MILNE—Finally, can you tell me whether any DFAT officials, either current or former, were interviewed by the Federal Police with regard to the investigation into Woodside in Mauritania?

Mr Chester—You would need to take that up with the Federal Police. I am not aware of—

Senator MILNE—You are not aware of any DFAT employees being interviewed?

Mr Chester—That is something you will need to take up with the AFP.

Senator MILNE—So are you saying you are not aware?

Mr Chester—No; I am saying it is a matter you should take up with the AFP, because I do not think it is appropriate for us to be answering questions in relation to what the AFP may or may not have done.

Senator MILNE—But I am asking about what DFAT is doing. I am just asking: were any employees of DFAT, current or former, interviewed in relation to that inquiry?

Senator Faulkner—Regardless, that would go to operational matters in the Australian Federal Police. It would not be appropriate, I think, under any circumstances, for those sorts of questions to be answered on that basis. There has been a longstanding acceptance that that is the case. It is reasonable for you to ask questions of the Australian Federal Police, but I think it would be extremely unlikely that answers would be provided to questions on operational matters such as who may or may not have been interviewed. It certainly should not be through this committee, but I would anyway suggest that the longstanding precedent in relation to those sorts of questions is that they are rarely asked and even more rarely answered.

Senator FIFIELD—Mr Chester, I would like to seek your thoughts on the concept of creative middle power diplomacy and its role in our foreign policy. I know that middle-powerism is not a new concept and that Australian foreign ministers, through Dr Evatt and Mr Evans, have embraced variants of it. Mr Rudd outlined his version or application of the concept in a speech on 26 March, which outlined things such as our continued partnership with the US, our involvement in APEC, the ASEAN Regional Forum and our involvement with UN bodies, which to me seemed to be essentially a checklist of things that we were already doing, bodies that we were already engaged with and nations that we were already in partnership with.

I was just seeking your assistance on what actually is the practical out-working of the concept of creative middle power diplomacy and what differences there are and will be in response to the Prime Minister's embrace of that concept. That is firstly. Secondly, what does the word 'creative' actually add to the concept in the Australian context?

Mr Chester—Let me try and assist you. The wording itself is fairly simple. I should say that some of the practical elements of this will emerge as a result of the outcome of the root-and-branch review. More generally, what we are talking about is a more activist role in working multilaterally through the UN and through coalitions, not just focusing on the concept of Australia's national interest but looking more broadly at what is the appropriate outcome that Australia and Australians are looking for in areas of foreign policy. What does the word 'creative' add? I think it gives a notion of smartness about what you are doing, what coalitions you will develop and what role you will play in the multilateral system, and, I guess, regionally as well.

Senator FIFIELD—Activist foreign policy: that means 'busier'? I guess we assume public servants in foreign affairs will be working longer and harder for one thing. Busier—what particular tasks? I am just having difficulty getting a concrete example of a body which Australia will take a new or different involvement in—a multilateral body, or a partnership which will have a new dimension added to it.

Mr Chester—There are probably a couple of areas that I will mention. One that Senator Trood mentioned earlier in relation to the United Nations and the seeking of a non-permanent seat on the Security Council. That, and Australia's engagement with the United Nations will see a change of emphasis, a change of focus, with more attention being paid to that. The partnership arrangements in the Pacific, again, are an area of greater activism by the government and hence by the department.

Senator FIFIELD—I am hearing the same sorts of words: 'attention', 'focus', 'emphasis', and you have given me one concrete example.

Mr Chester—Two, if you count the Pacific as well.

Senator FIFIELD—Two examples: seeking the seat on the UN Security Council and the Pacific. But can you give me any more specific examples? Even with the example of the Pacific, again you are saying, 'more attention' and 'more focus'. I am really seeking to get a handle on what it means. It is a terrific phrase, and I think it probably gets a lot of head nods when people hear the concept of creative middle-power diplomacy. It is a concept which the Prime Minister has declared in his speech on 26 March. Is it something that the Prime Minister defines for the department on an issue-by-issue basis?

Mr Chester—If you take the entire agenda then, in a sense, it defines itself: increased focus on Europe, increased focus on India, greater engagement with Africa and so on. A lot of this is still work in progress—not everything can be done within the first week of the election. What we are seeing, from a departmental point of view, is that we are providing a large amount of advice to the minister on various options for the policy approach to particular issues, or particular bilateral relationships. This will emerge—elements are emerging, but it will not all emerge at once. We have seen, with the example of the Pacific, where a changed approach has emerged—and similarly with the UN Security Council.

Senator FIFIELD—So it would be fair to describe it as a disposition which is yet to work itself out—

Mr Chester—Fully.

Senator FIFIELD—in particular bodies or contexts. So it is something that we will have to watch, and wait, and see what it actually means in practice.

Mr Chester—Yes—I do not want it to be underplayed—it is emerging. The root and branch review will have some impact on it as the minister considers, and the government decides on, particular relationships and how to take those forward—they will emerge as well. It is not something that happens overnight.

Senator FIFIELD—I guess we will look to be a little further illuminated about the smartness element to the concept, but thank you.

Senator NETTLE—I wanted to ask what the department is doing in relation to climate refugees. The department of immigration indicated they were doing some research work on the displacement of people as a result of climate change. I wanted to ask whether there is any discussion internationally, particularly in a United Nations forum, around changing the refugee convention to include climate change refugees and whether the government is involved in that.

Mr Potts—The International Organisations and Legal Division includes the Environment Branch and it is certainly the case that we have taken an interest for a number of years in the whole question of climate change and what it means, particularly in countries that are prone to possible movements of people in relation to climate events. The Department of Climate Change that has now been set up of course has prime responsibility for working these through, and that includes international negotiations as a result of the machinery of government changes. We do keep an ongoing interest in the subject, and AusAID also does. My area also liaises with the Department of Immigration and Citizenship in relation to UNHCR questions, including the convention. I think it is fair to say that the government's position on the refugee convention is that at this stage there is no disposition to look at amendments to the convention to reflect movements of people. There is no large international push in that direction at this stage. As my colleagues from DIAC said, this is a matter they have under review, and certainly we will remain engaged with DIAC as it observes any international discussions on the convention.

Senator NETTLE—Is there an international discussion going on about changing the convention in that regard?

Mr Potts—No, it is not a live issue as far as we are concerned.

Senator TROOD—Mr Chester, I want to go back to a couple of issues that I touched on earlier, just to clean them up. The first was the report I referred to about the supposed 100 officers who had left the department, which you have given me an explanation about. I thought I ought to explore whether or not there are any or many officers of the department—which might explain something of the 100, rather than the 44—who are on extended leave from the department as a result of stress or other illnesses or something of that kind.

Mr Chester—I think the answer is no. The number of staff on extended leave for illness or things of that nature is fairly small and there has been no increase in the last little while.

Senator TROOD—So it is not a statistically significant figure.

Mr Chester—I do not know where that figure of 100 came from.

Senator TROOD—I think you have provided an explanation but I wondered whether or not there might have been a bit of creative counting here in relation to other possible reasons for staff not being at their posts. It did occur to me that extended leave for health reasons could possibly be a reason for that.

Mr Chester—We have a significant number of staff on leave without pay for various reasons—staff on maternity leave, staff on long service leave; that kind of thing. Again, there is no change in the pattern. The only change has been the number of staff for that quarter who have gone on to other departments. In the break, I was given some figures for this quarter, and it looks like it is settling back down to the normal patterns. We are two-thirds of the way through the quarter, and there have been 21 separations from the department—10 a month so that will be 30, which is back to the historical position. So it may well be that the first quarter of this calendar year is just an aberration as a result of greater opportunities in the Public Service and the positive image of DFAT employees as staff in demand.

Senator TROOD—Eminently employable.

Mr Chester—That is right.

Senator TROOD—Thank you for that. Perhaps when you are providing the answer that I asked for on notice, you might provide me with those statistics from the next quarter as well.

Mr Chester—We will do that.

Senator TROOD—I would be grateful for that as it will take us some way into the existing quarter, obviously. The other thing I want to clarify is in relation to the efficiencies you were finding, and I understood you to say that units and posts would make decisions about the areas in which they would find their 0.95 per cent.

Mr Chester—That is right.

Senator TROOD—I intended to ask you what impact you thought this might have on representational activity.

Mr Chester—It should not have any significant impact on representational activity. The representational allowance for heads of mission is set in a separate budget—I just need to check that. I am reminded that that will be cut by 0.95 per cent—the overall representational budget—as well. The 0.95 per cent will apply to all budgets, including representational budgets. Again, it is up to them how they decide to allocate the budgets that they have.

Senator TROOD—How do you communicate this to your staff? Do you send a directive which advises of the need to cut 0.95 per cent and then say, 'It's at your discretion as to where you cut it from,' or do you give specific guidelines as to where you expect it to come from? Is there any specificity about the areas the department wishes to be the focus of cuts?

Mr Chester—No. It will be up to the managers to determine how to manage the reduction just as they do every year in relation to the ongoing efficiency dividend. In this particular case, as I said, a circular went to all staff on the cuts so that is the notice of it. When they open up their financial management system, they will notice their budget has gone down 0.95 per cent. So the money is pulled out of their budget and, as they do each year, they will manage the resources they have for that year.

Senator TROOD—If a manager decides that they wish to cut back some representational activity, what kind of activity might they be reducing?

Mr Chester—I do not know; that is up to manager.

Senator TROOD—I do not mean specifically; I mean generically in the department's view as to representational activity. What kinds of things might our people overseas not be doing? If the manager made some decisions about cutting back on representation, what would you understand that to mean?

Mr Chester—We are talking about a very small amount. Let us say that their representation fund is \$10,000 and 0.95 per cent is \$95. Maybe they will serve cheaper ice cream at dinner. It will be marginal in the sense of the direct functions they perform. Maybe one less guest at a meal. I do not think actual events will be impacted.

Senator TROOD—This is essentially the interface between Australian representation overseas and people assigned to posts. Is that right? It is essentially the engagement between the two?

Mr Chester—It is engagement with government, the private sector, academia and so on. That is what it is for. It also covers specific events like the hosting of Australia Day or an Anzac Day where appropriate. It is to fund events to provide that level of interaction, influence and advocacy.

Senator TROOD—None of your officers has suggested as yet that they will not be holding an Australia Day, Anzac Day or any other function that is of importance to Australians?

Mr Chester—No, and nor will they make that decision. We are talking about 0.95 per cent. As I said, it is \$95 out of every \$10,000 of rep money. For some posts, the allocation of rep money is around that amount and for some it is perhaps even less.

Senator TROOD—Sadly, it all piles up though.

Mr Chester—That is true.

Senator TROOD—In relation to some answers you gave at additional estimates in February about the postponement to fill vacancies within the department, you said that there were 24 vacancies or that they were coming up. I understood you to say that you were postponing the filling of those vacancies until the new financial year.

Mr Chester—That is right.

Senator TROOD—And that you had yet to make any decisions as to which of the vacancies would not be filled because you would not be able to fill them all because of these cutbacks. Have you made any decision about which of those vacancies will or will not be filled?

Mr Chester—Not in a specific sense. As part of the January \$57.25 million in cuts, we identified savings of about \$1 million by slowing recruitment. Given the time of the year, \$1 million meant about 25 fewer positions to be filled in this current financial year. We have managed our recruitment process to the extent that we have slowed recruitment to find that \$1 million saving. I do not think it is possible to identify any particular positions that we have not

recruited in, other than a general slowing of recruitment for this latter part of the financial year to provide that \$1 million saving.

Senator TROOD—Presumably, Mr Chester, to use your term you have prioritised the posts you are going to fill. You have decided that some are more important to the department than others, I assume.

Mr Chester—To some extent, yes. Where there has been a vacancy in highly specialised positions—I gave some examples of them at additional estimates—we have gone ahead and filled those positions. With other more general positions where we can delay and where we may have done a recruitment process, we will slow the start date of staff. I do not have the specific details of the positions with me, and I am not sure whether we can actually provide too specific details.

Senator TROOD—Perhaps you could take that on notice.

Mr Chester—I will have a look—I think it will be nothing more than that for some of the generalist rounds, we have slowed the start date of the people.

Senator TROOD—Do I take it from your answer—since you are talking about slowing more than anything else—that these 24 positions will eventually be filled, but perhaps it will take longer to fill them than would normally be the case?

Mr Chester—No, as I said in additional estimates, 15 of the 24 will be filled. The other nine will be longer-term savings.

Senator TROOD—They are going to be axed?

Mr Chester—Yes, they will be axed—I would not use that word, but there will be nine less as a result of that decision.

Senator TROOD—You will not be employing nine extra people? Do not use the word ‘axed’, if it offends you, but basically you will not be employing those people.

Mr Chester—That is right. As a result of the January cuts, there will be nine fewer staff in the department come 1 July. So, as I said, 15 of the 24 will be recruited next financial year. Nine will not. Then, as a result of the \$4.4 million cuts from the budget process, another nine positions will be removed from the department, making a total of 18.

Senator TROOD—Up to the end of next financial year?

Mr Chester—Yes. There will be 18 fewer staff in 2008-09.

Senator TROOD—Presumably you can identify the nine which will not be filled from the 24 positions that we were speaking of? They are specific positions within the department?

Mr Chester—They are not, actually. They are not specific positions, and the other nine are in the same category. What the senior executive will do at the end of June—in two to three weeks time—is to determine which parts of the department those 18 positions will come from. There will be a reduction of 18 positions across the department in Canberra, but we have not determined where those positions will be yet.

Senator TROOD—We are talking about Canberra positions here, aren't we—we are not talking about further cuts to overseas positions?

Mr Chester—No, we are talking about Canberra positions.

Senator TROOD—I see.

Mr Chester—Or, perhaps, state office positions—I would not want to rule them out.

Senator TROOD—Australian positions is a better way to put it?

Mr Chester—Australian positions, yes.

Senator TROOD—I just wanted to clarify some statistics on staffing that are on page 25 of the PBS, which have caused a bit of concern. In relation to outcome 1, right at the very bottom of page 25 there is a reference to average staffing levels. There is a difference between 2,338 for 2007-08 and 2,033 for 2008-09, which, on the face of it, is a decline of 305 positions. There is a reference here in the papers to a change in accounting methodologies about it. Perhaps you can begin by just trying to explain to me why that is not a further loss of staff positions, at least in relation to outcome 1.

Mr Chester—You will find that there are some significant swings for all the outcomes.

Senator TROOD—I noticed that, Mr Chester.

Mr Chester—Let me try and explain it. What we have done is to apply a new methodology of attributing staff to outcomes. You will notice there is a footnote at each table that explains this and, unfortunately, because we have done this there are quite dramatic swings in the figures.

We discovered that the previous methodology of attributing staff by outcome was producing a distorted picture of what staff were really doing—which outcomes they were working towards. The methodology that was developed in 1999-2000 essentially said that, if you apply a certain percentage of your budget to an outcome, you should apply the same number of staff. For our three outcomes back in 1999 it was determined that, because we spent 70 per cent of our budget on outcome 1, 20 per cent on outcome 2 and 10 per cent on outcome 3, our staffing resources should blindly follow that ratio.

Senator TROOD—That they should be proportional.

Mr Chester—Yes.

Senator TROOD—Can I just clarify before you go on—this is a decision that DFAT has made; it is not a decision across government.

Mr Chester—This is our own decision. I should say that we knew that no matter which year we applied the new methodology it would cause inconvenience to those reading the document, but we decided it had to be done to get greater accuracy. In 1999-2000 it was determined they would be attributed in the ratio 70-20-10 and then each year after that, as new staff came on or staff went off as a result of budget decisions, they would be applied accurately in relation to what they were actually doing. Over the eight years it just got out of kilter, so last year we did an actual survey of staff. We looked at each officer and said, 'How much time are you spending on outcomes 1, 2, 3 and 4?' As a result of that we believe we now have a much more accurate—it is not perfect—attribution of staff against each of the outcomes. That explains the dramatic swing—as you would note, the minus 300 from outcome 1 and some significant additions to outcome 2 and outcome 3. The reality, which I

think is what you will come to, is that the real figures for this year compared to last year are a decrease of 16 staff for outcome 1, an increase of 27 for outcome 2, a marginal increase in outcome 3 and an increase of 5.2 for outcome 4. That is a net increase across the department of 17 staff for 2008-09 compared to 2007-08.

Senator TROOD—So in the next budget we will see a measure of stability in these figures. Is that to be expected?

Mr Chester—You will be able to compare the 2008-09 figures with the 2009-10 figures. What I am saying to you is, because of this changed methodology, you cannot compare the 2007-08 and the 2008-09 figures in the orange booklet. In 2007-08 it was the old methodology and in 2008-09 it is the new methodology. But from now on you will be able to compare the figures.

Senator TROOD—So the overall position in relation to the department is a net gain of about 17?

Mr Chester—Yes, 17 for the department.

Senator TROOD—Across the whole of the department?

Mr Chester—Across the four outcomes; that is right. That is A-based staff and locally engaged staff. Those figures in the orange booklet include locally engaged staff.

Senator TROOD—There is quite a significant swing of course in relation to outcome 1, but also in relation to outcome 3, at least in the booklet, of 300 or something like that.

Mr Chester—I think it is something like that, yes.

Senator TROOD—Am I correct in my interpretation that there have been staff beavering away in the public diplomacy area, which has not been recognised as an area of considerable activity for the department? In the public documents it has not been recognised.

Mr Chester—In this particular document it has been under recognised. The number of staff working on outcomes has been understated in this document.

Senator TROOD—It does not reflect a redeployment of resources; it reflects a greater degree of accuracy in the way in which the resources are being used—

Mr Chester—That is right.

Senator TROOD—and have been used for quite a period of time, I take it from your remarks.

Mr Chester—It is hard to say. It was probably reasonably accurate in 1999-2000 but over the years it has become a less accurate measure. In relation to outcome 3, as I said, the change between 2007-08 and 2008-09 is 0.3 of an FTE. It is plus 0.3. So, essentially, the ASL resourcing has been kept the same.

Senator TROOD—I have some questions about heads of mission position. I will begin with our High Commissioner in the United Kingdom—a former distinguished colleague, not of mine as it happens, and distinguished senator—who returned in February this year.

Mr Chester—Again, the newspaper reporting of today is incorrect, which is not surprising.

Senator TROOD—Which report are you referring to?

Mr Chester—There was an article in the paper today that said he had returned in February. It was actually 10 March that he returned.

Senator TROOD—Well, 10 days, Mr Chester, between us is probably not something that we need to quibble about. The proposition is that he has returned. Is that right?

Mr Chester—He has.

Senator TROOD—He has left his post?

Mr Chester—Yes.

Senator TROOD—He has completed his term.

Mr Chester—That is right. His three-year term expired at that particular point in time.

Senator TROOD—Is it also correct that, as yet, we have not appointed a replacement for him?

Mr Chester—That is correct.

Senator TROOD—And I presume we intend to.

Mr Chester—That is right.

Senator TROOD—When might that appointment take place?

Mr Chester—That is a matter for the government, the Prime Minister and the minister.

Senator TROOD—Has the department made any recommendations on this matter?

Mr Chester—Yes, we have.

Senator TROOD—How long ago did you make a recommendation?

Mr Chester—I cannot specifically recall, but there would have been discussions about recommendations from the end of last year, I believe.

Senator TROOD—It is normal, isn't it, to make decisions about the appointments of heads of missions prior to the existing head of mission retiring from her or his post?

Mr Chester—Normal—

Senator TROOD—It is a normal practice of the department—

Mr Chester—The general approach is to have a smooth transition with a minimal gap. However, I should say that there have been a number of instances in the past where the head of mission has departed and a replacement head of mission has not been announced.

Senator TROOD—I am sure that is true, and it may even have happened under the Howard government and other coalition governments.

Mr Chester—I think that is right. I think it did.

Senator TROOD—It may well have happened. Is there an officer in the room who can tell me when a submission was made with regard to a new appointment to London?

Mr Chester—Not specifically. As I said, I believe it was probably in December of last year.

Senator TROOD—It is now June. That is almost six months since a recommendation was made and there has been no announcement. Has there been a reply to that recommendation?

Mr Chester—I think the appropriate answer is that the matter is still under consideration by the government.

Senator TROOD—I see. How much longer might that be?

Senator Faulkner—I do not know whether Mr Chester is able to give you any further or better advice than he has already given you.

Senator TROOD—Perhaps you could help us, Minister. Can you give us some advice on that?

Senator Faulkner—My answer would be the same as what has already been provided: it is currently under consideration by government.

Senator TROOD—It is a long while, isn't it, for a post—

Senator Faulkner—Well, it is not uncommon.

Senator TROOD—And may I say, yet again, it is an area of priority for the government in Europe.

Senator Faulkner—It is not uncommon in advance of these terms concluding for agencies to provide advice to ministers about a short list, or even a long list, of people who might be suitable to fill such a vacancy. I am sure that you know that that is the case.

Senator TROOD—Yes, that may be the case. Are there particular unique qualities that we should be looking for in a High Commissioner to the United Kingdom that are making it particularly difficult to find a replacement for the distinguished qualities that Mr Alston brought to the post?

Mr Chester—They need to be an Australian citizen.

Senator TROOD—That means probably anybody in this room could qualify. I am sure there may be some possibilities, particularly from amongst those who are sitting behind you.

Mr Chester—It is someone who will serve the government appropriately.

Senator TROOD—We will wait upon that decision. Minister, you cannot tell us or assure us that an announcement is imminent on this subject?

Senator Faulkner—No, I do not have a precise date.

Senator TROOD—Can we move on to another post, the Ambassador to the United States. Mr Richardson has been there since, I think, June 2005. I think it is usually a three-year appointment, so his term is about to end. Do we have a decision about a replacement for our Ambassador to the United States?

Mr Chester—Mr Richardson's term has been extended by 12 months.

Senator TROOD—I see. So when will he now leave that post?

Mr Chester—With that extension it will be June 2009.

Senator TROOD—Given the distinguished record in relation to the high commissioner in London I presume no attention has yet been directed to the question of his replacement when it falls due.

Mr Chester—I am not sure I could answer that.

Senator TROOD—Have you made a recommendation about that?

Mr Chester—It is too early to make that recommendation from the department. It is something that will be done—

Senator TROOD—So that matter is not under consideration?

Mr Chester—It may be by others that I am not aware of, but it is not under active consideration within the department as to whether and what recommendation may be made.

Senator TROOD—It probably is under consideration by individuals in the department but perhaps not officially. What about the High Commissioner to Canada, Mr Fisher. What is his position?

Mr Chester—Mr Fisher is, I think, due out in October of this year.

Senator TROOD—And he is coming out in October?

Mr Chester—That is the plan.

Senator TROOD—Do we have a replacement for our High Commissioner to Canada?

Mr Chester—Yes, we do.

Senator TROOD—When will that announcement be made?

Mr Chester—That is up to the minister.

Senator TROOD—I see. Minister, can you provide us with any detail on that?

Senator Faulkner—I personally cannot. When Mr Chester said it was up to the minister, he meant to say—

Senator TROOD—I appreciate he is not speaking about you specifically.

Senator Faulkner—it is up to the Minister for Foreign Affairs, Mr Smith. But I am happy to take that on notice for you and see if Mr Smith is able to provide a response for you.

Senator TROOD—Thank you.

Mr Chester—The normal course is that the announcement will be made six or eight weeks—something of that order—prior to the appointment commencing. So it will be some time around August—the beginning or end of August.

Senator TROOD—I follow these matters with some interest. I have noticed that that is the general practice of the department, and so I was slightly perturbed when the matter of the appointment of a high commissioner to the United Kingdom had not followed that practice. It seems to me a very aberrant practice when compared with the usual practice of the department, and particularly as it is getting on towards six months or four months since he came home.

Mr Chester—I think it is one day less than three months.

Senator TROOD—I think we can say that we are moving long past the normal practice. Is that not true?

Senator Faulkner—If the timing is any different to what is proposed in relation to the high commissioner for Canada, I will take it on notice; otherwise, it does not seem very sensible in the circumstances if the announcement is to be made in August. I am happy to do that.

Senator TROOD—Thank you, Minister, for taking that on board. I am encouraged to know that the practice is being followed at least in relation to that particular appointment. Finally, I think Mr Green, our high commissioner in South Africa, is nearing the end of his appointment. What is his position?

Mr Chester—He will come back in December.

Senator TROOD—So he is leaving his position in December?

Mr Chester—Yes, around December, to fit in with school years for children—that kind of thing.

Senator TROOD—What about a replacement for his position?

Mr Chester—Yes, there is a replacement.

Senator TROOD—So a decision has been made about that.

Mr Chester—That is right.

Senator TROOD—And an announcement is yet to be made. That will be made in the normal course of events?

Mr Chester—We would expect in late September, early October—something like that.

Senator TROOD—That is the way in which the department usually goes about these things, except in relation to London.

Senator Faulkner—It is the way that the department sometimes goes about these things.

Senator TROOD—‘Sometimes’ is probably right.

Senator Faulkner—Sometimes—that is right—as you would know if you dredged through the history of these matters as I have at this committee.

Senator TROOD—When there are estimates hearings, it is curious how newspaper articles just pop in ways that are sometimes helpful to oppositions, Mr Chester.

Mr Chester—I have one now that maybe I could correct for the record. The ABC is running a story that DFAT has cut five posts overseas. Just to make it clear: we were talking about positions, not posts.

Senator TROOD—I understood that. I would be very alarmed to think that we were cutting posts and I had missed that, Mr Chester.

Senator Faulkner—It might be a misunderstanding in relation to the definition of the word ‘posts’ within the ABC.

Mr Chester—I would not want our staff to read that and start panicking.

Senator TROOD—It might cause a bit of alarm. We are talking about positions, as I understand it.

Senator Faulkner—I am sure that correction has been noted by everyone.

Senator TROOD—A timely correction. Another newspaper article caught my eye this morning. It had the unedifying title: ‘Paralysis piling up on foreign minister’s desk’. You may have seen that one as well.

Mr Chester—I did.

Senator TROOD—Is there anything in it that is inaccurate?

Mr Chester—It is accurate or inaccurate?

Senator TROOD—Inaccurate.

Mr Chester—Yes. A lot of it is a load of rubbish.

Senator TROOD—Is that right?

Mr Chester—Yes.

Senator TROOD—The part of it that is perhaps not rubbish states that the foreign minister has yet to make an appointment for a chief of staff. Is that right?

Mr Chester—That is true. He has an acting chief of staff at the moment.

Senator TROOD—Am I further correct in saying that Mr Grigson was an acting chief of staff?

Mr Chester—He was an acting chief of staff.

Senator TROOD—He was appointed to Bangkok, as I understand it, and left to take up that position. Is that right?

Mr Chester—I am not sure that I can comment on that.

Senator TROOD—I see. Let us say that he has left.

Mr Chester—I do not believe that the minister has made an announcement as to who the new head of mission in Bangkok is.

Senator TROOD—So is this another matter that is not settled? Perhaps I should go back to where I was.

Senator Faulkner—You have heard from Mr Chester that it is a matter that has not been announced.

Mr Chester—It has not been announced because we do not have agreement from the Thai government to the appointment of Mr Patterson’s replacement yet.

Senator TROOD—Is that proving difficult?

Mr Chester—No. It normally takes some time. The time it takes varies from country to country. In Thailand, it does take a little bit longer than some other countries to get agreement because of the process that the bureaucracy needs to go through there.

Senator TROOD—I see. Perhaps we can look at this a little more fully later. Mr Grigson has departed from the minister’s office.

Mr Chester—That is right. He is on some leave at the moment.

Senator TROOD—I see. But he has not gone to Thailand.

Mr Chester—He has not gone on an overseas assignment.

Senator TROOD—He has not gone where everybody is expecting him to go.

Mr Chester—A strange thing, these rumours.

Senator TROOD—So we have had an acting chief of staff in the minister's office since Mr Grigson left.

Mr Chester—That is correct.

Senator TROOD—Has the department made any recommendations to the minister about a possible chief of staff?

Mr Chester—No. It is a matter for the minister who he has as his chief of staff. They are not employees of the department. They are employed by MOPS once they are appointed. That is a matter for the minister.

Senator TROOD—Ms Callaghan is an employee of the department, is she not?

Mr Chester—Yes, she is. She is on MOPS. She is a DFAT employee on leave without pay to be employed under MOPS.

Senator TROOD—While she is with the minister's office. I understand that. What I am interested in is where she came from in the department. What was she doing?

Mr Chester—She had had a number of assignments. She had been posted to Jakarta. She had worked in our legal branch.

Senator TROOD—What was she doing at the time she departed the department?

Mr Chester—She was in the legal area of the department when she went on leave without pay. She went on leave without pay some years ago to work for Mr Rudd when he was the shadow spokesperson.

Senator TROOD—I see.

Mr Chester—It was probably a few years ago.

Senator TROOD—Her position has presumably been filled since then.

Mr Chester—Yes.

Senator TROOD—Some time ago, obviously, from what you are saying.

Mr Chester—That is right.

Senator TROOD—You are not expecting her back soon, I suppose, is the conclusion that you would draw from this, or do you not know?

Mr Chester—We do not know. That is up to her. She is on leave without pay. If she chooses to come back, she will come back.

Senator TROOD—Perhaps you could tell me which parts of this piece are inaccurate, as I asked. You said that there were large chunks of it that were inaccurate.

Mr Chester—Perhaps the headline, ‘Paralysis’, is where we could start. I am not sure where that comes from.

Senator TROOD—I have no idea, other than—

Senator Faulkner—I suspect a creative subeditor in the relevant newspaper.

Senator TROOD—Probably so.

Mr Chester—It is true that there were 47 submissions. That is true, because a departmental officer confirmed that with the journalist last night.

Senator TROOD—That is an anonymous officer.

Mr Chester—That is just the way the journalist has decided to write it. The journalist was also told very clearly that her starting point of ‘paralysis’ was wrong, but nevertheless she chose to continue with the story. Let us talk about the paralysis. There were 47 submissions. Some might think that is a lot; some might think that is not a lot. The minister has received 1,346 submissions since he became minister. He has 47 in his in-tray. Of those 47, he got 25 last week. According to this journalist, if you do not deal with submissions within a nanosecond you have paralysis.

Senator Faulkner—I believe that the minister is overseas.

Mr Chester—He is going overseas today. That element of it is rubbish. The journalist was told that it was rubbish but they chose to go ahead with the story.

Senator TROOD—Do you know how long the 47 submissions have been in the minister’s office.

Mr Chester—As I said, of the 47 submissions, 25 arrived in the last five working days. So that leaves 22. Of those 22, quite a large number, or at least half—I have not counted them—have been dealt with. It is just an administrative oversight that they have not worked their way back to the department. We are probably talking about 10 or 11 that have been there for some time, and they concern issues that are not holding up the world. They are information submissions that provide the minister with some advice on a particular issue. So, no matter which way you look at this story, that element of it is rubbish.

Senator TROOD—Is that the extent of the inaccuracies?

Mr Chester—No, there are a couple of other inaccuracies. As I mentioned, it stated that Richard Alston finished in early February; it was early March. That is not a couple of days; it is a month. There is also the statement:

Policy decisions have to be cleared by the Prime Minister’s office, which can add months to the decision making.

Sure there will be occasions when there is communication between the minister and the Prime Minister and the minister’s office and the Prime Minister’s office, but this article portrays a view that all of these submissions are held up because they have to be trotted around to the PMO. That is not true.

Senator TROOD—Is there a similar process to this that the journalist has confused—

Mr Chester—I am not sure.

Senator Faulkner—We cannot really answer questions as to how confused a journalist may or may not be—even you would appreciate that. We do our best. We can point out the factual information, which would suggest a number—

Senator TROOD—I have high expectations in this matter.

Senator Faulkner—I can assure you that we can point out factual information in relation to inaccuracies in an article, but we cannot really answer questions that you might ask about how confused someone might be in writing the article, and you know that.

Senator TROOD—Is there a policy process in place with regard to submissions to the minister's office and to the Prime Minister's office that is sort of simultaneously—

Mr Chester—No.

Senator TROOD—Perhaps you could explain to me and the committee how the process operates, Mr Chester.

Mr Chester—We provide submissions to our ministers. Our ministers may choose to discuss those submissions with others. Their staff may choose to discuss them with others. But we work to our ministers.

Senator TROOD—You are referring to your portfolio ministers?

Mr Chester—That is right, to Mr Crean and Mr Smith.

Senator TROOD—Presumably, you provide advice to the Prime Minister's department on occasion.

Mr Chester—Yes, to the Prime Minister's department but not through a formal submission. We have meetings and discussions with many agencies. Senator Faulkner has just reminded me of parliamentary secretaries. We send some submissions to them as well. We have three parliamentary secretaries.

Senator TROOD—I took 'minister' to be a generic term for parliamentary secretaries and those within the portfolio area.

Mr Chester—That is right.

Senator TROOD—I was interested to know in relation to decisions whether or not there is a practice of also seeking prime ministerial guidance or at least prime ministerial departmental guidance on policy issues.

Mr Chester—No. They are our submissions. We send the submissions. We do not clear them through PM&C. We provide the policy advice to our ministers, and there is no vetting or clearing or whatever. The policy advice may well take into account the views of other agencies, but that is the extent of it.

CHAIR—In this portfolio, are there two parliamentary secretaries?

Mr Chester—Three.

CHAIR—Within the portfolio responsibilities allocated to the respective parliamentary secretary, does he or she receive the briefs and make the decisions in their own right as affects their portfolio area or, once made, do they have to go up the line to Mr Smith for approval?

Mr Chester—I am not quite sure of the arrangements in relation to AusAID and how they deal with Mr McMullan in particular, but I think I am right to say that the submissions will often go through the parliamentary secretary when they are in relation to issues that they are responsible for and they will annotate and put their views on the submission before going through to the minister for final decision. That is generally how it works. Somebody will come and correct me, if I am—

CHAIR—The submission within a portfolio area—

Mr Chester—I am told that is right, Senator.

CHAIR—goes to the parliamentary secretary and he puts his comments on it and then it goes up to the office of the minister for final decision.

Mr Chester—That small number that are relevant to either Mr Kerr or Mr McMullan, not all submissions.

CHAIR—Only within their portfolio?

Mr Chester—Within their area of responsibility.

CHAIR—Understood.

Senator TROOD—So, Mr Chester, there is reference to two sources, as I understand this piece. One identified as a DFAT spokesman. You were saying that at least some of that material is correct.

Mr Chester—Yes.

Senator TROOD—Forty-five submissions.

Mr Chester—Forty-seven submissions.

Senator TROOD—Forty-seven; I beg your pardon.

Mr Chester—That came from the DFAT spokesman.

Senator TROOD—There is another source referred to—

Mr Chester—There is.

Senator TROOD—But that information is incorrect?

Mr Chester—Yes, about policy decisions having to be cleared by the PMO. That is just rubbish.

Senator TROOD—I see. You know both of these people?

Mr Chester—Which people?

Senator TROOD—The people referred to: one identified as a DFAT spokesman and—

Mr Chester—I know the DFAT spokesman and I know the journalist; I do not know the third person, the other source.

Senator TROOD—You are confident about one source but not the second source?

Mr Chester—That is right.

Senator Faulkner—One person is an official departmental spokesperson, Senator.

Senator TROOD—It says ‘one senior official.’ It does not say necessarily, Minister, that the other source is not also a senior official. It may or it may not be but, as I read the piece, it just says a senior official.

Senator Faulkner—My guess is, Senator, that we will never know.

Senator TROOD—It could be one and the same person but it is unlikely to be and it could be—

Senator Faulkner—We might never know who that person is. It is quite possible.

Senator TROOD—It is entirely possible.

Mr Chester—I can assure you that the one senior official and the DFAT spokesman are the same person, and the other source is not the same person; it is someone else, otherwise the spokesman is in trouble.

Senator TROOD—It is not the same person, and you are not sure who it is but you are confident that it is not a senior official who would know what they are talking about.

Mr Chester—I do not know who it is.

Senator TROOD—You seem to be confident they do not know what they are talking about.

Mr Chester—That is what I have said. I have said that paragraph is rubbish and the bit about the paralysis is rubbish.

CHAIR—Have you finished overview? If so, we will go onto the next section.

Senator Faulkner—Chair, are we likely to have finished overview by the lunchbreak?

CHAIR—Senator Trood was just checking his notes. He thinks he has concluded overview. If we have concluded overview—

Senator TROOD—I have just one more question regarding the matter of staff and the number of staff within the department at the SES level. Mr Chester, presumably you have that number?

Mr Chester—I do. I think it is about 198 or something like that—199. That was as of 16 May, but I should point out that one half of those staff are overseas. They are not sitting in Canberra in central office; they are out as heads of mission and other senior officials at our posts.

Senator TROOD—Is it about half? 100 or 90?

Mr Chester—It is 90.

Senator TROOD—The others are where?

Mr Chester—We have 90 staff overseas as heads of mission. I should point out that, because we do get some criticism of this, we believe it is quite appropriate to have senior level staff as the whole-of-government representatives overseas as ambassadors rather than more junior staff.

Senator TROOD—Does that mean that, generally, someone who is likely to be appointed as head of mission will be in the SES, and if they are not at that level at the time of appointment will they be elevated to SES to take the appointment?

Mr Chester—Not formally; not permanently elevated. Most of our head of mission positions are SES positions. There is a small number at our smaller posts that are filled by EL2 officers, who are given the entitlements and conditions an SES officer would get. The 90 overseas include a large number who are heads of mission and some of the big posts have more than one SES officer—Jakarta has four, Washington has four or five and so on.

Senator TROOD—That seems less curious than the 100 or so who are left in Australia.

Mr Chester—There are 112 in Australia—22 of those are what you would call unattached, so they are not actually working in the department. That leaves, I guess, another 90—

Senator TROOD—Where are they attached?

Mr Chester—Some of them will be on leave without pay—for example, accompanying partners overseas—some of them are on the MOP(S) scheme and working in Parliament House, some of them are on long service leave and some of them are on leave without pay and working in other agencies. For example, the head of ASIS, the head of ASIO and the head of ONA are all DFAT officers on leave without pay filling those statutory positions.

Senator TROOD—You are clearly not responsible for their remuneration package?

Mr Chester—No, but they all fall in under the DFAT numbers because they are DFAT staff. So there are 22 of those, which leaves 90 in Canberra and in state offices. Two of our state offices are headed by SES staff at the moment—our Melbourne and Sydney offices.

Senator TROOD—The 90 who are attached to the department are actually working on our collective behalf in relation to Australian foreign policy?

Mr Chester—That is right; in Canberra.

Senator TROOD—That number who are unattached, is that a consistent number?

Mr Chester—Yes, for the last couple of decades. Previously, some of those staff would be required to resign from the Public Service to take up statutory appointments. That was changed nine or 10 years ago. The heads of those agencies I mentioned now can take leave without pay from DFAT.

Senator Faulkner—I think it was in 1999.

Mr Chester—Yes. I think it was a prime ministerial directive at that stage, in 1999.

Senator Faulkner—I think so.

Mr Chester—For leave without pay, long service leave and MOP(S), that is a fairly standard number.

Senator TROOD—I see. Where do the 22 appear in the staff numbers that we were talking about earlier? They are unattached so presumably you claim them as part of the complement of the department. Where do they appear in the numbers in the budget papers?

Mr Chester—They fit within the total staff of the department, so our total staffing numbers. As to the ASL figures in the orange booklet, I am not sure whether we do exclude

particular categories of staff from that—people who are not working or being paid for by the department. I just need to check that.

Senator TROOD—Perhaps you can clarify that, Mr Chester. I see we are moving towards lunch. Maybe you could clarify that and let me know after lunch.

Mr Chester—I believe staff on certain types of leave without pay are not included in those figures at the bottom of each outcome.

Senator TROOD—So does that mean—

Mr Chester—After lunch we will give you a definitive answer to that.

Senator TROOD—My concern, as you probably appreciate, is that the department is claiming a level of staff presumably productively engaged in foreign policy activity, and there are at least 22 staff who are attached to the department's records but are off doing no doubt valuable things on behalf of the Australian people. But they inflate the numbers of DFAT staff, do they not?

Mr Chester—I understand the point, and that is potentially an issue for those reading this document. But, from a departmental point of view, we understand. We count our resources in a totally different way to the way they are presented in this orange booklet. We allocate our resources on a full-time equivalent basis across all our work units. Staff that are so-called offline—in other words, out on leave without pay, maternity leave or other kinds of leave—are quite separate from the attribution of staff to the productive work areas of the department. From a departmental point of view, we do not have a problem in doing the comparison, but I can understand others reading this document might be confused by it.

Senator TROOD—It is a case of looking at the document and seeing whether or not it accurately portrays the department's resources—financial and personnel, of course.

Mr Chester—I will confirm it after lunch but I am fairly sure that those ASL figures only include a very small category of staff who are not productively working in the department. So some staff, for example, on maternity leave will be included in the figures in this book but the staff that are on secondment to other agencies will not be included in this. But I will confirm that after lunch.

Senator TROOD—At the risk of being tedious, I make the point again that here would seem to be another example of the problem I alluded to at the very beginning of our discussion this morning: here is a government expanding a foreign policy agenda, giving us a picture of the resources which are available, financial and personnel, and 22 of the very senior officials within the department—that is to say, those in the SES—are not productively engaged in delivering the outcomes on behalf of the department. That is what I have understood you to be saying.

Mr Chester—Yes, but what I am also saying, Senator, is I do not believe those 22 are included in the orange booklet.

Senator TROOD—But you are going to clarify that for me.

Mr Chester—They are in addition to the staff here. It is not just the SES; we have a large number of staff who are on leave without pay, on maternity leave, on leave from the

department working for other government agencies and working up in Parliament House on MOPS. We have three staff working under the Governor-General's Act for the Governor-General. They are in our system. I do not believe they are included in the yellow booklet, but they are part of the overall headcount of DFAT staff that will appear in some publications.

Senator TROOD—Perhaps we can clarify that, Mr Chester, after lunch.

CHAIR—The committee stands adjourned until 1.30 pm this afternoon.

Proceedings suspended from 12.30 pm to 1.30 pm

CHAIR—The Senate Standing Committee on Foreign Affairs, Defence and Trade will resume and continue consideration of portfolio matters. It is my understanding that we have concluded the portfolio overview, so we will turn to outputs and begin with output 1.1. The first one that we will deal with is North Asia.

Senator CORMANN—I have a few questions in relation to our relationship with Taiwan and how that has evolved since the change of government there earlier this month. President Ma Ying-jeou won the election on a platform, among other things, of improving relations with mainland China. Since the election, a number of high-level historic meetings have taken place. In April, President Hu Jintao and VP-elect Vincent Siew met. Last week President Hu Jintao met and shook hands with the chairman of Taiwan's ruling party, in what was described as a red-carpet welcome. There is talk now of a formal bilateral dialogue which will focus on trade and tourism. I am just wondering what our assessment is of the development of those cross-strait relations between Taiwan and China and whether it has had any impact on our strategic approach to that region.

Mr Chester—I will ask my colleagues from the North Asia Division to take these questions.

Mr Fletcher—Yes, you are correct. The last month has seen a number of developments in relation to dealings between the new administration in Taipei and the authorities in Beijing. Those developments are quite historic, and we believe that they may lead to some reduction in tensions over time. It is a bit too early to say how far things may proceed, but the signs so far are quite positive from our point of view.

Senator CORMANN—Have we been briefed by Chinese officials in any way on changed attitude or changed approach to their relations with Taiwan?

Mr Fletcher—Our ambassador in Beijing has called on the head of the Taiwan Affairs Office to get an update on their assessment of cross-strait developments since the election of Ma Ying-jeou. I do not think the Chinese have come to us with a specific briefing, but we have been in touch with them to find out what is going on.

Senator CORMANN—Have we had any formal or informal contact with Taiwanese officials in Australia or in Taipei?

Mr Fletcher—I believe there has probably been some informal contact with the authorities in Taipei through the representative office there to keep up to date with what is happening.

Senator CORMANN—But we have not come to a conclusive view yet in terms of how what is emerging could change or influence our approach to the region?

Mr Fletcher—It is still early days. I think people are interested in what might transpire. So far, one meeting has taken place between Wu Poh-hsiung and President Hu, and talks will take place on things such as transport links. If they succeed, then that will definitely open the way for lessening in tension across the strait.

Senator CORMANN—What is our position in relation to Taiwan's aspiration to become a member of the World Health Organisation?

Mr Fletcher—Taiwan cannot become a member of the World Health Organisation, but we are hopeful that a consensus can be reached which would enable Taiwan to have, in practical terms, coverage under the WHO through observership or some kind of mechanism. That is one of the items possibly on the agenda for talks across the strait, and we would welcome any progress that is able to be achieved on that score.

Senator CORMANN—So, essentially, we are looking for a more meaningful involvement of Taiwan in the World Health Organisation forums, without being formal members—that is what you are saying?

Mr Fletcher—Within the scope that Taiwan can have—not being a formal state—there are arrangements that can be extended to them, and if Beijing and Taipei can reach a consensus on that we would certainly welcome it.

Senator CORMANN—Are we assisting proactively in any way to help achieve a more satisfactory resolution?

Mr Fletcher—I think this is a subject which both sides of the strait are fully competent to work out between themselves. But, of course, when we are in contact with the authorities in Beijing or elsewhere we certainly encourage them to move ahead.

Senator CORMANN—Thank you very much.

CHAIR—I think it might be time now for either Mr Chester or the minister to respond to a request for information.

Senator Faulkner—We were just waiting so all members of the committee were present, but Mr Chester can follow through with a response to one of Senator Trood's questions, at least.

Mr Chester—I will just confirm what I had said prior to the lunch break in relation to the staff numbers that are included in the orange booklet. Those staff numbers do not include staff on leave without pay, temporary transfer or statutory appointments. So they are staff productively working within the department, not those away from the department.

Senator TROOD—What is the total number of staff that would not be included?

Mr Chester—As we said, it was 22 SES staff we were talking about. Somebody behind me may have the exact figure, but it is probably around 120 other staff that are either on secondment to other agencies, on leave without pay—including accompanying partners on postings—on MOPS, on the Governor-General Act et cetera. For example, we have five or six staff on temporary transfer to the Prime Minister's department and we have eight staff on transfer to the new Department of Climate Change, so they are not included in our figures.

Senator TROOD—Thank you for doing that.

CHAIR—Further questions on North Asia?

Senator TROOD—Perhaps we can go to Japan first, Mr Chester. As I understand it, the Prime Minister will be visiting Japan in the near future.

Mr Chester—I will get Mr Fletcher to answer these questions.

Senator TROOD—I understand Mr Rudd is visiting Japan in the near future, Mr Fletcher.

Mr Fletcher—That is correct, I think from 8 to 12 June.

Senator TROOD—Is he going elsewhere on that visit?

Mr Fletcher—Yes. Apart from Japan—

Mr Connor—He is going to Indonesia as well.

Senator TROOD—Is 8 to 12 June the Japan part of the visit?

Mr Fletcher—Yes.

Senator TROOD—This is essentially a bilateral?

Mr Fletcher—Yes.

Senator TROOD—He is going later in the year to the G8.

Mr Fletcher—I think next month he will be going to the G8 meeting.

Senator TROOD—What are the dates of G8 meeting?

Mr Fletcher—It is around 8 July—I am sorry, I do not know precisely.

Senator TROOD—The Prime Minister, of course, did this 17-day trip earlier in the year. I assume the planning for this trip began quite some time ago. I wonder if you can help us, Mr Fletcher, with regard to the intentions for the planning of the North Asia trip—whether or not any country or countries in North Asia were considered amongst the likely spots that he would call in on or was Beijing, or China, the only place that it was intended he visit?

Mr Chester—I think, if I remember, this issue was canvassed with the Department of the Prime Minister and Cabinet last week—the thought process and the decision making behind the Prime Minister's travel at that time.

Senator TROOD—That is true, Mr Chester. Thank you for drawing that to my attention. What hangs on that?

Mr Chester—A lot of these issues are really ones for the Prime Minister's department to cover. They have the key responsibility in putting together his schedule and his travel. So that is the point I am making.

Senator TROOD—Thank you for that. Perhaps you can advise me, Mr Fletcher, whether or not the department had a view as to whether there should be other countries that the Prime Minister would visit during the course of that travel?

Mr Fletcher—You mean the visit in April?

Senator TROOD—The 17-day planetary peregrination that the Prime Minister went on.

Mr Fletcher—I think, as would have been clear from last week, the itinerary for that visit was very much a matter for Department of the Prime Minister and Cabinet in consultation

with the Prime Minister's office. I do not think there was any direct involvement by DFAT in suggesting, recommending or advising in relation to the travel that took place at that time.

Senator TROOD—So the Prime Minister's department did not ask your department to provide a brief on possible places to visit during the course of the Prime Minister's travel in North Asia?

Mr Fletcher—Not as far as I know.

Senator TROOD—Were you in the post that you are in now?

Mr Fletcher—No.

Senator TROOD—I note there has been a changeover; I was not quite sure when that took place.

Mr Fletcher—I asked that question of my people, and the answer is no.

Senator TROOD—I see. So you were not asked to provide a brief. As we know, Japan was not included in the visit. You will be aware, though, I suspect, as your counterparts in Prime Minister and Cabinet were aware, that the absence of the Prime Minister—that is, his failure to visit Japan—has caused some consternation, or so it is reported amongst Japanese policymakers, diplomats and commentators. Are you aware of that concern?

Mr Fletcher—I have read the media reports. I have to say that we have not had concern expressed to us at the government level from Japanese members of government or senior members of the bureaucracy.

Senator TROOD—You have received no representations from the Japanese government on this subject?

Mr Fletcher—That is correct.

Senator TROOD—Did the department have a view as to the desirability of the Prime Minister visiting Japan at the time?

Mr Fletcher—I think if the department had been asked, the response would have been that Japan, China and the Republic of Korea are all important countries to Australia in North Asia and should ideally be on a new government's itinerary in the first year or two of its period in office. I think the order in which they are visited is really not that important. We have had one visit in April, which included China at the end. The month before the budget there was one visit and a month after the budget there is another visit, which takes in Japan.

Senator TROOD—The order may not be important to you, but it seems to be important to the Japanese.

Mr Chester—Or at least to commentators, Senator.

Senator TROOD—To a significant dimension of Japanese opinion, on my reading of the accounts, Mr Chester, I would say. Did the department have a view on the desirability of the Prime Minister visiting China but leaving out Japan? You are aware of the sensitivity of that bilateral relationship between China and Japan, presumably?

Mr Fletcher—Yes.

Senator TROOD—What about the answer to my earlier question about the department having a view as to whether it was desirable to go to both places.

Mr Fletcher—I do not think the department had a view on that issue.

Senator TROOD—I see. The department had no opinion on this particular issue; it was a matter for the Prime Minister's department to take up.

Mr Chester—That is correct. As Mr Fletcher said, the department provided no input or advice on this issue to the government.

Senator TROOD—Any decisions taken on this matter were decisions taken within the Prime Minister's department, without consultation with the department of foreign affairs?

Mr Chester—That is right. They did not formally consult with the Department of Foreign Affairs and Trade.

Senator TROOD—We heard evidence from the Prime Minister's department that some modest effort was made to try and contact the Prime Minister of Japan after the election. Are you aware of those efforts?

Mr Fletcher—Yes. The Prime Minister's department was seeking to arrange a telephone call at one stage with the Japanese Prime Minister.

Senator TROOD—Those attempts were made shortly after the election, as I understand it, and they were suspended until January when further effort was made—10 January comes to mind as the date on which some activity took place—then they were suspended once again. Is that your recollection, Mr Fletcher?

Mr Fletcher—My advice is that the Japanese side did not pursue those arrangements to make the telephone call and so no time was fixed in January. A call subsequently took place on 15 May.

Senator TROOD—So these efforts were largely initiated in Tokyo—is that what you are saying?

Mr Connor—My understanding was that liaison was going on between the Japanese embassy here and the Department of the Prime Minister and Cabinet on the issue.

Senator TROOD—So your department had no contact. You were not asked to facilitate any kind of contact between the prime ministers or anything of that kind?

Mr Connor—No. It was directly between the embassy here and the Department of the Prime Minister and Cabinet.

Senator TROOD—It strikes me as passing strange, to say the least, that it proves so difficult to achieve a telephone conversation between two prime ministers when there seems to be every reason for this to take place. Was this a matter of technical failure, a matter of the absence of political will or just one of those serendipitous events that occur from time to time? How does this occur, Mr Fletcher? You seem to be suggesting to us that it was a matter that the Japanese chose not to pursue. Is that correct?

Mr Fletcher—That is correct.

Senator TROOD—So they, in the end, were not sufficiently interested?

Mr Fletcher—I do not know the reason for those efforts being suspended, but I do know that it can often take a great deal of time to set up one of these telephone calls between heads of government.

Senator TROOD—What sort of issues or problems are there that make it so difficult?

Mr Fletcher—Scheduling is usually the problem.

Senator TROOD—In light of the inability of the two prime ministers to contact each other, was there ever any effort made on behalf of the Australian government to make contact via the embassies through the department for example?

Mr Fletcher—We have daily contact with the Japanese government through our embassy in Tokyo and also the Japanese embassy here. In fact, there have been seven visits by cabinet ministers to Japan in the last few months. There is no shortage of high-level contact between the two sides. Mr Smith has visited twice and five other ministers have also made visits.

Senator TROOD—Mr Smith was there not long ago, I think I am right in saying. A matter of weeks ago?

Mr Connor—Yes, 8 to 9 May.

Senator TROOD—I thought that was reasonably close. Was there any particular follow-up through the embassies, or through our embassy in particular in Tokyo, with regard to the efforts made in early January to make contact?

Mr Connor—I am not sure. We would have to check through the embassy to see if any inquiries were directed from the Department of the Prime Minister and Cabinet. It is basically the Department of the Prime Minister and Cabinet who would be in charge of trying to make the arrangements. We would need to check to see whether the embassy was requested on their behalf to speak to anyone in the Japanese government on the issue.

Senator TROOD—So you cannot answer that question immediately?

Mr Connor—No, we might take that on notice.

Senator TROOD—I would be grateful if you would explore that to clarify that for me. Regarding this visit that is taking place on the 8th to the 12th, is it bilateral?

Mr Fletcher—Yes.

Senator TROOD—What are the main issues on the agenda?

Mr Fletcher—The relationship with Japan is very broad. We have a large number of subjects on which we wish to engage the Japanese government: security, economic, trade, international issues, climate change and so forth. I imagine they will all feature during the visit.

Senator TROOD—Whaling, perhaps?

Mr Fletcher—Perhaps.

Senator TROOD—Are there scheduled to be any discussions on that topic?

Mr Fletcher—The two heads of government will have quite extensive talks, and I imagine they will cover the full range of issues.

Senator TROOD—In relation to the matter of whaling, the government, even prior to the election, seemed to have a very strong view about the matter of whaling and international litigation about whaling, and was essentially looking at taking Japan to some international tribunal—whether it was the International Tribunal for the Law of the Sea or International Court of Justice. What is the status of that particular matter?

Mr Fletcher—I will ask Mr Potts, who looks after the whaling issue, to respond.

Mr Potts—The government is continuing to explore options for possible legal action against Japan. It will then decide the best way to proceed. Part of the government's consideration is how to use the evidence that has been collected from our monitoring activities in the Southern Ocean by the *Oceanic Viking*. Of course, the legal action is only one possible element of the government's anti-whaling strategy. The government is obviously looking to a number of other fronts as well, including the diplomatic channel.

Senator TROOD—What specific options are you considering?

Mr Potts—Under which heading?

Senator TROOD—In relation to the whaling matter—you said earlier in your answer that you are considering various options. Are there essentially two—litigation and diplomacy—or are there other options that you are considering?

Mr Potts—In the diplomatic channel, for example, there is the bilateral engagement with Japan, which continues. There is also activity through the International Whaling Commission—the annual session will be in Santiago at the end of this month. The government has some initiatives it is pursuing in the IWC, both in relation to a concrete program and also for action to make the IWC a more productive venue for non-polemical and constructive discussions of the whaling issue.

Senator TROOD—No doubt you have seen reports—and I do not know the veracity of these reports—that suggest a conclusion has been reached inside government that international litigation is unlikely to be successful on this issue. Have you reached that determination as yet?

Mr Potts—I do not believe that to be the case. I think the question of possible international litigation is still very open.

Senator TROOD—So no determination has been reached on that issue?

Mr Potts—That is correct.

Senator TROOD—There is still a possibility the Australian government will pursue international litigation on that matter?

Mr Potts—Yes.

Senator TROOD—What is the status of that consideration? Is it a matter that is under active review? Has a submission gone forth from the department, for example, with regard to a final determination as to whether or not litigation will follow? Where are we in relation to the consideration of that action?

Mr Potts—It is still under consideration. Advice has gone to government, and they will take a decision at the appropriate time.

Senator TROOD—Has that advice gone to your minister?

Mr Potts—Advice has gone to a number of ministers.

Senator TROOD—I see. It is not one of the 47 submissions that are awaiting Mr Smith's consideration, is it?

Mr Potts—I do not know.

Senator TROOD—So you do not know when that matter will be settled?

Mr Potts—No, that is very much for government.

Senator TROOD—You cannot give us a time line as to when there will be a decision on that matter?

Mr Potts—No, I cannot.

Senator TROOD—Is that a decision for your department, primarily?

Mr Potts—No, I think it is a decision to the government as a whole. Certainly, if you were talking about international legal action you would understand that the Attorney-General's Department would be a prime mover.

Senator TROOD—Indeed. Has any outside advice been sought on that subject, insofar as far as you are aware? I know the Attorney's department frequently seeks outside counsel on some of its activities.

Mr Potts—Yes, outside advice was sought from Professor James Crawford.

Senator TROOD—And that advice has been received?

Mr Potts—Correct.

Senator TROOD—I assume that is part of the submission, is it?

Mr Potts—That will be part of it, yes.

Senator TROOD—When is the next meeting of the whaling commission?

Mr Potts—It is at the end of this month, I think from about 24 to 30 June in Santiago, Chile.

Senator TROOD—Has the agenda for that been established as yet? Is that available?

Mr Potts—I believe so.

Senator TROOD—Is the issue of Japan's activity in the Southern Ocean on the agenda for the commission?

Mr Potts—I believe the issue of scientific whaling is on the agenda. So a number of activities would be able to be discussed under that heading.

Senator TROOD—Has the Australian government settled on a position that it will take to the commission?

Mr Potts—I think so. We are still in the process of finalising the instructions to the delegation, but our opposition to scientific and commercial whaling is very much on the public record.

Senator TROOD—We are straying slightly from Japan—I am conscious of that, Mr Potts. But whilst we are on this theme, has there been any change in the constitution of the commission in terms of its membership since it last met?

Mr Potts—I do not believe so. I do not think there have been any new members in the last 12 months, but let me take it on notice just to avoid any possible misleading.

Senator TROOD—We might come back to this later on when we come back to things more directly related to your area of responsibility. Back to Japan, Mr Fletcher, I want to go to the situation of the Australia-Japan Foundation and its funding. I am aware that it was reconstituted on a different basis. I think last year there was a change in the nature of the foundation, as I understand it. What is the status with regard to its funding at the moment? I am a little unclear from the budget on this issue.

Mr Connor—DFAT's appropriation for the AJF in 2007-08 was \$1.7 million. That was made up of an annual funding for grants and what have you of \$1 million, but also a one-off carryover of just over \$700,000 from the old AJF special account, which was money that was basically rolled over from the previous arrangements. So this year we have a situation where we have a budget of \$1.7 million. From now on, the basic funding will be dependent on future budgetary allocations, but the intention is that basically the AJF should have about \$1 million per year, as I understand it.

Senator TROOD—I had that reference, but is that referred to in the PBS?

Mr Chester—It may not be covered specifically. It will be included under administrative—

Mr Connor—The \$1.7 million would be under last year's PBS and the new amount should be in this PBS.

Senator TROOD—That figure is not in here.

Ms Thorpe—It is there, on the page in the yellow book under special accounts.

Senator TROOD—Which page is that?

Mr Chester—Page 45, halfway down.

Senator TROOD—I see. So that figure of \$1.038 million is the funding for next year?

Mr Connor—That is right.

Senator TROOD—That is a decline in funding?

Mr Connor—The previous year's funding included a rollover of unspent funds from previous years.

Senator TROOD—Your evidence is that this is about what the foundation has been receiving but for the fact that there was an infusion of funds from the carryover from last year—is that right?

Mr Connor—That is right, recurring funds. Last year was an exceptional case. With all of the change and administrative changes that were taking place, we ended up with an amount of just over \$700,000 and that was then rolled over to the current financial year.

Senator TROOD—That is helpful; thank you. Mr Fletcher, when is the next strategic dialogue between Australia, the United States and Japan to take place and also the more direct dialogue that we have with Japan?

Mr Fletcher—The trilateral strategic dialogue is dealt with by another division.

Senator TROOD—I can pick it up with the other division.

Mr Chester—If you like, we could do it now.

Senator TROOD—No, it will confuse everybody if there are people who are anxious to come and ask questions about that and we are not dealing with it. I think we should do it seriatim, if we can.

Mr Chester—Very good advice.

Senator TROOD—That is probably preferable. I can ask those questions later on.

Senator PAYNE—I am sorry to have just come back into the room. I just want to ask a question about the Australia-China human rights dialogue, if it has not already been addressed.

CHAIR—No, it has not.

Senator PAYNE—Mr Fletcher, can you advise me about the status of the Australia-China human rights dialogue?

Mr Fletcher—As you know, the dialogue has taken place roughly every year since 1997. We expect that another session of the dialogue will be held later this year.

Senator PAYNE—Is that to be held in Australia on this occasion?

Mr Fletcher—Yes, we take it in turns and this year it is to be held in Australia.

Senator PAYNE—Can you give me an idea of what the allocation is for the funding of the holding of the dialogue? I am an assiduous reader of the yellow books. It did not quite pin it down.

Mr Fletcher—The cost of our participation in the dialogue is met from our normal operating funds.

Senator PAYNE—You just absorb it into the operating fund.

Mr Fletcher—Yes.

Senator PAYNE—Okay, thank you. You said ‘later this year’. Do you have a ballpark month, perhaps?

Mr Fletcher—No, we would normally hold it in the period around July-August. But, given the Olympics this year, I do not think that is realistic.

Senator PAYNE—There are other things happening in Beijing.

Mr Fletcher—It is not realistic to expect a lot of attention from the Chinese during that period so we will have it later on.

Senator PAYNE—Okay. Is it the expectation of the department that the Australian-China human rights dialogue will continue beyond 2008?

Mr Fletcher—Yes.

Senator TROOD—Has any thought been given to changing the structure of the dialogue in any way?

Mr Fletcher—Each year offers us an opportunity to reconsider how the meetings occur. We are pretty happy with the current status quo. We have an all-in meeting with representatives of agencies on our side and the Chinese side, and then it is followed up with a series of individual meetings between our delegation and the respective Chinese agencies of interest, sometimes including a field trip, whether it is in China to another province or in Australia to another Australian state. That enables our side, when it is in China, to visit a place of interest and to follow issues of particular interest. In the last couple of years we have started to have a theme for each year's dialogue, and we feel that it is a worthwhile innovation because it enables us to concentrate on something of particular interest.

Senator TROOD—Has a theme been determined for this year's dialogue?

Mr Fletcher—Not yet.

Senator TROOD—Has any thought been given to the possibility that some sessions of the dialogue might be more open? They are private sessions, are they not?

Mr Fletcher—It is a private meeting between the two governments. We consult with the NGO community in Australia before the dialogue and we talk to them afterwards as to the results of the dialogue. We base what we discuss during the meetings on our own decisions about what is important in the field of human rights, but we also base it on issues which are drawn to the government's attention throughout the year by the public, members of parliament and the media. What we talk about in the dialogue is what the Australian community wants us to talk about. The results of those meetings are then made known to people. But the meetings themselves, we feel, are best held as private government-to-government meetings. When the dialogue is held in Australia, we also organise a session of relevant NGOs with the visiting Chinese officials. We would like to do that in China as well, but it does not always work.

Senator TROOD—I think I am right in saying that there is no published account of the dialogue—is that right?

Mr Fletcher—No. We do talk quite extensively to interested parties about the content of the meeting and what was said by either side.

Senator TROOD—You have a process of debriefing, as it were, after the dialogue—is that right?

Mr Fletcher—Yes.

Senator TROOD—I am not aware whether that actually takes place with the parliament. Are you aware of that?

Senator Payne interjecting—

Senator TROOD—Mr Fletcher was alluding to the debriefing that sometimes takes place after the dialogue. I am not sure that that actually takes place with the parliament.

Senator PAYNE—I was about to answer and, actually, it is not my place to answer questions, so I do not know what I was doing, though you did ask.

CHAIR—Why don't you ask Mr Fletcher if the parliament is de-briefed in any fashion?

Senator PAYNE—I know Senator Faulkner would tell me it is not my place.

Senator TROOD—I am keen to find information where I can get it. Do you have a plan to debrief the parliament, Mr Fletcher?

Mr Fletcher—If the Joint Standing Committee on Foreign Affairs, Defence and Trade, which includes its Human Rights Subcommittee, would like to talk to us after the dialogue, on a regular basis we would do that.

Senator TROOD—Thank you, Mr Fletcher.

Senator NETTLE—Could you tell us what preparations have been undertaken for the Australian government's official delegation to the Beijing Olympics?

Mr Chester—This comes under another one of the outputs.

CHAIR—Where do you suggest it should be raised, Mr Chester?

Mr Chester—Under 3.1.1, public information and media services on Australia's foreign and trade policy.

Senator NETTLE—I can ask that there. I also want to ask whether the Prime Minister is planning to attend the opening ceremony.

Mr Chester—That is really for Prime Minister and Cabinet rather than DFAT.

Senator Faulkner—I would have thought that that would be a matter for PM&C.

Senator NETTLE—I just thought DFAT might be involved in organising it.

Senator Faulkner—That is prime ministerial travel, so it is really in another department. You are more than welcome to place the question on notice through that Finance and Public Administration Committee, I am sure.

Senator NETTLE—Has there been any follow-up in relation to the Prime Minister's comments when he was in China about Tibet? Could you tell me what the department is doing about interaction with Tibet following that speech by the Prime Minister?

Mr Fletcher—The situation in Tibet is something of continuing concern to the government. The department, through the embassy and also in Canberra, has been following the matter up with the Chinese authorities.

Senator NETTLE—Can you give any more detail about your follow-up?

Mr Fletcher—We have been attempting to monitor what is happening in Tibet to the extent that we can. We also take up with the Chinese government our concerns about the situation there, including the treatment of those who had been detained.

Senator NETTLE—Has that been happening at embassy level since the Prime Minister's trip?

Mr Fletcher—I think principally through the embassy, yes.

Senator NETTLE—What is the department's assessment of the current situation in Tibet?

Mr Fletcher—It is difficult to be categorical about what is going on there because we do not have direct access to Tibet at the moment, but that is something that we are pursuing. The reports that are available to us suggest that the authorities are continuing to round up those who they believe were involved in the disturbances back in March and to tighten up their arrangements for administrative control over Tibet.

Senator NETTLE—What access to Tibet is there currently for foreign diplomats and media?

Mr Fletcher—Immediately following the disturbances there were two visits, one by journalists and one by diplomats, organised by the Chinese government. Following those two visits, I am not aware of any further access by diplomats or journalists to Tibet. We are seeking another visit by our embassy to Tibet.

Senator NETTLE—Can I ask you when you sought to initiate that latest visit?

Mr Fletcher—I think last week we made a formal request of the government in Beijing to allow the ambassador to visit Tibet, and we have not yet had a definitive response.

Senator NETTLE—Thank you. I also want to ask about Japan. The former Prime Minister, I know, on a trip to Japan, raised the issue of the recognition of comfort women. Is there any update or change in terms of this government's position about encouragement of Japan to recognise the experiences of comfort women in the Second World War?

Mr Fletcher—I am not aware of any further discussion on that issue in recent times. The government in Japan has made a number of statements about that issue and, as far as I know, that is where the matter lies.

Senator NETTLE—The last time it was raised that I am aware of was when the former Prime Minister made a trip to Japan and raised the issue of comfort women there. So I was just wanting to see if there had been any follow-up since then. But do you think there has been nothing?

Mr Fletcher—I might have to take that on notice.

Mr Connor—I think I can answer that question. There has not been anything done since. Basically, the statement made by the then Prime Minister was in response to comments that were being made virtually at the time that he was visiting Japan, so he made his comments in relation to those comments. Since then, there has not been a specific incident or matter that has come up in the public domain that has required the government to respond in any way to the Japanese government on the issue. So there has not been an additional step taken by ministers, or what have you, in that regard.

Senator NETTLE—So normally that action would only be initiated if there were public comment going on about that issue?

Mr Connor—If there were a particular reason for us to discuss with the Japanese government. The Japanese government is very aware of our position, which is to say that we encourage the Japanese government to take any additional steps that they can to achieve reconciliation between the two sides in relation to this issue.

Senator NETTLE—Thank you.

CHAIR—Are there further questions on North Asia?

Senator TROOD—I have one on North Korea and the progress of the six party talks in relation to North Korea. Mr Fletcher or Mr Connor, whoever is the appropriate officer, perhaps you can give us a quick rundown on where we are and what you think the progress is likely to be in the next little while.

Mr Fletcher—In the last couple of months there have been continuing discussions between the United States and the DPRK in relation to the declaration that the DPRK is to issue about its nuclear activities and programs. That declaration originally was meant to have been issued by the end of December last year, but the deadline was missed. Nevertheless, in recent weeks there have been continuing contacts between the parties involved. At one point, the DPRK handed over 18,822 pages of information, which the United States is having a very careful look at.

CHAIR—In English or Korean?

Mr Fletcher—I believe it was in Korean. Our latest information is that, although no-one is prepared to put a time on when the declaration might be finalised, discussions are certainly taking place with a view to completing that declaration within a matter of weeks or months. If you had asked me this two months ago, I would have said that I was my usual pessimistic self. I think you could say at the moment that the parties involved are seriously working on the issue and it is possible that we will have a declaration soon, which would then trigger another meeting of the six parties and further discussions about how to take forward denuclearisation. But it is a very complicated, difficult process, and it is not going to be achieved quickly.

Senator TROOD—No. So it is primarily in the hands of two of the six governments at the moment, is that right—Pyongyang and Washington?

Mr Fletcher—Yes, but all six parties are involved in this consultative process. Chris Hill, the senior representative from the United States, was in Beijing recently, and I think he has met virtually everyone connected with the talks.

Senator TROOD—I think I am right in saying that Mr Rudd, during his travels, came up with this creative idea that perhaps the six-power talks should be institutionalised in some fashion and perhaps down the track made into a more permanent arrangement. Were that to take place, Australia would be keen to be a participant. It would become at least seven-power talks or an institution. Has there been any advance on that issue? Has there been any discussion or consideration given to making these six-power arrangements more permanent?

Mr Fletcher—That is also an issue that belongs to the International Security Division.

Senator TROOD—But, so far as you are aware, there has not been movement?

Mr Fletcher—When the six-party talks made some progress a couple of years back, one of the working groups that was established was to consider whether, following the resolution of the Korean nuclear issue, a more permanent arrangement might be established. I think it is called the North-East Asia security mechanism. It is not a new suggestion. There is a working group that is chaired by Russia which deals with that subject, but I have to say that nobody expects that there are going to be developments on that front any time soon because the Korean nuclear issue is quite difficult and will take some time to resolve. But, in the margins,

there is this working group which is meant to be discussing the issue of a more permanent arrangement in North-East Asia.

Senator TROOD—Is Australia participating in a working group?

Mr Fletcher—We are not one of the six parties—

Senator TROOD—I understand that.

Mr Fletcher—and we are not part of the working group, but we are interested in the issue.

Senator TROOD—So you are looking in from the outside, perhaps?

Mr Fletcher—From the sidelines, yes.

Senator TROOD—Whatever the metaphor is that is appropriate. That is all I have on Korea.

[2.22 pm]

CHAIR—Are there any further questions on North Asia? We will move on to South-East Asia.

Senator Faulkner—So those officials can—

CHAIR—Those officials involved in North Asia are excused unless they are required for other areas. Are there any questions on South-East Asia?

Senator PAYNE—Let me start at last week's announcement about the extended detention of Daw Aung San Suu Kyi. Can the department advise whether it is clear to them whether the extension is for an additional six months or 12 months? There were conflicting reports in the media last week.

Mr Woolcott—It is not clear. The regime has not actually made its intentions all that transparent in relation to Aung San Suu Kyi. The law under which she was put into detention was only meant to last for five years. That, in fact, expired this month. So under their own laws her detention would seem to be illegal. In terms of how long she has been detained for, again, we have no clear statement from the regime.

Senator PAYNE—Has the government through our representation in Rangoon made representations on the extended detention and sought any advice on the matter from the Burmese regime?

Mr Woolcott—We have. As you know, many Australian governments have repeatedly called for her release from detention. The Australian embassy in Rangoon renewed those representations this week. Our ambassador, Bob Davis, renewed those representations at the official level and the foreign minister put out a statement that same day, again calling for her release.

Senator PAYNE—I know that there will be questions directed to AusAID on matters to do with the response to Cyclone Nargis, but just in respect of the department's position, can you, Mr Woolcott, give the committee an update on where our engagement is with the regime in terms of our response and assistance after Cyclone Nargis?

Mr Woolcott—The worst affected areas are clearly the Irrawaddy Delta, and our knowledge of how extensive the damage there is still somewhat vague. UN agencies have

estimated the likely death toll to be between 100,000 and 130,000, with some 2.4 million affected—some severely—by the cyclone. Regime authorities have put the confirmed death toll at 78,000 with a further 56,000 missing, which is broadly consistent with the UN estimates.

The international community has been pushing hard to get access. The issue is really access into the Irrawaddy Delta. That has been a hard slog, but progress has been made. The first major breakthrough in relation to international assistance came with the ASEAN meeting on 19 May and then the subsequent pledging conference in Burma—I think on 22 May. There you had a meeting between the Secretary-General of the United Nations, Ban Ki-moon, and the senior regime figure, Than Shwe, and the agreement by Than Shwe to let unfettered access in terms of visas by UN officials into Burma. That is starting to have some effect. There is still an issue about visas for international NGOs operating in Burma, and there are still issues involving the duration of the visa and access into the Irrawaddy Delta, but there has been a degree of progress. So aid is getting through. Holmes, who is the UN coordinator for aid into Burma, estimates that about 40 per cent of the affected Burmese have been reached in some capacity. Again, it is a hard slog, but progress is being made.

Senator PAYNE—Is coordination of that process of liaising—‘liaising’ might not be the right word in this context—or dealing with the regime on access issues and so on mostly being done through Mr Holmes and the UN facilities?

Mr Woolcott—Again, since the meeting in Singapore which ASEAN held with Burma and then the pledging conference, a system, a framework, has been set up. There is almost a tripartite function: there is an ASEAN function headed up by the Secretary-General of ASEAN, there is the UN function, and there is the Burmese administration function. Under this tripartite coordinating group, that is meant to be the coordinating body for monitoring, regulating and getting the aid in.

Senator PAYNE—Beyond the actual responses on Cyclone Nargis, can I ask a question in relation to the so-called referendum and its so-called results. Has the government made any assessment of the referendum and its results and what approach or attitude we would be adopting in relation to that?

Mr Woolcott—As you will probably recall from media reports, the referendum took place on 10 May and 24 May in areas affected by Cyclone Nargis. In both cases, the yes vote was put at something like 92 per cent. We dismissed that result as fundamentally flawed. We dismissed the whole process as fundamentally flawed. The campaign itself was marked by intimidation, detentions and even some violence. There were no international observers, so there was no real ability to see what actually transpired in the voting process.

The constitution itself we regard as essentially a sham process. There was no consultation, really, with the opposition groups, with the ethnic groups. Essentially what it sought to do was to perpetrate the role of the armed forces in Burma. So on both counts, the substance of the constitution and the actual handling of the referendum, we remain dismissive.

Senator PAYNE—I understand that those are Australia’s views and would of course agree. Have we made those views clear to the Burmese regime in any way?

Mr Woolcott—It has been made clear by a number of public statements by the foreign minister in relation to the referendum and the constitution.

Senator PAYNE—I have seen those. Has there been any communication from our ambassador in Burma to the regime itself on this matter?

Mr Woolcott—Recently our ambassador's priority has been to get to get aid into Burma. That has been his main focal point.

Senator PAYNE—At the same time as that—and I have seen comments from the minister to that effect—we are dealing with the referendum issues and the extended extension of Daw Aung San Suu Kyi. There is also a report today in, I think, the *Age* newspaper about some comments said to have been made by the Prime Minister before the 2007 election about pursuing engagement on the issues of the behaviour of the regime in the International Criminal Court. Have you seen that report in today's *Age*?

Mr Woolcott—I have not seen that particular report, but I am aware of some media comment in the past on this issue.

Senator PAYNE—Can you advise the committee what the government's position is now on that matter?

Mr Woolcott—Again, the main priority is getting aid and access to people who need it in Burma. A move towards taking Burma to the International Criminal Court would probably not facilitate that process at all. In addition, there are enormous hurdles before you could take Burma to the International Criminal Court. They relate to the fact that Burma is not a party to the ICC and they relate to the fact that to get Burma to the ICC without them being a party would require a decision by the Security Council in this regard that the regime had committed crimes against humanity. Given the current position of China and Russia in the Security Council, that in a way is not likely to advance that cause in any regard. But my colleague from ILB is here and he may want to add something.

Mr McCarthy—I have nothing to add to that response.

Senator PAYNE—Thank you, Mr McCarthy; that was illuminating.

Senator Faulkner—You got your name in *Hansard*.

Senator PAYNE—He has proved he is here; there is no doubt about that. I understand the rider you make there, Mr Woolcott, in relation to what would and would not assist in the current environment in terms of access, and I am very conscious of that. There is also some discussion about members of ASEAN contemplating this particular period of time as an opportunity to take further action in relation to Burma and its approach to many issues, not the least of which would be human rights and so on. This has been mooted around ASEAN for some time, particularly when Malaysia was pushing it as an issue 18 months or two years ago, I guess. There are stories today about Indonesia's view on that matter as well. Has the Australian government been consulted on that? Can you advise the committee of the government's view?

Mr Woolcott—We have spent a lot of time talking to ASEAN about Burma. We particularly talked to the Singaporeans, the Thais, the Indonesians, the Malays and the Filipinos. For ASEAN, Burma is an issue. It is part of ASEAN. It is part of what they call the

ASEAN family. That brings in all those issues for ASEAN of non-interference in each other's affairs, but at the same time Burma is something of an embarrassment to ASEAN. If they could move the regime towards a policy of greater reconciliation, towards greater democracy, I think ASEAN would very much like to do that. But, as I said, Burma is part of ASEAN, part of that ASEAN family concept, so it is not easy for them. The Indonesians have floated this idea. We know work is being done at the academic level in Indonesia on how Indonesia can facilitate that process in Burma to move it towards a more democratic and reconciled society. This is something that we encourage the Indonesians on. It is subject matter which has been discussed between our foreign minister and Mr Wirayuda. I am sure it is a matter which will be the continuing subject of discussions.

Senator PAYNE—That will do me on Burma for the moment. Thanks, Mr Woolcott.

Senator TROOD—On the theme you were addressing with regard to Burma within ASEAN, has the charter made any difference to the capacity of the other ASEANS to influence Burma in any way?

Mr Woolcott—The charter is not yet ratified. It is meant to be ratified in time for the ASEAN meetings in December in Thailand. When the charter was signed, the President of the Philippines, Macapagal-Arroyo, made the comment about the difficulty of securing passage through the Philippine parliament, given Burma's stance on human rights and particularly Aung San Suu Kyi. The Philippines have still not ratified the charter. I think six ASEANS have. The Philippines is not amongst them—in fact, nor is Indonesia and the Indonesian parliament. So, as I say, the charter is not yet running. The human rights aspects of the charter are still not being worked through either. But undoubtedly Burma is a lurking issue in the background for ASEAN in relation to charter ratification.

Senator TROOD—Are you expecting the two countries that have yet to ratify to do so?

Mr Woolcott—There are four countries that have not yet ratified.

Senator TROOD—Are you expecting that will be concluded by—

Mr Woolcott—I think it will be touch and go for one of them as to whether it gets it done before December.

Senator TROOD—I see.

Mr Woolcott—But both the Philippine parliament and, these days, the Indonesian parliament do their own thing.

Senator TROOD—So your assessment is that they will do that without particular consideration of the deadline that is looming at the end of the year?

Mr Woolcott—I think they are conscious of the deadline, certainly, but whether they wish to make a larger statement in relation to Burma is something which is part of their processes.

Senator TROOD—Yes. Assuming that the charter is ratified by all concerned, is it going to make a difference, in your assessment, to the way in which this issue can be dealt with within the context of ASEAN?

Mr Woolcott—I think probably not. The fact the charter comes into being probably will not make much of a difference with regard to the handling of Burma. It will be handled very

discreetly inside ASEAN. They would use those sorts of mechanisms—time-honoured ASEAN mechanisms of just talking these things through to try to bring some resolution.

Senator TROOD—I see. Thank you.

Senator NETTLE—I want to check with you whether questions in relation to aid money in Burma should be directed to AusAID.

Mr Woolcott—I can give you a superficial answer, but best you have AusAID here. They are the experts. It would probably be best going to them.

Senator NETTLE—Okay. I want to ask about the current status in relation to sanctions against Burma that exist in Australia. Could you run me through those?

Mr Woolcott—At the moment we have defence sanctions on Burma. We are not allowed to sell defence equipment to Burma. We also have targeted sanctions which relate to both financial aspects and travel aspects. These targeted sanctions are directed at the regime, the regime's cronies and the regime's families. They are, as I say, specifically targeted to make life uncomfortable, as much as we can, for the regime.

Senator NETTLE—Has there been any change in the sanctions regime since the new government came in?

Mr Woolcott—Not since the new government has come in, no.

Senator NETTLE—There have been some media reports about the children of Burmese generals studying at Australian universities. Is that permitted under the current sanctions regime?

Mr Woolcott—As I said, the sanctions regime applies to not only the leadership—the major financial cronies and backers—but also their immediate family. So, again, it depends on whether the parents of these children are listed on our targeted financial sanctions list. That is a publicly available document. There are some 418 names on that list, and it is subject to review. Even if the parents' names are on that list, Burma is a complex society in terms of how it names people and it is not easy to work your way through Burmese names. Also, given that it is not a transparent society, it is also often very difficult to know who the children are when they apply for a visa and whether they are in some way connected to someone who is on the sanctions list. It is a very difficult administrative issue. The policy intent is there, but administratively it is not easy.

Senator NETTLE—There was an article in the *Age* on 19 May about this issue. It states:

A Department of Foreign Affairs and Trade (DFAT) spokesman said the government was aware two people on the list were living in Australia and had been since before the sanctions were imposed.

Can you explain how the list operates? If people were living in Australia prior to the sanctions list being imposed, does that therefore mean that the sanctions list does not apply to them? How does it work?

Mr Woolcott—No, the sanctions list does not take into account where a person is living. In the case of these two named individuals, the father of one of them was a senior figure in the Burmese administration. He was placed on the list because of his role in the administration. We were not aware that his son was living in Australia at that time as a permanent resident

and married to another Burmese person. When it was brought to our attention, certain steps were taken.

Senator NETTLE—Can you outline what those steps were?

Mr Woolcott—There are privacy issues here. I would be happy to tell you in another forum but I am not sure about this forum, given the privacy considerations. I am concerned because one of them is a permanent resident in Australia and the other is an Australian citizen. It involves the Reserve Bank of Australia and the sanctions list but it also involves privacy considerations, which I would prefer not to address in this forum.

CHAIR—Senator, would you care to place your question on notice and the department might be able to give consideration to an appropriate response after thinking it through?

Senator NETTLE—If you are saying that there might be another forum that we could have this discussion—a briefing or something—I am happy to pursue that. If the privacy issue prevents you from discussing it publicly, that is okay.

Mr Woolcott—What I would prefer to do is take your question on notice and then, if you had further follow-up questions, we could arrange a briefing for you through the minister's office—but at least take the first question on notice.

Senator NETTLE—Are the two people that you referred to—one who is a permanent resident and the other who is an Australian citizen—on the list?

Mr Chester—That is correct.

Senator NETTLE—What I might do is ask questions in the slightly broader sense rather than just specifically on those people. Does the sanctions list operate such that the children of people on that list should not be studying at Australian universities? Is there a way to prevent them studying at Australian universities?

Mr Woolcott—Just to clarify again, what we have is a targeted financial sanctions list of 418 individuals, which is a public document available to you and which is subject to review. Then there is a separate aspect to this, which is travel sanctions. That means that people, for whatever reason, are placed on the movement alert list, which is operated by DIAC. The movement alert list is not a public document and contains tens of thousands of names for all sorts of reasons. When a visa is applied for and the name comes up that is on the movement alert list, DIAC advises foreign affairs and foreign affairs will put a submission up to the minister under what they call a PIC 4003 to see whether the minister, for foreign policy reasons, would want to not allow this person to travel to Australia. But that is not a public document. In terms of students coming to Australia to study, obviously if they fall into the target group for financial sanctions—that is, they are part of the elite in some way—then they are the sorts of people we do not want to come to Australia to study. How we handle that will ultimately be a matter and a decision for the Minister for Foreign Affairs. But they are not the people we are seeking to come to Australia.

Senator NETTLE—So there is a financial list and then there is the travel list?

Mr Woolcott—There is a financial list which is a public document and there is the MAL—the movement alert list—which is run by DIAC. That is a whole database full of thousands

and thousands of names of people whose names flash up a warning when they apply for a visa to come to Australia, and that is not a public document.

Senator NETTLE—Is the Burmese part of the movement alert list provided by the Department of Foreign Affairs and Trade to the Department of Immigration and Citizenship? Is that how that works?

Mr Woolcot—Some parts of it will. For those people who we would like to have targeted because of their role in the administration of Burma, yes. But there will be other people on that list who have been put there for a whole range of reasons. So we would form one small part of that list.

Senator NETTLE—Are those names that you give to the department of immigration a subset of the financial list or are they a different list of names?

Mr Woolcot—It is based very much on the financial sanctions list.

Senator NETTLE—Can you indicate the number of Burmese names that you have passed from the department of foreign affairs onto the department of immigration's migrant alert list?

Mr Woolcot—You could probably assume that most of the names on the financial sanctions list, if not all, would be on the migrant alert list, but I cannot confirm that.

Senator NETTLE—Is that a question that you can take on notice, in terms of the number?

Mr Woolcot—No, because I am not allowed to actually discuss the migrant alert list and who is and is not on it.

Senator Faulkner—Anyway, even if that were not the case, I suspect it would be a matter for another estimates committee.

Senator NETTLE—I wanted to ask about Australian companies having investments with the Burmese military regime. Are there any sanctions that prevent that occurring?

Mr Woolcot—No. Our policy is to neither encourage nor discourage trade and investment with Burma. We have no Austrade office in Burma, nor do we have any sanctions in relation to trade and investment with Burma.

Senator NETTLE—Does the Department of Foreign Affairs and Trade provide assistance to Australian companies that want to invest in Burma?

Mr Woolcot—We do not encourage it and we do not discourage it, so the answer to that would be no.

Senator NETTLE—That is all of my questions on Burma. I want to ask some questions in relation to East Timor and the Timorese investigation into the attacks on Jose Ramos-Horta. Can you outline what cooperation the Australian government is providing to the Timorese in carrying out those prosecutions?

Mr Woolcott—I saw the transcript of your questioning of Mr Keely and the Attorney-General's Department on this, and there is really nothing in foreign affairs that we can add to the comments made there.

Senator NETTLE—I just want to get some of that clear—and I do not have all of this in front of me right now. My recollection is that the foreign minister, Stephen Smith, was saying

that the East Timorese needed to follow the proper channels in terms of being able to provide that assistance. Can you describe what those proper channels are: is it a particular agreement between Australia and East Timor over this instance or is it a broader sharing of information?

Mr Woolcott—Just to reinforce what Mr Keelty said when asked these sorts of questions, there are two procedures. One is the police cooperation, which can be done without formal arrangements. The other is a mutual assistance, which actually talks about providing evidence which can be used for prosecution in a court. That requires a proper process. They are the two methods in which we are looking to cooperate and work with the East Timorese government in relation to their concerns about the attempted assassinations of President Horta and Prime Minister Gusmao. As I say, there is really nothing I can add to what Mr Keelty has already said on this.

Senator NETTLE—Can you say whether there is a process going on to have a mutual assistance agreement with East Timor over this matter?

Mr Woolcott—My understanding is that these processes seem to be working reasonably smoothly now. East Timor understands how our processes work, and it is all moving ahead reasonably smoothly. It is a question of time. I know that President Horta has made some more recent comments about how long this is taking, but these things—if they are done properly and thoroughly—take some time.

Senator NETTLE—I want to ask you about Angelita Pires, because she is an Australian citizen.

Mr Woolcott—She is.

Senator NETTLE—Is the department of foreign affairs involved at all in relation to her situation in East Timor?

Mr Woolcott—This is a consular issue.

Mr Chester—Do you want to cover this now, or under the consular output?

Senator NETTLE—No, not really.

Mr Chester—We are happy to do it now.

CHAIR—If we could just do a general response to it, that would be satisfactory at this stage.

Senator NETTLE—Yes.

Mr Baxter—Staff at the Australian embassy in Dili are providing a high level of consular assistance to the person that you mentioned. We have visited her on the two occasions that she was briefly detained by the East Timorese authorities. We have arranged legal assistance for her. We have made representations to local police in an effort to ensure her personal safety and security were appropriately protected. We have spoken to the prosecution about her current legal status and we remain in regular contact with her. We are closely monitoring developments in her case to ensure she is treated fairly under East Timorese law and that her welfare is safeguarded.

Senator NETTLE—In relation to the police protection: can you give any more detail about what came about as a result of those representations about policing?

Mr Baxter—As I said, we have made representations to the local police to ensure that her personal safety and security are being appropriately protected. The individual concerned has expressed satisfaction to us with the level of consular assistance that she has received from the embassy. She is happy with the current circumstances.

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

Senator TROOD—I have a couple on Indonesia. The Prime Minister is visiting Indonesia after Japan—is that correct?

Mr Woolcott—That is correct.

Senator TROOD—And what are the dates of that visit?

Mr Woolcott—June 13 and 14.

Senator TROOD—That is a bilateral visit, essentially?

Mr Woolcott—Bilateral, yes.

Senator TROOD—What issues are on the agenda there?

Mr Woolcott—As you know, Senator, we have an extraordinarily broad-ranging relationship with Indonesia. This will be the Prime Minister's second visit. He went to Bali for the climate change conference and met with President Yudhoyono on that occasion. This will be a larger scale visit. The discussions will encompass a whole range of issues between our two countries. I am not aware that there is going to be any particular event that the Prime Minister wants to talk about, but that will be a matter for PM&C and him.

Senator TROOD—Was consideration given to including Indonesia on the Prime Minister's trip earlier in the year?

Mr Woolcott—My recollection is that Indonesia has always been scheduled for this month, for June.

Senator TROOD—So when he was travelling in March-April there was no contemplation that he would go to Indonesia?

Mr Chester—PM&C is probably the appropriate department to ask that.

Senator TROOD—I think I may have missed that opportunity on this occasion, so Mr Woolcott is a target of opportunity, I must say.

Senator Faulkner—You still have a capacity to place some questions on notice before the Finance and Public Administration Committee, but some of these issues were in fact canvassed at the committee. I can confirm that because I was at the table at that stage. I think the *Hansard* will be absolutely comprehensive and will show that the sorts of issues you are raising were canvassed.

Senator TROOD—I can put some questions on notice, Minister.

Senator PAYNE—I am not sure whether this is the correct area to ask this question, so I seek your guidance and that of the officers at the table. I want to pursue some questions on the regional maritime security capacity building and the engagement with Indonesia on that.

Mr Chester—That is for the International Security Division.

Senator PAYNE—I will wait till then.

[2.57 pm]

CHAIR—There are no further questions, so we will now turn to output 1.1.3, the Americas. Where do we examine the Chile FTA?

Mr Chester—Under trade, tomorrow evening.

Senator TROOD—I have some trade issues on the Americas, but they are better dealt with elsewhere.

CHAIR—Yes.

Senator PAYNE—In relation to question on notice No. 15 from the last estimates where I asked if there was any transcript or recording by officials of Mr Smith's speech to the financial services lunch in New York, I see that the response was no. I just wonder whether there has been any further success in finding any notes, transcripts or recordings of the foreign minister's speech in New York on 25 January to that financial services lunch.

Mr Chester—Unfortunately, no, there has not been any success.

Senator PAYNE—Given the importance of the foreign minister's public statements and the accurate recording thereof so they cannot be misreported, has there been any change to procedure in the minister's office so that such speeches are recorded so that there is a record of some sort made?

Mr Chester—Yes, I think a shortcoming like this is something that we will try not to repeat.

Senator PAYNE—It focuses the attention.

Mr Chester—It does. It is not necessarily an issue for the minister's office. When ministers are travelling, it is really a responsibility for the posts that are looking after the minister to ensure that there is an accurate record kept of speeches. That message has been passed on to the post concerned.

Senator PAYNE—To all posts, I assume, therefore, Mr Chester, if they are going to be looking after the minister?

Mr Chester—I am not sure whether it has gone to all posts yet, but we are certainly aware of the need to ensure that all posts fulfil the requirements.

Senator PAYNE—I am sure you are. I have one further question in this area. Again, I seek some guidance as to whether questions relating to the direct aid program should be asked here of DFAT or separately of AusAID?

Mr Chester—It should be DFAT.

Senator PAYNE—It is a broad question and I want you to take it on notice, so I do not necessarily need a horde of officers.

Senator Faulkner—It does not matter then, Senator—shoot, I think.

Senator PAYNE—In relation to direct aid programs and funding thereof in South America, could I please obtain advice of the names of successful applicants, the amounts for which they

were funded and a brief description of those programs which have been funded since November 2007.

Mr Chester—We will take that on notice.

Senator PAYNE—Thank you very much.

CHAIR—If there are no further questions on the Americas, we will move on to Europe, output 1.1.4.

[3.00 pm]

CHAIR—Senator Trood has questions.

Senator TROOD—Welcome back, Ms Wensley, from your travels and your post. It is good to see you back at estimates.

Ms Wensley—Thank you, Senator.

Senator TROOD—I hope you will enjoy the experience, as you no doubt have done in the past.

Senator Faulkner—No comment, was the response, which I think was fair in the circumstances, Senator.

Senator TROOD—I am sure one of the things that Ms Wensley looks forward to when she comes back home is appearing at estimates.

Senator Faulkner—I am not as sure of that. We may never know.

Senator TROOD—In the new strategic direction statement in the PBS there is a paragraph that reads:

The department will also work to strengthen political and economic engagement with Europe and pursue a new partnership with the European Union to achieve closer cooperation and dialogue including on international events.

I wonder whether you can tell us whether or not you, and the department more generally, have developed a plan to pursue that particular ideal.

Ms Wensley—Yes, there is a plan and we are moving ahead with the negotiation of the Australia-EU partnership framework. This was something that was specifically agreed by the Prime Minister and by the President of the European Commission, and also in April when the Prime Minister visited Brussels. The agreement was that we would finalise a new partnership framework, the aim being by the middle of this year. We have had a number of negotiating sessions and those are proceeding reasonably well. The document is meant to be in two parts, with a chapeau, which would set out broad objectives, and then an action plan would be attached. That would have a number of areas of focus. What we particularly want is something that will be concrete, practical and focused on projects, which we want to put under broad headings: (1) closer cooperation with respect to completion of the Doha Round (2) closer work on issues relating to development cooperation in the Pacific and security issues in the Asia-Pacific region (3) closer work in the area of climate change, particularly to develop a post-2012 global agreement, and (4) increased efforts to combat terrorism.

The stage we are at is trying to finalise agreement on the chapeau, and then we have put some proposals informally—there is a bit of toing and froing going on between the commission and us—on the structure and the content of the action plan. Then it will be up to the commission to go out and consult member states as to what they might like to see in this action plan. So it is fairly early, but things are moving steadily and we are quite pleased with the discussions to date.

Senator TROOD—You have mentioned the things that we are particularly interested in. Are there things that the commission is particularly interested in, in the context of—

Ms Wensley—Those areas have been defined following informal consultations and I think it is fair to say that the commission shares the view that those should all be areas of focus in the action plan. Some of the member states have indicated particular interest in the climate change dialogue. Others have indicated a stronger interest in counter-terrorism and others in the development agenda, so there is a broad consensus on both sides that these are the areas of focus, where there is scope for defining some practical projects.

Senator TROOD—To be an action plan, which suggests that there is going to be some action, and that suggests—

Senator PAYNE—Well, what is the plan?

Senator TROOD—This is a good question and it gets back to my concerns of earlier in the day about how much action there is going to be and whether the resources are going to be available to pursue this action. I acknowledge that the plan has yet to be concluded, but have you received any assurances that further resources will be available to your division to pursue the agreement?

Ms Wensley—No, because it is a question of setting out the framework and the context in which we are going to work. Once we have identified the priorities, I think it will be a question of assessing where we are with the resources and, even more importantly, what will be the process for doing things. We have already adapted our working processes to cut our cloth to fit the reduction in resources that we have as a part of the government's overall budgetary decisions. For example, in negotiating both this agreement and another agreement where we have reached provisional agreement on the PNR—the Passenger Name Record Data Transfer Agreement—we have been using video conferencing extensively. We have found that to be cost-effective and a very good way of working. I believe that, when we have this framework agreement that is very practical, very focused and dealing with concrete actions, we are going to be able to concentrate our focus rather than spreading it widely across a number of areas. I guess what I am saying in another way is we are going to prioritise, and we will continue to prioritise. I know that that is a word that is being used a lot, but it is actually the reality of what we are doing daily and weekly in order to be able to focus on the issues that are most important and most urgent from our viewpoint.

Senator TROOD—Somehow or other, I expected you to give an answer like that. It is difficult for me to believe that we could engage in the negotiation of this framework, which sounds to me like a useful means of expanding our relationship with Europe, without it commanding and demanding additional resources from the department, given that it is a new area of priority. However you cut your cloth, you will need some cloth to cut, I suppose I am

saying, and it is going to demand further resources one way or the other. But perhaps we should wait until the next round of estimates to see how much you are going to be demanding of the department to do that.

Ms Wensley—Yes.

Senator TROOD—By which time, I assume—from the timetable you have mentioned—that, if we are meeting later in the year, the framework should be concluded. Is that right?

Ms Wensley—Yes, we are keen to try to conclude it. Our aim was by the middle of 2008. There may be some slippage because we are heading into the annual summer period in Europe, where the commission processes will slow down in terms of consultation with member states, but we are still working to try to have broad agreement by the middle of 2008. Ideally, we would be able to sign or announce that agreement before the end of this year.

CHAIR—Will this proposed framework agreement extend to issues of foreign takeover and their impact upon framework European countries, in particular the BHP takeover of Rio? I have seen expressions of interest of the EEC on the takeover at an international level. Does this framework extend to consideration of matters associated with that attempted takeover?

Ms Wensley—To my knowledge that issue has not arisen in the discussions that have taken place to date. It may well come up in another context but, on the basis of the partnership framework, I am not aware that it has surfaced as an aspect.

CHAIR—Thank you.

Senator TROOD—In the context of the negotiation of the framework, have you engaged in any consultations with industry or interest groups in Australia about it? Or are you largely doing this within the department?

Ms Wensley—At this point it has been confined within the department and to consultation with other areas of the department and relevant agencies because, obviously, there are a wide range of agencies whose interests are affected. There are a range of other issues on the agenda in terms of Australia-Europe and Australia-EU cooperation where there have been and are ongoing discussions and consultations with business and with industry, but not specifically in relation to the partnership framework.

CHAIR—Did you say one of the framework references was going to be around issues of climate change?

Ms Wensley—That is correct.

CHAIR—That is what I thought you said. That of course is of interest to a whole spate of European governments and to our own. There is also significant interest in the business community and the NGO community as to how the Australian government is going in the process of developing its policy on climate change. Would you then be seeking to limit your contact with the relevant department of environment officials or would you be seeking to go out to organisations such as the Minerals Council and BCA to inform yourself of a position or an interest held by industry within that topic?

Ms Wensley—My expectation is that we would be interacting quite extensively with interest groups within the Australian community, the private sector and the NGOs. We were

already quite extensively in contact with the EABC, the European Australian Business Council, which is currently travelling in Europe. But business also contacts us. They are very aware of things that are going on. Where there is an issue that is clearly moving up the EC agenda, then we find ourselves very heavily engaged in consultations. But you were referring specifically to climate change.

CHAIR—I was, because you said in your earlier remarks that your consultation to date would be limited to within the department or possibly to other government agencies. I was thinking that there might be value in consulting with organisations outside of the department or agency to have their views. I am hearing you say that they are contacting and consulting with you and you expect that to continue.

Ms Wensley—They have not contacted us in relation to the partnership framework. We have briefed various groups broadly on the proposals for the partnership framework including the Contemporary Europe Research Centre at the University of Melbourne and the ANU. People are broadly aware that we are in the process of negotiating this framework document and there is a high level of interest. My expectation is that once we have the broad framework which sets the context then there will be an ongoing and quite intensive process of briefing, interaction and consultation as we move to the next stage of specific projects. But completely separate from the partnership framework, there are a whole range of ongoing subjects of major interest to the private sector and to business where we are pursuing different agendas, in particular in relation to proposed legislation that the EC wants to introduce on nickel substrate, for example, which involves a billion dollars worth of exports to the EU countries. Those sorts of things are ongoing and a very big part of our work.

CHAIR—Thank you.

Senator PAYNE—Mr Chester, in early April there were reports that the secretary of the department, Mr L'Estrange, who was at the time in Canberra, had to go rather unexpectedly to join the Prime Minister in Europe. Do you recall those reports?

Mr Chester—Yes, I can.

Senator PAYNE—I think it was referred to in one report as a 'mid-trip SOS'.

Mr Chester—I think that was a Shanahan article, wasn't it? I might be being unfair to him—no, it was.

Senator PAYNE—No, you are not being unfair at all.

Mr Chester—It was Dennis Shanahan.

Senator PAYNE—So you can confirm that it was the case that the secretary was asked to join the Prime Minister unexpectedly in the middle of his trip?

Mr Chester—No, I cannot confirm that. I can confirm that I have read the story about that—

Senator PAYNE—Can you then, Mr Chester, go on to confirm—

Mr Chester—The story is not true.

Senator PAYNE—So is it then the case that Mr L'Estrange was always expecting to go to Europe in the middle of the Prime Minister's trip?

Mr Chester—The secretary was approached prior to the Prime Minister departing Australia to ask him to be part of the Prime Minister's party. The secretary indicated that he had a commitment relating to the ERC process and needed to undertake that, and it was agreed that he would join the Prime Minister in Brussels, which is what happened.

Senator PAYNE—So did the department request the *Australian* to publish a correction to that obviously, as you have pointed out—based on the information you have provided to the committee—incorrect report?

Mr Chester—No. All of our staff would be spending all day having corrections made, as you would have seen from the stories we talked about this morning.

Senator PAYNE—We know the feeling; we understand that point.

Senator Faulkner—This issue was also canvassed when the estimates for the Department of the Prime Minister and Cabinet were examined early last week. Similar evidence was provided by PM&C officials in relation to this matter.

Senator PAYNE—I thought it was, however, apposite to ask questions here as well, given that it was the secretary of this department.

Senator Faulkner—Of course, but I just wanted to indicate to you that it had also been canvassed and I did not notice a follow-through article in any newspaper.

Senator PAYNE—Nor did I, and I was pursuing them intensely—or reading them intently, I should say. So the organisation for the trip itself then, Mr Chester, was done in the usual way in terms of the purchase of tickets and that sort of thing? There was no urgency attached to that?

Mr Chester—No. The secretary joined the party in Brussels, obviously, and then continued with the party for the remainder of the travel. Obviously, rather than travelling out of Australia with the party, the secretary made his own way to Brussels to meet up with the Prime Minister's party.

Senator PAYNE—Okay. Thank you very much.

Senator TROOD—The department paid his fare, presumably; it was a departmental expense?

Mr Chester—It would be very helpful to us if the Prime Minister and Cabinet picked these up, but I do not think there is much hope of that. The department paid for the secretary's travel to Brussels and obviously the department paid for the accommodation and other expenses during the period of the travel.

Senator TROOD—Sadly, Mr Chester.

CHAIR—All right. I think that does Europe. We go to further questions now on 1.1.5, south and west Asia, the Middle East and Africa. Both officers have been contacted, I am advised, Senator Payne.

Senator PAYNE—Thank you very much. May I reiterate the question on the direct aid program that I asked in relation to South America and seek advice—on notice, of course—on funding of any direct aid program allocations in Africa, the nature of the program, the amount and those funded since November 2007?

Mr Chester—Yes. We will take that on notice.

Senator PAYNE—I will start with the DRC and the peace treaty which was signed earlier this year, ending the 10-year-long conflict. As I understand it, our support to the DRC has been previously manifested through some support to UNICEF in 2006 and support in 2002 following a volcanic eruption. Has the government had any correspondence or interaction with the Congolese government since the deal was signed in 2008?

Ms Stokes—Senator, I am going to have to take your question on notice. I have three very big folders of briefings here and I do not think I have anything on the DRC.

Senator PAYNE—They can't all be on the DRC; but none of them are on the DRC! That is very disappointing considering the historic peace deal. Would you also take on notice whether the government has any intention to support in any other way the further consolidation development of that restablisation progress in the DRC?

Ms Stokes—I will take that on notice as well.

Senator PAYNE—I will move then from the DRC to the Sudan.

Ms Stokes—I have briefings on the Sudan.

Senator PAYNE—Thank you very much. The last set of attacks in the Sudan in early May was reported as taking both the government and UN forces by surprise. There have been issues between Sudan and Chad since that time. As I understand it, we have a number of personnel who are mainly defence personnel serving in the region.

Ms Stokes—AFP as well. They are associated with the UN mission in the Sudan, in UNMIS, which is involved with the north-south peace agreement.

Senator PAYNE—Has there been any impact on their activities since those recent events? Have they been curtailed or impacted on in any way?

Ms Stokes—I am not aware that there has been any impact on them, but I can take that on notice and find out.

Senator PAYNE—Given the current situation and its quite fluid nature, it would seem, can you also advise us on whether there have been any further requests made to the Australian government to increase our presence either in the AFP or in the ADF in Sudan?

Ms Stokes—In the various operations in Sudan, including UNAMID and UNMIS?

Senator PAYNE—Yes.

Ms Stokes—You would be aware of the Australian Prime Minister's offer to the United Nations Secretary-General of nine people for UNAMID. We currently have no Australians in UNAMID, so that would be a significant step forward. We have put some names forward to the UN, and we are waiting for a response.

Senator PAYNE—In what time frame do you expect that response to be made?

Ms Stokes—I do not know the answer to that. As you may be aware, the Sudanese government has a role in scrutinising these offers. My understanding is that the United Nations peacekeeping area will be liaising with the government in Khartoum.

Senator PAYNE—Can you take that on notice.

Ms Stokes—With respect to UNMIS, I will take that on notice. I am not immediately aware, but just in case there is some request I have not been aware of I will check that up.

Senator PAYNE—Can you take on notice to provide to the committee information in relation to the expected response and that consideration.

Ms Stokes—Yes, certainly.

Senator PAYNE—Thank you very much.

Senator SANDY MACDONALD—Ms Stokes, could you give a short state of play of what is happening in Zimbabwe as it moves towards the rerun of the presidential elections?

Ms Stokes—I think the situation on the ground is worrisome at a number of levels. We see an increase in the level of violence and intimidation by various arms of the government there. These sorts of incidents have been taking place throughout the whole election process, if you can call it that. As you know, the election run-off is scheduled to be held on 27 June, so all eyes are very much on that. We hold considerable doubts about whether that election is going to be held in a full, free and fair environment for elections. And we are doing whatever we can to encourage the neighbours, especially SADC countries but also the African Union, to put in place a robust election observation team.

Senator IAN MACDONALD—What role have we played in encouraging SADC?

Ms Stokes—In talking to the SADC countries? We take every opportunity to make this point. We are also talking to the United Nations in New York about what support they can provide, and they are looking at that possibility.

Senator IAN MACDONALD—I think I have seen reports that Secretary-General Ban Ki-moon, the UK foreign minister, Miliband, and also Prime Minister Clark have called for foreign observers to the election. Have we made a similar call?

Ms Stokes—Absolutely, yes. Every time the foreign minister speaks he talks about the importance of foreign observers and, given the realities in Zimbabwe, they are going to probably only permit African observers.

Senator IAN MACDONALD—The report was that, until sanctions were withdrawn, an opportunity for foreign observers would not be provided by those—

Ms Stokes—I do not wish to expound upon the Zimbabwe government's approach to these things or the rationale they might give publicly but, clearly, they are uncomfortable with westerners.

Senator IAN MACDONALD—How effective have the sanctions been?

Ms Stokes—They have been effective in terms of their operation. Clearly, we still have Mugabe in power, but we have sent very firm messages about Australia's attitude to the regime.

Senator IAN MACDONALD—Has Australia made any attempt to provide electoral assistance to the electoral commission?

Ms Stokes—I am not aware that we have directly. But you might be aware that, in the first round of the elections, the NGOs performed a very vital role in terms of monitoring, at each

booth, the results of the elections. They were plastered up on the wall. There were quite a few NGOs who were involved in those sorts of activities and my understanding is, although I would need to confirm it with AusAID, that we have contributed to at least one of those NGOs.

Senator PAYNE—Do you mean local NGOs?

Ms Stokes—Yes.

Senator PAYNE—So, domestic, within Zimbabwe?

Ms Stokes—Yes.

Senator IAN MACDONALD—Has Australia contributed any assistance to the refugee flow that has increased since the last presidential election?

Ms Stokes—We have provided considerable humanitarian assistance to Zimbabwe and within Zimbabwe. ‘Since the election’ was your question—I might need to just check that.

Senator IAN MACDONALD—How is that aid administered?

Ms Stokes—That is AusAID’s responsibility, but normally it goes through a range of international organisations and also NGOs. Perhaps I can come back to you with some more precision on that point.

Senator IAN MACDONALD—Thank you, Ms Stokes.

Senator FORSHAW—I have a question on Darfur, which I think may be more relevant to the defence and/or UN section. I wondered whether you have anything further to report on the negotiations to get the UN African Union force finally deployed into Darfur—if there are any negotiations still occurring.

Ms Stokes—Thank you for your question. UNAMID is already in the process of being deployed. One of the constraints has been the approach of their Sudanese government.

Senator FORSHAW—Yes, I understand that. But, when you say ‘in the process of being deployed’—and I concede that it may be better to deal with it when we are talking to Defence about the peacekeeping operations the field—what does that actually mean? This is supposed to have been happening now for some time. There is all sorts of commentary around that they really have not got anywhere near the equipment they need and that many major donor countries are not coming forth to provide the helicopters and all the rest of it and that, therefore, whilst there is a sort of basic agreement about the nature of the force and so on, it has not really got any further; it is bogged down. Are you able to enlighten me, other than to say that it is being deployed?

Ms Stokes—Yes. The United Nations Secretary-General’s 9 May report says that approximately 9,000 military police and 4,648 civilians have been deployed. There is no doubt that a bigger effort is warranted, but one of the big constraints is the approach the Sudanese government.

Senator FORSHAW—Yes, I am very much away of that. Do you know where they are being deployed?

Ms Stokes—No.

Senator FORSHAW—I should follow that up.

Ms Stokes—I think they are in the headquarters in Khartoum but they are also in Darfur.

Senator FORSHAW—Yes, that is what I am getting at—whereas the major confrontations are taking place elsewhere. That will do for the moment. I can pursue it a bit further later.

Proceedings suspended from 3.32 pm to 3.52 pm

CHAIR—We will continue on 1.1.5.

Senator PAYNE—I just want to ask one relatively brief question, I think, on a matter concerning the Afghan parliament. I am not sure whether that is to Mr Robilliard or Ms Stokes. There has been some discussion through the IPU process and in other areas about the suspension from the Afghan parliament in 2007 of Malalai Joya and, following that, I think more recently, the revocation of her passport by the Afghan government. I am not exactly sure when her passport was revoked but I think it was earlier this year. I wonder whether you can advise us, Mr Robilliard, what representations the government has made to the Afghan government in relation to Malalai Joya, if any.

Mr Robilliard—We are very much aware of the case of Ms Joya. As you are probably aware, Ms Joya actually visited Australia last year, I think in March.

Senator PAYNE—Indeed.

Mr Robilliard—We are following this case very closely. Parliamentarians such as her play a very important role in Afghanistan and the Afghan parliament. I am not aware that we have made any specific representations on her case. I will check that, though, and get you further advice. But, as a general point, we clearly advocate an inclusive democratic and parliamentary process in Afghanistan and we very much urge that process to be sustained in Afghanistan. I will check for you on the specifics of representations in relation to Ms Joya's case.

Senator PAYNE—If you could, that would be very helpful. In the process of checking whether we have made any representations, if the answer to that is in the negative and we have not, could you then also pursue the question of whether we would be prepared to make representations in relation to this matter and advise the committee on that as well?

Mr Robilliard—Yes.

Senator PAYNE—Thank you very much.

Senator ALLISON—I wonder if I could ask about Western Sahara. Does the new government have a different position on Western Sahara, and Morocco's status as an occupying country?

Ms Stokes—I am terribly sorry, Senator; could I ask you to repeat the question.

Senator ALLISON—I was just wondering whether there was any shift at all in attitudes to Western Sahara and in particular the peace plan and the requirement under it and under the UN for there to be a referendum on the sovereignty of Western Sahara. The question really was whether the new government has a different position on Western Sahara than the previous one.

Ms Stokes—I am not aware of any change in policy. As you know, the Australian government strongly support UN processes, and my understanding is that they support the UN's approach to Western Sahara.

Senator ALLISON—The UN, as I understand it, condemned the sale of superphosphate from Western Sahara—which of course Morocco takes the revenue from—to countries like Australia and New Zealand and elsewhere. There have been calls for a trade embargo on Morocco, which might be about fertiliser. Has that come up in talks so far?

Ms Stokes—I certainly can say that, with respect to the UN's approach to this matter, there was a legal commentary by a UN Under-Secretary-General for Legal Affairs, the legal counsel Hans Corell, on 29 January 2002, concerning commercial activities involving the exploitation of resources of the Western Sahara. That opinion is not a legally binding opinion and it does not set out measures that need to be taken by states regarding imports from Western Sahara. There are no UN Security Council sanctions or Australian bilateral sanctions prohibiting imports from Western Sahara or Morocco. When we talk to companies who might be interested in this topic, we do not provide them with DFAT's legal advice; we strongly recommend that they seek their own legal advice about any business that they may wish to conduct with Western Sahara.

Senator ALLISON—But they say they are not willing to cease trading in phosphate from Western Sahara unless there is some sort of government direction on the issue.

Ms Stokes—Is that a question or a statement?

Senator ALLISON—What do you say to the fact that the superphosphate industry is looking for government action before they will cease this trade?

Ms Stokes—I cannot say we have spoken to every company that imports phosphate from Western Sahara, but I am aware of conversation with at least one company, and we always say that they should get legal advice. We draw their attention to the Hans Corell opinion and we strongly recommend they get legal advice. Our understanding is, in the case of one company that I am aware of, that they certainly have done that.

Senator ALLISON—So the government is not prepared to step in on this issue. Is that what you are saying?

Ms Stokes—Based on what I understand today, there are no UN Security Council sanctions and there are certainly no Australian bilateral measures on Western Sahara.

Senator ALLISON—How has Australia voted in the UN on these issues when Western Sahara's resources have come up for discussion?

Ms Stokes—I will probably have to take that on notice. I know that our approach in the UN will be guided by supporting the UN's approach on the whole issue of Western Sahara.

Senator ALLISON—There are other countries who have taken this action, as I understand it. Norway is perhaps one country that has imposed a trade embargo. Can you confirm that?

Ms Stokes—I will seek to confirm that.

Senator ALLISON—Is it your understanding that international law, generally speaking, provides for resources to belong to the people of a country, not the occupying country? Do you understand that to be a basic principle?

Ms Stokes—That is certainly something that is not in my area of responsibility. Perhaps colleagues from our legal division might want to deal with that question, or we could take it on notice.

Senator ALLISON—To what extent do you think that the ability to freely trade the resources—and I think there is fishing, uranium, wind and all sorts of resources on the western coast of Africa in Western Sahara—allows Morocco to consistently, for 15 years or so, not go down the path of a referendum? In other words, should Australia, along with other countries, be more outspoken on this issue in order to press Morocco to comply with the requirements of the peace plan?

Ms Stokes—Certainly our approach is to encourage both parties to follow UN recommendations. That is certainly the approach—

Senator ALLISON—But given the vast resources in Western Sahara, isn't that an opportunity to get some leverage over Morocco? It is in Morocco's interest to keep spinning this out for decade after decade. Surely this is an opportunity to put pressure on Morocco.

Ms Stokes—I do not know that the government sees it quite that way. We continue to support the UN's approach to this issue. It is a vexed issue; there is no doubt about that. We strongly support the UN's approach to finding a resolution to these issues.

Senator ALLISON—Does Mr McCarthy have something to say?

Mr McCarthy—With respect to your statement, the question is sovereignty. That is the very matter that is in dispute in this particular instance. So I would not have any problems with the statement per se, but it is precisely sovereignty—and the sovereignty over the land in question—that lies at the centre of this whole issue.

Senator ALLISON—Correct. And what is Australia's position on the sovereignty of Western Sahara?

Ms Stokes—We do not have a position on that precise question that I am aware of. There is clearly a difference of view between the countries involved and some other players, and there has been a very close UN interest in trying to promote a resolution of the issues. We strongly support those UN efforts.

Senator ALLISON—Minister, I have been at rallies and meetings on Western Sahara with a number of your colleagues in the past. Has this issue come up in talks in caucus? Are you seeing any likelihood of a shift in attitude by your government?

Senator Faulkner—Say that again, please.

Senator ALLISON—I have shared many a platform with colleagues of yours on this issue and I think that there was some hope—at least in Western Sahara—that a new government might herald a slightly different position on Western Sahara from the previous government. Have you had talks with your colleagues on this issue and is there likely to be a change?

Senator Faulkner—I personally have not had talks with my colleagues. As you appreciate, it is Mr Smith who has the day-to-day responsibility for enunciating the government's position on this issue.

Senator ALLISON—So it has not yet come up in caucus?

Senator Faulkner—I do not normally talk at committees like this about what has or has not come up in caucus. I am not sure that that is particularly relevant to the work of this particular committee. What is relevant is what Mr Smith has said on behalf of the government and which has been outlined to you by officials.

Senator ALLISON—I guess this is more a question for AusAID, but is there any progress on providing assistance to the 160,000 refugees outside Western Sahara in camps now for 20 years? Is that a matter that the department has considered in recent times?

Ms Stokes—I will need to take that on notice. I am not aware of any humanitarian assistance that specifically has gone to those people, but it may well have. I will just need to check that.

Senator Faulkner—If it would assist, I am more than happy to take your question on notice relating to Western Sahara and ask Mr Smith to give consideration to it.

Senator ALLISON—I would be grateful if you did that, Minister.

Senator Faulkner—I think it is certainly more appropriate for him to give a considered response on this than for the minister representing to, as they say in cricketing parlance, slash outside the off stump, which I do not intend to do on that issue. But I am more than happy to raise it with Mr Smith, who I know would be keen to give you a considered response.

CHAIR—Further questions in 1.1.5?

Senator NETTLE—If I can just go back to Zimbabwe to start with: can somebody outline the existing sanctions that the government has in relation to Zimbabwe?

Ms Stokes—Since September 2002, Australia has implemented targeted sanctions against the government of Zimbabwe and its close supporters. The sanctions have covered restrictions on visas for travel to Australia by certain individuals; restrictions of transfers of payment to or from individual Zimbabweans; the suspension of non-humanitarian aid; prohibition of defence links; downgrading of government-to-government contacts in multilateral fora; and, more recently, restrictions preventing adult children of sanctioned individuals from studying in Australia.

Senator NETTLE—I asked some questions before about some more issues in relation to Burma: does it operate in the same way in terms of having a financial list and then a movement alert list?

Ms Stokes—Yes.

Senator NETTLE—When did the restrictions in relation to children of the regime come into play?

Ms Stokes—I am sorry, Senator: when were they implemented—is that what you said?

Senator NETTLE—Yes.

Ms Stokes—They were implemented last year. They were announced on 17 August 2007. We said at that time all student visa applications from Zimbabweans would be screened to identify whether any applicants are adult children of Zimbabwean officials or regime supporters subject to Australian sanctions.

Senator NETTLE—Are you able to let the committee know whether there have been any students that have been prevented from coming into Australia as a result of that?

Ms Stokes—Yes. Eight individuals studying in Australia had their visas revoked and have since left. Student visa applications from four adult children have been refused.

Senator NETTLE—Does the Department of Foreign Affairs and Trade provide any assistance to Australian companies investing in Zimbabwe?

Ms Stokes—I am not aware that we do, but I will take that on notice.

Senator NETTLE—What is the department's assessment of the recent peace agreement in Lebanon?

Ms Stokes—The foreign minister issued a statement on 22 May which set out the government's approach to that agreement. In that media release, Mr Smith indicated that we welcomed the agreement, that it represented a step by the Lebanese leaders away from violence and we noted that we commended the efforts of the Arab League in bringing the parties together for talks. We underlined our strong support for sovereignty, political independence and unity of the Lebanese state and we renewed our support for the democratically elected government of Prime Minister Siniora. In the press release, we continued to urge the implementation of UN Security Council resolutions which call for the disarmament of all Lebanese militia and for the government of Lebanon to extend its control over all Lebanese territory.

Senator NETTLE—Thank you. Has there been any change in relation to government policy on Zimbabwe since the change in government?

Ms Stokes—No. I would add that since the election there has been quite a lot of development in Zimbabwe so, in a sense, it is difficult to compare. But there is a lot of continuity, I would say, in terms of a policy on Zimbabwe.

Senator NETTLE—What government action is occurring in relation to the ongoing blockade of the Gaza Strip?

Ms Stokes—As we have talked about in the past, the question is whether the blockade is the best way of describing the situation. Leaving that to one side, on 3 March the foreign minister issued a media release that indicated that he was very concerned about the escalation of violence in Gaza but also in southern Israel. He urged all parties to heed the call of the UN Secretary-General. It is not mentioned in that press statement but of course the Australian government's approach is to urge all parties to follow the road map and that is, in essence, the Australian government's position.

I should also add that we are concerned about the humanitarian impact on the people in Gaza. The situation of course is complex, and Israel like all other states has the right to defend itself. We encourage all steps that can be taken to try to ease the humanitarian situation of the civilians in Gaza and elsewhere in that region of course.

Senator NETTLE—Is there anything more specific that the government has done other than make that statement on the humanitarian situation in Gaza?

Ms Stokes—I do not have briefing here on aid. As you may know, at the aid conference in December in Paris on the Palestinian situation, the Australian government announced a doubling of assistance to the Palestinians and, of course, a lot of that has been directed at trying to ease the conditions that the Palestinians face not only in Gaza but also on the West bank and in the refugee communities in the neighbouring countries.

Senator NETTLE—We are all aware of the Prime Minister's involvement in the marking of the 60th anniversary of the independence of Israel. I want to ask whether there was any Australian government involvement in any ceremonies or anniversaries to mark what the Palestinian's call Nakba.

Ms Stokes—I need to take that on notice.

Senator NETTLE—Thanks. I want to know whether there have been any discussions about the Israeli government naming a forest after the current Prime Minister. There have been forests named after Paul Keating and John Howard. I wonder whether there has been any discussion about a Kevin Rudd forest.

Ms Stokes—I do not know the answer to that question. I will take it on notice.

Senator NETTLE—Thank you.

Senator TROOD—I wish to go to Sri Lanka and the sad and tragic situation that persists there. I would be grateful if you could provide me with a quick analysis of the Australian government's assessment of the progress of any possible resolution to the civil war that has now become much more difficult.

Ms Stokes—Thank you for your question. Progress is not the word that comes to mind, unfortunately. In fact, the situation appears to be deteriorating in a whole range of ways. As you know, the Sri Lankan government stepped away from the ceasefire agreement earlier this year and that, of course, was a very regrettable step. At that time, Australia released a statement to say that we regretted that decision. We think that it is very important for the two sides to make efforts at some kind of negotiation and dialogue.

We also see signs that the human rights situation in the country is deteriorating. We have seen an increased rate of terrorist attacks by the LTTE. If you look at our travel advice, which in a sense is a reflection of this deterioration in security, you will see that generally the situation in Sri Lanka has deteriorated. There does not seem to be any sign on the part of either party that they are interested in any kind of dialogue or reconciliation, but we continue to encourage those things and think that they are the only way in which this conflict is going to be resolved. We do not think there is going to be a military solution to this conflict.

Senator TROOD—Are you aware of any international activity which might encourage some sort of progress towards a resolution of the matter, or has the international community largely withdrawn from the situation?

Ms Stokes—I am not aware of a single overarching effort. Of course, this issue gets addressed in a number of international fora especially in the United Nations, including in the

UN Commission on Human Rights. I think there are many countries that share our view which is that we urge the two parties to try to address the conflict through non-military means.

Senator TROOD—There has not been any creative middle-power diplomacy on the issue yet, has there?

Ms Stokes—If you are asking whether Australia has taken an initiative to bring peace to Sri Lanka, there has not been a single initiative. But we are trying to encourage the Sri Lankan government to look at this issue in a different way, so we take every opportunity to do that.

Senator TROOD—So far those efforts have been unavailing—is that the story?

Ms Stokes—That is right, but we are not alone in pressing the Sri Lankan government.

Senator TROOD—Again in the strategic direction statement there is reference to Australia leading:

... a more comprehensive and integrated international strategy to achieve our objectives in Afghanistan.

I wonder whether you could outline to us precisely what the more comprehensive and integrated international strategy is that we are leading.

Mr Robilliard—As you will recall, Senator, Prime Minister Rudd attended the NATO summit in Bucharest a few weeks ago. That was a significant event, in particular, in that it was the first time an Australian Prime Minister had attended a NATO summit. I think it reflected the value which NATO, as an organisation, puts on Australia's commitment to the effort in Afghanistan. That summit produced a number of significant results. One of them was a commitment by the NATO members and those other countries represented to a public statement on the aims and objectives with respect to Afghanistan. The second significant result I might refer to was the increased troop commitments announced by a number of countries and the third result was, as you have noted, the agreement by those countries engaged in Afghanistan to a comprehensive strategic political and military plan to addressing the Afghanistan effort.

Senator TROOD—So those proposals are in the process of being implemented. Is that right?

Mr Robilliard—That plan was agreed by all those countries present at Bucharest and it now sets the framework for planning as things move forward in Afghanistan. Yes, in a broad sense it is being implemented.

Senator TROOD—Is the department happy with the progress that is being made there?

Mr Robilliard—This plan of course was only agreed to a few weeks ago. The Prime Minister has made very clear that we—that is, Australia and the Australian government—will be looking for clear indications of progress in implementation. We have made very clear that we expect that to be reviewed on a regular basis.

Senator TROOD—Have you put a time line on that? Are there points at which you want to undertake these reviews or do you have an intention in regard to time line?

Mr Robilliard—It will be an ongoing process of review. Certainly, you will be aware that the Prime Minister has indicated he thought it important that there be at least a high-level review of progress next year.

Senator TROOD—Are we talking about the next calendar year?

Mr Robilliard—Yes, in 2009. As I say, there will be an ongoing process of review at various levels from now on.

Senator TROOD—In regard to India, which relationship we are taking, according to the strategic directions, to a 'higher level' perhaps you could explain how we are going to take this relationship to a higher level.

Ms Stokes—To start with, I can mention that we have had to date a large number of high-level contacts with India. Mr Crean, the Minister for Trade, went to India very early in the new government's term, in January, to meet his Indian counterpart but also to meet Australian and Indian businesspeople there. We have also had a visit to Australia by the Indian minister for science and technology, Kapil Sibal. He visited in February. We have also most recently had the Indian minister for civil aviation and the Indian minister of state for steel visit separately in May. We have also had a number of high-level non-ministerial level Indians visit. We have had the Indian Prime Minister's special envoy, Shyam Saran, visit in January this year primarily on nuclear matters. We have also had what we call the strategic dialogue with India, which is led at secretary level. That took place earlier this year and the delegation on the Australian side was led by our secretary. We have also had, as a guest on a visit arranged by the Australia-India Council, a former Indian foreign secretary, Mr Lalit Mansingh—and you might have seen that he gave an address at the Lowy Institute for International Policy and was interviewed by media when he came here a couple of months ago.

Most recently, we have had the Indian commerce minister, Mr Nath, who is a counterpart for Mr Crean. He came to Australia in May for a Joint Ministerial Commission meeting covering the whole trade and economic relationship. That commission meeting of course had a ministerial component but also a day long officials component. We are expecting in a couple of weeks time that Mr Smith will host the Indian minister for external affairs on a visit to Canberra, and that will be a very important opportunity for us to review the whole relationship and talk about next steps. That number of visits is quite significant in terms of our interaction with India. I think it indicates that there has been quite a rapid pace in the relationship this year.

Senator TROOD—There is a lot of activity there; I agree. Have there been any particular consequences with regard to new programs, activities and dimensions of the relationship beyond ministers going back and forth and talking to each other?

Ms Stokes—There have been a range of outcomes across the government, not only in the DFAT areas of responsibility. When we looked at the trade and economic relationship a couple of weeks ago at the JMC, it was very interesting to note that the level of dialogue between the different arms of the Australian government and Indian government had certainly expanded in the recent period. We signed a MOU between the agencies responsible for intellectual property in Australia and India. We have also begun preparations with India on a water policy

dialogue. In the last year Treasury have begun a dialogue with their counterpart department or ministry in India. Also, in the competition area, we have begun a dialogue process between the relevant agencies. Also in the past year—and we are hoping to move very rapidly—we have negotiated a mutual assistance treaty and an extradition treaty, and those documents are moving their way through the various processes here and in India.

That is the sort of activity. Of course, in terms of the economic relationship, that continues to grow quite strongly in terms of trade, but investment is also beginning to pick up—both Indian investment in Australia and Australian investment in India. And of course the people-to-people links are also growing rapidly, especially with the numbers of Indians coming here on student visas and skilled worker visas and the amount of migration as well.

Senator TROOD—I see. Good. I could not help but notice that, at least in relation to some of these dialogues, there has also been a dialogue around uranium sales with the Indian government. Perhaps you can just tell us where that possibility lies at the moment.

Mr Chester—I will ask Jennifer Rawson to answer that.

Ms Rawson—The government's position in relation to uranium sales is that uranium will only be supplied to countries that are parties to the nuclear non-proliferation treaty and with which Australia has a bilateral safeguards agreement and where there is an additional protocol in place. It is not a policy that is directed against India, but, as India is not a party to the nuclear non-proliferation treaty, the government's position is that Australia would not supply uranium to India. I would add that it is something of a moot point at the moment because Australia and other members of the Nuclear Suppliers Group—other countries—also do not supply uranium to India because the process by which nuclear cooperation with India might be possible as a consequence of the US-India Civil Nuclear Cooperation Initiative has not proceeded to the point where the Nuclear Suppliers Group has been asked to make an exception for India to its guidelines. So it is not just a matter of Australia not supplying uranium; other uranium suppliers do not do so either currently.

Senator TROOD—So our position remains that we will not sell uranium to India—or any other country, but I am interested in India on this occasion—because it is not a member of the NPT and has not signed a safeguards agreement through the IAEA. Is that right?

Ms Rawson—A colleague might correct me, but India does currently have a safeguards agreement with the IAEA, but in order to progress the US-India Civil Nuclear Cooperation Initiative it needs to enter into another agreement with the IAEA that would apply to a much broader range of nuclear facilities, those ones which, under the initiative with the United States, India has specified will be in the civil nuclear program. The board of governors of the IAEA has not yet had put to it an IAEA-India safeguards agreement within the framework of that initiative.

Senator TROOD—Ms Rawson, I am just wondering whether or not you might be a bit behind the policy developments in this area, because I saw a report yesterday in the newspaper suggesting that the minister had softened his position on uranium sales. Perhaps I should clarify that. My sense is that there is a bit of confusion here on the policy, because I understood that the Minister for Trade at one point was interested in selling uranium, but the

Minister for Foreign Affairs was not. But I am speaking about the Minister for Foreign Affairs softening his position.

Ms Rawson—That is not a correct interpretation. The report yesterday was based on some Indian newspaper reports of comments made by Mr Smith in the margins of meetings with the commerce minister, who was here last week. My understanding is that the minister would have put the Australian government's position, which is that, as I said before, Australia will only allow the supply of uranium to those countries which are parties to the NPT. There is a separate issue of Australia's attitude towards those aspects of the US-India Civil Nuclear Initiative that I referred to before: what approach we would take in the IAEA and the NSG. The situation is that the government has not yet taken a decision on that and will do so if and when it is required to do so.

Senator TROOD—I understand that there are various places and institutions where separate policy considerations need to be made. I must say I understood the minister's position—I did not necessarily approve of it, but I understood it. He had a strong policy of not exporting uranium. But there is a quote here—it is in quotes—which seems to suggest that it came directly from the minister: 'If the agreement is passed, we would consider joining a consensus on selling uranium.' Does that not refer to Australia selling uranium, or does that refer to something else?

Ms Rawson—My understanding is—if that is a correct quote, and I do not have a transcript of the minister's words—that he would have been referring to Australia's position in the NSG, if the issue were brought to the NSG and it were asked to make an exception to its guidelines to enable civil nuclear cooperation with India. As I said, the government has not made a decision on that issue and will only do so if required to do so. I think—and I do not want to interpret the minister's words—the reality is that, if the government were to decide, and I emphasise that there has been no decision, and if the government were to agree to a consensus in the NSG to allow civil nuclear cooperation with India, that would not require a change in Australia's national policy not to supply uranium to India.

Senator TROOD—It would be inconsistent with that policy, wouldn't it?

Ms Rawson—No, I do not think so. There are many situations where you are able to do something if that is consistent with your policy but you choose not to because your national policy is not to supply.

Senator TROOD—It hardly seems a tenable position to be in, to agree that nuclear suppliers might make an exception in relation to India and yet Australia would not be prepared to go that further step and sell uranium itself to India. They seem to me to be perhaps not precisely mutually exclusive but inconsistent positions.

Senator Faulkner—That is editorialising, Senator, which you are entitled to do, but you could not expect the official at the table, who has outlined the factual situation, to comment on your editorialising.

CHAIR—Is there any consideration at the moment by the NSG to change its policy in terms of recommendations to member countries?

Ms Rawson—No, there has been no formal consideration of the issue in regard to India. I think there is a sequencing issue. I think all NSG members are not prepared to consider that issue until there has been agreement to an IAEA-India safeguards agreement.

CHAIR—That is the precondition.

Ms Rawson—That is, if you like, the first step to be taken, then the next step would be consideration by the Nuclear Suppliers Group of an exception for India.

CHAIR—Is there any work being done at the IAEA level for resolution of the issue—for the exception?

Ms Rawson—There have been negotiations between India and the IAEA on that safeguards agreement, and I think there is a draft agreement. I do not know whether that has been finalised in terms of the negotiations, but there certainly have been negotiations. But it has not yet been brought to the Board of Governors of the IAEA.

CHAIR—Is the board of governors the decision-making body?

Ms Rawson—It would be asked to approve the agreement.

CHAIR—Does that operate on a simple majority, an absolute majority, a consensus basis or what?

Ms Rawson—I think normally those approvals are done by consensus. If a vote were required, I think it is a two-thirds majority. I am looking to Ms Stokes because of a previous appointment.

Ms Stokes—Generally, decisions in that body are taken by consensus, and I would say that it is probably rare that there is a vote. It is usually on contentious issues that there is a vote. I think Ms Rawson is correct that it is two-thirds.

Senator TROOD—There is a threshold issue to be decided, isn't there—that is, that the American-Indian 123 agreement has to be passed or approved by the Indian government? My understanding is that that is not taking place at the moment—it is stalled in the Indian congress. Is that correct?

Ms Rawson—It is not so much that it is stalled in the Indian congress, but some of the Indian political parties which are allied with the government—although not formal members of the coalition—have expressed concerns about the initiative. There are ongoing discussions between the government and those parties on that deal. It is those ongoing discussions in the domestic political sense that have meant that the initiative overall has not proceeded to the IAEA.

Senator TROOD—Has the department made an assessment as to whether or not it thinks it likely this agreement will get through—that these roadblocks will be overcome and this agreement between the Americans and the Indians will come into place?

Ms Rawson—Our assessment would be that there are still a lot of steps to be taken. The major issue in many ways is that after the IAEA and after the NSG, there then needs to be, in the US congress, a process of consideration of the bilateral US-India safeguards agreement, which is the so-called 123 agreement. With the US presidential elections now due in November, I think there is a question about whether—depending on the timing of those earlier

steps—there will be sufficient time under this administration for that deal to be completed. If it is not, then it would be something that would go to the next US administration for consideration about taking it forward under the new administration. As to when—on the Indian side—the issues might be sorted out, I would not make an assessment. They are obviously delicate negotiations in terms of the government's relationship with parties that normally support it. That will need to be worked through.

Senator TROOD—But in any event, it seems it will be some way down the track before there is likely to be any settlement of this matter.

Ms Rawson—I suppose one could not rule out a breakthrough in the negotiations, but it is not evident on the horizon at the moment.

Senator TROOD—I had some further questions, not on India but on Iraq.

Ms Stokes—Excuse me, Senator, might I add one more thing on India, which I was remiss in not mentioning.

Senator TROOD—Yes, of course.

Ms Stokes—In the course of 2008 we have made some good progress on our FTA feasibility study with India. This study was agreed under the previous government, and the current government is taking it forward. This year we have had two rounds of talks with the Indians and there has been an agreement to try to complete the study before the end of this year. In preparation for those talks, we have been consulting widely with business in Australia and state governments about the India-Australia economic relationship. That in itself has been quite a productive process.

Senator TROOD—I was going to ask some questions about that a little bit later on in relation to trade policy, but since you have raised the matter perhaps I can take the opportunity to explore with you whether or not this is going to be a comprehensive free trade agreement—whether the discussions you have had suggest that that is to be the case, or whether the scoping study is turning out to be a rather narrow exercise.

Ms Stokes—There is absolutely no doubt on our part that we use the word 'comprehensive' in nearly every sentence we use with the Indians. It is a very strong expectation on our side that it will be comprehensive.

Senator TROOD—We can explore that later in the year, because the study will be completed by then. In relation to Iraq, I noticed the Prime Minister made a statement in the House today about the withdrawal of Australian forces from Iraq. I want to ask you: what is your assessment now about the direction of events in Iraq? Not so much in relation to the areas where the Australian task force has been, but the general political direction.

Mr Robilliard—Senator, I might begin in answering this way: the situation and the prospects in Iraq in June 2008 are significantly better than they were in June 2007. Over the past year we have seen the implementation of the so-called surge of forces, which was announced by President Bush early last year. That has seen significant progress in undermining, in removing the threat of, al-Qaeda and other terrorist groups and bringing security and stability in those regions of Iraq which were most affected by those particular terrorist organisations. We have also seen a significant further effort in the development of the

capacity of the Iraqi security forces, particularly the Iraqi army. There has been a major effort in the training of those forces undertaken over the past year. We have seen a determination and a willingness on the part of the Iraqi government to take the lead in security operations, most notably in the Basra region in recent months, in a determined effort to confront criminal and militia elements. That is on the security side.

On the political side, we have also seen some very positive developments with the passage of a number of important pieces of legislation by the Iraqi Council of Representatives during the course of the first half of this year, notably in this so-called de-Baathification law, the amnesty law, the passage of the budget. These are all very positive elements on the political side. We have also seen some improvement in some socioeconomic areas. That is not to say that there are not significant challenges remaining with regard to Iraq. As I said, overall, I think we can say that at this stage, mid-2008, the situation in Iraq on the security front and on the political front is certainly very much improved on what it was a year ago and certainly two years ago.

Senator TROOD—Mr Robilliard, in the light of those encouraging signs, what opportunities does the situation provide for Australia to continue to contribute to the stabilisation of Iraq?

Mr Robilliard—As I think the Prime Minister and other ministers have made very clear, in fulfilling the government's commitment prior to the election for the withdrawal of combat forces, the government remains committed to assisting Iraq and the Iraqi people in the reconstruction and rehabilitation of that country. A significant ADF presence remains in and around Iraq, contributing in various ways, and we have a humanitarian program, a reconstruction program, a capacity-building program underway, which is being managed and directed by AusAID. You could certainly pursue with them the details of that, but that involves, as I recall, a \$160 million program over the next three years, focused very much on areas where we can provide capacity building and other assistance to the Iraqi people and the Iraqi government.

Senator TROOD—It is an AusAID program, but can you just advise us of whether or not there is any intention to revise the size of that program in the light of the withdrawal of Australian forces or any other activities?

Mr Robilliard—That program was announced, has been determined and, as I say, reflects the government's ongoing commitment to Iraq.

CHAIR—Are there any further questions on 1.1.5? There being none, those officials are released, and we thank them.

[4.52 pm]

CHAIR—We will now turn to the Pacific, output 1.1.6.

Senator PAYNE—Mr Rowe, could we start with Fiji please, and could you give the committee an update of the circumstances obtaining in Fiji at the moment in relation to the security of the high commission and the high commissioner?

Mr Rowe—We are very concerned about the recent developments in Fiji relating to and arising from the two threats that have been made against the high commissioner and high

commission staff. The first threat was made on 7 May through the delivery of a letter to the security guards at the entrance of the high commission which contained a direct threat to the high commissioner. The second threat was on 15 May in the form of a letter sent through the post.

In relation to the first threat, the high commissioner, in consultation with us, immediately took steps to get in touch with the Fijian authorities and the police, and he delivered what we call a third person note, seeking additional security measures for the high commission and staff—including, of course, a request for the sending of two AFP officers to provide close personal protection to him in particular. That request contained in that note went unanswered for some time, and no response had been received at the time the second threat was made, as I say, on 15 May. In response to that threat, a formal note and message was sent from Foreign Minister Smith to the Fiji authorities referring to the earlier request for CPP assistance and also asking for the provision of additional police security to protect the high commission, its staff and the residences.

The following day, 16 May, a formal response was received from the Fijian authorities denying the request for the close personal protection officers to proceed to Fiji. There was no mention of the request for additional police protection. So, accordingly, the next day, 17 May, another note containing a message from the foreign minister was sent to the Fiji authorities, expressing serious concern and regret that the Fiji authorities had not responded positively to the request for CPP, reiterating the request for additional police protection and seeking a response as a matter of the utmost urgency. That request was not responded to in a formal way. The response in fact was given by statements being made by the interim foreign minister, Ratu Epeli Nailatikau, in the sense that they did not consider that such additional security measures were required.

So, in a situation where two very serious, very credible—as we assessed them—anonymous threats were made, we did not receive the support and the additional measures that we requested. The matters of course were both reported to the police and a police investigation into the threats is continuing. In response to the situation where there were threats made and we considered there was not an adequate reaction by the Fiji authorities, Foreign Minister Smith, as you will be aware, made a statement in the House. After the second threat was received, on 20 May, he also announced in a statement that the offer of voluntary return was being made to the dependants of A-based staff in the high commission. That offer was made with due regard to the duty of care that the Australian government considers is absolutely essential in these situations and in an environment where the additional security measures that we thought were imperative were not being provided by the Fijian authorities. However, I should emphasise that, from our side, we have from the outset, from the time of the first threat, reviewed very closely the security of the high commission and all the staff, and a range of measures have been instituted to ensure, to the maximum extent that we are able, on our own volition, the security of all members of the high commission.

Senator PAYNE—Thank you. I appreciate the sensitivity of discussing security arrangements on the public record and I do not intend to take you to the detail of those, if I

may say that in advance. Can I just clarify a couple of points you made in your remarks. To whom is the initial third-person note seeking additional security measures sent?

Mr Rowe—That was in fact delivered to the head of the Fiji foreign ministry. It was in what I would call the normal format of a third-person note but delivered at a very high level.

Senator PAYNE—And that is one you indicated went unanswered for some time?

Mr Rowe—Correct.

Senator PAYNE—And to whom was the formal note from the Australian foreign minister, Mr Smith, asking for the CPP and additional security for protection of the high commission and its staff sent?

Mr Rowe—That was delivered by hand by our high commissioner, James Batley, to the interim foreign minister, Nailatikau.

Senator PAYNE—And the response to that from Ratu Epli Nailatikau came in fact through the media, not in a formal sense, I think you said.

Mr Rowe—No. It basically came in the form of a note sent to the high commission.

Senator PAYNE—I see. I am sorry. You mentioned towards the end of your remarks the question of providing the option of voluntary return to Australia to members of the high commission staff and their families. Has that been taken up by any members of staff?

Mr Rowe—No. No member of the high commission has taken up that offer at this stage.

Senator PAYNE—Or their families?

Mr Rowe—No.

Mr Chester—Just to clarify, it was directed at the families, the dependants, not at staff.

Senator PAYNE—I realise that. I am sorry. In relation to other developments, if I might loosely term them developments, the reports that I have seen of the last meeting of the Pacific Islands Forum Fiji joint working group indicate that there has been no progress, as far as I can ascertain, in terms of the appointment of the supervisor of elections. Is that the case?

Mr Rowe—That is the case, although we understand that some consideration is being given to a candidate. Our information is that some individuals have been identified in recent times but have not, you might say, taken up the offer.

Senator PAYNE—They have not taken up the offer?

Mr Rowe—Yes. So, as at this point in time, there is no formal appointment to that position.

Senator PAYNE—Is it intended that the supervisor of elections be drawn from within the Fijian community?

Mr Rowe—No. My understanding is that—

Senator PAYNE—It is external.

Mr Rowe—it is external.

Senator PAYNE—How is it intended then, between the working group and the Pacific Islands Forum and other interested parties, that that matter be progressed?

Mr Rowe—It is a matter for the Fiji interim regime to appoint the election supervisor. It is a matter in their hands. So they need, I would suggest, to get on with it. That is what the Pacific Islands Forum countries want to see and are encouraging, as you would be aware, through the joint working group. The forum foreign ministers have made it unequivocally clear that the appointment, and the early appointment, of a supervisor of elections is an essential step in the path towards preparing the ground for the holding of the elections by March 2009. So there is that political encouragement, but the actual appointment of the supervisor is really a matter for the interim regime.

Senator PAYNE—As is, I assume, the provision of the timetable for election preparations, which is also outstanding, I think.

Mr Rowe—Correct.

Senator PAYNE—Am I correct in suggesting that the next meeting of the Pacific Islands Forum is in August this year?

Mr Rowe—Yes, it is. It is in Niue from 19 to 20 August.

Senator PAYNE—There are reports today—at least, I have seen them today; they may be older than that—out of New Zealand reporting statements made by Commodore Bainimarama about the status of the constitution and whether it is intended to progress matters in relation to holding elections and so on under the current constitution or otherwise. He is reported to have told the *Fiji Times*:

To abrogate the constitution is no big deal if we have to find a way forward for Fiji.

Have you seen those reports?

Mr Rowe—No, I have not seen those today.

Senator PAYNE—Could I ask you then, Mr Rowe, if you could have a look at those reports and perhaps respond on notice in relation to the undertaking that was given in terms of preserving the constitution in this process as we move towards elections and what the view would be of the potential abrogation—to use his word—of the constitution?

Mr Rowe—Certainly, Senator. I would just comment, though, that the firm view of the Pacific Island Forum countries, including Australia, is that the election should be held under the existing constitution and that any change or any amendment to that constitution would, consistent with the provisions of the constitution, require the recalling of parliament and the passing of any amendment provisions by a two-third majority. So the sequence would be that you must have the elections and then address the constitutional question.

Senator PAYNE—If we were operating within a recognised set of rules, that would potentially be described as an ideal world, I would suggest, at this point. The other question that I wanted to ask in relation to Fiji pertains to the meeting reported to have been held between Commodore Bainimarama and former Prime Minister Qarase. Was that in the last week or two?

Mr Rowe—Yes, it was on 19 May.

Senator PAYNE—How would we characterise both the meeting and the outcome of that meeting?

Mr Rowe—We welcomed the fact that the meeting was held—and foreign minister Smith has stated that publicly. One of the aspects of the situation in relation to Fiji that we encourage very strongly is a process of inclusive political dialogue and, frankly, since the coup in December 2006 that meeting was the first time that Commodore Bainimarama and Mr Qarase had actually met to have a discussion. The fact that those two key political figures—key in the terms of an eventual reconciliation in Fiji—have met is something that we welcome, and we understand there is an intention to have another meeting. It fits very firmly with the view of all of us in the Pacific Island Forum in encouraging and trying to facilitate a broad-based political dialogue involving all the political players in Fiji.

In addition to that particular meeting—which is a positive part of that scenario—the Commonwealth Secretariat is also engaged in an initiative, led by Sir Paul Reeves, the former Governor-General of New Zealand, to bring parties together. He has had one visit to Fiji and is hoping to make another this month, in June, to continue that process. As I said, that is sponsored by the Commonwealth Secretariat. We would hope that that process gains some ground and traction and, in parallel with election preparations, will create an environment where there is a very positive approach taken to reconciliation.

Senator PAYNE—In parallel with hoped-for election preparations. That would perhaps be—

Mr Rowe—Yes, ‘hoped for’.

Senator PAYNE—I have two other questions on the meeting between the former Prime Minister and Commodore Bainimarama. Is there expected to be a follow-up meeting between them?

Mr Rowe—We understand so, yes.

Senator PAYNE—Do you now when that is expected to occur?

Mr Rowe—No.

Senator PAYNE—Would that also involve the external parties who were involved in the previous meeting? I think it was the two principal churches, in particular the Methodist church and the Catholic church.

Mr Rowe—I cannot be categorical on that, but they were both present at that first meeting and my understanding is that they facilitated it. So they may well be present at the next meeting.

Senator PAYNE—The initiative that Sir Paul Reeves is pursuing—when you say that is to bring parties together as well—

Mr Rowe—Exactly.

Senator PAYNE—is there any more detail in relation to individuals or groups that he is working on bringing together, as it were?

Mr Rowe—He is trying to pursue a process which is, as I say, inclusive, to touch base with various political figures in a broad sense, to talk to them and to try and foster a sense of common purpose towards a restoration of democracy in Fiji, which is of course the objective the Commonwealth supports, as do Australia and all the other members of the Pacific Islands

Forum. So it is pretty broad based if he can achieve it, but it is not clear at the moment just to what extent he will be able to do that. He is obviously working discreetly to try and bring that outcome about.

Senator PAYNE—Thank you. I have no further questions on Fiji. Could I go to a couple of questions on Papua New Guinea. There was a report made by the Auditor-General of Papua New Guinea early in May that said Papua New Guinea's finance department had 'lost' or identified as missing \$400 million—1 billion kina—over the preceding seven years. Are you familiar with the report?

Mr Rowe—I know of the report, yes.

Senator PAYNE—The Auditor-General went on to say in that report that accounting and reporting systems in government departments were virtually in a state of collapse. Are you familiar with that aspect of the report, as well?

Mr Rowe—I am aware of that, yes.

Senator PAYNE—Do we still have Australian advisers working in the finance department?

Mr Rowe—Yes, we do.

Senator PAYNE—When we announce further funding to Papua New Guinea of that nature, as we did on the recent visit of the Prime Minister for the ministerial conference, what arrangements do we seek to have in place and what undertakings do we seek to receive from the Papua New Guinea government in relation to the administration of those funds in light of a report such as this from the Auditor-General, which I think many people would describe as courageous in the context of matters Papua New Guinean?

Mr Rowe—I cannot provide that information today. If such undertakings were given, I would have to take that on notice.

Senator PAYNE—Would you do that, please, Mr Rowe?

Mr Rowe—Certainly. I can say, though, that under what was previously called the Enhanced Cooperation Program and what is now called the Strongim Gavman Program the Australian advisers, deployees, are working very closely with a number of Papua New Guinea departments, including in the Auditor-General's office, and providing expert assistance in terms of systems and processes. I would like to make that point. But I cannot add anything further to the report or the factual situation about the funds that appear to have gone missing.

Senator PAYNE—Can you tell us, then, whether there is any indication at all that funds that may have been contributed from Australia were amongst the funds that have gone missing?

Mr Rowe—No, I would have to take that on notice.

Senator PAYNE—Would you do that, please?

Mr Rowe—Sure.

Senator PAYNE—Has the government contemplated further enhanced engagement in the area of transparency and accountability, in the light of a report such as this?

Mr Rowe—Again, I would have to take that on notice. I just do not know.

Senator PAYNE—I understand you taking the previous questions on notice, and, if necessary, I am happy for you to take that on notice. But I would have thought a report indicating the loss of \$400 million from the accounts of the finance department of a country to which we make a very considerable contribution—and an increased contribution in recent times—might have led this government to contemplate whether it is necessary to pursue further engagement in terms of transparency and accountability, and that you might be able to advise the committee along those lines.

Mr Rowe—Certainly, this is an aspect that other departments involved with the employees might be looking into. I would have to take advice on this. I just do not know exactly what the reaction has been within our government service to the fact that those funds have gone missing, and whether those funds are, in fact, linked to or whether they involve any Australian funds.

Senator PAYNE—You do not know if there has been any pursuit of that question?

Mr Rowe—No, I am sorry; I do not.

Senator PAYNE—When you do seek that information for the committee in response to that question on notice, are you able to pursue that also with other departments who may be able to assist? I assume the Department of Foreign Affairs and Trade, broadly speaking, has a coordination role in relation to this engagement with Papua New Guinea?

Mr Rowe—We have a coordination role, yes, in relation to engagement of the Strongim Gavman program.

Senator PAYNE—Not wishing to press the point unnecessarily—and perhaps the minister may want to respond to this—it seems to me that a report of some authority from the auditor general in Papua New Guinea, obviously a very serious report, which resulted, as far as I understand it, in an ongoing commission of inquiry in relation to these missing funds, is something which may alert government to the need to determine a number of things: (1) whether we need to pursue further matters of transparency and accountability in our engagement with Papua New Guinea, and (2) whether there was any possibility that funds contributed by Australia may be part of that report.

Senator Faulkner—They are reasonable questions in my view. While I do not have any personal knowledge of any departmental or broader government-wide responses on this, certainly we will endeavour, as Mr Rowe has said, to provide this for you when we are able. We certainly give you that commitment. But I would have to be frank with you and say that I do not have any personal knowledge of it—I do not know that you would necessarily expect that I would have—

Senator PAYNE—No, I was not.

Senator Faulkner—so I am really dependent on any advice here that can be provided for you by officials. But I would not jump to a conclusion that, because they are unable to provide an immediate response to you, these issues of accountability are not treated as serious ones by the government. We will endeavour to demonstrate to you through our responses that they are.

Senator PAYNE—Thank you, Minister, and I appreciate your undertaking on that. I certainly did not expect you to have a personal knowledge of these matters. May I say though, that the committee is scheduled to examine estimates relating to AusAID tomorrow—later in the afternoon, from three o'clock on. If there is any information which could be provided to the committee on those matters before then, that may be helpful. You do not mind me seeking that, Chair?

CHAIR—That is fine.

Senator Faulkner—I will undertake to make best endeavours to ensure that we do that for you. Hopefully, some of our officials from AusAID are listening. If not, I am sure Mr Chester will give them a heads-up, and we will endeavour to provide some answers to your questions when those officials are at the table.

Senator PAYNE—Thank you very much—I appreciate that. I have questions in two other areas, Chair. I do not know if anyone else has questions in relation to PNG.

Senator NETTLE—I have general Pacific questions.

CHAIR—Why don't you keep proceeding, Senator Payne and, when you are done, we will turn to Senator Nettle.

Senator PAYNE—Again, Mr Chester, in relation to the direct aid programs: may I place the same question on notice in relation to the Pacific as I have in relation to South America and Africa?

Mr Chester—Yes.

Senator PAYNE—Thank you very much. I want to go to the discussion of current moment about the potential for a Pacific guest workers scheme in Australia. Is that your bailiwick as well, Mr Rowe—is this the right place to ask these questions?

Mr Rowe—It is a subject that the Department of Foreign Affairs and Trade is engaged in with other departments, but the lead department is DIAC.

Senator PAYNE—That is interesting. I listened carefully to DIAC estimates last week and certainly got the impression that they thought DFAT was very responsible in the area as well. I am not saying that—

Senator Faulkner—I think there are a number of agencies involved, Senator. I would—

Senator PAYNE—But DIAC is the lead agency—is that right, Mr Rowe?

Mr Rowe—Absolutely—I would have thought that was right.

Senator PAYNE—In the context of that, can you advise me whether DFAT was represented on the recent visit to New Zealand to discuss this particular policy area?

Mr Rowe—Yes, it was.

Senator PAYNE—By whom?

Mr Rowe—By Mr Patrick Cole, who is an assistant secretary in the Pacific division and currently head of the Pacific Partnerships Task Force. That delegation was led by the secretary of DIAC.

Senator PAYNE—Mr Metcalfe gave us a lot of enthusiastic information in relation to that. Were any other officers from DFAT part of the delegation?

Mr Rowe—No.

CHAIR—Mr Rowe, I might just ask one question on the discussion that Senator Payne has initiated where DIAC is the lead agency: is it a general guest worker labour mobility set of discussions or is it a Pacific Islands guest worker labour mobility set of discussions?

Mr Rowe—It is specifically in the Pacific regional context.

CHAIR—Thank you, Mr Rowe.

Senator PAYNE—When was DFAT first involved in discussions regarding a possible Pacific guest worker scheme?

Mr Rowe—I am afraid I cannot give you the date. It was some months ago, but I cannot be precise.

Senator PAYNE—Could you come back to the committee on that?

Mr Rowe—Sure.

Senator PAYNE—Thanks, Mr Rowe. There is, as I understand it, to be a forum—a round table, private sector focused—on labour market issues in Nadi in a couple of days, early this month. Are you aware of that forum, Mr Rowe—apparently inviting key employers and recruitment agencies from Australia, New Zealand, Guam and the European Union?

Mr Rowe—No, I am not.

Senator PAYNE—So DFAT has no engagement with the holding of that forum, which I think is hosted under the auspices of the Pacific Islands Forum Secretariat.

Mr Rowe—There is no officer from DFAT attending that forum.

Senator PAYNE—So that would also go to members of high commission staff—they would not be in attendance at that forum?

Mr Rowe—Not to my knowledge, Senator, but I can check on it.

Senator PAYNE—Thank you—would you, please.

Mr Rowe—Yes.

Senator PAYNE—Are you aware of the recently produced report by Swinburne, *Workers for all seasons?*, which is subtitled, *Issues from New Zealand's Recognised Seasonal Employer (RSE) program*?

Mr Rowe—Yes, I am aware of the report.

Senator PAYNE—In the process of examining potential for a guest worker scheme here in Australia, is DFAT examining that report and doing any analysis of its recommendations?

Mr Rowe—Yes, we are.

Senator PAYNE—When do you expect that to be completed?

Mr Rowe—Very soon.

Senator PAYNE—I could venture a request, but I guess the answer is going to be the issue, whether any of the analysis that is made of the Swinburne Institute for Social Research's report is going to be available publicly or to the committee in any context.

Mr Rowe—Frankly, we have not considered that. I would have to reflect on that.

Senator PAYNE—I could invite you to do that, could I, Mr Rowe.

Mr Rowe—Yes, you can.

Senator PAYNE—Have there been any initial observations made by the responsible minister or parliamentary secretaries or the department on the Swinburne report?

Mr Rowe—Not to my knowledge.

Senator PAYNE—Could you check on that, please? In terms of the timetable which has been considered for contemplation of such a program and any announcement in relation to that, I know there was some discussion, as you referred to it, in DIAC estimates. At one stage the foreign minister made an observation about the probability of an announcement in August at the Pacific Islands Forum—the Niue meeting. Was that ever a timetable and is it still a timetable?

Mr Rowe—I recall that the Prime Minister announced that the whole question of labour mobility in the Pacific was something that the government would be examining. He noted that it was a complex issue and that the government would wish to study the New Zealand experience in the RSE scheme, with the aim of then engaging in a discussion at the Niue forum about Pacific labour mobility.

Senator PAYNE—But not making an announcement in relation to Australia's position.

Mr Rowe—My understanding was that it was to have the matter raised at the Niue forum.

Senator PAYNE—I rely on my colleague Senator Ellison, who sought some information in DIAC estimates about these matters. He noted in that process that during the Australia-Papua New Guinea Ministerial Forum held in April, Mr Smith, the foreign minister, had asked Papua New Guinea to prepare a formal paper on possible seasonal labour arrangements. Is that correct?

Mr Rowe—Correct.

Senator PAYNE—Have any other countries in the Pacific been asked by the foreign minister or the department to prepare papers on possible seasonal labour arrangements?

Mr Rowe—Not to my knowledge, no.

Senator PAYNE—Do you need to check on that to confirm that no other countries have been asked to prepare a paper? Why would we have singled out Papua New Guinea?

Mr Rowe—As the public record of that meeting shows, Papua New Guinea's foreign minister said that he raised the issue of labour mobility and said that Papua New Guinea would like to present a proposal as to how a scheme might work for Papua New Guinea. In response to that, foreign minister Smith, who was co-chairing the meeting, said, 'Yes. Please do.' So the initiative came from the Papua New Guinea side.

Senator PAYNE—On that premise, a number of other countries in the Pacific region have in the past expressed their interest in engaging in similar sorts of schemes with Australia. Will any of those countries be asked to put together a paper on how it might work in their jurisdiction?

Mr Rowe—Will they?

Senator PAYNE—Yes.

Mr Rowe—I do not think it is the intent at the moment to ask them to put forward papers, no.

Senator PAYNE—Would that assist us in our deliberations on potential implementation of such a scheme?

Mr Rowe—As I have mentioned, the question is certainly out there. There is a lot of interest clearly by Pacific island countries in labour mobility schemes. I think the matter will certainly be of keen focus for all those countries at the Niue forum, which, of course, is not very far away. That might lead to some countries following the Papua New Guinea example. As of now, I do not know of any other Pacific Island Forum country that has approached us to say that it wants to put forward a proposal per se. It is more a question of waiting for us to develop our ideas, thoughts and assessments of this proposed pilot scheme and to hear those at the Niue forum.

Senator PAYNE—Are you aware of the reported interest of Timor-Leste in having a similar sort of scheme focused on Western Australia?

Mr Rowe—No, I am not.

Mr Chester—The department is aware of that.

Senator PAYNE—Thank you, Mr Chester; I know I am straying slightly. Has there been any formal engagement between the department and the Timor-Leste government on that matter?

Mr Chester—I believe the issue has been discussed between Australia and East Timor, but beyond that I do not know what the level of engagement has been.

Senator PAYNE—Could you provide the committee with advice on the level of engagement and how far advanced those discussions are?

Mr Chester—We will do that.

Senator PAYNE—That is all I have for now.

Senator NETTLE—Has there been any approach since the change in government from any Pacific island nations to talk about the issue of climate refugees, or people who are displaced as a result of climate change?

Mr Rowe—I can say that there have not been any approaches to us. We actually checked this this morning. The very clear advice that I received from my colleagues, who also checked with other relevant departments, is that we there have not been any such approaches.

Senator NETTLE—Can you tell me about any discussions that have occurred with Pacific island nations about assistance that we can give them in relation to dealing with climate change—not specifically in relation to refugees but more generally?

Mr Rowe—This question of climate change, which, as you would be aware, is an important part of the government's Port Moresby Declaration—which includes assisting Pacific countries with climate change. That is really the responsibility of the Department of Climate Change. In terms of contacts and negotiations with individual countries, those would be conducted primarily through that other department. In relation to Papua New Guinea, the Prime Minister signed the Papua New Guinea Forest Carbon Partnership. Obviously, there was also discussion at the Australia-Papua New Guinea Ministerial Forum on climate change issues. But the actual development of a Pacific climate change strategy, which the government is committed to and for which it has indicated it will give \$150 million to assess and work on the adaptation of climate change, actually is being led by the Department of Climate Change. DFAT, along with a number of other departments, is involved in that process, but we are not the principle department.

CHAIR—There being no further questions on the Pacific, we will now proceed to item 1.1.7, bilateral, regional—

Senator Faulkner—That is deferred until the trade officials come.

CHAIR—Okay.

Senator Faulkner—Chair, can we release officials from 1.1.6?

CHAIR—We can.

Senator NETTLE—When is 1.1.7 deferred until?

Senator Faulkner—1.1.7 and 1.1.8 have been traditionally dealt with as trade elements.

CHAIR—They are at 9.30 tomorrow night, Senator Nettle.

Senator NETTLE—Okay. Thank you.

CHAIR—That is with the trade portfolio. That takes us now to 1.1.9, International organisations, legal and environment. Do we have questions in this output? We do have some questions, so could those officials come forward.

Senator TROOD—You may have a further opportunity Mr McCarthy! I wonder whether someone could give me a briefing on the progress of the Bali roadmap negotiations please.

Senator Faulkner—A briefing, Senator?

Senator TROOD—Well, perhaps a brief status report would be more appropriate. Could you provide some facts about the progress we are making?

Mr Potts—This is now primarily a matter for the Department of Climate Change. What I can tell you is that the climate change negotiations are really on a two-track pattern between Bali and the Copenhagen conference of parties. The first track is the Kyoto parties track, where I think it is fair to say that some progress has been registered. The second track really involves all of the members of the framework convention and progress there is much more difficult. There is obviously a fair amount of heavy lifting to be done, particularly on the

question of global commitments and who should undertake them. There are two meetings in the course of this year. There is one in Accra and there is another one in Poznan in Poland. They will be the next waypoints on the roadmap. But I think it will only really be at the end of this year that we will have a better sense of how the parties are tracking towards the next meeting of the conference of parties.

Senator TROOD—When is the Accra meeting?

Mr Potts—From recollection I think it is in the next month or so. Again, I really have to say that it is not a meeting that DFAT participates in. It is being serviced by the Department of Climate Change. We are obviously following it with interest, but it is being serviced by other departments, mainly the DCC.

Senator TROOD—I see. Now let us turn to the revitalisation of our engagement with multilateral institutions and more specifically the United Nations. Is that you, Mr Potts?

Mr Potts—It is indeed.

Senator TROOD—How are we going to do that?

Mr Potts—The government is obviously looking at a number of different tracks. The first and most obvious flagship is the announced candidacy for the non-permanent seat on the Security Council. The election is in 2012. We are also looking to take a higher profile in the Human Rights Council. We are looking at our attitude towards various international human rights instruments and whether we should accede to a number of optional protocols. We are also looking at candidacies, but we are somewhat constrained by the priority we need to give to the Security Council candidacy.

Senator TROOD—That would be resources, would it?

Mr Potts—Resources are always a factor but I think the reality with candidacies is that, whatever the size of the country, you cannot run for too many at once or you are seen to be overreaching yourself. As with everything, the government has determined its priorities and the priority is the Security Council campaign.

Senator TROOD—I see. Is there any intention as part of the revitalisation program to increase the resources in New York or Geneva in our main United Nations posts?

Mr Potts—I do not think that is the case at this stage. I think it is more a question of changing emphasis and spending more time on aspects that might not have been given as much priority as they were previously.

Senator TROOD—There has been some discussion in the press, you will have noticed, about the potential cost of trying to secure a non-permanent seat on the Security Council. Has the department made an independent assessment of the costs likely to be involved in this activity?

Mr Chester—We have not done that as yet. We will do that over coming months.

Senator TROOD—So you have set yourself on this course but you are as yet to make any assessment of the cost involved?

Mr Chester—That is right. As I said, we will do that over coming months. A lot will depend on the approach we take to the campaign.

Senator TROOD—I see. Figures of \$30 million to \$40 million have been mentioned. Are they likely to be anywhere near the potential cost?

Mr Chester—It is not likely they will be anywhere near the potential costs.

Senator TROOD—What do you think, Mr Chester—is the figure closer to the—

Mr Chester—I do not think that I would hazard a guess. We need to go through that work, but I do not think that those figures that were quoted necessarily reflect the type of campaign that will be run on this occasion.

Senator TROOD—Have you got a strategy for the campaign? Let me rephrase that because you have indicated that you have not yet settled on a strategy. Could you give us some idea about the likely elements of the strategy?

Mr Chester—The strategy is being developed. It is worthwhile to inject a note of caution that we are in a contest here, and I do not think it is wise to be indicating to those we are in the contest with what our strategies are to beat them. So I think we need to be somewhat circumspect in describing the strategy that we may be going to follow.

Senator TROOD—Do we know who we are in a contest with, Mr Chester?

Mr Chester—At this stage, it is Luxembourg and Finland.

Senator TROOD—Help me understand this process. Are they the candidacies that are declared at the present time? Is there a time at which there is a close-off of the candidacies, or is there a likelihood that other candidacies might join the contest a bit later on?

Mr Chester—I do not know about a likelihood, but I do not think you can rule out other candidacies. At this stage, Australia and the other two countries are competing for two positions so, at this stage, it is a genuine contest.

Mr Potts—I would add that there is no formal close-off in terms of nominations.

Senator TROOD—So we could be facing additional challenges for our efforts?

Mr Potts—It is possible, although you would think that the closer you get to the election the less likely it is that countries will nominate late in the race—especially when there is, at that stage, three well-established candidacies.

Senator TROOD—What is the date that we expect this matter to be resolved? When is the vote taking place?

Mr Potts—We do not know the date; we know the month. It is October 2012.

Senator TROOD—When might the plan of attack, if I may use that phrase, be settled?

Mr Chester—We are working on the basis of having something for ministers in the context of the 2009-10 budget. I expect we will look at going to our ministers sometime in the second half of this calendar year with at least some significant detail of a proposed campaign plan, which will pick up the issues and elements of the campaign and also the resourcing issues.

Senator TROOD—I see; good. You mentioned the Human Rights Council, which of course is a new body but, in some respects, not much changed it seems in its practices from

the old body. I wonder whether you have turned your attention to how we might better encourage it to move in a direction which might be more sympathetic to our national interests.

Mr Potts—I think by way of broadbrush qualification that is not a bad description of how we see the Human Rights Council. It is still only really in its infancy. We have not formed a definitive view of how it is travelling at this stage. One reason for that is that its new key procedure, which is the Universal Periodic Review of countries' human rights records, has only just started this year. I think it would be premature to come to a decision until the full year works its way through and then into the General Assembly. We certainly have placed on record our strongly held view that the new council has done itself no favours by an undue focus and polemical approach to Middle East issues. I think three extraordinary sessions have been called, without any productive result as far as we are concerned. Our view is still evolving. We still hold the view that the council has the potential to evolve in a more productive way than the former CHR, but that remains to be seen.

Senator TROOD—How many assessments has the council done so far?

Mr Potts—There are 42 states under review this year and my notes suggest 32 countries have been handled.

Senator TROOD—Have you had an opportunity to assess those reviews at all?

Mr Potts—Not in any depth at this stage. The second session has only just finished. That was from 5 to 19 May. Our delegation in Geneva is likely to report on that in some depth soon but I think we will still wait and see how the next two sessions go.

Senator TROOD—When are they?

Mr Potts—There is a third session in December of this year—on the 1st, I believe.

CHAIR—Senator Trood, do you have further questions under 1.1.9?

Senator PAYNE—I think, Chair, I was advised that questions relating to the regional maritime security capacity-building program were appropriately asked in this area. Is that correct?

Mr Chester—Senator, that is the next output: international security division—1.1.10

Senator PAYNE—When I flagged this earlier somebody enthusiastically said, 'Ask them in 1.1.9,' so I was just obeying instructions.

Senator Faulkner—I now think even more enthusiastically people are saying 1.1.10.

Senator PAYNE—Okay; I will just subsume my enthusiasm for a second!

Senator NETTLE—I noticed the media release put out by the foreign minister and the Attorney-General in relation to the Optional Protocol to the Convention against Torture. I wanted to ask what the time line is for the consultation with states and territories about Australia becoming a party to the Optional Protocol to the Convention against Torture.

Mr Potts—We are not responsible for the piloting of the consultations, but my understanding is that that will take the rest of this year.

Senator NETTLE—Just in terms of understanding the time frame, were that consultation to be able to be completed by the end of this year, what would that mean in terms of when Australia could become a party to the convention—presuming that all goes successfully?

Mr Potts—My understanding is that once the consultations are finished we can determine what action Australia would need to take to bring its domestic legislation into conformity with the obligations it would have to assume under the optional protocol.

Senator NETTLE—In terms of me understanding why the consultation with the states and territories is needed, is that in order for them to conform their legislation with the convention?

Mr Potts—That is my understanding.

Senator NETTLE—Do you foresee any objections to Australia becoming a party to the convention?

Mr Potts—I do not think it is really for me to say. It is for the consultative process to throw up.

Senator NETTLE—There is no next step that needs to happen after that, if the consultation goes well?

Mr Potts—I think departments will then meet, led by Attorney-General's Department, review the process and put up recommendations to government.

CHAIR—Are there further questions on 1.1.9?

Senator NETTLE—Should I check the questions I have got, to make sure that they are 1.1.9? I want to ask about cluster bombs, nuclear nonproliferation and ballistic missile defence.

Mr Chester—That is 1.1.10.

Senator NETTLE—And GNEP.

Mr Chester—Yes.

[5.50 pm]

CHAIR—Will officials come forward for 1.1.10, Security, nuclear disarmament and non-proliferation. Senator Nettle, we will lead off with you.

Senator NETTLE—I want to ask about the new treaty on cluster bombs and whether the definition excludes the SMArt 155.

Ms Rawson—Yes. The definition of cluster munitions in the draft treaty text does not include the SMArt 155.

Senator NETTLE—Can you outline what independent testing has been done on the self-destruct mechanism? My understanding about the reason is that it is partly in relation to the self-destruct mechanism.

Ms Rawson—No, I am not in a position to answer that. You would have to ask Defence colleagues who are aware of the technical aspects of the munitions.

Senator NETTLE—Can I ask why the government worked so hard to exempt these Australian munitions from the cluster bomb treaty?

Ms Rawson—The focus of the government was to achieve a strong humanitarian outcome while safeguarding Australia's national security interests. The cluster munitions which have caused unacceptable harm to civilians are the older type—as I understand it—of munitions which have a large number of submunitions which do not have self-destruct mechanisms, which cannot be targeted in a precise way. So the focus of Australia and other countries involved in the negotiations was to ensure that those munitions which have been responsible for unacceptable harm to civilians, including after conflict has ended, were the focus of the negotiations.

Senator NETTLE—The cluster munitions used by Israel in Lebanon two years ago had self-destruct mechanisms on them, didn't they?

Ms Rawson—I do not know the answer to that, Senator. A colleague is able to answer that question.

Mr McCarthy—Yes, the M85 cluster munition does have a self-destruct mechanism, but it is a very primitive mechanical self-destruct mechanism.

CHAIR—There are still teams in the area affected, scouring the terrain to remove outstanding unexploded cluster bomb ordnance, aren't there, Mr McCarthy?

Mr McCarthy—As I understand that, yes.

Senator NETTLE—Why did Australia not take the approach of other countries like the United Kingdom, who, as a result of the signing of the treaty, are now getting rid of their cluster munitions? Why did Australia decide not to take the approach that the United Kingdom took?

Mr McCarthy—We do not have any cluster munitions, I suppose as a result of the conclusion of this convention. As was stated clearly by the head of the Cluster Munitions Coalition at the end of the diplomatic conference, this convention bans all cluster munitions, and any munition that fits within provision 2(c) of the definition cannot reasonably be classed as or considered to be a cluster munition. I presume your question is in reference to the SMArt 155, which certainly fits within article 2(c) of the definition. So, as a result, I suppose, of the conclusion and, if you like, the determination of an accepted international definition of 'cluster munition', it would be fair to say that the SMArt 155 cannot be considered in any reasonable sense to be a cluster munition.

Senator NETTLE—Is the negotiation of this treaty considered to be a victory by the Australian government?

Mr McCarthy—I think it is considered to be a very good outcome for the international community, which has concluded a convention that should attract very wide adherence and addresses in a very substantive way a pressing humanitarian need.

Senator NETTLE—Is the exclusion of Australian weapons from this particular treaty considered to be a victory by the Australian government?

Mr McCarthy—It is not a question of it being a victory or otherwise. We were concerned, as were a wide range of states, that the definition encompass those munitions that cause unacceptable humanitarian harm but does not encompass those superior munitions that do not cause those effects, especially as the result, potentially, of prohibiting such munitions might

have been that effectively you would be leaving older unitary in service that in actual fact pose more humanitarian question marks than the sorts of advanced munitions that we are now talking about.

Senator NETTLE—If you would not describe the SMArt 155 as a cluster munition, how would you describe it?

Mr McCarthy—It is an advanced anti-armoured vehicle, particularly anti-armoured tank sensor-fused, munition with multiple redundant self-destruct mechanisms.

Senator NETTLE—I want to ask you about the impact of the treaty on military cooperation with the United States, which is not a signatory to the convention. Is it correct that Australia can participate in joint operations with the United States when they are using cluster bomb munitions as a result of this treaty?

Ms Rawson—In his response to a question without notice in parliament last week, the Minister for Foreign Affairs, Mr Smith, said:

The text also addresses the government's concern to ensure that cooperation between nations through peacekeeping and other joint operations with states who may not become party to the treaty is able to continue—for example, the United States. This cooperation, formally known as interoperability, is a vital pillar of Australia's strategic security and defence arrangements. It is also a vital element of Australia's ongoing peacekeeping operations ...

Senator NETTLE—Does that mean that Australia can still participate in military operations with the United States where they are using cluster munitions?

Ms Rawson—At this stage, while there has yet to be a detailed examination of the treaty text, as Mr Smith said, the government will review the text of the treaty in the lead up to the signing ceremony in December this year. But at this stage the assessment is that the text of the treaty addresses the interoperability concerns that the government had, including with the United States.

Senator NETTLE—So that means that currently the government's view is that they can still be involved in operations with the United States where they are using cluster munitions?

Ms Rawson—At this stage, as I said, the view is that it seems to meet the interoperability concerns, but that will have to be one of the issues looked at closely over the coming months.

Senator NETTLE—That interoperability concern being that Australia wants to be able to involved in joint operations with the United States where they are using cluster munitions. Is that the interoperability concern you are referring to?

Ms Rawson—I think it is a more correct characterisation to say that the government would wish that Australian forces could operate with United States forces and the forces of other countries in a range of operations, including peacekeeping operations. There may be some circumstances in which the United States decides to use cluster munitions, but it is not a matter of our wanting to be able to participate. We want, as a matter of principle, to be able to participate in operations with the United States and other countries when that is in Australia's interest to do so.

Senator NETTLE—Including where they are using cluster munitions?

Mr McCarthy—In the article to which you are referring, article 21 of the treaty, provision 1 obligates signatories to the treaty to encourage universal ratification of the treaty. Subsection 2 requires signatories to communicate their obligations under the treaty to all other states who are not party to the treaty. So the intent of the states parties is clear: they eventually want this to be a universal regime. But we cannot avoid the fact that, at least in the short term, there are some states that will continue to possess clusters. The government has to ensure that ADF personnel are not placed in a position—a potential legal grey zone, for want of a better word—where they cannot effectively control inadvertent circumstances by virtue of the fact that, when we deploy in many circumstances, it is as part of a joint operation or combined military force.

Senator NETTLE—But the treaty allows Australia to cooperate with the United States in operations where the United States are using cluster munitions, does it not?

Mr McCarthy—The treaty tries to ensure that ADF personnel are not left in a legal grey zone by virtue of circumstances that they are not directly responsible for.

Senator NETTLE—And it does that by allowing Australian personnel to be involved in joint operations with the United States when the United States are using cluster munitions. Is that correct?

Mr McCarthy—The treaty allows for interoperability. It allows for states parties to the treaty to operate in coalitions—for instance, the ISAF coalition operating in Afghanistan—with non-signatories.

Senator NETTLE—How are we going to encourage the United States to join the treaty and to communicate our obligations to the United States?

CHAIR—Before you answer that question, how many non-signatory states are there to the cluster munitions treaty?

Ms Rawson—There are not any signatory states at the moment.

CHAIR—No, but how many states have indicated they will not be signatories? Is it just the United States, or is it other states?

Mr McCarthy—Probably the best indicator would be the number of participants in the Oslo treaty diplomatic conference, and that was about 120. So, if you like, you can assume that those states that did not attend are less likely—obviously—to be signatories to the treaty than those who were participating in the negotiations.

CHAIR—Do you have a list of those non-attending states?

Mr McCarthy—We can provide a list.

CHAIR—There has been press reporting of half-a-dozen countries who did not attend or who do not intend to become signatories, one of which is United States. So I want on the record, if possible, who the other five or six primary countries are.

Mr McCarthy—Perhaps I can answer that in terms of major producers and stockpilers of cluster munitions. That list would include Russia, China, India and Pakistan.

Senator NETTLE—Not Israel?

Mr McCarthy—That list would also include Israel, but I said major producers and stockpilers.

Senator ALLISON—They make the M85s!

Mr McCarthy—Certainly Israel possesses cluster munitions, but not on the scale of, for instance, a Russia, a China or the United States.

Senator ALLISON—They make the M85s, don't they?

Mr McCarthy—They certainly have them stockpiled.

Senator ALLISON—They make them.

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

Senator NETTLE—How many of those states do we engage in joint operations with?

Ms Rawson—I cannot answer that question—

Senator Faulkner—In many ways, some of these questions are better directed to Defence, but if officials cannot answer it, we can either take it on notice, or you may care to address it during Defence estimates, where I think officials will be able to be pretty precise about those issues. But, if you would prefer, we can take it on notice.

Senator NETTLE—Why don't we do both? You take it on notice and I will ask it at Defence estimates.

Senator Faulkner—I though we might save time.

CHAIR—Which agency has responsibility for this issue? Is it Defence or DFAT? The cluster munitions bill was always a Defence bill, wasn't it?

Ms Rawson—This department has taken the lead role in terms of the negotiations on the cluster munitions treaty. Defence and the Attorney-General's Department have been part of that negotiation process. The technical aspects of SMarT 155 and technicalities relating to those munitions are obviously matters for Defence.

Senator Faulkner—Operations would be a matter for Defence, not Foreign Affairs and Trade.

CHAIR—As would peace-keeping and clean-up operations, if we chose to participate. They would be Defence matters as well.

Mr McCarthy—Yes.

Senator NETTLE—Ms Rawson, you indicated that currently the advice is that joint operations can still continue. That is not clear at the moment. Is there any intention to suspend joint operations until it is clear whether or not the treaty applies to ADF personnel?

Ms Rawson—No. The treaty is not in force.

Senator NETTLE—What are the sanctions for a breach of the treaty?

Mr McCarthy—I would need to take that on notice. There is a section that deals with enforcement and compliance. We can take that question on notice.

Senator NETTLE—Will the treaty prevent the United States from using cluster bomb munitions in joint exercises in Australia?

Ms Rawson—I stand to be connected but, to my knowledge, I do not think that that has ever been a real issue.

CHAIR—‘Does the Australian government permit the United States to use cluster bombs on Australian government territory?’—that is the real question.

Senator NETTLE—No, I am asking about the treaty.

CHAIR—We do not have a treaty. We have a draft document.

Senator NETTLE—They have just negotiated the treaty that is going to be signed at the end of this year.

CHAIR—We have a draft document—not a treaty as yet. When it is signed, it is a treaty.

Senator NETTLE—There are no more proposed discussions before it is signed, so I think it is fair to ask questions about the document that we are working with, that these officials have been negotiating.

CHAIR—It is.

Senator NETTLE—I wanted to know whether that treaty prevents such a circumstance occurring. I am not saying—

CHAIR—What I am saying to you is that we do not as yet have a treaty, as the officials have repeatedly said. We have a draft document.

Senator NETTLE—All the other questions have been about the document, and the officials have been able to answer them.

CHAIR—You keep using the word ‘treaty’. We do not have a treaty.

Senator NETTLE—Okay, I will use the word ‘document’. Does the document prevent the United States from using cluster bomb munitions in joint operations with Australia in Australia?

Senator Faulkner—I have just checked with the officials at the table. Officials from Foreign Affairs and Trade cannot provide a precise answer to your question. The choice is to ask this when Defence are at the table or, alternatively, we will take it on notice. I do not want to do anything other than give you a precise answer to the question that you have asked. To do that, we will need to check the facts and the details. There are two choices: we can take it on notice or, again, if you are intending to progress any of these issues with Defence, then I am sure Defence officials might well be able to answer it without taking the issue on notice.

Senator NETTLE—I would appreciate it being taken on notice, given that these are the officials involved in negotiating the document.

Senator Faulkner—Yes, we are happy to do that for you, but I think it is important that we give you a precise answer to the question. Let’s do that.

Senator NETTLE—The other one that I wanted to ask—again, let me know if it can be dealt with now—is whether the document prevents the United States from having cluster

munitions here in Australia when they are involved in joint operations. There is a question of using them and then there is a question of having them here.

Senator Faulkner—I think it is more accurate to say it is a question of not whether the document prevents but whether the document ought to prevent.

Senator NETTLE—I am sorry—whether it ‘ought to prevent’?

Senator Faulkner—Whether it ‘would prevent’ as opposed to ‘does prevent’, because of its current status. But that is how one would interpret it.

CHAIR—Yes, and there are also extant agreements with the United States as to the storage and location of a range of material in this country. The question becomes whether or not this document in whatever form purports to override pre-existing agreements as well. I think the minister has indicated that we are going to take that on notice.

Senator Faulkner—I think again the same situation applies. In order to provide you with an accurate answer, I think it is best taken on notice. The information is simply not available to officials at the table.

Senator ALLISON—I want to go back to the question of interoperability. As I understand it, this is the lead agency, so these are the officers to whom we should ask this question.

Senator Faulkner—I think one of the officials has explained the respective roles of departments. But, in relation to the negotiation of the treaty, my understanding is that it is fair to say that DFAT is the lead agency. I will just check with officials that that is correct. Yes, that is correct. Nevertheless, some of the operational issues that have been raised, as I am sure you would appreciate, would be better directed to Defence.

Senator ALLISON—Technical details about cluster munitions, yes, of course. As the lead agency in negotiating the wording, I think you might have avoided Senator Nettle’s direct question, which was: could Australia, under the wording which is proposed, be in a theatre of operations, as we call it, where the United States, for instance, was using cluster munitions? Is that your understanding? Can you give a yes or no, if that is possible.

Mr McCarthy—Article 21, dealing with interoperability, was obviously the outcome of negotiations between the 120 countries present. All will now have to go away and look at it in detail.

Senator ALLISON—Yes, I understand that. But do you understand that the wording being taken away would allow us to be present when the United States was dropping cluster munitions?

Mr McCarthy—The Department of Foreign Affairs and Trade, the Attorney-General’s Department and the Department of Defence will have to review a range of questions in relation to the treaty before the government takes a decision as to whether or not to sign.

Senator ALLISON—I understand that. I am asking you about the wording which has been thus far negotiated. We understand that the government still have to ratify it or whatever they have to do, but I am asking you specifically about the wording.

Ms Rawson—Article 21(3) of the draft treaty text—

Senator ALLISON—Yes, we know what article it is.

Ms Rawson—states:

3. Notwithstanding the provisions of Article 1 of this Convention and in accordance with international law, States Parties, their military personnel or nationals, may engage in military cooperation and operations with States not party to this Convention that might engage in activities prohibited to a State Party.

So those states which end up becoming signatories to and ratifying the convention will be obliged to abide by the terms of the treaty; those states which do not will not. A straightforward reading of 21(3) suggests that states parties can continue to engage in military cooperation and operations with states that are not parties to the convention, even after the treaty comes into effect. I would not want to go further than stating what the draft treaty text provides for—

Senator ALLISON—I am interested in what you understand this to mean. We have negotiated wording to a draft treaty. It is not unreasonable to ask you what this means in effect.

Ms Rawson—It means, I think, what it says it means, which is that states that are parties to the treaty can continue to engage in military cooperation and operation with states that are not parties to the convention.

Senator ALLISON—Let me put an example to you: Australia provides aircraft in cooperation with the United States, and the United States wants us to deliver some cluster munitions to a particular point. Would this comply with the treaty as drafted?

Mr McCarthy—I would draw your attention to section 4 of article 21, which states:

Nothing in paragraph 3 of this Article shall authorise a State Party:

- (a) To develop, produce or otherwise acquire cluster munitions;
- (b) To itself stockpile or transfer cluster munitions;
- (c) To itself use cluster munitions; or
- (d) To expressly request the use of cluster munitions in cases where the choice of munitions used is within its exclusive control.

Senator ALLISON—So just transporting them for our ally would not fit into those categories?

Mr McCarthy—On a plain reading of it, it would appear to be ‘transfer’ and therefore prohibited by article 21.4.

Senator ALLISON—Nonetheless, we could be an ally of the United States, say, in Iraq. The United States uses cluster munitions, and so our force could be cooperating in a whole range of ways other than transporting cluster munitions.

Ms Rawson—In general terms, as Mr Smith said in parliament last week, the treaty does appear to address our concerns about being able to continue to operate with the United States and other countries that might not become parties to the treaty in peacekeeping and other operations. The exact way in which that ‘continuing to operate’ will be able to be put into practice is something that we are going to have to look at over the next month as we review the treaty in terms of a government decision regarding signature.

Senator ALLISON—Did the Australian team negotiating the wording of this draft treaty consider pressing for the treaty to have application to general cooperation with partners who may have cluster munitions but who do not use them in the theatre of war in which they are engaged?

Ms Rawson—Not that I am aware of.

Senator ALLISON—Why not?

Ms Rawson—The government has for a long time been clear that one of its concerns in the negotiations was to ensure that we could continue to operate with the US and other forces in peacekeeping and other operations.

Senator ALLISON—Regardless of the weapons being used?

Ms Rawson—Not regardless of the weapons being used, but the principle of interoperability was very important to us.

Senator ALLISON—Regardless of the use of cluster munitions?

Ms Rawson—It was a recognition that some other countries were not—at least at an early stage—part of the Oslo process which was negotiating that convention, and the indications were that they would not come into that process. In those circumstances—and certainly a number of other countries took the same view—the capacity to continue to operate with those countries was an important point.

Senator ALLISON—Yes, using cluster munitions. Can you provide the committee with some examples of conflicts where this would affect Australia? If they had a treaty in place which obliged them to not engage where the partner concerned was using cluster munitions, in what theatre of war would this affect our relationship with, say, the United States?

CHAIR—We are departing from commentary or interpretation of the proposed treaty and you are being asked to hypothecate or speculate.

Senator Faulkner—With respect, Chair, a lot of this questioning has been precisely that. That does not mean that officials have not attempted to answer the questions. With respect, I think they have done valiantly in trying to provide interpretations about the possible impact of the negotiated text. I think it is reasonable for me to say to you that that is, in a sense, the status of a lot of the answers to these questions. I always think at these committees that officials should try to be as helpful as they can—and they are—but I think we need to understand that what is being asked for here is the official's interpretation of negotiated text that a range of states are now going to go and have a very close look at.

Senator ALLISON—With respect, Senator, these officials were the ones who were there at the negotiating tables and they were putting up the arguments. My understanding was that the minister was not there doing that. Is that correct?

Senator Faulkner—That is right, although I am aware that the foreign minister has certainly spoken to some of his counterparts on these issues. But the point that you make is right: at least one of the officials at the table did have that responsibility. That is why officials have been trying to assist you with your questioning. I am merely making the point to you that some of the nature of the questioning—as I am sure you appreciate—is asking officials to

make interpretations of what might or might not be the application of the text as negotiated in certain circumstances, which is what states are themselves obviously going to example. I say this in response to the chair's intervention, but I have also said, Senator, that we are obviously very happy to help you with your questioning as much as we can.

Senator ALLISON—I think Australians are entitled to know why it was that Australia did not go into these negotiations with a position that would allow them to continue to work with the United States—who has them and does not want to get rid of them—but only in those theatres of war where they do not use them. That is my question. There must have been some arguments put up as to why the treaty would need to reflect a position that did not put any constraints whatsoever against our allies in those theatres of war. So again I ask: why was this not done? Why was there not an argument put for a refinement, if you like, of this question of interoperability? It must only be that Australia is happy to serve alongside troops that are dropping cluster munitions. If I am wrong, please let me know.

Senator Faulkner—I have checked with officials. It appears we are unable to provide any more information in relation to the negotiating position, though I am certainly happy to allow officials to assist in answering your question if they can.

Senator ALLISON—I will give you another example. Australia presumably would not condone or work alongside an ally that dropped a nuclear weapon—at least I would hope not. Is this the case? I know it is getting off the track a bit.

CHAIR—It is getting off track a lot.

Senator ALLISON—I am trying to find examples where Australia would say, 'Well, no, some conditions apply to our cooperation with you.'

Senator Faulkner—I am not entirely clear what you are asking. If there is a matter here that we can assist you with in relation to DFAT, we are happy to. I am not sure that the analogy works, if you are trying to draw such an analogy. Neither the officials nor I are clear on precisely what you are asking here.

Senator ALLISON—I will try to put the question a bit more simply. Forget about nuclear weapons. Maybe it can be taken on notice, but the question is: did Australia attempt to negotiate wording in this draft treaty which would allow us interoperability with our allies as long as they did not drop cluster munitions in that theatre of war? In other words, they can have them but, as long as they do not use them, we are cooperating with them. Did we not argue for that and, if not, why not? That is it.

Senator Faulkner—Officials again have advised that it is, in their view, a matter that might be better put to Defence when they are at the table in this estimates. I do not think the officials can assist you. The other alternative to examine this further is, if it is possible, to take your question on notice and, if there is some information we can provide, we certainly will.

Senator ALLISON—That is what I was suggesting.

Senator Faulkner—Why don't we do that. I will take the question on notice and, if we are able to provide additional information on this, we certainly will.

Senator PAYNE—There was some discussion last week in the estimates in the Senate Standing Committee on Rural and Regional Affairs and Transport with the Minister

representing the Minister for Infrastructure, Transport, Regional Development and Local Government, Senator Conroy, saying that matters pertaining to the regional maritime security capacity building program and security issues associated there should be discussed here. Hopefully helpful colleagues of other departments passed that on at some stage. As I understand it, it is the case that the regional maritime security capacity building program was designed to assist Indonesia with the improvement of port security—is that correct?

Ms Rawson—I have not had the benefit of seeing the transcript of the discussions last week, so I have to say I am not absolutely sure what is meant by the regional maritime security capacity building program. Having said that, there are a range of Australian government agencies working bilaterally with their counterpart Indonesian agencies on measures that are relevant to maritime security, including things such as strengthening border security at ports and airports, capacity building and customs issues. So there are a range of government programs that in various ways touch on aspects of maritime security. I have got general information about that, but the detail of those programs would need to be taken up with the relevant departments.

The other area that we do have responsibility for is Australia's engagement as a member of the ASEAN Regional Forum, and that forum is one in which, again, a range of maritime security issues are discussed. Australia has been involved through that forum in a range of exercises and workshops et cetera, capacity building on maritime security. We are engaged in that way as well on a regional basis.

Senator PAYNE—Thank you for that, Ms Rawson. If I were to ask you a range of questions—

CHAIR—Senator Payne, we might give you the opportunity to ask a range of questions after dinner.

Senator PAYNE—In fact, what I was going to flag with Ms Rawson and you was that if the detail is not available, then I might not be able to ask the questions and they may need to be taken on notice, and we may be able to let the officers go, if you will just let me finish that sentence, or two.

Senator Faulkner—I think that is very wise. We will give other people a dinner break, even if we do not get one ourselves.

Senator PAYNE—Ms Rawson, what I was going to say is, if I wanted to pursue a range of questions about the nature of security levels in Indonesian ports, specifically whether they meet the requirements of the International Ship and Port Facility Security Code, whether the United States has recently made decisions in relation to Indonesia's capacity to meet those and so on, would you be able to assist me with the specifics on those questions?

Ms Rawson—I can assist to some extent in that, at least in terms of saying that the information I have suggests that there was some decision by the United States earlier this year to list a number of Indonesian ports that failed to meet international port security standards. Yes, that decision was taken because a number of Indonesian ports did not meet the standards.

Senator PAYNE—Chair, I regret to advise that this might take longer than I had thought. Thanks for that help, Ms Rawson.

Ms Rawson—I am not sure I can go much further than that, but I will do my best.

Senator PAYNE—It may only take five or 10 minutes after the dinner break, but I do not want to delay the committee unnecessarily, Chair.

Senator Faulkner—Would it suit the chair and the committee, if it is only a few minutes, to complete 1.1.10? It would probably actually suit the officials.

Senator PAYNE—I actually have more questions for 1.1.10.

CHAIR—In that case, we will suspend for dinner.

Proceedings suspended from 6.33 pm to 7.37 pm

CHAIR—I understand that Mr Rowe has some supplementary information to give us and thereafter Senator Faulkner will make a statement.

Mr Chester—Mr Rowe has answers to questions that Senator Payne asked earlier in the day.

Mr Rowe—I would like to give the committee some information in response to two questions Senator Payne asked this afternoon. The first is in relation to the allegation of funds amounting to one billion kina, or A\$400 million, missing from the PNG finance department. As I mentioned, I am aware of media reporting that this amount of money had gone missing from the finance department over the past 10 years, but I took on notice the specific questions by Senator Payne: what is Australia doing to promote transparency and accountability in PNG and are Australian funds at risk? The following response in relation to the senator's two questions has been prepared in consultation with AusAID and is a combined and almost as comprehensive a comment as both agencies are able to provide at this stage, although obviously I am aware that AusAID will be before the committee tomorrow. With your permission, Mr Chair, I will read the response to this question about the \$400 million.

CHAIR—Please proceed.

Mr Rowe—So what is Australia doing to promote transparency and accountability in PNG? Through the Development Cooperation Program, Australia is helping PNG restore accountable and transparent financial management, budget and accounting systems, including the placement of senior and experienced Australian officials into PNG government agencies through the Strong in Government Program, formerly Enhanced Cooperation Program. To date, assistance in this area has resulted in significant progress in countering waste and misuse of funds contributing to internal audits in the Department of Finance in relation to trusts, cash management and expenditure; the audit and investigation of provincial and district Treasury operations to identify misuse of public moneys; advice leading to the closure of a problematic trust account which was the source of considerable unappropriated expenditure; and assisting the Financial Intelligence Unit of the Royal Papua New Guinea Constabulary to identify and respond to suspicious bank transactions.

Anti-corruption initiatives are also incorporated across key programs. For example, Australia supports all law and justice agencies involved directly in combating corruption, including the Ombudsman Commission, public prosecutor, correctional service, the Royal PNG Constabulary, the courts, the Department of Justice and Attorney-General, and the National Anti-Corruption Alliance. Australia supports the cross-agency National Anti-

Corruption Alliance with funding and an adviser. The NACA investigation into the Southern Highlands administration has led to 30 arrests to date with 17 committed for trial. New case management procedures have led to a greater capacity by the Solicitor-General's office to detect fraudulent claims against the state. Two identified in 2007 saved 6.2 million kina or A\$2.4 million.

AusAID has developed an Anti-Corruption Action Plan, or ACAP, to guide efforts in combating corruption in PNG. Proposed new activities planned under the ACAP include supporting the PNG government's development of its own National Anti-Corruption and Good Governance Strategy, and funding further research and analysis on corruption in PNG, including its social, cultural and political drivers, as well as establishing baseline data against which to measure progress. As part of its anti-corruption activities, AusAID has identified key areas within PNG government systems where we need to continue and strengthen our assistance. These are: Government of PNG procurement systems, especially the Central Supply and Tender Board; financial management systems at the national, provincial and local levels; and audit and other accountability systems building on efforts already underway in such institutions as the Auditor General's Office and the Ombudsman Commission.

In response to the question 'Are Australian funds at risk?', systems are in place to protect against misappropriation of funds from Australia's Development Cooperation Program. Australian aid funding for PNG government programs is subject to stringent controls and independent audit. AusAID protects aid funding by overseeing or verifying procurement and disbursement of funds; providing funds to reputable international contractors, accredited NGOs and churches who deliver essential services; maintaining a regular series of audits to ensure funds are used correctly; and acting promptly in case of allegations of fraud. Such allegations are reported to AusAID's audit section in Canberra, which determines the appropriate action, including demanding repayment of funds, referral to police and/or civil recovery of funds. That is the response that I would like to give at this stage to the senator's questions about those funds.

Senator PAYNE—Is it possible to ask if that statement can be tabled?

CHAIR—Could you arrange to table that statement, Mr Rowe?

Mr Rowe—Absolutely.

Senator PAYNE—Thank you very much.

Mr Rowe—Could I take the opportunity to just respond to one other question the senator asked which I took on notice? It is a very short response.

CHAIR—Yes, you may. Proceed.

Mr Rowe—Thank you very much. Senator Payne asked if the department would be represented at a roundtable on labour mobility issues which is going to be held in Nadi, Fiji, on 5-6 June. I can now inform the senator that an officer from the Pacific division who will be attending a workshop on trade in services, which is being held in Nadi a couple of days after the workshop, has now been asked to attend that particular roundtable also. So the answer is yes, there will be an officer there.

Senator PAYNE—Given the officer's attendance, is it possible for Mr Rowe to then take on notice a report back to the committee in relation to the outcomes of the forum as far it is possible for us to report on those?

Mr Rowe—Of course.

CHAIR—Minister, I believe you have a statement you wish to make.

Senator Faulkner—Yes. I report to the committee that this afternoon, our time, there was a bomb blast outside the Danish embassy in Islamabad, Pakistan. The bombing, which killed at least four people, was a direct attack on two democracies: Pakistan and Denmark. The Australian government extends its condolences to those affected by this attack, and of course the Australian government unreservedly condemns the attack. The residence of the Australian Defence Attache to Pakistan was damaged in the attack, but the Defence Attache, his wife and his staff are safe. No staff of the Australian High Commission were injured. The Australian High Commission is in contact with the Pakistani authorities to confirm that no other Australians were affected by the bombing. Australians planning on travelling abroad are advised to read the latest travel advice available at www.smartraveller.gov.au. While I am not in a position tonight to take questions in relation to this attack, I do give the committee a commitment that if there are any further developments I will certainly keep the committee informed.

CHAIR—Thank you, Minister, for that statement. We will now return to the agenda. I believe Senator Payne has some outstanding matters to be pursued.

Senator PAYNE—In response to an earlier preliminary question, Ms Rawson was explaining to me the nature of the US Coastguard decision—I believe it was—on a number of ports in Indonesia and their status of maritime security. Ms Rawson, is it the case that, as a result of the requirements of the US Coastguard for ports to satisfy the requirements of the international ship and port facility security regulations, they give the ports a particular period of time in which to address any issues and bring themselves up to standard?

Ms Rawson—I am not familiar with all the detail of the way in which the port security advisory operates in regard to the US and whether a particular time has been specified. As I understand it, it does not apply to all Indonesian ports. Some of those ports are considered to be compliant; some are considered not to be compliant. I cannot tell you how long the period is for them to become compliant. As I understand it, the effect is immediately that they are in non-compliance, but, as to what steps have to be taken for them to become compliant, I am not familiar with the detail.

Senator PAYNE—The nature of the ISPFs regulations—to use the acronym which is significantly shorter than the alternative—is, as I understand it, basically a security requirement. Is that correct?

Ms Rawson—Yes. My understanding is that it was introduced in the last few years or at least—

Senator PAYNE—Post September 11, as I understand it.

Ms Rawson—It was upgraded, if you like, in terms of the requirements of all countries essentially as a counterterrorism measure.

Senator PAYNE—Provision was through infrastructure, transport, regional development and local government department funding; I acknowledge that is where the funding comes from. But is the Department of Foreign Affairs and Trade consulted in the process of allocating that funding for a program like regional maritime security capacity building?

Ms Rawson—There may have been some discussion with the department—I am not aware of the details of it—but I would expect that, when such assistance was being considered, there would have been discussion with other agencies that are involved in a counterterrorism context, an illegal fishing context and an illegal movement of people context looking at measures. I am not familiar; I cannot tell you certainly that there was discussion with us, but I would expect there would have been some discussion. But it was, as you said, a Department of Infrastructure, Transport, Regional Development and Local Government measure, and it would have been that department that was responsible for formulating the proposal and putting it forward to government.

Senator PAYNE—I appreciate that. I am not asking a question that goes to the nature of the advice that may have been given by the Department of Foreign Affairs and Trade, but could you take on notice for me whether the department did in fact give advice at the initiation of the program in relation to the regional maritime security capacity building program. Also, the funding for the program was reduced by about \$7.8 million in the last budget—is that an indication that the government has changed its view of the status of security of Indonesian ports?

Ms Rawson—I cannot answer about the basis on which it was decided not to proceed with another department's budget measure.

Senator PAYNE—Then, in keeping with the question I asked about the provision of a device in relation to the institution of the program, can you provide me—on notice I assume, given your last answer—with whether the department provided any advice on the reduction in the funding of the program, obviously not the nature of the advice?

Ms Rawson—Certainly.

Senator PAYNE—I am looking at the *Hansard* of two sets of estimates in rural and regional affairs and transport, the most recent last week where this matter was discussed with the minister in the chair, Senator Conroy, and the other in February of this year, when the matter was discussed with the senator in the chair, also Senator Conroy. Senator Conroy mentioned in the earlier of those two discussions—this is on page 134 of the *Hansard*, I think—'the security outlook and the resourcing match'. Can you advise—and I do not expect you to do that here and now—the committee of whether that is an indication of a change in the perceived security situation in Indonesia which has been matched by a concomitant reduction in resourcing for the regional maritime security capacity building or if, in fact, the minister is making another allusion, which of course I do not expect you to engage in conjecture about. But, if you could respond to the first part of my question, I would be grateful.

Ms Rawson—I certainly, as you point out, cannot respond in terms of the resourcing match. In terms of the security outlook in Indonesia, I can talk from my division's responsibilities in the context of the counterterrorism threat and issues around that. I think

there has been, over the last few years, progress made in terms of disruption of the threat of terrorism in Indonesia, particularly in regard to Jemaah Islamiah. As you would know, there have been some arrests and trials of people who have been engaged in terrorism activities, and the indications are that, while Jemaah Islamiah certainly continues to present a threat, its ability to execute operations et cetera has been disrupted.

So I think the overall message is that good progress has been made. The Indonesian government has shown a great deal of commitment to addressing the issue. Australia and Indonesia have worked together very cooperatively on counterterrorism issues. There is a very strong relationship. We have participated in a great deal of capacity building in Indonesia. Having said that, I do not think there is room to be complacent about it. The Indonesian government, other countries in the region and Australia need to continue to work to address those issues.

Senator PAYNE—Thank you. If you could come back to me on those matters that you took on notice, in relation to the provision of advice, I would be grateful.

Ms Rawson—I will do.

CHAIR—Are there further questions on 1.1.1?

Senator NETTLE—I want to ask some questions about nuclear issues. Has Australia formally advised the United States that it will not be pursuing a domestic nuclear power industry or domestic enrichment industry and, therefore, will not be seeking to continue to participate in the Global Nuclear Energy Partnership?

Ms Rawson—The government's position—that it will not pursue a nuclear power industry—is, I think, on the public record. I do not know that we have said that explicitly to the United States but I think it is absolutely clear from the record, and the United States would be in no doubt about our position in that regard. In terms of the Global Nuclear Energy Partnership, the government has not yet made a decision on Australian participation in the partnership. As you would know, a decision was taken in September of last year to become a participant. That was under the previous government. This government has not made a decision on participation.

Senator NETTLE—Has the Australian government attended the last two planning meetings for the Global Nuclear Energy Partnership?

Ms Rawson—Yes, it has, in an observer capacity essentially, not taking an active role.

Senator NETTLE—And has Australia signed on to the Global Nuclear Energy Partnership Statement of Principles?

Ms Rawson—Australia signed that statement of principles in September 2007.

Senator NETTLE—What does that indicate in terms of Australia's ongoing involvement?

Ms Rawson—It indicates that Australia signed the statement of principles under the previous government. This government has not yet made a decision on participation.

Senator NETTLE—Did the signing of the statement indicate that the previous government was involved in terms of ongoing participation?

Ms Rawson—Yes. It became a participant in the partnership.

Senator NETTLE—So the new government now is considering whether to continue with or to change that?

Ms Rawson—The government will make a decision on that in due course.

Senator NETTLE—Do you have any idea of the timeframe?

Ms Rawson—No.

Senator NETTLE—With the new government having come in, have all discussions at an official level regarding the Australia-US joint nuclear energy action plan been stopped?

Ms Rawson—I understand that a decision will also be taken regarding the action plan, but the primary responsibility for that plan is with another department.

Senator NETTLE—Which department is that with?

Ms Rawson—It is with resources and energy.

Senator NETTLE—How far did Australia proceed with involving itself in the Generation IV International Forum?

Ms Rawson—That is the responsibility of yet another department.

Senator NETTLE—Which department is that?

Ms Rawson—Industry.

Senator NETTLE—What role is played by the Australian Safeguards and Non-proliferation Office in relation to advice about participating in the Generation IV International Forum regarding nuclear reactors?

Mr Carlson—Our role regarding the Generation IV program is an informal one in that we inform ministers particularly of the non-proliferation aspects of the technologies that are being looked at in that program.

Senator NETTLE—Does the Australian Safeguards and Non-proliferation Office support research into Generation IV nuclear reactors?

Mr Carlson—No, we do not. Let me rephrase that. If you are asking whether we support in the sense of participating in or financing research, the answer is no, we do not.

Senator NETTLE—I mean it in a more general sense than that.

Mr Carlson—Whether we think it is a good idea?

Senator NETTLE—That is right.

Mr Carlson—The work is being carried on by a dozen countries, whether we think it is a good idea or not.

Senator NETTLE—Does the office have a view on whether or not it is a good idea?

Mr Carlson—It is clear that a new generation of technology is required. A lot of work is being done on that in a large number of countries. Our particular interest is in ensuring that the technology that comes out of that has advantages from the non-proliferation point of view. Therefore, yes, we support the carrying out of this research with that objective.

Senator NETTLE—What is Australia's current role in the forum?

Mr Carlson—Right now?

Senator NETTLE—Yes.

Mr Carlson—That is the business of another portfolio, as Ms Rawson said. However, at present we do not have a role in the forum; we are not a participant in the forum.

Senator NETTLE—Are we seeking to join it?

Mr Carlson—That is something that the government has to review.

Senator NETTLE—The government has not made a decision about whether or not they want to join?

Mr Carlson—No.

Senator NETTLE—To date, have any DFAT officials attended meetings or forums of the international forum?

Mr Carlson—To my knowledge, DFAT officers have not, because it is not a DFAT subject. It is the responsibility of another portfolio.

Senator NETTLE—But other portfolio people have attended?

Mr Carlson—I am not aware of that.

Senator NETTLE—Is the DFAT role in relation to the forum simply through the safeguards office, or is there broader DFAT involvement?

Ms Rawson—The International Security Division of the department can get involved in the general issue of engagement regarding nuclear issues. I am not aware that DFAT, including ASNO, has attended any Generation IV meetings, but I stand to be corrected. We would have to check the records on that.

Senator NETTLE—If you could, that would be great, thank you. What would be the point of participating in a forum if we do not have and do not intend to acquire nuclear power reactors?

Mr Carlson—I can answer that in a way, but it is perhaps more properly addressed to another portfolio. There is an interest on the part of ANSTO, the Nuclear Science and Technology Organisation, because some of the materials research that is required for Generation IV is work that ANSTO can contribute towards and which will have spin-offs into non-nuclear areas. So that is perhaps something that you might wish to pursue with ANSTO.

Senator NETTLE—Thanks. I also want to ask what the government's policy is in relation to nuclear disarmament in the Middle East.

Ms Rawson—Did you have a specific question?

Senator NETTLE—I know what the Labor policy is and I am checking if that is the government policy—that they support disarmament in the Middle East.

Ms Rawson—The government policy is to support a nuclear weapon-free zone in the Middle East. In general, the government supports the creation of nuclear weapon-free zones in regions and would like to see the establishment of an effectively verifiable Middle East zone free of weapons of mass destruction in their delivery.

Senator NETTLE—Presumably, including Israel.

Ms Rawson—Israel is part of the Middle East.

Senator NETTLE—So what is the government doing to bring Israel within the Nuclear Non-proliferation Treaty and the IAEA?

Ms Rawson—The government would like to see all states, including those that are not parties to the NPT, become parties to the NPT and has made that position clear.

Senator NETTLE—Is there anything specific you can point to that the government has done in terms of encouraging Israel to join the non-proliferation treaty?

Ms Rawson—No.

Senator NETTLE—Is that because they have done nothing or because you cannot point to it?

Ms Rawson—Nothing specific with regard to Israel in terms of direct representation that I am aware of, but the position about the nuclear weapon-free zone in the Middle East has been stated, including at the most recent preparatory committee meeting of the Nuclear Non-proliferation Treaty Review conference.

Senator NETTLE—So has the government taken any action to encourage other countries, apart from Israel, in relation to that position of nuclear disarmament in the Middle East?

Ms Rawson—The position has been stated publicly. I would have to take on notice whether there have been any specific representations to individual states. We can take that on notice.

Senator NETTLE—Thanks. I want to ask about the government's position on the United States National Missile Defense program.

Ms Rawson—The government will consider Australia's involvement in missile defence as part of the 2008 Defence white paper process.

Senator NETTLE—So the government is considering involvement in the US National Missile Defense scheme?

Senator Faulkner—No. It is a question of the issue being canvassed through that process, Senator, would be more accurate. Perhaps it is a question better directed to Defence.

Senator NETTLE—I was looking at it in terms of a government policy position, because I note the ALP's position is:

Labor is concerned that as a unilateral response to the problem of ballistic missile proliferation, national missile defence is disproportionate, technically questionable, costly and likely to be counterproductive.

That sounds like a pretty condemning stance in relation to it from the Labor policy, which is why I wanted to ask what the government policy is in relation to this matter. I thought what I was given was that it is being considered as part of the white paper, which struck me as being in contrast to the ALP position.

Senator Faulkner—No, I think the evidence was that the issue might be canvassed, which is quite logical given the strategic overview that, of course, is part of such a white paper process.

Senator NETTLE—Is there any discussion occurring with the United States about this issue currently?

Ms Rawson—About the overall issue of missile defence?

Senator NETTLE—Yes.

Ms Rawson—I think, at the time of the AUSMIN meeting that took place in Canberra last February, there was reference in the joint press conference there to the issue having been discussed.

Senator NETTLE—Was that February this year or last year?

Ms Rawson—It was 23 February this year.

Senator NETTLE—Do you have it there? Can you tell me what that said about what was being discussed?

Ms Rawson—Yes. There was a question relating to missile defence. The Minister for Defence said:

Of course missile defence is always a matter of conversation within AUSMIN and it's important for us to maintain the confidentiality of those discussions ...

of **Senator NETTLE**—Can Australian private contractors bid for involvement in missile defence programs?

Ms Rawson—It is not a matter for this—

Senator Faulkner—It is not a matter for this department at all.

Senator NETTLE—Not Australian government investment overseas in the form of those sorts of contracts? I would have thought it would be. Who are you suggesting it would be a matter for?

Senator Faulkner—All we can say is that it might be a matter you might care to ask in Defence or Industry. I will check if officials feel that we can add anything. Mr Chester thinks that it is possible that the question might be able to be asked in Austrade but, as far as the departmental elements of the portfolio are concerned, the officials cannot help.

Senator NETTLE—Okay. I will ask it later then.

Senator Faulkner—I will just check with the officials that that is the case. That is the case. I am sorry, Senator, but we cannot help on that one.

Senator NETTLE—Okay. I think that is all I have got for 1.1.10

CHAIR—Thank you, Senator Nettle. Are there any further questions on 1.1? There being none, we thank the officials for their responses to date and we now move to output 1.2, Secure government communications and security of overseas missions.

[8.14 pm]

Senator TROOD—Mr Gerovich, I was looking at the appropriation for this output, which seems to have declined quite significantly from the 2007-08 figure—on my calculation, about 17 per cent. I wonder whether or not you could provide us with an explanation for quite a significant decline in that appropriation.

Mr Gerovich—I would need to check with the CFO on the specifics of that.

Mr Chester—Whereabouts in the yellow book would we find this?

Senator TROOD—The 17 per cent is not there; that is my calculation.

Senator Payne interjecting—

Senator Faulkner—Senator Trood has been making his own calculations all day.

Senator TROOD—I try to make of the PBS things which are not there, but in an intelligible way, to make sense of them. On page 25, which is resources for outcome 1, in output 1.2—regardless of the figure, but the \$93 million compared to the \$113 million from last year estimated actual is quite a significant decline. It is in the vicinity of \$19 million, I think.

Mr Chester—I will ask Ms Thorpe, the CFO, to try and give you an explanation of that change.

Senator TROOD—Perhaps it involved the matter of the way in which the department is now doing its accounts.

Mr Chester—No, I think it is a reprofiling of funding under the Post Security Taskforce, the money we have to provide more secure premises.

Senator TROOD—I hope that, when Ms Thorpe addresses that question, she will explain fully and precisely what reprofiling might mean.

Mr Chester—I am sure she will, Senator.

Ms Thorpe—What happened, as you might recall, is that we received some funding several years ago for the Post Security Taskforce for a number of security type projects including relocations. What has been happening, as I think we have advised you in earlier meetings, is that some of those relocations have been taking a bit longer than what we originally thought when we put the funding line in. So what we have done is that we have rephased and moved. Each year, when we do our forecasting of what we think we will be able to spend for some of these relocations, we have identified that they are probably now not going to quite happen in the year we thought, so we have just moved the money to a further year out. You will find that even though it looks as though the funds have changed and dropped from 2007-08 to 2008-09, you will find that some funds actually have been moved to 2009-10.

Senator TROOD—I see. I do not have the benefit of that particular figure, do I, Ms Thorpe?

Mr Chester—The funding provided to the department some years ago for this security related work was meant to have a finish date of next financial year. I think it was the 2009-10 financial year. But, as Ms Thorpe says, as a result of some delays—for example, funding was provided for a new embassy in Jakarta. It has taken us some time to secure an appropriate block of land for that embassy and, as a result, money that was meant to be spent this year, next financial year, has been moved out to the years beyond those for which the funding was originally given. So there is now funding in financial years 2010-11 and 2011-12, whereas previously there was no funding given for those years. That will explain some of the details.

Senator TROOD—So if I had the benefits of the forward estimates for those other years and—of course I do not—then I would see perhaps an increase in this \$93 million for 2008-09?

Mr Chester—That is right. You will see funding for 2010-11 and 2011-12, which was not there originally.

Senator TROOD—At least in relation to some of the forward estimates that we had our discussion about earlier in the day, then we are clear about some of the elements of those forward estimates? They are accurate to that extent?

Mr Chester—Yes, of course, there is \$800 million there. We are clear about the \$800-odd million. What is not clear, as we explained earlier, is the lapse in programs and things like that.

Senator TROOD—No, I understand what you said, Mr Chester. I comprehend that, thank you. That provides me with an explanation which is persuasive. But all of the elements of the embassy upgrades remain in place—they are just being delayed?

Mr Chester—That is right.

Senator TROOD—You have not dropped any of them from the list or anything like that? We are proceeding with Jakarta, for example, and we are proceeding with the upgrades of the other posts under that program?

Mr Chester—That is right.

CHAIR—Starting late and finishing late?

Mr Chester—For some, because of delays in getting appropriate blocks of land, finding alternative embassy sites and so on.

Senator TROOD—Is Jakarta the most significant of the posts affected by this delay?

Mr Chester—It is. The other big relocation is Bangkok. We have land but we do not have access to the land yet. We are hoping to have access later this calendar year. Design work has started on the embassy but not construction work.

Senator TROOD—Thank you for that. In the light of the minister's statement earlier in the evening, I cannot help but think it is appropriate to ask about the Islamabad high commission and whether or not that recently has been reviewed for its security. Mr Gerovich?

Mr Gerovich—The first thing I would like to say is that the security of our staff and diplomatic premises is the highest priority of the department. We constantly review the security of our overseas missions and take steps to ensure that we remain ahead of the curve and that the protection we afford our staff and our premises is commensurate with the risks. I can say in the case of Islamabad that it is one of the posts that was reviewed during the course of the last 12 months. We have in the Department of Foreign Affairs and Trade a number of professional overseas security advisers, and one of those advisers did visit Islamabad and proposed a number of enhanced security measures, which are progressively being introduced.

Senator TROOD—They are in the process of being completed?

Mr Gerovich—That is correct.

Mr Chester—In the last few years there have been some significant additional security works done on the chancellery in Islamabad, without going into detail. What Mr Gerovich is talking about is some additional work above and beyond that work that has been done over the last few years.

Senator TROOD—I see. Is the high commission or the chancellery anywhere near this incident that took place—geographically?

Mr Chester—We have been sitting here all of the day. I do not know the details of where the Danish embassy is in Islamabad.

Senator TROOD—You do not have that information, Mr Gerovich?

Mr Gerovich—No, I do not. I will take it on notice.

Senator TROOD—Don't take it on notice. It is something that need not be progressed any further I think.

[8.23 pm]

CHAIR—There being no further questions on output 1.2, we turn to output 1.3, Services to other agencies in Australia and overseas (including parliament, state representatives, business and other organisations), going first to output 1.3.1, Parliament in Australia.

Senator TROOD—Mr Baxter, the appropriation for this output also seems to have declined significantly. We are halfway down table 2.1.1 on page 25. The figures for revenue from government declined from \$84 million in 2007-08 to \$70 million in 2008-09. Is there an explanation you can provide to the committee for that decline?

Mr Baxter—I will ask my colleague the chief financial officer to make a comment on it first, Senator.

Ms Thorpe—I think you will find that one of the things that is impacting on a number of the items—we talked earlier about the overall budget for the department, and we have talked about our having to find savings and a whole lot of other things like that. You will find that outcome 1 and a number of the outputs under outcome 1 have obviously been affected as part of the overall changes in the department's budget. You will see that most of the outputs in 2008-09 will be slightly lower than 2007-08 because our funding base has changed. Outcome 1 is obviously one of the largest of our activities.

Senator TROOD—Indeed. I do understand that, and I asked the question in relation to both 1.2 and 1.3. In relation to 1.2, it has been explained that the decline in funding is not a loss of funds; it is a running out of funds, given the priorities that are imposed upon the department by various issues. But you seem to be saying that, in relation to this issue, this is a decline which is the result of a determination to cut the budget to meet some of the resource constraints within the department.

Ms Thorpe—It is not specifically targeted to that output. It is just reflected across the department; there has been a reduction. You will find, therefore—except for certain elements where we have to have specific funding—that for most of our department we have had efficiency dividends and things like that—

Senator TROOD—But this is a very significant decline. It is not just two per cent or 1.25 per cent. It is not just the one-off efficiency dividend. It is in the vicinity of 17 per cent, as I calculate it. It looks as though this particular output has been targeted for specific attention. Or it may be, as was the case with regard to output 1.2, that there is a particular reason for this decline. But it is a substantial figure and the percentage change is way beyond the efficiencies that were being sought elsewhere—from other units across the department.

Mr Chester—That is right, Senator. I do not have an explanation for it. I think I will need to take that on notice to try to find out the reason for the decline; I think it is \$14 million.

Senator TROOD—\$14.5 million, I think, from my calculations.

Mr Chester—We do not have the answer here. It is not the same as output 1.2, where there definitely is a rephrasing of the appropriation. With this one I am just not sure why there is a decrease from \$84 million to \$70 million.

Senator TROOD—Perhaps you would take that on notice and provide me with an explanation as to why that is such a significant figure. I realise it helps you make the overall efficiencies that you need in the department, but this looks to be more than just that. It seems to affect the way in which Australia engages with the parliament. Are services provided to state governments part of the output?

Mr Baxter—Yes.

Senator TROOD—And ‘other organisations’ being, what, non-governmental organisations, companies, business?

Mr Baxter—This output covers services to business—so other organisations, NGOs and the like.

Senator TROOD—I see. Both in Australia and overseas?

Mr Baxter—My understanding is that it is largely in Australia

Senator TROOD—I am particularly interested in any effect it might have on relations between the department and the parliament, so perhaps you would be good enough to explain that when you look into it. I think that, in the light of the fact that we cannot explain that immediately, I do not have any further questions.

Mr Chester—I would just point out that there is no intention or proposal to reduce the services to parliament.

Senator TROOD—I am grateful for that assurance. But, when you are taking 17 per cent out of the budget for this output, something is going to have to give. It would be a reasonable assumption I think—

Mr Chester—I think there is an issue with the figures rather than any intention to take that amount of money out of this output. Just looking through these figures, and how they pan out between the various outputs, it looks like there may be something strange about the figures.

Senator TROOD—Not an error, I trust.

Mr Chester—Of course not, but maybe some unusual formula has been used to allocate across the outcome.

Senator TROOD—Perhaps a plausible outcome that for the moment is not available to you.

Mr Chester—No, it is not. But I can assure you that there is no intention of reducing services in these areas by 17 per cent, as you indicate.

Senator TROOD—You would agree that seems to be the thrust of the point.

Mr Chester—It does, yes.

Senator CORMANN—Can you tell us what costs are borne by our diplomatic posts when the Prime Minister or other ministers travel overseas?

Mr Chester—I can probably answer that in a general way. Leaving aside our portfolio ministers, if we are talking about the Prime Minister or ministers from other portfolios, the main costs will be borne by the Department of Finance and Deregulation—those costs incurred by the minister and his staff. That is travel accommodation and those kinds of things. The minister's portfolio agency will pick up a range of other costs that are specific to the visit. For example, if there is a need for additional car hire or meeting rooms or offices and that kind of thing, the portfolio agency will pick that up. The Department of Foreign Affairs and Trade or its posts will pick up those costs in relation to resources that are already in existence at the post. For example, if official cars are used, obviously they will pick up the cost of the car and driver. The staff time of the embassy staff will be a cost absorbed by the department. But, generally, for the Prime Minister and ministers from other portfolios, the costs to the post or the department and post is fairly minimal.

Senator CORMANN—So, when the Prime Minister travels overseas, our diplomatic posts do not incur any additional costs beyond their normal resourcing?

Mr Chester—Generally speaking. There may be some instances where there are some costs, but normally the majority of costs will be picked up by the Department of Finance and Deregulation and the Department of the Prime Minister and Cabinet.

Senator CORMANN—What was the experience in the most recent overseas trip by the Prime Minister? Was that the general rule, or were there some specific costs that were incurred?

Mr Chester—I do not have the details of that.

Senator CORMANN—Would you be able to take that on notice?

Mr Chester—We do not actually cost out our time like that.

Senator CORMANN—No, I am talking about any additional expenditure beyond the normal operations of the post.

Mr Chester—Yes, we will have a look and see what we have on that. That is in relation to the—

Senator CORMANN—The Prime Minister's visit.

Mr Chester—The recent 17-day visit.

Senator CORMANN—Yes. Just related to that, how many ministerial visits have been coordinated by overseas posts, and can you perhaps run us through the visits, the dates—

including duration—and any prominent meetings the minister or the ministers were involved in?

Mr Chester—Are you talking about our minister or all ministers?

Senator CORMANN—All ministers.

Mr Chester—No, I do not think—

Senator CORMANN—What about your minister? Let us start off with your minister and then maybe you can take other ministers on notice.

Mr Chester—You are joking. You do not really want us to spend all that time doing all—

Senator CORMANN—Does that take a lot of time? Would it be that much trouble?

Mr Chester—I think it will.

Senator Faulkner—It is a huge make-work request. Normally these sorts of questions would be asked—if they were to be asked—of a minister's home department. If you care, for example, to ask about the details of my overseas travel, then feel free. It will be an extremely boring response.

Senator CORMANN—I am asking about visits that have been coordinated by the department. I have qualified it with 'prominent meetings'.

Mr Chester—We do not coordinate.

Senator Faulkner—They are not coordinated; that is the point.

Mr Chester—I think it is worth explaining the role of our posts. Our heads of mission and our posts provide a whole-of-government role. They are there representing the whole of Australia; they are not just representing DFAT. When another minister travels they are essentially working to that minister, for that minister, whether it is on the provision of assistance with the travel, the provision of policy advice or the advocacy role.

Senator CORMANN—Do you not keep a list that is ready-to-hand of all of the overseas visits that have been undertaken by federal ministers on behalf of Australia?

Mr Chester—We do not keep a list, but the information is available in our various posts as to which ministers have visited in the last 12 months or recently.

Senator CORMANN—But you do not keep it as a centralised piece of information.

Mr Chester—No, there is no need to do that. There will be knowledge of which ministers have travelled where in various areas of the department, but there is no point in our keeping that centrally. The Department of Finance and Deregulation would have a more centralised register of ministerial travel.

Senator Faulkner—It is, in effect, the central agency in relation to this, not the Department of Foreign Affairs and Trade.

Senator CORMANN—Which is what I understood.

Senator Faulkner—But, as I have indicated to you, often these sorts of questions, if they are to be asked, would be asked of a minister's home department. What Mr Chester is saying to you, respectfully, is that this is a massive make-work exercise that I would have to say to

you is not warranted. If Mr Smith would ask me about a view on such a question on notice it would be hard to justify the sorts of resources that you are talking about, given that it is handled by another central agency in the first instance in the Department of Finance and Deregulation, and the other place to go is a minister's home department.

Senator CORMANN—Equally as respectfully, I would have thought that, if the information had been available anywhere in a simple and non-burdensome fashion, it would have been the Department of Foreign Affairs and Trade.

Senator Faulkner—But it is not.

Senator CORMANN—I hear that. I am a bit surprised by that, to be honest, but I will take that on board.

Senator Faulkner—There is nothing new in this, I can assure you of that. This is the way ministerial travel has been handled for a very long time.

Senator CORMANN—Just to conclude on this, so you can confirm that the costs incurred associated with those visits are not borne by the post beyond what their normal operating—

Mr Chester—That is normally the case. Leaving aside our own ministers, where obviously the department and the post pick up those costs for the travel of other ministers, if it is not picked up by the Department of Finance and Deregulation it would normally be picked up by the parent department. There will be some instances where our post may do some additional things in relation to a visit. For example, if a minister were to visit somewhere outside the capital city where the mission is located then there will be costs to the post and to the department for our travel and accommodation to move appropriate staff down to that location.

Senator CORMANN—Do you have any examples of that occurring during the last seven or eight months?

Mr Chester—Yes, probably the Prime Minister's visit to China. I believe he visited a number of locations, so there would have been some additional costs to our post.

Senator CORMANN—Have you some details of that additional expenditure that was incurred?

Mr Chester—I do not have—

Senator CORMANN—Does your officer have that?

Mr Chester—We do not have details of the actual cost, but I can assure you that there will be some additional costs. Again, that has always been the case. With APEC meetings over the years, often the trade minister's meeting for an APEC meeting will not be held in the capital city where our post is; it will be somewhere else. The APEC leaders' meetings are often held outside the capital. Again, that has been the case for decades.

Senator CORMANN—I am not suggesting it is unusual. I guess I am just looking for details of the additional expenditure that will incur.

Mr Chester—I do not have the details.

Senator CORMANN—Could you take on notice what additional costs were incurred in relation to the Prime Minister's visit to China?

Mr Chester—We will do that, Senator.

Senator CORMANN—Thank you very much, Mr Chester.

CHAIR—Are there any further questions on output 1.3? There being none, we turn to output 1.4, Services to diplomatic and consular representatives in Australia.

Senator TROOD—I have a similar question with regard to 1.4 as I have asked in relation to 1.2 and 1.3. Perhaps, Ms McLean, I can take you to page 25 of the PBS. Two-thirds of the way down there the output is listed, and there is a significant decline in these services between last year and the appropriation. It is in the vicinity, on my calculations, of about 17 per cent. Curiously, that is the same as the last one. Is there an explanation for that decline? I realise that it is not a large amount of money in the overall appropriations, but there is a significant decline proportionately with regard to services. Is there an explanation for that, please?

Mr Chester—Again, I think we will need to take that on notice to try and give you a detailed and proper explanation of the 17 per cent reduction.

Senator TROOD—So I take it that we are not slashing services to diplomatic and consular representatives in Australia by this kind of figure?

Mr Chester—No, Senator, we are not.

CHAIR—Mr Chester, are you telling me that in terms of output 1.4 you do not have a ready answer as to why there has been a cutback of around 17 per cent? I cannot believe that.

Mr Chester—No, I do not have an explanation, but I will try and find out why, in relation to these particular sub-outputs for outcome 1.

CHAIR—All right. Ms McLean, you are the Chief of Protocol; did you prepare the budget?

Mr Chester—No, it would have been prepared by the finance area of the department.

CHAIR—Would it? Who would have prepared the budget?

Ms Thorpe—Do not forget that these are outputs. The department does not manage on an output basis. We allocate budgets to various parts of the organisation. What we have to do when we come to this book is that we have an activity based costing model which we use. I think we discussed it a little bit earlier when we were talking about staffing. We develop some ways of allocating costs on an outcome-output basis. It is not the way we allocate a budget internally, but it is part of reporting because there is an outcome-output framework now that one does the budget towards, in terms of externally reporting. I think that is why we are getting some of these things. We have not cut the budget internally but, when we are trying to allocate it to outputs, it is sometimes very tricky because there are different parts of the department that do different things. We manage it very differently internally. We have got a model which we use in order to work these out.

CHAIR—What Senator Trood is asking for from the officials is an explanation of the model. I understand that you have allocated funds to outputs or to outcomes. I understand that; it is a simple proposition. But there is a cut in a series of outputs of 17 to 20 per cent. All we are asking for is an explanation, and none of the officials, from the Chief of Protocol down

to the Deputy Secretary, are aware of why, and you have to go away and take the question on notice.

Mr Chester—Unfortunately, that is the case.

Senator TROOD—I understand that you work on the basis of attribution to outputs. I understand that proposition. But it is alarming when you look at the figures, as I did when I first picked up the PBS, and discovered that—and I think this is a reasonable conclusion to have drawn from the numbers—you are slashing, which I think is the only appropriate verb, services to diplomatic and consular representation. I just wonder whether anybody in the consular corps is ever going to be allowed into the department again on those sorts of figures. I assume that is not the intention and I assume that is not the way in which the department will manage its budget with regard to this issue, but it does give one cause for concern.

Mr Chester—I understand that and, as I said, it is not clear to me why there was the change. It may be a change in the attribution model that I am not aware of. We will have a look at it and come back with a proper explanation for the change. I can assure you there is not a 17 per cent reduction in services.

CHAIR—No, and I do not think that Senator Trood is alleging that. He is asking for an explanation as to why there is a reduction in the available resources under the three or four outputs, and the answer we have received is that it is the change in the attribution model. That is fine, but—

Mr Chester—It may be that.

CHAIR—telling me that circles around. I know that.

Senator Faulkner—With respect, I would suggest that the answer you have received is that it has been taken on notice.

CHAIR—I got the message.

Senator Faulkner—I think what I am saying is an accurate reflection of the answer that has been provided.

Senator TROOD—It is unsatisfactory that there is not an answer in real time, as it were, but I look forward to an explanation when it can be provided.

CHAIR—Any further questions for 1.4? There being none, I thank the officials for attending.

[8.46 pm]

CHAIR—We will now turn to output 2.1, Consular and passport services. Any questions on output 2.1.1, consular services?

Senator PAYNE—In relation to the response processes to both the Sichuan earthquake and the cyclone in Burma—although perhaps in lesser relation to the second—can you outline for the committee the role of the department, and if there were any Australians—particularly in relation to Sichuan in the first instance?

Mr Baxter—In terms of our consular response to the earthquake in China on 12 May, as is always the case when a natural disaster like this occurs overseas, our immediate consular

concern was for Australians who were, or might have been, in the area at the time of the earthquake. The embassy in Beijing, our consulates in Shanghai and Guangzhou, and the Australian consulate in Chengdu immediately set about contacting all of the initial 35 people registered on our database as being in the area. They also, through those contacts, collected the names of others who were known to be in the area. One week after the event we had contacted or accounted for 182 Australians known to have been in the area, and all were safe. An Australian consular official was sent to Chengdu to help Australians who might be injured or unable to travel out of the region, and that official was withdrawn from Chengdu on 20 May, as all Australians in the region had been accounted for.

Senator PAYNE—That is a significant undertaking in terms of the number of contacts. Is all that done out of the post?

Mr Baxter—We did most of it through our post, yes.

Senator PAYNE—And that is normal procedure with regard to an event like this?

Mr Baxter—It varies; sometimes we will do it from Canberra, sometimes we will do it from posts, or a mixture of both. It just depends on the particular operational circumstances at the time. Obviously, in China we have very good representation across a broad geographic area, so we had resources we could bring to bear. Beijing, as you know, is one of our largest embassies, and our consulates in Shanghai and in Guangzhou are both significant as well.

Senator PAYNE—That does contrast with the situation in relation to our post on the ground in Burma. Was there any similar requirement for a consular response in that regard?

Mr Baxter—Indeed, there was. We updated our travel advice as our first action following the devastation that the cyclone brought on the days of 2 and 3 May. We advised Australians through that travel advisory to remain indoors, if safe to do so, and to avoid unnecessary local travel, including to the affected area, because of the danger of debris, fallen electricity lines et cetera. When the cyclone had passed, the post and officers in the department in Canberra attempted to contact all Australians and Canadians registered on the online register of Australians overseas as being in Burma at the time the cyclone hit.

Senator PAYNE—How many was that at the time?

Mr Baxter—We confirmed by 29 May the safety of 261 Australians and 91 Canadians. We have a consular sharing agreement, as you know, with the Canadians and look after their interests there. That was a particularly difficult task because communications in that area, as you would understand, had been very badly affected.

Senator PAYNE—Would that include Australians who were perhaps engaged with aid agencies or similar operations on the ground in Burma and who were already assisting with the response?

Mr Baxter—We will contact all Australians that we are aware of in an area that is affected by a natural disaster, regardless of what they are doing.

Senator PAYNE—I understand that. The reason I asked my question in relation to the aid agencies was specifically to see whether you have engagement with, for example, their employing organisations in that process—for example, if UNICEF, World Vision or whichever it may be had a number of people on the ground who were Australian citizens.

Mr Baxter—If we know of organisations that have deployed people into those areas, we will contact those agencies in Australia or, if they have headquarters outside Australia, we will contact them if we know that Australians have been deployed by that organisation into the region.

Senator PAYNE—Do those organisations, as a matter of course, register their staff on the appropriate register?

Mr Blazey—It varies considerably. We certainly encourage them to get their employees to directly register with us, but they can also register their employees in bulk. There is a facility to do that. But, as I said, it does vary from organisation to organisation.

Senator PAYNE—If organisations did register their staff, I assume that would make the job of the consular effort in the event of a crisis or a disaster of this nature much easier.

Mr Blazey—It certainly would.

Senator PAYNE—How do you go about engaging with the NGO sector to encourage them to do that in your nicest possible way?

Mr Baxter—We encourage all people who travel overseas to look at our smartraveller website. When they do so, they will be reminded by the many messages on that site of the value of registering prior to travel so that, if we do need to contact people in emergency circumstances, we are able to do so easily. I think it is fair to say, and as Mr Blazey has said, a lot of organisations now realise the value of that in terms of their own particular responsibilities to their staff members and encourage them to do that.

Mr Blazey—We also have the smartraveller campaign and media campaign which featured one ad in particular that encourages Australians to register. That has been extremely successful in that, just before the launch of the campaign in April last year, we were getting about 1,000 registrations a week, and following that campaign, in the first quarter of this year, we had about 5,000 a week registering.

Senator TROOD—Mr Baxter, do you keep a record of the occasions on which missions are called upon to provide consular services?

Mr Baxter—Yes. We have a system of reporting consular case management statistics.

Senator TROOD—Can you give me some indication of the trajectory of consular needs as to whether or not they have increased or have remained steady over the last 12 months or so?

Mr Baxter—We compile the statistics on an annual basis. I have numbers that go back to the 2000-01 financial year, both from the perspective of the number of travellers who are travelling overseas and the kinds of consular services that we have provided to some of those travellers.

Senator TROOD—Perhaps you can provide that on notice. But could you provide now the last two years?

Mr Baxter—I will give you two examples: one is the change over the last several years. In 2000-01, the department handled 1,712 what we would describe as whereabouts inquiries. That is where Australians overseas could not be contacted by their next of kin, and they asked

the department to see if they could find their next of kin. In the current financial year, so far we have done 13,220.

Senator TROOD—They are whereabouts cases?

Mr Baxter—Whereabouts inquiries year to date. In 2006-07, for the full year we did 13,025.

Senator TROOD—That is a massive figure.

Mr Baxter—Sometimes these figures are, of course, magnified by particular crises, whether it be the Lebanon crisis, the cyclone in Burma or the earthquake in China. You get a big event like that, Senator, and of course our phones start ringing off the hook.

Senator TROOD—How do you manage for that kind of potential crisis?

Mr Baxter—We have a number of systems in place. We deploy staff from across the department from a wide variety of areas when a consular crisis occurs to help us manage our crisis centre in the associated call centre. We also have an arrangement with Centrelink where overflow calls are managed by them. We have unfortunately had a lot of experience in dealing with these particular challenges, so we have good systems in place.

Senator TROOD—Is there a budgetary attribution to those particular activities anywhere in the document?

Mr Baxter—I think my colleagues have explained to you that the portfolio budget statement and the way in which, as a manager of the consular division, I deploy my resources are slightly different processes, but of course we do have budgetary provision to provide these sorts of emergency services in the event of natural disasters or other problems that Australians find themselves in overseas.

Senator TROOD—What are you saying, some sort of contingency fund that could be added to? Because I am just looking at the output 2.1, consular and passport services, on page 34, which shows, happily, an increase in the appropriation for this particular item of \$23 million or so. That is an increase in this year, and I presume 229 is an increase in the year before on the statistics that you have provided us with. Is there any additional revenue that is available to this output to meet?

Mr Baxter—This is a combined consular and passports output, so it covers it.

Senator TROOD—So we cannot disaggregate the two obviously, or can we?

Mr Baxter—If you are asking whether cost specifically how much a particular crisis might account for in terms of funding, I am not aware that we do, but we certainly do work out overall the cost of providing our consular services each year.

Mr Chester—There were additional resources given to the department for this particular function two financial years ago, around \$74 million. Was that two financial years ago?

Mr Baxter—Yes. This is to help our promotion of the smartraveller campaign, and also to develop a computerised case management system for consular cases.

Mr Chester—And for additional resources both in Canberra and at overseas posts.

Senator TROOD—That was \$74 million over how many years?

Mr Chester—That would have been through the forward estimates.

Mr Baxter—Four years.

Ms Thorpe—Across the forward estimates, it was \$74 million. It is in our baseline now. That is not a terminating program.

Senator TROOD—I see.

Ms Thorpe—It is \$74 million over four years because everything is always on the four-year basis, as you know, but it is continuing funding.

Senator TROOD—Thank you. Mr Baxter, are your figures disaggregated between regions or posts with regard to the kinds of consular services that you provide.

Mr Baxter—Senator, I missed the first part of your question.

Senator TROOD—You have provided me with some statistics with regard to whereabouts cases, but are your statistics sufficiently refined that not only do you have categories for cases but they are attributed to particular regions or particular posts?

Mr Baxter—We do keep that information, yes.

Senator TROOD—Is that readily available?

Mr Baxter—If you would like to—

Senator TROOD—I do not need it now, obviously, but could you take that on notice? If you are providing me with these figures, I presume you can—

Mr Baxter—A geographic breakdown of where the case management is?

Senator TROOD—Yes, regional is fine. That would be helpful.

Mr Baxter—Could I also add that, in the event of major crises like the crisis in Lebanon, the government provided additional funding to the department to meet some of the costs we incurred in managing it. I think in that case we got a little over \$30 million for assisting.

Mr Blazey—That was the whole-of-government cost. There were different agencies and departments which were engaged and received additional funding for those activities.

Senator TROOD—You, on occasion, make money available to Australians who are in need—is that right?

Mr Baxter—Yes.

Senator TROOD—That is on the basis that they are expected to repay those loans—is that correct?

Mr Baxter—Yes. They are called travellers emergency loans, and people are expected to pay those loans back.

Senator TROOD—Do you have a figure on how much money has been provided in travellers emergency loans in this financial year, which we are coming towards the end of?

Mr Baxter—So far in 2007-08, 338 individuals have received loans amounting to \$612,915. Of that amount, \$60,648 was given to 46 prisoners.

Senator TROOD—To whom?

Mr Baxter—To Australians who are imprisoned overseas.

CHAIR—Can I get an indication of how much longer we think we might be going for questions? I have been reminded we are coming up to time for a break.

Senator Faulkner—Or even possibly past it.

Senator TROOD—I did not realise we had evening breaks.

CHAIR—We have evening breaks in this committee. It is a new change in administration.

Senator TROOD—I just have a few more questions about the consular services output.

CHAIR—What about outputs 3 and 4? Do you have a fair bit to go?

Senator TROOD—Not a great deal.

Senator Faulkner—Could we perhaps complete consular services before we have the break, if it is only a few more minutes?

CHAIR—Yes, we will do that. We will finish consular services then go to a break.

Senator Faulkner—Does anyone else have other questions in consular?

Senator NETTLE—I have passport but not consular.

Senator Faulkner—Why don't we knock off consular?

CHAIR—We will knock off consular—good idea. Proceed, Senator Trood.

Senator TROOD—The amount that has been provided is approximately \$612,000. How much of that has been recovered?

Mr Baxter—So far, \$268,483.

Senator TROOD—We seem to be rather short of the amount that we would expect to recover.

Mr Baxter—It varies from year to year. Of course we pursue it to the extent that we can. As an example, last year there was \$308,000 in travellers emergency loans provided to Australian travellers, and we managed to recover \$137,852.

Senator TROOD—How do we generally go about recovering these funds?

Mr Blazey—To start with, when we issue the loan, the recipients have to sign a legally enforceable undertaking to repay. On their return to Australia, we then follow up with them by correspondence, offering them a number of ways to pay. Our expectation is that they pay the entire amount, but obviously individual circumstances can vary, so there is a possibility of paying on an instalment basis if it is agreeable to the department. Also, an individual who has received a loan will not be eligible for a new passport and, on some occasions, we may cancel the passport so that that person is unable to travel until the loan is repaid. Finally, where it is warranted, we have the option of taking legal action to pursue the debts.

Senator TROOD—Do you often take legal action?

Mr Blazey—I am not aware of that occurring. Part of the reason is that it has to be economical to pursue, and the general benchmark we pursue is that a loan of under \$5,000 is usually not economical to pursue. Many of the clients, I should say, do find themselves in

extreme financial difficulty. They are often on Centrelink pensions, in hostels and so on. We get advice from their financial advisers or the institution they might be in which would indicate to us that there is no possibility of them paying. On occasion, we can also seek repayment from estates.

Senator TROOD—You do not have a banking licence, do you?

Mr Blazey—No.

Senator TROOD—It seems to me you are not a bad bet in that respect: \$612,000 and so far you have only recovered \$268,000 of it.

Mr Blazey—In some respects, it is not discretionary. People find themselves in extreme circumstances and fall upon consular services to assist them in those cases. The numbers do vary quite a bit because many of the cases can be quite lumpy. For example, we might get a \$50,000 medical repatriation, which would change the overall picture.

Senator TROOD—I see. Have you ever thought that there might be a need for a change in policy here? On the basis of the figures that you have given me over these last couple of years, the amount that is not being recovered is increasing significantly.

Mr Baxter—As I said earlier, the amounts vary depending on the circumstances in any particular year. It is the same in terms of our capacity to recover moneys that are provided to Australian travellers. We do go through a process of ensuring that anyone who applies for one of these loans has exhausted all other possible sources of finance, including their family, friends and acquaintances back in Australia.

Senator TROOD—Why would you not just cancel their passport?

Mr Blazey—We do on occasion. Generally for repatriations, a passport would be cancelled.

Senator TROOD—You do that regularly?

Mr Blazey—It is not 100 per cent of the cases; we look at the circumstances of the individual. But frequently we do cancel passports.

Senator TROOD—I am encouraged to know that, should I get into difficulty overseas and I am short of cash, consular services would be available and I can come to DFAT Bank Inc. and secure some services.

Mr Chester—I am sure that one of your colleagues would come to your assistance before you had to—

Senator PAYNE—If you are a betting man, Mr Chester, I would not go there!

Senator TROOD—I am less sure of that than you are, Mr Chester, I must say.

CHAIR—We have concluded questions on consular services. We will take a break and return for passport services.

Proceedings suspended from 9.09 pm to 9.24 pm

CHAIR—The committee will come to order. We will move to output 2.1.2, Passport services, and I believe Senator Nettle has the call.

Senator NETTLE—I want to ask what the government policy is in relation to transgender people who are travelling overseas on a passport that does not identify the gender that they live as.

Mr Chester—I will ask Mr Nash to deal with that question.

Mr Nash—Senator, would you be kind enough to repeat the question.

Senator NETTLE—What is the government's policy in relation to transgender people travelling overseas on passports that do not identify the gender that they live as?

Mr Nash—There are three ways in which a transgender person can obtain a travel document in order to travel overseas. One is to obtain a travel document using a birth certificate or an Australian citizenship certificate which clearly designates the gender of the individual and provides the name, date and birth and so on of the individual. Those details can simply be placed in the document. The second possibility is for a transgender person who has had sexual reassignment to be issued with a travel document that bears the details of a new birth certificate which has been obtained from local authorities. The third possibility is for a transgender person to obtain a document of identity, on the face of which the gender of that individual has been left blank.

Senator NETTLE—The issue in particular that has been raised with me is about where people are travelling overseas for gender reassignment surgery, so they have not had surgery yet, but they have been living as the gender which they are going to have surgery in relation to. Their options are either a birth certificate which is in their former gender—getting a passport with that, which means travelling on a passport that says that you are the gender you do not present as—or a document of identity. In the information that the Department of Foreign Affairs provides to people accompanying the issue of the document of identity, it says that some countries do not regard the document of identity as a valid travel document and that customs and immigration authorities in some countries may view the possession of a document of identity in lieu of a passport with suspicion and consequently delay or harass the bearer at entry points. So they really only have two options: a passport in their former gender—travelling on a passport which is not of the correct gender that they present as—or the document of identity, of which the passport office itself says these people have difficulties with in travelling overseas. What do you see as the solution for somebody in that circumstance?

Mr Nash—First of all, let me say that we are aware that the document of identity is not accepted in all countries and this has been made very, very clear to us by some countries. But, by and large, the Australian document of identity is widely accepted. It is a document that is created in accordance with the rules and regulations as established by the International Civil Aviation Organisation and complies with the standards that are outlined in document 9303 that is generated by that organisation. So it is an internationally accepted travel document, but we are aware that some countries still refuse to accept it. Under those circumstances we would have to deal with cases on a case-by-case basis. As you can imagine, these cases are extremely complex. They are very few in nature, but they are difficult to deal with. We believe that we are sensitive to the complexities of these issues, and we deal with them very, very carefully.

Senator NETTLE—What are the options in dealing with it on a case-by-case basis?

Mr Nash—I think I have already outlined those. A document of identity would be the preferred option of somebody who does not want what they consider to be an inappropriate sex recorded on their travel document. If that is not acceptable, then the other options are as I have outlined—a document that is issued in accordance with the original birth certificate or a document issued in accordance with a revised or an amended birth certificate.

Senator NETTLE—So they are the only three options that the government works with?

Mr Nash—That is correct.

Senator NETTLE—Do you mean that on a case-by-case basis you would make a determination from those three, that there are no other options? I am trying to explore whether there are other options.

Mr Nash—I should be very clear on this point. Because of the complexities surrounding this issue, it is constantly under review. I would not at any point say that our policy is either guaranteed or watertight in relation to the way in which we deal with these situations. They are complex and we deal with them on a case-by-case basis.

Senator NETTLE—As I understand this, Australian Passports Amendment Determination (No. 1) came into effect on July 2007, which led to individuals not being able to get a temporary passport issued in their intended sex. I know other parts of that determination related to other issues, but what was the rationale for a transgender person no longer being able to get a temporary passport in their intended sex?

Mr Nash—The determination obviously was not aimed at transgender applicants; it was aimed in a more general sense towards the improvement of the integrity of the passport issuing system. What it did was more clearly define those elements that make up a person's identity: their name, their date and place of birth and their gender. Once that determination entered into force then it became no longer possible for us to issue a document that showed the sex to be other than the legal sex of that individual at that particular time.

Senator NETTLE—Is it an unintended consequence of that determination that transgender people are no longer able to get a temporary passport issued in their intended sex?

Mr Nash—I would not say it was an unintended consequence. We were aware of it, but the issue that we were attempting to address, and I think we addressed it successfully, was the need to ensure that the integrity of the system was upheld. The easiest way to uphold the integrity of the passport issuing system is to ensure that identity is clearly defined and that that definition is accurately applied.

Senator NETTLE—You say it was unintended and you were aware of the difficulties but the decision involved weighing up the options and other perceived benefits outweighed the negative impacts for transgender individuals—is that right?

Mr Nash—If we consider the transgender issue, I think we have to also consider the risks to the individuals concerned. Travelling on a document that shows your sex as something other than your legal sex at that particular time surely renders people in that situation to some degree of risk as well.

Senator NETTLE—Would you recognise that travelling on a passport which has a sex that you do not present as, that you do not live as, also creates risks for a person?

Mr Nash—Yes.

Senator NETTLE—Similarly, does it also present risks for a person travelling on a document of identity in countries that do not recognise that document?

Mr Nash—That, I suggest, would not happen. When we discuss the options with the applicant, we would of course ask where they intended to travel and we would make recommendations based on that advice as to which document would be the more suitable.

Senator NETTLE—Is there a list of countries that do not recognise the Australian document of identity?

Mr Nash—Yes.

Senator NETTLE—Can you provide the committee with that list?

Mr Nash—I can take that on notice.

Senator NETTLE—Thank you. You said this is an issue that is constantly under review. Is it something that is currently being reviewed?

Mr Nash—It is constantly being reviewed.

Senator NETTLE—Is the issue for transgender people being reviewed consequent to the determination last year?

Mr Nash—Yes, and it is also being reviewed subsequent to an AAT hearing in relation to a transgender person who was married. Of course, a transgender person who is married cannot obtain an amended birth certificate.

Senator NETTLE—Who is reviewing it?

Mr Nash—The Australian Passport Office.

Senator NETTLE—Is there a time line on a result from that review?

Mr Nash—It should be completed within the next three to four months.

CHAIR—As there are no further questions on passport services, so we will turn to output 3.1—public information services and public diplomacy. We will start with 3.1.1—public information and media services on Australia's foreign and trade policy. Are there any questions on that output?

Senator TROOD—Mr Baxter, I am excited by the fact that the explanation of the output on page 39 of the PBS says that the department is going to implement the accepted recommendations from the Senate Standing Committee on Foreign Affairs, Defence and Trade's report on Australia's public diplomacy. We have yet to see the department's response to the report. I wonder if you can tell us where the response is.

Mr Baxter—Yes. DFAT coordinated a whole of government response to the report. The response was submitted to the former Prime Minister for his approval in September 2007 but was not considered before the election. Since the election, DFAT has worked with other agencies to update the response, including the reversal of the 2007-08 budget measure,

'Australia on the World Stage'. An interagency agreement to the response has been secured and we have recommended to the Minister for Foreign Affairs that he seek approval of the revised response from the Prime Minister, and that process is currently underway.

Senator TROOD—Do we know when the response will be received? I think we are way outside the time when it would have been received.

Mr Baxter—As I mentioned, the election at the end of last year got in the road and then, with changes to the budget, the response needed to be updated to take account of the new budgetary circumstances. The matter is under active consideration at the moment.

Senator TROOD—Minister, perhaps you would mention this matter to your colleague?

Senator Faulkner—I would be happy to.

Senator TROOD—We have been waiting a very long time for this. I allow for the fact that an election intervened, but I still think we are getting to the point where this has really gone beyond an acceptable time line. I would appreciate it if you would mention that to your colleague.

Senator Faulkner—You have effectively drawn it to our attention tonight.

Senator TROOD—I have some questions about the Shanghai expo. There is some increased funding in the budget in relation to this. Is that correct?

Mr Baxter—I will get Mr Tesch to answer those questions. Yes, there is some additional funding for Australia's participation in the Shanghai expo.

Senator TROOD—Mr Tesch, perhaps you can explain the nature of the funding.

Mr Tesch—Certainly. Administered funding has been provided over three years pursuant to a project scoping exercise that was conducted in 2007-08 to provide for an Australian presence at the Shanghai World Expo 2010. That will entail the construction of a pavilion; the development of associated programs—business promotion; cultural program; communications and public affairs—and then the operation and technical maintenance of that pavilion over the six months of the expo. The funding that has been identified will create that presence, run it and also provide for the decommissioning and removal of the pavilion, and the restoration of the site.

Senator TROOD—You are heading a world expo unit in the department; is that correct?

Mr Tesch—That is correct.

Senator TROOD—How many members of staff are in the unit?

Mr Tesch—We have five members of staff at the moment, including me. There are two director level staff—one is the pavilion director and one is in charge of the business and communications program. We have an executive officer supporting the business and communications program director, and a unit coordinator and assistant to me.

Senator TROOD—Has a design for the pavilion been settled upon as yet?

Mr Tesch—Yes, it has. That was the result of phase 1 of the project, run over 2007-08. There was administered funding provided in the previous budget to conduct a public tender, as a result of which a Melbourne based group was selected with the winning design for the

pavilion. That then forms the basis for the costings and the subsequent development and implementation of the project.

Senator TROOD—When is construction expected to begin?

Mr Tesch—We are going to release a construction tender, we hope, in mid-June, with the intention of trying to sign a contract in early September and begin construction on-site before the northern winter. So some time around the October-November period, we hope.

Senator TROOD—Have you done any projections as to the number of staff that will be required to staff the pavilion during the period of the exposition?

Mr Tesch—Yes, we have. This is all, of course, based on the scoping work done in 2007-08 and the evolution of the design from that. It will obviously be tested and validated through market processes. It will go out to tender for all of these components of the project. At the moment we are planning on a pavilion staff of 124.

Senator TROOD—During the whole period of the expo; is that right?

Mr Tesch—That is right.

Senator TROOD—Are they all Australians or are they locally engaged to some extent?

Mr Tesch—Given that the primary focus of this is to project an image of Australia, indeed of contemporary Australia, the intention is to staff the pavilion with Australians and to obviously maximise the projection of Australia and Australian capabilities through every facet of the pavilion—its design, construction and indeed the people who staff it.

Senator TROOD—Where are the 124 Australians coming from?

Mr Tesch—They will be recruited in a variety of ways. It depends. There are front-of-house staff, as it were—the pavilion attendants—who will be part of the primary interaction with the visitors and there are also the technical staff who will be operating the audiovisual displays and supporting the technical running of the pavilion. Some of those will be recruited through the construction tender. The attendants and the staff who will work in retail and the food and beverage area will be recruited through a specific tender that will be let a little later this year for those sets of functions. The intention is, consistent with procurement guidelines, to make these opportunities widely available. I would expect that the attendants, for example, would be drawn from all around Australia.

Senator TROOD—Will the costs for the 124 staff be met by the department, the funding, or will the individuals have to—

Mr Tesch—Out of the funding.

Senator TROOD—That is part of the budget, is it?

Mr Tesch—That is correct, yes.

Senator TROOD—Is all of that budget, which is quite a lot of money, coming from governmental appropriations or are there different sources of the funding?

Mr Tesch—There is \$61 million in government appropriation and the intention is to seek an additional \$22 million from corporate sponsorships and partnership arrangements with state and territory governments.

Senator TROOD—Have state and territory governments committed themselves to the cost as yet?

Mr Tesch—Two states, Queensland and Victoria, have already announced budget provision in their own state budgets for their involvement in the expo. That does not, however, equate to money that is simply being made available to the core project—it will support a range of their own associated costs. But Queensland and Victoria so far have announced funding commitments.

Senator TROOD—I see. And you are expecting other states and territories to make a contribution, are you?

Mr Tesch—There is certainly a very high level of interest amongst all the other states and territories. Again, that was evident in their participation in the interdepartmental and intergovernmental consultative process that was run over 2007-08—indeed, earlier this year, we did a round of visits to the state and territory capitals, which confirmed that they are very mindful, I think, of the opportunities afforded by Expo—but their own budget processes are still evolving.

Senator TROOD—What means are you using to secure business contributions?

Mr Chester—Senator, to add to this issue of the sponsorship: the government is proceeding on the basis that a project sponsorship strategy will be developed by the Department of the Prime Minister and Cabinet in consultation with DFAT, so it is probably more appropriate to go into the details of that strategy with the Department of the Prime Minister and Cabinet rather than with DFAT.

Senator TROOD—Thank you for that. I think we have lost that opportunity on this occasion, Mr Chester.

Mr Chester—Unfortunately, I think that is right, Senator.

Senator TROOD—When I do get an opportunity, I will explore that issue with the department. But perhaps you can tell me whether or not you are referring just to the private sponsorship you are alluding to—

Mr Chester—That is right.

Senator TROOD—that the Prime Minister's office is coordinating?

Mr Chester—The government is proceeding on the basis that the Department of the Prime Minister and Cabinet will be devising that strategy—in relation to sponsorship from the private sector and from state governments. That is the \$22 million.

Senator TROOD—That is all of the \$22 million, is it?

Mr Chester—That is right.

Senator TROOD—So that covers the funding that is expected from state and territory governments and from private sources, insofar as that is available?

Mr Chester—That is correct.

Senator TROOD—Perhaps you can just tell me whether or not that sponsorship program is yet in place?

Mr Chester—No, it is not yet in place.

Senator TROOD—I see.

Senator NETTLE—In relation to preparations for Australia's official government delegation to the Beijing Olympics, is there someone that can provide me with some information about how many members of parliament are intended to be a part of that?

Mr Baxter—Senator, there has been no decision made yet on the government's representation at the Olympics in terms of the specifics of who will go and when. I am not aware of any arrangements for members of parliament to attend the Beijing games.

Senator NETTLE—Is there a plan for how many government representatives will be there?

Mr Baxter—The International Olympic Committee has quite strict procedures when it comes to VIP facilitation at the Olympics. It is usually the head of state, head of state equivalent or head of government, plus the minister for sport. Those two people are facilitated as VIP participants in the Olympics.

Senator NETTLE—Is that just for the opening and closing ceremonies or for more—

Mr Baxter—No. These are people who are being given accreditation throughout the games period. So it is a very limited number of people.

Senator NETTLE—So that is the process that is going on at this stage, but no decisions have been made about whether those two people will be attending—is that correct?

Mr Baxter—That is right. There is, as I understand it, a process underway for the minister responsible for sport to seek AOC accreditation—which is a normal provision—but, in terms of the specifics of that minister's attendance at the Olympic Games, nothing has been finalised yet.

Senator NETTLE—Has there been any discussion about government officials not attending the Olympics, as a part of sending a message in relation to China's treatment of Tibet?

Mr Baxter—No, Senator.

Senator NETTLE—I know the French Prime Minister has raised that issue, but that is not something that is being looked at here in Australia?

Mr Baxter—The Prime Minister and ministers have been very clear in saying that the government does not support a boycott of the Olympics or any part of it.

Senator NETTLE—Including government official attendance at the opening ceremony?

Mr Baxter—That is my understanding, yes.

Senator NETTLE—That is all I wanted to ask, thank you.

CHAIR—We will now turn to 3.1.2, projecting a positive image of Australia internationally. Are there any questions on that? There being none, we will move to 3.1.3, freedom of information and archival research and clearance. Are there any questions on that? There being no questions on that, that concludes output 3.1. We now turn to output 4.1, Property management. There being no questions on that, we turn to output 4.2, Contract

management. We have no bidders on that. That takes us to enabling services. There being no questions on that, I thank you, Senators; that concludes our discussion on the portfolio budget statements, excepting the matters that were excluded earlier today.

For the benefit of officials: seeing as we have made such progress today, I should advise that tomorrow's agenda will be as follows, subject to the secretariat being able to confirm the details with the relevant agencies, either tonight or very early tomorrow morning. The proposal is that between 10 am and 2 pm we will address AusAID; from 2 pm to 3 pm we will address DFAT trade outputs, 1.1.7 and 1.1.8; and thereafter Austrade, we believe, from around about 3 pm to approximately 5.30 pm. If we are able to stick to that agenda, we should conclude consideration of the PBS for DFAT tomorrow evening around 5.30 pm. I am advised that the secretariat staff are attempting to get in contact with AusAID. They will do their best endeavours. We are unable to confirm that they will attend tomorrow at 10 am. As soon as the secretariat is aware of the likely availability of AusAID, the secretariat will be in contact with all relevant parties and interested personnel. If there are no further questions, that concludes our deliberations today. The committee stands adjourned until around 10 am tomorrow morning. Thank you.

Committee adjourned at 9.53 pm