



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION  
COMMITTEE

ESTIMATES

**(Supplementary Budget Estimates)**

MONDAY, 18 OCTOBER 2010

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE****LEGISLATION COMMITTEE****Monday, 18 October 2010**

**Members:** Senator Mark Bishop (*Chair*), Senator Trood (*Deputy Chair*) and Senators Forshaw, Hutchins, Kroger and Ludlam

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

**Senators in attendance:** Senators Abetz, Barnett, Bernardi, Mark Bishop, Bob Brown, Forshaw, Hutchins, Kroger, Ludlam, Macdonald, Ronaldson, Ryan, Trood and Xenophon

**Committee met at 9.05 am**

**FOREIGN AFFAIRS, DEFENCE AND TRADE PORTFOLIO****In Attendance**

Senator Conroy, Minister for Broadband, Communications and the Digital Economy

Senator Ludwig, Minister for Agriculture, Fisheries and Forestry

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

Mr Dennis Richardson, Secretary

Mr Bruce Gosper, Deputy Secretary

Mr Paul Grigson, Deputy Secretary

Mr Chris Moraitis, First Assistant Secretary, Corporate Management Division

Ms Ann Thorpe, Chief Finance Officer, Corporate Management Division

Mr Bryce Hutchesson, Assistant Secretary, Executive, Planning and Evaluation Branch

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

**Program 1.1—Foreign affairs and trade operations****North Asia**

Mr Graham Fletcher, First Assistant Secretary, North Asia Division

**South-East Asia**

Mr Hugh Borrowman, First Assistant Secretary, South-East Asia Division

Mr James Larsen, Ambassador for People Smuggling Issues

**Americas**

Mr Bill Tweddell, First Assistant Secretary, Americas and Africa Division

**Africa**

Mr Bill Tweddell, First Assistant Secretary, Americas and Africa Division

**Europe**

Mr John Griffin, Acting First Assistant Secretary, Europe Division

**South and West Asia, Middle East**

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

**Pacific**

Ms Jennifer Rawson, First Assistant Secretary, Pacific Division

**International organisations and legal issues**

Mr Richard Rowe, Acting First Assistant Secretary, International Organisations and Legal Division and Senior Legal Adviser

Mr James Larsen, Ambassador for People Smuggling Issues

Ms Caroline Millar, Head, UN Security Council Taskforce

Mr Dominic Trindade, Assistant Secretary, Domestic Legal Branch

Mr Greg French, Assistant Secretary, International Legal Branch

Mr Pablo Kang, Assistant Secretary, International Organisations Branch

Ms Paula Watt, Acting Assistant Secretary, Environment Branch

**National security, nuclear disarmament and non-proliferation**

Mr Allan McKinnon, First Assistant Secretary, International Security Division

Dr John Kalish, Acting Director-General, Australian Safeguards and Non-Proliferation Office

Ms Lucy Charlesworth, Acting Assistant Secretary, Counter-Terrorism Branch

**Services to other agencies**

Mr James Batley, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

**Services to diplomatic/consular representatives**

Ms Anne Plunkett, Chief of Protocol, Protocol Branch

**Program 1.2—Payments to international organisations—administered**

Mr Richard Rowe, First Assistant Secretary, International Organisations and Legal Division

Mr James Larsen, Ambassador for People Smuggling Issues

**Program 1.3—Public information services and public diplomacy****Expositions Special Account—Shanghai Expo****Australia Network**

Mr James Batley, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

**International Relations Grant Program**

Mr Bryce Hutchesson, Assistant Secretary, Executive, Planning and Evaluation Branch

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**Outcome 2—The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas****Program 2.1—Consular services****Program 2.2—Passport services**

Mr James Batley, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

Mr Jon Philp, Assistant Secretary, Consular Operations Branch

Mr Daniel Sloper, Commonwealth Games Taskforce

Mr Bob Nash, Executive Director, Australian Passport Office

Mr Mauro Kolobaric, Assistant Secretary, Passport Client Services Branch

**Outcome 3—A secure Australian government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas owned estate****Program 3.1—Foreign affairs and trade operations****Overseas physical security****Overseas IT support**

Mr Peter Rowe, First Assistant Secretary, Diplomatic Security, Information Management and Services Division

**Program 3.2—Overseas property**

Mr Peter Davin, Executive Director, Overseas Property Office

**Trade programs****Bilateral, regional and multilateral trade negotiations**

Mr Hamish McCormick, First Assistant Secretary, Office of Trade Negotiations

Ms Jan Adams, First Assistant Secretary, Free Trade Agreement Division

Mr Michael Mugliston, Special Negotiator, Free Trade Agreement Division

Mr George Mina, Assistant Secretary, Services and Intellectual Property Branch

Mr James Baxter, Assistant Secretary, WTO Trade Law Branch

**Trade development/policy coordination and Asia-Pacific economic cooperation**

Mr Paul Tighe, First Assistant Secretary, Trade and Economic Policy Division

Mr Angus Armour, Chief Executive Officer, EFIC

Ms Jan Parsons, Director Environmental and Technical Review, EFIC

**Australian Trade Commission (Austrade)****Outcome 1—Advance Australia's trade and investment interests through information, advice and services to businesses, industry and governments****Program 1.1—Trade and investment development****Program 1.2—Trade development schemes, Export Market Development Grants****Outcome 2—The protection and welfare of Australians abroad through timely and responsive consular and passport services in specific locations overseas****Program 2.1—Consular, passport services**

Mr Peter Grey, Chief Executive Officer

Mr Peter Yuile, Deputy Chief Executive Officer

Ms Hazel Bennett, Executive Director, Finance, Information and Planning

Mr Ian Chesterfield, General Manager, Business Policy and Programs

Ms Elizabeth Gamin, National Manager EMDG Operations  
Mr Michael Vickers, National Manager, EMDG Policy and Scheme Development  
Ms Marcia Kimball, Executive Director, Human Resources  
Mr Quentin Stevenson-Perks, National Education Manager  
Mr David Crook, Corporate Secretary

**Australian Centre for International Agricultural Research**

**Outcome 1—To achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through international agricultural research and training partnerships**

**Program 1—International agricultural research for development for more productive and sustainable agriculture**

Dr Nick Austin, Chief Executive Officer

Dr Simon Hearn, Principal Adviser, Strategy and Policy

**Australian Agency for International Development, AusAID**

**Outcome 1—To assist developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest**

**Program 1.1—Official development assistance—PNG and Pacific**

**Program 1.2—Official development assistance—East Asia**

**Program 1.3—Official development assistance—Africa, South and Central Asia, Middle East and other**

**Program 1.4—Official development assistance—Emergency, humanitarian and refugee program**

**Program 1.5—Official development assistance—Multilateral replenishments**

**Program 1.6—Official development assistance—UN, Commonwealth and other international organisations**

**Program 1.7—Official development assistance—NGO, volunteer and community programs.**

**Departmental support**

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

**Program 2.1—East Asia**

**Departmental support**

Mr Peter Baxter, Director General, AusAID

Mr Richard Moore, Deputy Director General, Asia Division

Mr Murray Proctor, Deputy Director General, Program Enabling Division

Ms Catherine Walker, Deputy Director General, AWAMEH Division

Mr Blair Exell, Acting Deputy Director General, PPNG Division

Mr Jamie Clout, Deputy Director General, Corporate Enabling Division

Mr Robin Davies, Deputy Director General, Sustainable Development and Partnerships Division

Mr Jamie Isbister, Assistant Director General, Africa and Humanitarian Branch

Mr John Davidson, Assistant Director General, Office of Development Effectiveness

Ms Lisa Rauter, Chief Financial Officer

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



Ms Octavia Borthwick, Assistant Director General, Papua New Guinea Branch

**CHAIR (Senator Mark Bishop)**—Good morning. I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I welcome Senator Conroy, representing the Minister for Foreign Affairs and the Minister for Trade, Mr Dennis Richardson, Secretary, and officers of the Department of Foreign Affairs and Trade.

Today the committee will examine the budget supplementary estimates for the Foreign Affairs and Trade portfolio in the following order: the Department of Foreign Affairs and Trade general topics until 4.30 pm this afternoon followed by trade matters in conjunction with Austrade from 4.30 pm until 6 pm today. We will then hear from ACIAR until the dinner break at 6.30 pm, and AusAID will be heard from 7.30 pm onwards this evening. Topics nominated by senators will be considered in the order set out in the agenda and 10 December 2010 has been set as the date by which answers to questions on notice are to be returned. Senators should provide their written questions on notice to the secretariat by close of business Thursday, 28 October 2010.

Under standing order 26 the committee must take all evidence in public session, this includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance the secretariat has copies of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate into *Hansard* and there are copies available on each table.

*The statement read as follows—*

**Order of the Senate—Public interest immunity claims that the Senate—**

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
  - (1) If:
    - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
    - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
  - (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
  - (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide

to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

- (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
  - (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
  - (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
  - (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
  - (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).
- (d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(Agreed to 13 May 2009.)

(Extract, Journals of the Senate, 13 May 2009, p.1941)

**CHAIR**—Minister, do you or an officer have an opening statement you wish to make?

**Senator Conroy**—No, I do not.

**CHAIR**—No, all right. Are there any questions for the portfolio overview? Senator Trood, I see has a lot of questions there.

**Senator TROOD**—Thank you. Good morning secretary and staff of the department. Mr Richardson, I think I have to start where we began last time, which is in relation to the answers to questions. I am very depressed about this I have to say because last time you, as the new secretary of the department, gave me a solid undertaking that you would provide the answers to the questions provided by the committee on notice within the time frame. That did not happen; in fact we only received these answers to these questions early last week, a week before this actual hearing. These are supplementary estimates, which follow on from the estimates of earlier in the year. So, the answers to the questions are absolutely rather critical. We cannot do our job very effectively if we do not get them. I am alarmed because you gave me an undertaking and failed to fulfil it and I am just wondering whether you have an explanation for that?

**Senator Conroy**—Perhaps I might just save you the trouble. The process works a little differently to perhaps what you understand.

**Senator TROOD**—The process works—

**Senator Conroy**—Mr Richardson can pass them to the minister's office and from that point he is not in control of them. To suggest alarm and fault on the part of Mr Richardson is an inaccurate description of the process that is undertaken by every Senate estimates committee process.

**Senator TROOD**—Senator Conroy, what the committee knows is that we set a date by which the answers to the questions are required. That date was not met on this occasion and in fact this department has an appalling record of meeting the dates for the return of answers to questions.

**Senator Conroy**—My point being that you again, incorrectly, are characterising it as the fault of the department. Occasionally it may be but sometimes answers are in the province of the minister's office and the minister's office might take time to consider the answer as well. My point being that it is incorrect to point the finger entirely at Mr Richardson and the department.

**Senator TROOD**—It is a collective responsibility to make sure the committee is provided with the answers. The department, I agree, has to provide the answers, but it is the responsibility of the minister to make sure, if that is the case, that those answers are provided in a timely way. In this case this was not the case. In fact, this is the worst example. They are 71 days late. They are over two months late, and later than usual. This department, and its minister, has an egregiously poor record. This is 71 days—I think I am right in saying that it is the worst example by 10, 12 days that I can find over the last three years.

**Mr Richardson**—Senator, there was something called an election which took place, which did complicate meeting the requirements. We submitted our responses to the minister's office on 7 July.

**Senator TROOD**—So they were submitted to the minister's office well before the deadline, is that correct?

**Mr Richardson**—An election was called on 17 July.

**Senator Conroy**—Did you not notice?

**Mr Richardson**—The minister did not have the opportunity between 7 July and 17 July to properly consider all the answers. The minister asked for the questions to be returned to him following the election. Of course following the election there was the complication of the outcome which led to a 17-day delay in the formation of a government. So it was not until after the swearing in of ministers on 14 September 2010 that we were able to again go to minister's office and resubmit the answers. We went to Mr Rudd's office and Dr Emerson's office because they were the new ministers after the formation of the government on 14 September 2010. We resubmitted updated responses to Mr Rudd's office and to Dr Emerson's office on 28 September 2010. Then on 5 October the committee advised that the deadline for the submission of responses had been brought forward to 5 pm on Thursday 7 October 2010. The Minister for Trade approved responses relevant to him on 8 October 2010. Mr Rudd approved the responses relevant to him on 8 October 2010 also. Then we subsequently submitted all the answers to the questions on 9 October 2010. So that is the reason for the delay.

**Senator TROOD**—These questions, Mr Secretary, are submitted to the department. They are to provide the answers to the questions and you have told us that they were available on 9 July 2010, I think?

**Mr Richardson**—On 7 July 2010.

**Senator TROOD**—On 7 July 2010, so that was 10 days before the election was actually called?

**Mr Richardson**—Yes. In every government I have worked for, ministers on both sides of parliament have always asked to see the answers, so that is not uncommon.

**Senator TROOD**—It may be the case but it resulted in a three month delay in the committee getting the information and essentially frustrated the work of the committee.

**Senator Conroy**—You were planning on reading them during the election campaign?

**Senator TROOD**—I am not speaking for the whole committee. Any member of the committee might have wanted those answers for particular purposes during the course of the last few months and they were unavailable. They have every reason to expect that they would be available on 30 July 2010 when they had been requested; not 70 days late, two months late after the deadline has ensued. By far, looking at the record I have over the last three years, this is worse than any example. I must say—

**Mr Richardson**—It is the first time in the last three years that we have had an election come in the middle of the—

**Senator TROOD**—It goes back longer than that. The record, Mr Richardson, is a bad record. I would be grateful if you would try and improve the record.

**Senator Conroy**—Ultimately, as I repeat to you, Mr Richardson is not in control of the whole process.

**Senator TROOD**—I acknowledge that, Minister—

**Senator Conroy**—It may be that you want to flog this dead horse over here rather than that one.

**Senator TROOD**—Mr Richardson gave an undertaking to the committee and I would have thought that he would have been anxious that his undertaking be fulfilled. He has a very vested interest in ensuring that the minister responds in a way which is timely and ensures that the committee's deadlines are met. I would also say that it would seem hardly to be consistent with the remarks of the Prime Minister, who told us all on 7 September 2010, 'I have heard the message loud and clear, people do want to see us more open, more accountable and more transparent.' I hardly think that is consistent with the way in which the Prime Minister apparently intends to proceed with her government.

**Mr Richardson**—Minister, I do not control when elections in this country are called. The next time I give an undertaking of this kind I will put in a caveat, 'subject to elections and other constitutional requirements'. I can understand why a minister would not want to approve answers to questions during an election period. I can understand why, following that election and following the constitutional circumstances that this country faced, that ministers

might not want to do it. I do not see it as being inconsistent with what the Prime Minister stated.

**Senator TROOD**—I think it is inconsistent and I think the department needs to lift its game in this matter, Mr Richardson.

**Senator Conroy**—I repeat, you are a very reasonable man normally, Senator Trood, but on this one you are just a little bit unreasonable in your representation of Mr Richardson's position.

**Senator TROOD**—I ask you, Secretary, if you would pay close attention to the deadline that has been set on this occasion and ensure that not only does the department comply with it but so far as you have any capacity to be able to influence the minister, then you ensure that his office deals with it in a timely way so that we actually get the answers to these questions by the deadline we have set. Let us move on. Another matter from last time, Mr Richardson, relates to a discussion that we had regarding National Security Committee meetings. This was early on in the proceedings. I think you gave us an undertaking that you were going to check your diary in relation to a matter I drew to your attention with regard to an earlier meeting of the National Security Council. Have you checked your diary, because I do not think we have a reference as to that?

**Mr Richardson**—Yes, and I think the matter in question was whether I had been kept waiting for three hours and whether I had used some colourful language on departing.

**Senator TROOD**—Yes.

**Mr Richardson**—I could not find any reference in my diary to colourful language and I could not find any reference in my diary to having waited for three hours.

**Senator TROOD**—All right.

**Senator Conroy**—You have never used colourful language in your life?

**Senator TROOD**—I think the secretary confessed that last time. I think he acknowledged that he is unlikely to use colourful language. Thank you for that. Another matter relating to a previous occasion with regard to a question I asked about Macedonia and the name under which we recognise Macedonia. I asked a question about how many countries around the world recognise Macedonia by its constitutional name, and which are those countries, and whether we did similarly. I got a partial answer to this question, Secretary. I did not get the part of the answer which I wished and asked for which was a list of the countries that actually use the constitutional name as the Macedonians would prefer to have it used. I did not get that list. Would you please take on notice the fact that I would like a list of the countries that recognise the name Macedonians prefer? I think the Republic of Macedonia is the term that they actually prefer.

**Mr Richardson**—Sure.

**Senator TROOD**—On the last occasion again, Mr Richardson, you mentioned the additional \$212 million that the department had received over the forward estimates, four years, and you mentioned the specific areas of funding as I recall it. On 16 August 2010, during the election campaign, the Treasurer announced that a review was going to take place of the overseas network of the department and that as a consequence there would be savings

of \$45.5 million from the department's budget, again over the forward estimates. Has that review taken place?

**Mr Richardson**—Senator, thanks for the question, if I could just explain. That commitment was an ALP commitment made during an election campaign.

**Senator TROOD**—Indeed.

**Mr Richardson**—That will need to become a government decision. The government does have a process which is in play at the moment in terms of considering election commitments. I might just also add that the commitment was for savings of \$45.5 million over three years from the Foreign Affairs and Trade portfolio, not from the department. Obviously the majority of that will come from the department but it is from the portfolio as a whole rather than specifically from the department. The review has not yet taken place.

**Senator TROOD**—You were not aware of this—it was an election commitment on the part of the ALP?

**Mr Richardson**—Yes.

**Senator TROOD**—There was no consultation with your department about this proposal, prior to it being made?

**Mr Richardson**—As far as I am aware, Senator, it is not normal for political parties to consult with government departments in relation to what commitments they might make during an election campaign, commitments of this sort. I would note that following the ALP's commitment, the coalition provided a similar commitment and neither the ALP nor the coalition consulted with the department before making their respective commitments.

**Senator TROOD**—I see, so you were unaware of that then for the reasons you have explained. But the consequences are potentially rather serious are they not? The \$212 million that the portfolio received in the last budget is potentially going to be slashed by 40 per cent. If the full \$45.5 million is taken out of the portfolio then you will be left with \$166 million which is, on my calculation, around about 40 per cent of the portfolio?

**Mr Richardson**—Leaving aside the details because we are not comparing strictly like with like in the sense that the additional \$212 million over four years was for the department.

**Senator TROOD**—Yes.

**Mr Richardson**—The \$45.5 million is from the portfolio.

**Senator TROOD**—I see.

**Mr Richardson**—But your point is still right. Certainly the DFAT budget has been under pressure for some time. It remains under pressure and quite obviously any reduction in the budget puts us further under pressure.

**Senator TROOD**—It is more than just under pressure, is it not? You have said I think publicly, Mr Richardson, that the 'great hangover'—I think that is your phrase—from previous governments in relation to the department's funding actually vastly complicates the task of trying to recover the department's budget?

**Mr Richardson**—If it becomes a government decision then we will just have to get on with our job and manage the best we can.

**Senator TROOD**—I am sure you will because you are all very professional about these things but it makes the task of the department that much more difficult, does it not?

**Mr Richardson**—Oh yes.

**Senator TROOD**—What have you done about this \$45 million at the moment? Have you begun a review? Have you looked at ways in which you might find this \$45 million?

**Mr Richardson**—Internally in the department, Senator, we have worked on the assumption that any reduction across the portfolio would be applied proportionately, determined by the relative size of the different agencies' budgets. If the Foreign Affairs and Trade budget makes up 70 per cent of the portfolio budget then we would take 70 per cent of the hit. Applying that formula we would be required to find about \$31 million in savings over the next three years and continuing savings of about \$10 million a year. We have been looking at exploring options if that election commitment becomes a government decision.

**Senator TROOD**—I see. The commitment referred to overseas positions as I understand it?

**Mr Richardson**—No, the commitment is to find savings from the portfolio of \$45.5 million. As I said, that would not necessarily have to be from overseas. Indeed my bias would be to seek to find those savings in Canberra before looking overseas.

**Senator TROOD**—The commitment actually says, 'result in a small number of overseas position returned to Australia.'

**Mr Richardson**—I think you will find the final commitment was a broader commitment which simply made reference to savings of x amount from the portfolio.

**Senator TROOD**—I see. You do not intend to reduce our overseas representation, at least on the basis of the requirements of this particular savings measure?

**Mr Richardson**—Our starting point will be to seek to avoid taking people out of the global network.

**Senator TROOD**—I see.

**Mr Richardson**—I think the Department of Foreign Affairs and Trade is paid by the taxpayer to add value through its global network. I do not think we should be looking at our global network as the first port of call in terms of savings.

**Senator TROOD**—No, I agree with that. You say 'if this election commitment becomes a requirement'; are you in some doubt as to whether or not this particular policy declared by the Labor Party during the course of the election will actually become a policy that you need to implement?

**Mr Richardson**—No. I am simply being careful because in formal terms the commitment needs to become a formal government decision. Obviously governments normally honour their election commitments and they are always concerned to honour their election commitments. But at the same time, I am working at the moment on the basis of an ALP election commitment as opposed to a government decision.

**Senator TROOD**—I see. If indeed this commitment becomes a government decision, when would we expect to see that being implemented—during the next budget process?

**Mr Richardson**—If the commitment was to be honoured, then the savings measure starts from next financial year, that is, from 1 July 2011.

**Senator TROOD**—I see. So at the very least your budget for the portfolio is going to be reduced by \$45 million next year?

**Mr Richardson**—No, the portfolio would be reduced by \$45.5 million over three years.

**Senator TROOD**—Over the three years, yes. Have you turned your mind to the areas where the savings might be procured?

**Mr Richardson**—Yes.

**Senator TROOD**—Where are they?

**Mr Richardson**—That is still being explored, Senator, and I do not believe it would be fair either in terms of the department itself or in terms of government to publicly canvass the options which a small group of us have been looking at.

**Senator TROOD**—So you have set up, say, a management taskforce to estimate them?

**Mr Richardson**—Yes, more or less.

**Senator TROOD**—I see. But your preference is that it should not come from our overseas representation?

**Mr Richardson**—That is right.

**Senator TROOD**—I see.

**Senator BOB BROWN**—Can we—

**CHAIR**—Yes, do you have one question or one topic?

**Senator BOB BROWN**—I have just one question.

**CHAIR**—Have you finished that line of questioning?

**Senator TROOD**—On that particular issue. I am still on staffing but I am happy for Senator Brown to have a turn.

**Senator BOB BROWN**—Just on that, I have one specific question. Ambassador Alan Oxley, can you describe his current role with the department?

**Mr Richardson**—I am not aware that Alan Oxley has a formal role with the department, Senator.

**Senator BOB BROWN**—He is currently described on Worldgrowth.org, of which organisation he is chairman and founder, as Ambassador Alan Oxley. I have had from the minister an answer to a question that that honorific does not carry on beyond the official post, but I wonder whether you could tell me how that honorific is used and why it is that Alan Oxley is still using it?

**Mr Richardson**—Senator, I cannot talk for Alan Oxley himself. Different countries of course do have different traditions. For instance, in the United States, which of course does



not believe in formal titles, they have in fact followed the tradition of once having an honorific you have it for life. As you know, former President Bush will always be President Bush, and former secretaries of state and the like always remain Madam or Mr Secretary. Going down through that tradition, once an ambassador in the US system you are always referred to as ambassador.

**Senator BOB BROWN**—But the minister has indicated to me, in writing, that that does not pertain to Australia. I am wondering about this exception and why it is being allowed to this particular gentleman?

**Mr Richardson**—It is not a question of being allowed. If, for instance, someone who was a former head of mission, a high commissioner or ambassador, chose to describe themselves in those terms, I do not think there is a law preventing them from doing so.

**Senator BOB BROWN**—Clearly, it is advantageous to the person in business and so on to describe themselves—and in this case, himself—as ambassador when he is not. What action can or will be taken to have him desist from using that title, which he no longer carries in fact?

**Mr Richardson**—I do not believe I have any legal authority to take any action.

**Senator BOB BROWN**—Has there been any contact with Alan Oxley to ask him to desist from—

**Mr Richardson**—Not that I am aware of.

**Senator BOB BROWN**—Ought there be?

**Mr Richardson**—I do not think so.

**Senator Conroy**—I think Mr Richardson has indicated there is no legal recourse. Perhaps it is being described in newspapers this way—and you would know, like me, Senator Brown, you cannot always believe everything you read in the newspapers. Certainly having the word ‘former’ in front of ambassador—

**Senator BOB BROWN**—No, it is not newspapers; it is his own founded company, Worldgrowth.org, that is using the honorific, so he is using it himself.

**Senator Conroy**—He should perhaps insert the word ‘former’ and then everybody would be satisfied.

**Senator BOB BROWN**—He has not done that. Would you look into the matter and see what can be done to stop—

**Senator Conroy**—I think Mr Richardson has indicated there is no legal recourse. Having it raised here will perhaps jog his website into adding that word.

**Senator BOB BROWN**—No. It has had no effect in the past. I have raised it with the government in the past. Will you look into the matter and take any appropriate action?

**Mr Richardson**—I will certainly look into it. I think I would be misleading you, Senator, if I was to leave you with an impression that there was some formal action that I could take.

**Senator BOB BROWN**—You cannot contact Alan Oxley and ask him to desist from using it?

**Senator Conroy**—On what basis?

**Senator BOB BROWN**—On the basis that it is deceptive to use that title when you no longer carry that office.

**Mr Richardson**—I have often seen the reference, Senator. Alan Oxley does occasionally, as you know, write articles in newspapers and the like.

**Senator BOB BROWN**—Not always accurate articles at that!

**Mr Richardson**—When I have read his articles in the papers, he certainly does not describe himself there as ambassador; it is as the former ambassador. If there is a reference on a website, it may be that he is using that honorific on the website because the web is international. Given that it is a common practice globally for that honorific to continue to be used, he could, in his own mind, consider it perfectly proper in the international arena to in fact use it.

**Senator BOB BROWN**—Do you know Alan Oxley?

**Mr Richardson**—Yes, I do.

**Senator BOB BROWN**—Will you speak to him about this matter?

**Senator Conroy**—Would you like us to follow up with any other people who call themselves honorifics—

**Senator BOB BROWN**—Anybody else who calls themselves ambassador, yes, I would. I would like that reported back to the committee, if you will take that as a question on notice.

**Senator Conroy**—Are there any other honorifics you have an objection to?

**Senator BOB BROWN**—I think particularly—

**Senator Conroy**—Self-declared municipalities, kings of—

**Senator BOB BROWN**—No, this is a serious abuse of a title, which the man no longer holds, to force matters of self-interest. I think it needs to be determined whether or not he should be allowed to continue with the title. I am asking you to take some action.

**Senator Conroy**—I am not sure what action there is to be taken, given, as Mr Richardson said on a number of occasions—

**Senator BOB BROWN**—There are a range of actions.

**Senator Conroy**—that he is not breaking any laws.

**Senator BOB BROWN**—There are a range of actions, Minister. Firstly, it would be appropriate for you to contact Alan Oxley and ask him to desist. Will you do that? Secondly—and you have just nailed it in one—there is the ability to legislate, to not allow the abuse of titles like this for personal interest when they no longer pertain to the person who is using the title. I wonder if the government will consider that.

**Senator Conroy**—We will take that on notice and discuss it with my colleagues.

**Senator BOB BROWN**—Would you also take on notice which embassies and on how many occasions Mr Oxley contacted them in each of the last five years?

**Senator Conroy**—We would certainly be happy to do that.

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**Mr Richardson**—Senator, the only way we could ascertain that would be to ask Mr Oxley himself. It would be a waste of our time to be wandering around embassies in Canberra seeking to ascertain how many times Alan Oxley has contacted their embassy in the last five years.

**Senator BOB BROWN**—Let me put it down to one: the embassy in Beijing and any representations on Mongolia and the mining interests that Mr Oxley has represented in Mongolia. I wonder if you would inform the committee about any such contacts in the last five years.

**Mr Richardson**—We are talking about the Chinese embassy here in Canberra or the Australian Embassy in Beijing?

**Senator BOB BROWN**—We are talking about the Australian Embassy in Beijing.

**Mr Richardson**—Yes, certainly.

**Senator BOB BROWN**—And matters to do with mining in Mongolia and what matters were discussed, canvassed or promoted. Thank you.

**Mr Richardson**—In terms of what matters were discussed, that could come under commercial-in-confidence. In terms of seeking to ascertain the number of times he has been in contact with the Australian Embassy in Beijing, certainly we can seek to find that out. We will seek to answer your questions as clearly as we can.

**Senator BOB BROWN**—On the matters of commercial-in-confidence, contact or use of the embassy is not commercial-in-confidence. What the content of the matters canvassed there might be may be, but I ask you to inform the committee, if you are unable to impart information because it would be commercial-in-confidence, of the grounds on which that confidence is kept.

**Mr Richardson**—Thank you.

**Senator BOB BROWN**—Thank you.

**Senator TROOD**—Since we are on this theme of envoys and ambassadors I ask you, Mr Richardson, perhaps more profitably, the terms under which Mr McMullan and Mr Fisher have apparently been appointed envoys in relation to Africa, as I understand it—a special envoy for Africa and one for francophone Africa, is it?

**Ms Millar**—As you will have seen from the press release that Mr Rudd issued last week, the government has appointed two envoys: Bob McMullan as a special envoy for anglophone African countries and Bill Fisher for the organisation of La Francophonie, and also some specific francophone countries.

**Senator TROOD**—I think you should tell us the conditions under which they have been appointed please. Have they been given contracts?

**Mr Richardson**—Yes, the initial contract term—

**Senator TROOD**—They are the same for each, are they?

**Mr Richardson**—For Bob McMullan it is certainly from 13 October 2010 to 12 October 2011, with an option to extend for 12 months until the UN Security Council election in 2012. The contract value is \$50,000 including GST.

**Senator TROOD**—That is for the length of the contract, is it, Mr Richardson?

**Mr Richardson**—For the 12 months. The contract will be paid in line with the rates set by the Remuneration Tribunal, category 3, member holders of part-time public office. This is currently set at \$570 per day inclusive of GST and superannuation. DFAT will cover travel costs at a class of travel equivalent to SES and will pay travel allowances and incidentals at country specific rates. They are essentially the terms of the contract.

**Senator TROOD**—Mr McMullan will be getting \$50,000 plus travel allowances for any time that he is on the road; is that correct?

**Mr Richardson**—That is right.

**Senator TROOD**—I see. What sorts of travel allowances are they for African countries?

**Mr Richardson**—It varies from country to country.

**Senator TROOD**—Could you give me an idea of how much the travel allowances are for someone like this?

**Mr Richardson**—Someone might be able to. I do not know.

**Ms Thorpe**—It is actually going to be based on the tax determination which is published. It is TD2010/19, which basically gives a list of all the countries and what is considered to be reasonable travel and overtime meal allowances. It is all based on set amounts that are already—

**Senator TROOD**—I would hope that would be the case, Ms Thorpe. What are the amounts, generally speaking?

**Ms Thorpe**—I do not have the amounts with me but it is in that determination. It gets reviewed—

**Senator TROOD**—Perhaps you could find out for me; would you?

**Ms Thorpe**—We can get you the review and we can give you—

**Senator TROOD**—I do not need all of them, but if you can give me some sort of idea of the kind of money we are talking about as a per diem travel allowance please.

**CHAIR**—His superannuation is proportionately reduced, isn't it?

**Senator Conroy**—My understanding is that when you receive a government job the payment is credited against your income; in other words, you get no extra money.

**Senator TROOD**—Mr Richardson has told us he is getting a travel allowance.

**Senator Conroy**—Now you are scraping the barrel.

**Senator TROOD**—I understand what you are saying, Minister, that it is being offset against other entitlements he has. I understand that but I would like to know what the nominal amount is so then we might know how much is being offset. I would like to know. I would like to have some general idea about the kind of range—

**Senator Conroy**—I am not sure the TA gets offset.

**Ms Thorpe**—No, the TA does not get offset.

**Senator TROOD**—I thought that was what you were telling me.

**Senator Conroy**—No. His \$50,000 gets offset. TA is separate. TA is your travel allowance.

**Senator TROOD**—I have heard Mr Richardson on the \$50,000. I would like to know please what the general kinds of per diem rates are in Africa. I realise they are different for each country; but I would like some indication of the range perhaps.

**Senator Conroy**—Could we also indicate what TA is for or what it is paid for?

**Ms Thorpe**—Yes.

**Senator TROOD**—I assume that is for accommodation and so forth.

**Senator Conroy**—The same as you get paid for travel around Australia.

**Senator TROOD**—Yes, I assume that is the case. The department will pick up any travel costs involved?

**Mr Richardson**—That is right.

**Senator TROOD**—Is that right, Secretary?

**Mr Richardson**—Yes.

**Senator TROOD**—Are there any support staff accompanying either of these gentlemen?

**Mr Richardson**—There might be from time to time. Given that Mr McMullan would be working for a government objective as a special envoy, we would most certainly ensure that he has the assistance that he needs to have at any point. Whether that would entail anyone travelling with him would depend upon what he is doing at any given point in time. We would certainly see it as important to ensure that he does have proper assistance.

**Senator TROOD**—So he would be reporting to Ms Millar's Security Council Taskforce? He could rely upon the services provided by the department in relation to the taskforce; is that correct?

**Mr Richardson**—That is right. He would be working with Caroline Millar's area and he would be working also to the minister and to the government.

**Senator TROOD**—Is the program of work something that he is determining or is that being determined for him by the minister or the department?

**Mr Richardson**—It is determined in consultation with the department and the minister.

**Senator TROOD**—Has a program of work been established as yet?

**Mr Richardson**—Not yet; not a specific program of work whereby we would be able to tell you at any given day what he might be doing. Obviously, this is part time, not full time, and that is reflected in that it is not expected that he would be working full time on this project.

**Senator TROOD**—Do you know when he is going to begin his activity?

**Mr Richardson**—Ms Millar might have that answer.

**Ms Millar**—He has begun. He is currently travelling in Africa, visiting a number of countries. He went to Ethiopia. He was going there anyway for the high-level panel on climate change financing. While he was there he just started a program of going to a number of other countries nearby.

**Senator TROOD**—How long will he be away on this occasion?

**Ms Millar**—About 10 days I think.

**Senator TROOD**—I see. Is this contract for work only in Africa? Obviously it is focussed, I presume, on trying to secure the support of African countries for our Security Council bid, but does it mean that he will only be travelling to Africa in that respect, or might he be trying to bump into African delegates at the United Nations in New York or Geneva or elsewhere?

**Mr Richardson**—It would not exclude him from travelling to countries other than Africa.

**Senator TROOD**—I see.

**Mr Richardson**—It would depend upon the requirements and the like.

**Ms Millar**—Exactly.

**Senator TROOD**—Does this mean in relation to Mr McMullan that he is now the kind of, what, point man, in relation to our national Security Council seat bid?

**Mr Richardson**—No. He is a special envoy in relation to Anglophone Africa.

**Senator TROOD**—I see.

**Mr Richardson**—I might add that the department initiated a recommendation that he be so appointed. He has a very high standing internationally and has worked closely with the UN in a number of areas. We felt it would actually be beneficial to our campaign to have someone of his standing engaged.

**Senator TROOD**—When you say you initiated the recommendations, Mr Richardson, do you mean you initiated a recommendation to the minister?

**Mr Richardson**—Yes.

**Senator TROOD**—So the minister did not request the department to appoint Mr McMullan?

**Mr Richardson**—No. We have been looking at the question of special envoys for some time. This is something in fact that we were discussing with former Foreign Minister Smith. Once Mr McMullan indicated that he was not recontesting the federal election, as a department we were very keen to get him involved in the UN Security Council bid.

**Senator TROOD**—When was this asked of him?

**Ms Millar**—We were discussing it with him before the election but clearly the hiatus of the election period meant that we then came back to talk to him afterwards.

**Senator TROOD**—So before he left his office? He was, I think, the parliamentary secretary prior to the election? He was a parliamentary secretary in the department?

**Mr Richardson**—Once he indicated that he would not be recontesting the election.

**Senator TROOD**—So once he indicated that, he was, at that time, performing his duties as a parliamentary secretary, I think I am right in saying?

**Ms Millar**—Yes.

**Mr Richardson**—Yes. We made enquiries as to whether he would be interested, subject to the outcome of the elections and all the proper caveats. That was progressed further once the government was formed and we had a new minister.

**Senator TROOD**—I see. Is the funding for this position coming from the Security Council bid budget?

**Mr Richardson**—Yes.

**Ms Millar**—Yes.

**Senator TROOD**—What are you anticipating will be the forward cost of this? You have got \$50,000 in his part-time salary and various costs in relation to travel and various costs in relation to per diems. What are you estimating might be the cost of this over the period of the first year of the contract? Then, of course, you have said that there is the possibility of a further extension.

**Senator Conroy**—If he starves himself and does not eat any meals and sleeps on the street—

**Senator TROOD**—All I want to know is—

**Senator Conroy**—Would you recommend sleeping on the streets in some of the African nations?

**Senator TROOD**—It is a perfectly reasonable question as to whether or not the department has made any forward projections as to the likely cost of this office.

**Mr Richardson**—I can certainly say that the \$50,000 is the value of the contract. I would have to refer to Ms Millar in terms of whether, in budgetary terms, we have assumed particular periods of travel or not.

**Ms Millar**—Can I just add that the \$50,000 is the upper limit for this year under the terms of the contract?

**Mr Richardson**—Yes.

**Ms Thorpe**—It depends very much on where he goes, and how many trips he has, and so on. That process is still being determined, clearly, in consultation with ministers.

**Senator TROOD**—Sorry, I thought you were telling us that there was a base salary of \$50,000 plus.

**Mr Richardson**—That is my fault. I apologise for that. The contract value is \$50,000 but it would depend upon how many days he worked.

**Ms Millar**—Yes. It is a daily rate set by the Remuneration Tribunal and we have allowed for up to \$50,000 for this year.

**Senator TROOD**—I appreciate that, but my understanding was that the way this contract had been designed was that he was being paid a base salary, and then the department was

picking up any travel costs and that he was also being paid additional funds and amounts—perfectly reasonably—in relation to the per diem which would take it beyond the \$50,000. You are saying essentially the \$50,000 is the projected cost of this contract over a 12-month period? Is that right?

**Mr Richardson**—No. I will be corrected if I am wrong. He gets paid a daily rate of \$570 a day, inclusive of GST. Is that right?

**Ms Millar**—Yes, that is correct.

**Mr Richardson**—That \$570 a day comes out of the notional contract value of \$50,000.

**Ms Millar**—Exactly.

**Mr Richardson**—In addition to that, he gets his travel costs covered and he gets a travel allowance and incidentals on a country-specific basis.

**Senator TROOD**—I see. If he turns out to be an extraordinarily diligent envoy—in other words, he travels a great deal more than might be anticipated at this stage, and is on the road longer—then the costs could exceed the \$50,000, or would you say that is an upper limit?

**Mr Richardson**—We have a contract value of \$50,000. That is what we believe will be the upper limit over the course of the next 12 months.

**Senator TROOD**—I see. You are expecting the work to come in within that limit but conceivably it could be greater?

**Mr Richardson**—No, we are working on the basis that it will be a maximum value of \$50,000—that is the \$570 per day et cetera—and in addition to that, the travel allowance, travel costs et cetera.

**Senator TROOD**—I see, but with a possibility of an extension which would take him up to the time of the vote?

**Mr Richardson**—That is right.

**Senator TROOD**—And these costs are all coming out of the budget?

**Mr Richardson**—That is right.

**Senator TROOD**—Presumably, or am I incorrect in this, these were not anticipated at the time the budget was set for the bid?

**Mr Richardson**—I think they were.

**Ms Millar**—Yes, they were.

**Senator TROOD**—So it was always intended there would be an appointment of the envoy?

**Ms Millar**—We always intended to deploy an envoy.

**Senator TROOD**—When the budget was set two years ago now?

**Ms Millar**—This is from the measure contained in the 2009-10 budget and we had intended to deploy envoys.

**Senator TROOD**—I see. How many deployments of envoys had you considered?



**Ms Millar**—There were two that the minister has announced.

**Senator TROOD**—I understand that.

**Ms Millar**—We have also been using some departmental officers to do some additional work as envoys in support of the campaign. This is standard campaign terms.

**Senator TROOD**—I see. We have been speaking about Mr McMullan, primarily. What about Mr Fisher's contract?

**Ms Millar**—Mr Fisher does not have a contract. He is a member of the department. He is a senior departmental officer, so he is just paid out of his salary. And of course any travel costs are covered, like any officer travelling.

**Senator TROOD**—I see, but he has been appointed a special envoy for Francophone Africa?

**Mr Richardson**—Yes.

**Ms Millar**—Yes, and for La Francophonie—the Organisation internationale de la Francophonie—which is a similar organisation to the Commonwealth.

**Senator TROOD**—Are you proposing to appoint any other envoys from outside the department in the near future?

**Mr Richardson**—We are certainly considering that.

**Senator TROOD**—These would be for other parts of the world—South America, for example, or Europe?

**Senator Conroy**—Are you available? If this is a job application, just say so, Senator Trood. Are you available?

**Senator TROOD**—I could be.

**Senator Conroy**—You could be?

**Senator TROOD**—After June, anyway.

**Senator Conroy**—Mark that one down. How is your French?

**Senator TROOD**—So you are considering other possibilities?

**Senator Conroy**—Do you speak Spanish? You could do South America.

**Senator TROOD**—I am very poor at Spanish.

**Senator Conroy**—Poor?

**Senator TROOD**—Yes.

**Senator Conroy**—Any good language skills?

**Senator TROOD**—No—pathetically. I am not even sure at English. You are considering other appointments?

**Mr Richardson**—Yes. From the beginning envoys have been part of our strategy. We do not exclude the possibility of appointing other envoys in addition to the two who have been announced.

**Senator TROOD**—Has Mr Fisher begun his task at this stage?

**Ms Millar**—Yes, he is going to the summit of La Francophonie in Montreux later this week, and he has visited Paris on the way to talk to the organisation of La Francophonie, which is headquartered there.

**Senator TROOD**—How many francophone countries are there that he would be responsible for in Africa?

**Ms Millar**—The organisation—

**Senator Conroy**—Quite a few.

**Ms Millar**—The organisation is 53 UN member states, and at the moment he is envoy to that organisation. Also he will be visiting a number of francophone countries. We are determining that in consultation with him and the minister.

**Senator TROOD**—I see—lots. Do I take it that the bid is not going well in Africa and that is why you have sought the services of Mr McMullan?

**Mr Richardson**—No, that would not be a fair assumption. As we have said previously, the engagement of special envoys has always been a part of what we intended. It is something which countries very often do when they are running for the UN Security Council, and it does not reflect that things are going good or bad in respect of particular areas. But clearly we are not overly endowed with representation in Africa. African countries do make up about 27 per cent of the UN membership, and obviously the special envoys can help in an area where we do not have a lot of on-the-ground representation.

**Senator TROOD**—Can you tell me, Ms Millar, how much of the budget set aside for the Security Council bill has been expended at this stage?

**Ms Millar**—In this financial year, no, I do not have that information.

**Senator TROOD**—I am just struggling for the overall figure, but it is \$20 million or something, is it not?

**Mr Richardson**—No, it is about \$11 million I think, from memory.

**Ms Millar**—Yes.

**Mr Richardson**—I stand corrected.

**Ms Thorpe**—It is \$11.15 million over two years. The budget for 2010-11 is \$5.74 million.

**Senator TROOD**—How much of the five has been expended so far?

**Ms Thorpe**—We do not—

**Senator TROOD**—You do not keep a running total?

**Ms Thorpe**—They have their budget, and I get monthly reports but it is going to vary over the year. They have their plan and they will deliver their strategy during the course of the year.

**Senator TROOD**—Can you enlighten us on that, Ms Millar?

**Ms Millar**—I do not have any figures for that.

**Senator TROOD**—I am just trying to see whether or not the funds allocated for this task are depleting at a rate which might require further commitments of funding, perhaps in the next budget.

**Mr Richardson**—I do not believe we are looking at additional expenditure over and above what is currently in the budget over the course of this financial year. The funding for the UN Security Council bid was two-year funding, and that comes to an end on 30 June 2011.

**Ms Thorpe**—That is right.

**Mr Richardson**—Clearly, in terms of what might be required beyond the end of this financial year, that is a matter that would be considered in the course of the forthcoming budget considerations.

**Senator TROOD**—I see. I will leave Messrs McMullan and Fisher and the Security Council on that point. I wanted to return to budgetary matters and in particular ask about the MYEFO, the Mid-Year Economic and Fiscal Outlook statement, which is in prospect, obviously. Secretary, you were certainly not the secretary at the time but my recollection is that we were at this point last year and we discussed the department's budget. Then on the last occasion the MYEFO came out there was an announcement of a \$105 million cut to the department's funding, of which the committee was given no notice. My question is, have you been asked to consider any departmental cuts or reductions in light of what might be in the MYEFO?

**Mr Richardson**—Not at this point.

**Ms Thorpe**—From the election—

**Mr Richardson**—Not at this point, no.

**Senator TROOD**—I see.

**Mr Richardson**—Over and above the election commitment.

**Senator TROOD**—As far as you know, you are not being asked to deliver up further savings from the department beyond the \$45.5 million we have already discussed?

**Mr Richardson**—As of now, no.

**Senator TROOD**—I see, but you never know, do you?

**Mr Richardson**—You never know in this world.

**Senator TROOD**—Perhaps I could ask you some questions about staffing?

**Mr Richardson**—Sure.

**Senator TROOD**—Can you tell me how many positions in the department are currently vacant or unfilled?

**Mr Richardson**—I would have to refer that to Mr Moraitis.

**Senator TROOD**—Mr Moraitis is the new Mr Wise, is that right?

**Mr Richardson**—That is right.

**Mr Moraitis**—That is right.

**Mr Richardson**—And just as wise?

**Mr Moraitis**—We will see.

**Senator TROOD**—I am delighted to hear that.

**Mr Moraitis**—I will try to give you some details of current vacancies using FTE targets and actual figures, so that gives you an idea. I really could not give you an exact number of positions, but I could give you an idea of FTEs. As of 30 September, in Canberra—

**Senator TROOD**—Sorry, which date was that?

**Mr Moraitis**—As of 30 September this year. I will break it down by positions in Canberra, in our passports office and in our regional offices, as well as overseas. In terms of our positions in Canberra our FTE target is about 99.3 per cent. That is a pretty high level of filling positions. I would have to—

**Senator TROOD**—You have reached 99 per cent of your targets for FTEs in Canberra?

**Mr Moraitis**—Correct, 99 per cent.

**Senator TROOD**—This is the department we are talking about, are we?

**Mr Moraitis**—Yes.

**Senator TROOD**—Okay.

**Mr Moraitis**—As for our passport office, which for staffing purposes we regard separately, it is about 100 per cent. Using our state offices, we are actually slightly above our target. It is very small figures because the state office is about 39 positions and we actually have 40 FTEs. Over a year, it varies, but that is a good figure. Overseas, that is based on people coming and going and at any time there are people in transit, but the figure there is about 99.1 per cent. Overall it is a pretty good figure in that sense. I could translate those FTE figures into actual positions for you, if you like, and I can get back to you but I will have to take that on notice.

**Senator TROOD**—I know we talk in FTEs, but I would like to know how many bodies we are talking about.

**Mr Richardson**—We can give that to you, Senator.

**Senator TROOD**—Thank you.

**Mr Richardson**—Just to clarify, would you like the number of positions vacant in the department as of today?

**Senator TROOD**—If you have those, Mr Richardson.

**Mr Moraitis**—I will try and do a snapshot.

**Senator TROOD**—The 99 per cent is a generalised figure, obviously, across the department. Are there particular areas of the department where the vacancy rate is higher?

**Mr Moraitis**—It varies depending on months over the financial year. I would not be able to give you a specific example of which area is understaffed in any particular egregious way or anything. Obviously we respond to the situation around the world. For example, recently we have been focusing on the Commonwealth Games, and things like that, so we obviously

deploy staff there as best we can, and make sure that that is maximised. Similarly with consulate requirements in Rome over the weekend, we have deployed staff there. So it varies over a week or so. To give you a snapshot of areas, from where I sit, I cannot see any major gaps.

**Senator TROOD**—If you find the body count, as it were, I would be grateful.

**Mr Moraitis**—Yes, I will do that.

**Senator TROOD**—On the last occasion we spoke about the forecast increase in staff, the 59 staff, I think, of which there was going to be an increase. I asked Mr Wise about whether or not these were going to be A-based, or LE staff, and I do not think he was able to provide me with an answer to that question at the time. Is there an answer to that question at the moment?

**Mr Moraitis**—The figures I have for this financial year do not use FTEs but average staffing levels. We are talking an additional 44 positions this financial year. I do not have figures for any increases in LE staff, and that obviously varies quite a bit because that responds to the demands of not just our agency, but other agencies that deploy overseas. I would have to again take that on notice. In terms of the 44 this financial year, they obviously reflect new positions which have been funded through the various proposals that are in the budget, for example, relating to Baghdad, as well as in our passport measures. For example, under passports we are looking at an increase in of about 25 positions during this period. That covers quite a few of those 44. So the figure I have is 44 rather than the 59 you mentioned. I will give you those figures for A-based, and I will pursue the figures for LE. As I said, the LE figures can be much more responsive to demands of posts. It is not just purely DFAT; it is also other agencies.

**Senator TROOD**—I understand that.

**Mr Moraitis**—Because of the measures we have in the service level agreement, we respond to demands for LE. I will take that on notice as well and give you some figures for LE.

**Senator TROOD**—The 59 is coming from information that was provided by the department at the last estimates.

**Mr Moraitis**—That may include the LE, Senator.

**Senator TROOD**—It was not clear whether these were A-based staff or LE staff.

**Mr Moraitis**—I will seek clarification on that figure and how it relates to the 44.

**Senator TROOD**—Mr Richardson told us that there was a forecast increase of 59 but it was not clear where they were coming from. That is why I was seeking clarification. So the 59 is now 44, is that right, Mr Moraitis?

**Mr Moraitis**—That is 44 A-based. If the figure of 59 includes locally engaged, that probably explains the figure. If I look at my figures for LE since 30 June last year to September now, it is about 23 positions. Again, that does not add up to 59, so I will have to double check my figures to make sure that is explained.

**Senator TROOD**—Perhaps I can refer you to page 7 of the transcript from the last occasion and you might be able to put that information into context.

**Mr Moraitis**—Okay, will do.

**Senator TROOD**—From 2 June, it is. You can follow the discussion we had at the time. Maybe I am proceeding under a misunderstanding, but it included the new staff, for example, who were going to be in Addis Ababa, which I think Mr Richardson told us was in the vicinity of seven. I understand the embassy has now been opened?

**Mr Richardson**—Yes, it has.

**Senator TROOD**—You were careful about numbers, but I think you said around about seven.

**Mr Richardson**—That would include locally engaged staff.

**Senator TROOD**—Yes, that is right. I think that figure included at least that number. Perhaps you could look into that, Mr Moraitis, and find out where they are. Can you tell me whether these new staff—whether we are talking about 44 or 59 or however many we are discussing—have all received their security clearances?

**Mr Richardson**—We would not be able to line up that precise number. What we can give you is the number of staff awaiting security clearances.

**Senator TROOD**—All right.

**Mr Richardson**—As of 30 September, 137 recruits were awaiting security clearance—that that includes the graduate trainees for this year.

**Senator TROOD**—They began in January, did they not?

**Mr Richardson**—No, no, we are talking about recruits for next year. We have already made offers for next year. So it includes the graduate intake for 2011 plus the normal recruitment.

**Senator TROOD**—How many new graduates are there for 2011?

**Mr Richardson**—There will be 48. Let us be careful on this—48 have accepted; however, that does not mean 48 will start. What we can say to you is as of today 48 have accepted, so we are planning on 48 coming in next January. However, others could drop out which might mean we end up with 45 or so.

**Senator TROOD**—You are doing the security vetting for 48 at this stage?

**Mr Richardson**—Yes.

**Senator TROOD**—Right.

**Mr Moraitis**—Also corporate graduates as well. We have made offers to nine corporate graduates who are also undergoing security clearance processes at the moment.

**Senator TROOD**—I see. So there are therefore 90-odd, or 80 or so who are not part of the new intake.

**Mr Richardson**—That is right.

**Senator TROOD**—But they are proceeding with their security clearance?

**Mr Richardson**—That is right.

**Senator TROOD**—Have they taken up their duties in the department, or are they as yet unable to take up their duties because they require vetting?

**Mr Richardson**—As of 30 September, which was only a couple of weeks ago, there are 80 in that category. For the most part they would not have taken up their positions in the department.

**Senator TROOD**—How does this relate to the numbers that you have given me in relation to the positions that have been filled? Do the figures you gave me earlier, Mr Moraitis, about the number of vacancies in the department, make an assumption that the people who are awaiting security vetting are in their positions?

**Mr Richardson**—No. Some of them will be the same people; others will be quite different.

**Senator TROOD**—I see. So those figures are not included in the 99, 100 per cent, et cetera, you gave me in relation to those figures?

**Mr Richardson**—No. For instance, a vacancy that arose yesterday would not be included in the 80, which is as of 30 September.

**Senator TROOD**—Right. I see.

**Mr Richardson**—Also, a vacancy which arose probably a month ago would not be in that 80 either, because you have a vacancy arise, you advertise, you go through a whole process before you get to an actual security clearance.

**Senator TROOD**—I see. Leaving aside the new recruits, obviously, whose vetting has just begun, I assume, do you have figures on the time it is taking in relation to those 80?

**Mr Rowe**—One clearance has been outstanding for 10 months, two for six months, two for five months and two for four months. The rest are less than that.

**Senator TROOD**—Can you tell me which position it is that has been outstanding for 10 months?

**Mr Rowe**—No, I cannot, sorry.

**Senator TROOD**—I see. That position obviously is not filled?

**Mr Rowe**—That is right.

**Senator TROOD**—That person cannot perform the task for which they are employed until they have been vetted?

**Mr Rowe**—That is right.

**Senator TROOD**—Are these all top security vetting, we are talking about?

**Mr Rowe**—Everybody has to have a top secret clearance, or almost everyone.

**Mr Richardson**—Let us get something clear, you said top vetting. You said top secret. The two are different. Top vetting and top secret are not the same. Top vetting is what would be called positive vetting. You do not need positive vetting in order to get a top secret security clearance. A positive vetting is something over and above that.

**Senator TROOD**—You are not necessarily doing your own vetting, are you? You are relying upon other agencies to undertake your vetting?

**Mr Richardson**—No, we, for the most part do our own vetting, but we are reliant upon the police for the police checks, and we are reliant upon ASIO for part of the security clearance vetting process.

**Senator TROOD**—Can you tell me which part of this process is taking so long in relation to these 10 months, six months, et cetera?

**Mr Richardson**—In some cases the delay can be caused by an applicant taking a long time in filling out the relevant forms. The forms are very detailed. They are very daunting to get—

**Senator TROOD**—I have seen them.

**Mr Richardson**—for the first time, and sometimes people can take a couple of months to actually get back to us with the form. The precise reason why, in relation to the 10 months, Peter?

**Mr Rowe**—I would not like to say, actually, Senator. There are privacy considerations in these clearances.

**Senator TROOD**—Perhaps you would be able to answer this question, Mr Rowe. I am sure there are privacy considerations, but I am interested to know whether agencies are actually doing their job, and whether or not you are getting the cooperation that you need from other agencies because 10 months is a long time for an officer not to be in a position. It could be a place of little importance to the department's overall activities, but it could be a place of great sensitivity, and a place where that officer's absence is actually affecting our capacity to do the job that you are supposed to be doing.

**Mr Rowe**—I agree, but actually the other agencies seem to be cooperating very well. Indeed, if anything they have improved. I can give later figures than the ones that the secretary has given, and that is that as of 14 October our clearances were down to 94.

**Senator TROOD**—Okay.

**Mr Rowe**—Apart from the graduates, there are only about 50 awaiting clearance.

**Mr Richardson**—Senator, your question is quite reasonable. I will make some inquiries myself in relation to the 10 months. Occasionally a security clearance does take 10 months, but usually you would not expect it to take 10 months. Whether it is because the applicant has been slow in getting back, whether it is because of some complexity that has arisen in relation to ASIO procedures—it can be, for instance, where someone was born overseas and lived for a long period overseas. That can sometimes involve ASIO being required to go to overseas agencies in order to get cooperation in the security process. The reason for it in this particular case is I do not know, but I will be curious myself and I will inquire.

**Senator TROOD**—So the 10 month position is not one of those that has been resolved, Mr Rowe?

**Mr Rowe**—No, it is still outstanding.

**Senator TROOD**—At the other end of the department, have you got the most recent figures for the departures from the department?



**Mr Rowe**—Resignations.

**Mr Richardson**—Thirty-two, is it not as at 30 September?

**Senator TROOD**—Do you have a breakdown as to the reasons?

**Mr Moraitis**—We have figures for separations. In 2010 to 30 September we have about 80.

**Senator TROOD**—That is for the whole year, right?

**Mr Moraitis**—Correct. For calendar year 2010 so far we have had 80 separations.

**Senator TROOD**—What is the last quarter figure?

**Mr Moraitis**—Quarter 1 for this year has been 32.

**Senator TROOD**—So that is quarter 1 for this financial year?

**Mr Richardson**—From 1 July to 30 September, it is 32. For the calendar year to date, it is 80.

**Senator TROOD**—Yes, I understand. The 32, is that comparable for other years in the first quarter?

**Mr Richardson**—Yes, it is; in fact, it is lower. Our separation rate has dropped, and it is now quite low. I should say that separation is for A-based separations only, so for the calendar year to date 80 separations from about 2,400 people, and 32 over the last quarter. Both of those figures represent very low separation rates.

**Senator TROOD**—You have a breakdown, I assume, of why they have left? Whether they are retirements, or moving to other departments, and things of that kind, Mr Moraitis?

**Mr Moraitis**—Yes. I can give you the breakdown for the last quarter, if you would like a snapshot. We had nine officers resign, six officers move to another agency, and 14 officers retire. We had three voluntary redundancies, and fortunately no deaths.

**Senator TROOD**—Are you offering a package for redundancy at the moment?

**Mr Richardson**—We are not offering. Those three redundancies were individual cases. We have no general offer for redundancies on the table.

**Senator TROOD**—These separations, as you call them, are relatively low. I take it you are pleased with the figures?

**Mr Richardson**—Yes, they are good. As a matter of principle, you do not look for a zero separation rate. In an organisation of our size that had a zero separation rate would be in trouble. It is as bad as having a really high separation rate. Where the ideal separation rate is, I think people tend to debate, but a separation rate of two to four per cent is, I think, quite a healthy one, and quite manageable.

**Senator TROOD**—And these departures will be replaced in the normal course of events, is that right?

**Mr Moraitis**—That is factored into our staffing.

**Mr Richardson**—Yes, that is right.

**CHAIR**—Have you finished on this matter, Senator Trood?

**Senator TROOD**—Yes, it might be a convenient place to stop.

**Proceedings suspended from 10.30 am to 10.50 am**

**CHAIR**—The committee will come to order and we will resume questioning. We are still on portfolio overview.

**Senator TROOD**—Thank you, Chair. I am still on the theme of staff. I would like to know the number of staff employed in the foreign minister's office and in the trade minister's office.

**Mr Richardson**—I do not have that figure off the top of my head.

**Senator TROOD**—There is a parliamentary secretary, too, isn't there?

**Mr Richardson**—Yes, there are two parliamentary secretaries.

**Senator TROOD**—In their offices, as well.

**Mr Moraitis**—Senator, I can give you the numbers of DFAT staff employed in the minister's office but not the full contingent.

**Senator TROOD**—If you can give me the DFAT numbers.

**Mr Moraitis**—We have seven in the foreign minister's office; we have two in the office of the Minister for Trade; and we have one in the office of the Parliamentary Secretary for Pacific Island Affairs. These are all temporary, pending the formalisation of arrangements.

**Senator TROOD**—What is required for that to occur?

**Mr Moraitis**—My understanding is that the Prime Minister writes to ministers informing them of their staffing profile and formalises that.

**Senator TROOD**—I see. The Prime Minister has not confirmed the staffing profiles of the ministers yet. Is that right?

**Mr Moraitis**—It could well be, but I have not actioned on that basis yet.

**Senator TROOD**—I see. Do you have any figures, Mr Moraitis, about the comparison between, for example, this foreign minister and the previous foreign minister in terms of numbers?

**Mr Richardson**—No, no we do not.

**Mr Moraitis**—From what I can see—

**Mr Richardson**—We do not have comparisons.

**Senator TROOD**—You do not?

**Mr Richardson**—No.

**Senator TROOD**—You do not have comparisons?

**Mr Richardson**—No, we—

**Senator TROOD**—You do not have the figures from the last—

**Mr Richardson**—We could get them, but we do not have the figures right with us.

**Senator TROOD**—Perhaps you could get them for me, would you?

**Mr Richardson**—Sure.

**Senator TROOD**—I would like to know the comparative figures between this foreign minister and trade minister and the previous occupants of those two offices, please. Mr Moraitis, in relation to the seven staff, the two, and the one, do you have the levels at which those people are appointed?

**Mr Moraitis**—Yes, I do.

**Senator TROOD**—Perhaps you could provide those to me, please.

**Mr Moraitis**—Yes. In the foreign minister's office, we have one officer at the SES2 level, one officer at EL2 level, two officers at the EL1 level, one officer at the APS5 level, one officer at APS4, and one officer at the APS2-3 level. For the trade minister's office, one is an EL2 and one is an EL1. For the office of the Parliamentary Secretary for Pacific Island Affairs, it is one at APS6.

**Senator TROOD**—Are these included amongst separations, or not?

**Mr Richardson**—No.

**Senator TROOD**—Do they count among the separations in the department?

**Mr Richardson**—No.

**Senator TROOD**—I see. They are effectively outside the department?

**Mr Richardson**—Yes. At any one time any department might have a number of people on an unattached list, or offline, if you like. In other words, they may be working, they may be on secondment to another government department or they may be on attachment to a minister's office, either under the Members Of Parliament (Staff) Act 1984 or as a departmental liaison officer. Or they might be attending a defence staff college, or whatever. However, they do not count against separations, because they remain an officer of the department.

**Senator TROOD**—Thank you. I am still on staff, and I just want to look at another area of the department, which is in relation to the Australian Safeguards and Non-Proliferation Office, ASNO, staff. Can you tell me, first of all, how many people are nominally allocated to ASNO?

**Mr Moraitis**—I have been informed that the figure for ASNO is 15.5 FTE, with an increase to 17.5 in the course of the year.

**Senator TROOD**—How many people is that?

**Mr Moraitis**—There are of course part-time people. I will give you a figure of persons.

**Mr Richardson**—It is the same in this case.

**Mr Moraitis**—They are essentially full time.

**Senator TROOD**—So 15½ persons?

**Mr Richardson**—Fifteen building to 17.

**Senator TROOD**—Are all those positions occupied at the moment? Mr Carlson's job is vacant, is it not?

**Mr Richardson**—Yes.

**Mr Moraitis**—Correct. I was just going to say that that is pending. The deputy is acting at the moment. Apart from that position, it seems to be—

**Senator TROOD**—Is that actually right, Mr Moraitis? Perhaps you can correct me, but I have some information, as recently as 14 October, from your website that tells me that there is an EL2 safeguards officer position vacant, there is an EL1 safeguards officer vacant and there is an APS6 safeguards officer vacancy. The director-general's position is vacant, as we know. Dr Kalish, you are acting in that position, as I understand it. Am I right in saying that you are, at some stage, about to leave the department as well? I do not wish to push you on, of course; I do not wish to say anything beyond what you may have said to the secretary, of course. But I understood there was a briefing that Mr Richardson received when he came in as the secretary of the department, and he was advised that both Mr Carlson and you were leaving the area.

**Senator Conroy**—Is that briefing on the public record?

**Senator TROOD**—That is on the public record.

**Dr Kalish**—I commenced work in the office on 21 April this year and replaced Geoff Shaw, who was the previous assistant secretary. He is now employed by the IAEA and is the Director-General of the IAEA's representative in the UN. So you may be getting those two individuals mixed up.

**Senator TROOD**—I see. So it was the previous occupant of the deputy position?

**Dr Kalish**—Yes.

**Senator TROOD**—And it was in transit?

**Dr Kalish**—Yes.

**Senator TROOD**—And you have taken his place?

**Dr Kalish**—Yes, that is correct.

**Senator TROOD**—So, as far as you know, you are not moving on?

**Dr Kalish**—No-one has told me about that. I hope not after five months. John Carlson retired on 30 September this year.

**Senator TROOD**—I understand that, yes.

**Dr Kalish**—Regarding the vacancies, the 15.5 is the number of FTEs that are allocated to the office. However, the occupancy rates are not up to 100 per cent. In other words, we have had some movement in the very recent time. For example, an individual, an EL2, has moved from the office into the department proper as a policy officer, so that kind of shift has occurred. For that reason, we have advertised vacancies. In addition, at the end of last financial year, the office was provided with two additional FTEs. In other words, the size of the office will increase. However, there is a time period over which that recruitment must take place, and that is in the first six months of this current financial year.

**Senator TROOD**—I see. So you should be up to 17 FTEs, is that right? The secretary has told us that that more or less equates to numbers of people.

**Mr Richardson**—No, it does not; I got that wrong. John might be able to tell you precisely how many people are currently working in the office.

**Dr Kalish**—I do not have those exact numbers with me, but I believe our occupancy rate is in the order of 90 per cent right now of the 15.5 figure. So we have about 14 individuals.

**Senator TROOD**—That is 14 people?

**Dr Kalish**—That is as of the end of September. We had a person leave about a month ago, so that position is now being filled, plus we have the two new positions, and those are in the process of being filled.

**Senator TROOD**—Just to clarify it, presumably these positions that have been advertised are vacant. Is that right, or are the people continuing to serve in those positions until they are filled?

**Dr Kalish**—Two of those are new positions.

**Senator TROOD**—Which are they?

**Dr Kalish**—They would be the APS6 position and the EL2 position.

**Senator TROOD**—The senior safeguards officer position is a vacancy. Is that right?

**Dr Kalish**—That is the EL1 position? Yes.

**Senator TROOD**—So the two new positions are vacant, the EL1 position is vacant and the permanent director-general's position?

**Dr Kalish**—Yes, the director-general position is being considered.

**Senator TROOD**—What is happening in relation to your responsibilities, since you are now serving up a grade?

**Dr Kalish**—There is an individual in the office who is acting as the assistant secretary.

**Senator TROOD**—Is that someone from the office?

**Dr Kalish**—Yes, it is. It is Malcolm Coxhead.

**Senator TROOD**—Has he been there for some time?

**Dr Kalish**—Yes, he has considerable experience.

**Senator TROOD**—When do you expect these positions to be filled?

**Dr Kalish**—We would hope to fill them as rapidly as possible, and we are aiming for before the end of this calendar year to at least put out offers. Whether or not the people are available and have the appropriate security clearances by that time is another issue that needs to be resolved.

**Senator TROOD**—What about the director-general's position? You have known obviously for a long period of time that Mr Carlson was leaving. My understanding is that applications were called for his position at the start of the year, as I remember, and I thought you had told us that the applications had closed and that you were interviewing. Has an appointment been made for that position as yet?

**Mr Richardson**—An appointment has not yet been made. We are, essentially, awaiting the completion of some paperwork, but an effective decision has been made.

**Senator TROOD**—A decision has been made about the new director-general?

**Mr Richardson**—Yes, but there are some formalities to be completed.

**Senator TROOD**—How long do you think that will take?

**Mr Richardson**—It is essentially a matter for the minister. I would expect that to be completed within the next two weeks, quite frankly.

**Senator TROOD**—Have you made a recommendation to the minister?

**Mr Richardson**—We have made a recommendation, but also an effective decision has been made. But, as I said, some formal paperwork needs to be completed.

**Senator TROOD**—I see. So you expect that not to be a problem? You have made a recommendation and you expect the minister to approve that?

**Mr Richardson**—That is right.

**Senator TROOD**—When will this person take up their responsibilities?

**Mr Richardson**—I cannot tell you that. You would normally expect the person to take up the position within a couple of weeks of the decision being made.

**Senator TROOD**—This has been a long while in decision, hasn't it?

**Mr Richardson**—Yes.

**Senator TROOD**—Why has it taken so long?

**Mr Richardson**—People like to think about these matters.

**Senator TROOD**—I am all for pondering these issues, Secretary. I think it is important to get the right people in these jobs, but how long do you take to appoint a director-general of a position of which you have known the occupant has been on his way to retirement? I think Mr Carlson has retired. You actually asked for applications towards the end of last year, and they closed early this year, so we are up to 10 months.

**Mr Richardson**—Mr Carlson retired on 30 September; that is 18 days ago. I would think the chances are there will be someone in that position within six weeks of Mr Carlson retiring. I doubt whether there will be more than a six-week period where there is not a substantive occupant of that position.

**Senator TROOD**—My point is that you have known of Mr Carlson's intention to retire for a very long period of time. Knowing that, it is an important issue. The foreign minister has in fact, as I remember from a recent speech that he made to the United Nations, made some perhaps rhetorical, but perhaps not, remarks about the urgency of the non-proliferation area and the need for Australia to continue its activism in relation to arms control. In fact, he has been urging the whole of the international community to take a more responsible and committed view about this. So, at precisely the same time as the foreign minister is out there urging the international community to take these things seriously, we seem to be dawdling along in trying to find a director-general for ASNO.

**Mr Richardson**—I will make a couple of points. First of all, ASNO does not have responsibility with the department for the non-proliferation agenda. They are relevant to it, and they make a contribution, but that part of the department that carries forward the policy work to which the minister was referring resides in another part of the department. That is the

first point. Secondly, I do not think a six-week gap is altogether remarkable, given that we have had a change of minister and we have had an election period where ministers understandably felt constrained in what they could or could not do. So I think ministers have moved along at a reasonable speed. As I said, it would be my expectation that someone will be in this position by the middle of November.

**Senator TROOD**—Is this position, the Director-General of ASNO, one that the minister would normally sign off on?

**Mr Richardson**—It is a ministerial decision. The position is set up as a ministerial decision not a departmental decision.

**Senator TROOD**—Has there been no minister in position? This is a professional position, a position which obviously requires expertise about the safeguards arrangements and the international obligations that Australia undertakes in relation to its membership of the IAEA et cetera. So it is the kind of position that requires a person of considerable professionalism. Is that an issue that is likely to be controversial? What I am getting at is: why was it not possible for Mr Smith to sign off on this appointment so that the new appointee would have been there when Mr Carlson left? It might have been useful if there were some overlap in their positions rather than delaying it. Everything seems to come down to: nothing can happen because of the election.

**Mr Richardson**—No, there are some things that do come down to that, but not everything. Where the department's recruitment has been concerned, that has proceeded forthwith, but in this particular case it is a formal decision for the minister to take. Therefore the election has been relevant in that context.

**Senator TROOD**—I see. Are you comfortable with the level of expertise that exists within ASNO? It is a specialised area of activity; it is not something that people can just drop into. Some historical and corporate knowledge is very valuable here. I noticed in the brief that you received, which was available on FOI, when you became secretary, there was an emphasis on the fact that the loss of knowledge and experience will be considerable.

**Mr Richardson**—Yes.

**Senator TROOD**—The reference was to Mr Carlson's departure and to the assistant secretary. Are you troubled by the fact that this corporate knowledge is declining within ASNO?

**Mr Richardson**—It is simply a fact of life in the dynamic of any organisation. Of course, when I got that incoming brief, that referred to the deputy going. The deputy left, and there has been a new deputy there since April, so that skill set is now well developed. John Carlson was someone of considerable skill and knowledge. His leaving any organisation will affect the experience level, but I am confident that the new person will get up to speed quickly. Along with the other professional people who work in ASNO, they will continue to do the great job they are currently doing.

**Senator TROOD**—Dr Kalish, when will these other appointments be made, do you expect? Is this subject to a department process of selection, or is it a process of selection that you are personally for as the acting director-general?

**Dr Kalish**—We are engaged in the merit selection process. It is a departmental process and that is being undertaken at the present time. As you have referred to, we have several positions advertised, and we anticipate we would make a selection from those applicants before the end of the calendar year, and the filling of those positions will be dependent on the security clearances that these individuals have and their availability to take up positions.

**Senator TROOD**—Have the applications closed?

**Dr Kalish**—They have for external applicants, yes.

**Senator TROOD**—For the additional staff, leaving aside the director-general's position about which we have heard?

**Dr Kalish**—Yes.

**Senator TROOD**—Are you confident that you can have a decision made about this by the end of the year?

**Dr Kalish**—I am confident that we can identify individuals who would be at the top of the merit selection list.

**Senator TROOD**—But then we potentially have to go through the process of vetting. You might be fortunate in getting someone who is already vetted?

**Dr Kalish**—Yes.

**Senator TROOD**—Then you will not have to worry about that time delay, but potentially we are in a position where you may identify somebody who is satisfactory and it may then take some time before they are able to be appointed because of the problem of vetting, is that right?

**Dr Kalish**—Yes. There might be a time period for vetting, but we might also identify individuals who already have security clearance.

**Senator TROOD**—Is that a consideration in your mind, trying to get people in those positions who have already been vetted so you will not have to worry about this matter?

**Mr Richardson**—That would be contrary to the merit principle.

**Senator TROOD**—Okay. Just on another area of staffing, in relation to the embassy in Baghdad, what are the numbers of staff there?

**Mr Moraitis**—We do not give specific figures on individual embassies, for obvious reasons.

**Senator TROOD**—I think you told me that there were going to be seven in Addis Ababa—

**Mr Richardson**—Around seven.

**Senator TROOD**—Approximately, last time; is there some reason why Baghdad is especially sensitive?

**Mr Richardson**—Baghdad is especially sensitive.

**Senator TROOD**—I know that you do not wish to—

**Senator Conroy**—No, not really.



**Senator TROOD**—I know that you do not wish to break down the LES—

**Senator Conroy**—There is nothing going on over there especially, is there?

**Senator TROOD**—In the ABS and the A-based staff—

**Senator Conroy**—Green zone.

**Senator TROOD**—Is there a particular policy in place that precludes you from providing the general employment for the staff in Baghdad as distinct from Addis?

**Senator Conroy**—I will take a stab in the dark. It could be security.

**Senator TROOD**—Well, thank you for that helpful contribution, Minister.

**Mr Moraitis**—As a general rule, we take security considerations into account as a matter of policy. Therefore, we would try to avoid giving specific figures in some posts. In the case of Addis, we have mentioned seven, but that is a broad figure, including our lead.

**Senator TROOD**—So Baghdad is a special case—is that what you are saying?

**Mr Moraitis**—Correct.

**Senator TROOD**—There are levels of sensitivity there that would not apply to other Australian missions around the world?

**Mr Richardson**—It does apply to missions generally.

**Senator TROOD**—But not specifically Baghdad?

**Mr Richardson**—That is right.

**Senator TROOD**—So was providing the information about Addis an error?

**Mr Richardson**—No, I was relaxed. Given the make-up of the embassy and the like, I thought a broad figure was okay.

**Senator TROOD**—You have taken over the provision of security services in Baghdad from the Department of Defence—is that correct?

**Mr Richardson**—Yes, I think that will be happening during the course of this year.

**Senator TROOD**—So it has not happened?

**Mr Richardson**—I would have to take advice as to where it is precisely at. Mr Rowe might be able to help.

**Mr Rowe**—For a lot of the security of personnel in the embassy, yes. Some aspects are still done by members of the Defence Force.

**Senator TROOD**—Can you clarify for me which bits you are currently doing, and which are the parts for which you have yet to assume responsibility?

**Mr Rowe**—I would rather not go into too much detail about that for security reasons.

**Senator TROOD**—I see.

**Senator Conroy**—If you would like an in-camera briefing, it is possible that more information might be available.

**Senator TROOD**—Thank you, Minister.

**Mr Rowe**—I can tell you that the ADF provide close personal protection for the ambassador and other embassy staff, as he directs.

**Senator TROOD**—Is that a continuing responsibility for the ADF?

**Mr Rowe**—At the moment. It is all subject to review and security threat assessment.

**Senator TROOD**—Is a general review taking place of security at the Baghdad Embassy?

**Mr Rowe**—No, there is on-going review at the operational level and back here at headquarters as well.

**Senator TROOD**—Is this as a result of DFAT taking over the responsibility for this area?

**Mr Rowe**—There is an agreement between defence and DFAT for a transition process.

**Senator TROOD**—Yes, I understand.

**Mr Rowe**—Parts of that have already come to us and parts of it, as I said, remain with ADF.

**Senator TROOD**—For this purpose you have been allocated \$61 million, as I understand it, over a three-year period.

**Mr Rowe**—I am not sure of the figures.

**Senator TROOD**—It is \$61 million over two years, is it?

**Mr Richardson**—No, \$52 million over two years, and the Department of Defence has \$9 million over two years. That is essentially to enable the transition of the responsibility for key elements of security from the Australian Defence Force to DFAT.

**Senator TROOD**—Okay. Perhaps someone can explain to me why this transition has taken place. Is this as a consequence of the movement of Australian forces out of Iraq? Or what actually is the reason why this transition has become necessary?

**Mr Richardson**—It does not reflect any decision in respect of the ADF presence in Iraq. It reflects rather the generally improving security situation in Iraq and the concern of both countries to normalise bilateral relations beyond the military scene.

**Senator TROOD**—So this is a regularisation of the normal arrangements that usually apply?

**Mr Richardson**—Yes.

**Senator TROOD**—That is to say, DFAT is primarily usually responsible for the provision of security, is that right?

**Mr Richardson**—That is right.

**Senator TROOD**—At missions?

**Mr Richardson**—That is right.

**Senator TROOD**—This was an anomaly because of the situation that had pertained in Iraq, is that right?

**Mr Richardson**—Yes, that is right. For instance, in Kabul, which is I suppose a high-threat, high-risk environment, we have DFAT-arranged security there for our mission. We will move to a similar situation in respect of our mission in Baghdad.

**Senator TROOD**—In relation to the provision of security, the ADF is responsible for the head of mission, is that right? That will continue to be the case, but the protection of the premises is in the hands of others. Is that also correct?

**Mr Rowe**—Yes, it is in the hands of contract security staff.

**Senator TROOD**—Who is that?

**Mr Rowe**—Unity Resources Group.

**Senator TROOD**—Are you responsible for letting that contract?

**Mr Rowe**—I was not in the first instance. At the time the contract was put out to tender and concluded, the Department of Defence was still responsible for the security of the mission.

**Senator TROOD**—Was the decision as to who the contractor should be a Department of Defence decision?

**Mr Rowe**—It was a Defence contract, yes.

**Senator TROOD**—Did DFAT have any role to play in relation to that contract?

**Mr Rowe**—We were part of the technical assessment of the tender.

**Senator TROOD**—Perhaps you can tell me what issues of technicality are the ones that you were investigating at the time.

**Mr Rowe**—Almost every aspect that would take place in the course of a tender were done.

**Senator TROOD**—Can you tell me whether or not there were other tenderers for this contract?

**Mr Rowe**—No. I imagine there were, but I cannot tell you that. I do not know for sure.

**Senator TROOD**—Is that because you were never provided with that information from the Department of Defence, or you just do not have it handy?

**Mr Rowe**—I do not have it handy.

**Senator TROOD**—Perhaps you could find out for me?

**Mr Rowe**—I will try to, yes.

**Senator TROOD**—Would you mind doing that, please? Would you take it on notice that I would like to know whether or not other tenders were offered in relation to this contract?

**Mr Rowe**—Yes.

**Senator TROOD**—What sort of vetting process takes place in relation to the tenders for departmental contracts?

**Mr Rowe**—The normal aspects are taken account of. We look into their background, we look at their history, and presumably their capability to do the job that we want them to do.

**Senator TROOD**—What sort of investigation does this involve? Does it involve just going onto the website and having a look at who they are et cetera, or do you seek a more comprehensive understanding?

**Mr Rowe**—No, we seek a more comprehensive background than that.

**Senator TROOD**—Can you tell us what you did in relation to this particular contract?

**Mr Rowe**—No, I cannot, because it was Defence's contract.

**Senator TROOD**—But you have told us that you had a role in relation to the technical aspects of it.

**Mr Rowe**—Yes, but not me personally. We had a technical person who was working on it. I do not have those details at my fingertips.

**Senator TROOD**—When you say 'technical', does that mean whether or not the organisation has the capability, for example?

**Mr Rowe**—Yes, that is right. I did say that, I think, just a minute ago.

**Senator TROOD**—Does it mean that the organisation has a track record of providing services?

**Mr Rowe**—Yes. We checked that too.

**Senator TROOD**—Was that your responsibility?

**Mr Rowe**—It was the assessment board's responsibility.

**Senator TROOD**—So the assessment board was what, a joint agency assessment board?

**Mr Rowe**—No, it was Defence's; but we had representation on the board.

**Senator TROOD**—So it was a joint board. It was formerly constituted in Defence, but there was representation from DFAT on this board. Is that correct?

**Mr Rowe**—Yes, that is correct.

**Senator TROOD**—How many officers were involved in that—just one?

**Mr Rowe**—I am sorry, I do not know. I think it was one.

**Senator TROOD**—How many would usually be on an assessment board of this kind?

**Mr Rowe**—I do not have those sorts of details, I am afraid.

**Senator TROOD**—Okay. Can you tell me whether any investigation was made about URG's antecedents in Iraq prior to the contract being awarded?

**Mr Rowe**—Yes, I can tell you we did.

**Senator TROOD**—So you looked into their background as providers of security?

**Mr Rowe**—Yes.

**Senator TROOD**—Did you satisfy yourself that they were capable?

**Mr Rowe**—Yes, we satisfied ourselves that they were capable.

**Senator TROOD**—Did you know about their record in relation to their activities? Were you familiar, for example, that they were subject to civil proceedings in the United States?

**Mr Rowe**—We were not, and I do not think they were at the time that this contract was let. But we were aware of other issues.

**Senator TROOD**—What sorts of issues were you aware of?

**Mr Rowe**—We were aware of the two shooting incidents.

**Senator TROOD**—So you were aware of the allegations that had been made about URG and its activities in Iraq?

**Mr Rowe**—And we looked into the background and satisfied ourselves that, from the investigations of the United States forces, the Iraqi authorities—and, indeed, the British authorities—URG had acted as it should have in the circumstances. They were fully investigated at the time.

**Senator TROOD**—So you undertook a comprehensive investigation of—

**Mr Rowe**—The assessment board did, yes.

**Senator TROOD**—the circumstances and of the allegations that had been made about this incident involving the death of an Iraqi civilian in relation to which the organisation, URG, is now being sued in an American court?

**Mr Rowe**—I have seen this news report. As I say, this is a civil suit that has not gone anywhere at any point. None of these facts has been established. They are merely allegations.

**Senator TROOD**—I acknowledge that, but they are serious allegations, would you not agree?

**Mr Rowe**—They seem to be.

**Senator TROOD**—Well, they are serious allegations of a security organisation acting in a way which would be sufficient and, at the very least, to found a court action in the United States for murder.

**Mr Richardson**—I do not think there is court action on charges of murder.

**Mr P Rowe**—I am sorry, all we have is the *Sydney Morning Herald* report. As I understand it, that civil suit has not gone very far, if anywhere.

**Senator TROOD**—It may not have gone very far, but the fact is that proceedings have been commenced in the superior court of the District of Columbia in relation to this particular incident, and the Unity Resources Group is a defendant in these proceedings. They were filed earlier this year and they make a series of lengthy allegations—

**Mr P Rowe**—As you say, they were filed this year. The contract was let last year.

**Senator TROOD**—I see. So you had no knowledge of the contents of this material?

**Mr P Rowe**—We checked the background of URG and we found no convictions against them for anything.

**Senator TROOD**—Is that the basis upon which you make decisions about choices? Do you only make decisions on the basis of convictions?

**Mr P Rowe**—That is one of them.

**Senator TROOD**—If they had, for example, been convicted of some kind of an offence, that might have produced a different outcome to the fact that there have been a series of allegations about URG?

**Mr P Rowe**—We also checked the allegations. As I said, there were stories of these shootings, and we fully investigated those, or looked into the background of them and satisfied ourselves that they had been fully investigated and that they had not been found guilty of any wrong conduct in their handling of the issue.

**Senator TROOD**—Right. You cannot tell me whether or not there were other tenderers in relation to this contract? You think there might have been, but you do not know if that was the case?

**Mr P Rowe**—There are. There are about three or four companies that I know of that do tender for all these contracts, because they have the resources to do them. Yes, I am pretty sure there would have been.

**Senator TROOD**—Is this a matter that it is difficult to find organisations that actually have the capability to do this?

**Mr P Rowe**—No, it is not difficult. As I say, there are some specialist companies who do this kind of work.

**Senator TROOD**—Do they all have similar kinds of records to URG?

**Mr Richardson**—What do you mean by similar kinds of records?

**Senator TROOD**—Well, allegations of you can call it what you like, but certainly allegations of what I would regard as being allegations of civilians who have died in the context of their work and they are sufficiently serious for there to be court proceedings?

**Mr Richardson**—We would need to do some research. I would want to satisfy myself. We are conflating a few things here. We have civil proceedings started this year. We had contract decisions made last year. Mr Rowe has said that, at the time the contract decision was made last year, the contract board did look at the record of the company. My understanding from what you have said is that there are civil proceedings going forward in the US. I do not know whether anyone has been charged with murder. There is a big difference between allegations and making decisions on the basis of allegations and making decisions on the basis of actual convictions or whatever. I think we just need to be careful here that we are not conflating what is happening before the courts now and what was known at the time of the decision making last year.

**Senator TROOD**—I see. Having become aware of these proceedings, and I assume Mr Rowe that you became aware of them apart from what you might have read in the newspaper, is that right?

**Mr P Rowe**—No, I became aware of them in the newspaper.

**Senator TROOD**—So you were not aware that proceedings had been commenced in the United States against URG?

**Mr P Rowe**—Yes, but it is a civil suit. It is not—

**Mr Richardson**—We would not normally be made aware of that.

**Senator TROOD**—That may be the case, but I just want to clarify the facts in this matter.

**Mr Richardson**—There would be no reason for us to be aware.

**Senator TROOD**—That may be the case, but it may also have been that perhaps someone in the embassy in the United States drew this matter to your attention—

**Mr Richardson**—I doubt whether anyone in the embassy in Washington would be aware of the contract decision making back here in relation to matters like that.

**Senator TROOD**—I acknowledge that possibility as well. All I am asking was whether or not you were aware of the fact that these proceedings had been commenced in the United States prior to reading about it in the newspaper.

**Mr Richardson**—Mr Rowe has said no.

**Senator TROOD**—And your answer is no. So you were unaware of the allegations that had been made about the passengers who were unarmed and posed no threat whatever to the defendants, that is URG, and they were returning home from church at the time of the incident, and that there was a fight in which the driver of the car was shot through the head and other parts of her body, and died as a result of the incident? You have no knowledge of these details?

**Mr Richardson**—We have already said we were not aware of the civil case proceeding. For you to read that out, and that is fine if you want to accept that as fact, but I would simply note that what you read out is a matter that is before a court of law in the US.

**Senator TROOD**—Those are agreed facts, Secretary; these are allegations. They are not proven but they are obviously serious allegations and I want to be assured that the department is aware of the organisation with which it is contracted. My question is whether or not it regards the URG in light of these allegations as being a fit and property person to undertake security on behalf of the Australian government?

**Mr Richardson**—The Department of Foreign Affairs and Trade does not condemn people and throw them overboard on the basis of allegations. If information came to light which would lead us to in any way question this company's integrity and to pursue it, we would do it in the proper way but on the basis of a media report we do not automatically chop someone off.

**Senator TROOD**—I would hope not but I would have at least thought that it might cause you to investigate the matter. In light of the information that was in the media report and the material with which I have provided you this morning, do you intend to investigate this matter further?

**Mr Richardson**—One, I will ascertain what inquiries we have made.

**Senator TROOD**—Good.

**Mr Richardson**—Secondly, whether we need to make further inquiries or not I will see. Thirdly, we would not investigate it. We do not have the resources to set up an independent investigation for allegations made in another country before another country's court of law. We are not funded to do that but we will make proper inquiries to ensure that duty of care is properly exercised.

**Senator TROOD**—I realise you do not have an investigative staff to undertake these matters, but I do think at the very least you should be concerned about the allegations that have been made about this organisation and indeed you should investigate whether or not there is likely to be any substance to them.

**Mr Richardson**—I will ascertain what inquiries have been made and pursue the issue as to whether further inquiries need to be made.

**Senator TROOD**—These allegations which I think you would concede are serious—at least I hope you would—are subject to international law. Not the allegations but the provision of contract services to a government is subject to various provisions of international law as to the probity of the organisation providing the services, is it not?

**Mr P Rowe**—Yes. We follow the Montreux Document on Pertinent International Legal Obligations and Good Practices for States related to Operations of Private Military and Security Companies during Armed Conflict, which is an international agreement on standards that such companies need to observe.

**Senator TROOD**—Do you, Mr Rowe, specifically review contract proposals or tenders in light of the provisions of the Montreux arrangements?

**Mr P Rowe**—Yes, definitely.

**Senator TROOD**—I take it that you did that in relation to this contract?

**Mr P Rowe**—Yes, we did.

**Senator TROOD**—So you satisfied yourself that those provisions of the Montreux document were satisfied?

**Mr P Rowe**—Yes, we did.

**Senator TROOD**—You do that on a regular basis, is that right?

**Mr P Rowe**—We do that when we are assessing a contract, yes.

**Senator TROOD**—I see. As I understand it, in the Montreux document there are requirements in relation to respect for international law, international humanitarian law and human rights law; is that right?

**Mr P Rowe**—That is right, yes.

**Senator TROOD**—You do not think any of those particular international obligations were in any way compromised by this tender as far as you know?

**Mr P Rowe**—No, because the assessment board investigated these things and found nothing in URG's background that compromised them.

**Senator TROOD**—So you were satisfied at the time, were you, that they were in compliance of the obligations that you have undertaken or Australia has undertaken in relation to the Montreux document?

**Mr P Rowe**—Yes.

**Senator TROOD**—Is that right? If these allegations were actually proven would they be, in your view, in contravention of the requirements under the Montreux convention or not?



**Mr P Rowe**—I would have to check but they would probably void the contract, yes.

**Senator TROOD**—If these proceedings in the United States were proven, if the court case in due course came to trial and the defendants were found guilty, that would be in your view a condition to void the contract?

**Mr Richardson**—I would need to be very careful here because, as Mr Rowe previously said, it was civil proceedings. If it is a civil proceeding I am not sure whether anyone is being put on trial at this point so the question of guilt or otherwise—one, I would want to find out what precisely is being pursued legally in the United States. I would want to find out precisely the standing and the implications of that case, and I would take legal advice before answering a hypothetical question.

**Senator TROOD**—The allegations that have been made, and I have read a portion of them to you. If they were proven in a civil suit does that affect the validity of the contract that you have made with URG?

**Mr Richardson**—I would want to take legal advice on that. That would go to the question of the nature of the civil proceedings, it would go to the question of the nature of the international protocol that you mentioned, it would go to the question of the legality of the contract and all, and I would not give advice off the cuff without seeking proper legal advice.

**Senator TROOD**—Is there potentially, do you think, a reason to void this contract?

**Mr Richardson**—I am not going to be drawn down the track of even commenting potentially or in maybes or ifs. You are talking about a matter before the courts and I will exercise proper prudence in responding to any questions.

**Senator TROOD**—What are the general circumstances in which contracts of this kind can be set aside?

**Mr Richardson**—I would need to take that on advice. I do not have the details before me to answer that fully.

**Senator TROOD**—If there was a manifest failure to provide the kind of security undertaken to be provided, that presumably would mean that you could void the contract?

**Mr Richardson**—If the provisions of the contract were breached then obviously the contract could then be set aside. I would need to know what the provisions of the contract are and take advice on that before answering your question.

**Senator TROOD**—Is that something you can do for us today, Mr Richardson?

**Mr Richardson**—I would not be able to do it today because I am not prepared to rush lawyers into five minutes of quick responses; that ends up being a loser's game. I would want to give the lawyers proper time to think about it and explore it properly.

**Senator TROOD**—This contract is for two years, as I understand it; is that correct, Mr Rowe?

**Mr P Rowe**—I am not sure; it is two years or 18 months.

**Senator TROOD**—I see. The contract was signed last year and URG is currently undertaking the responsibilities under the contract?

**Mr P Rowe**—That is right.

**Senator TROOD**—Is that correct? I see.

**Mr P Rowe**—If I recall correctly it was for 12 months because there was a transition process coming and there are new contract negotiations now.

**Senator TROOD**—So you are involved in new contract negotiations?

**Mr P Rowe**—Yes.

**Senator TROOD**—For provision of these services to the Baghdad embassy, is that right?

**Mr P Rowe**—Yes.

**Senator TROOD**—So this is for the follow-on contract for the one that was signed last year?

**Mr P Rowe**—Yes.

**Senator TROOD**—Is URG a tenderer for this contract?

**Mr P Rowe**—I cannot discuss that.

**Mr Richardson**—We assumed responsibility for the contract in July from the Department of Defence. At the time we assumed responsibility for the contract Defence's contract with United Resources Group was initially for the period 1 December 2009 to 30 June 2010 and that was subsequently extended by Defence for another six months and that is to 31 December 2010. The contract was from 1 December 2009 to 30 June 2010 and it was extended until 31 December 2010.

**Senator TROOD**—So it is a follow-on contract from the end of this year?

**Mr Richardson**—It is an extension. It was an extension of an existing contract.

**Senator TROOD**—Yes but Mr Rowe has told us you are in the process of looking at a further contract for somebody to continue the services that URG is providing after the end of this year?

**Mr Richardson**—That is right.

**Senator TROOD**—You are in the process at the moment of determining who that successful tenderer would be; is that right?

**Mr P Rowe**—Yes.

**Senator TROOD**—Is the department doing this by itself or is it also doing this in conjunction with Defence?

**Mr P Rowe**—The department is doing it because we are now responsible for this.

**Senator TROOD**—You have taken full responsibility for this matter? Apart from determining whether or not the Montreux document is being complied with as you do these investigations, what investigations do you undertake in relation to these kinds of contracts with regard to the staff that are going to be providing the services?

**Mr P Rowe**—I think one of the obligations under the Montreux document is that staff have to be fully vetted and we check to see that that is done and that they are appropriate employees.

**Senator TROOD**—Does the department vet the staff that is going to be offered to undertake the contract?

**Mr P Rowe**—Not individually.

**Senator TROOD**—So, how do you do this? Do you just vet URG as an organisation known to provide reliable staff or how do you satisfy yourself?

**Mr P Rowe**—No, we are able to look at their records I think and see that things are appropriately done.

**Senator TROOD**—You do not individually check the credentials of the staff that are nominated to undertake the contract; is that right?

**Mr P Rowe**—No, I do not imagine that we would have the resources to do that.

**Senator TROOD**—I do not know, I am seeking information.

**Mr P Rowe**—No, we do not have the resources to do that.

**Senator TROOD**—You rely upon representations made by any contractor—in this case, URG—that they will provide staff, obviously, for the purpose of the contract and that they will be staff who are people of integrity and will undertake the work?

**Mr Rowe**—We are able to see their records of anything we want to see about it.

**Senator TROOD**—Did you seek records in relation to this contract, can you tell me?

**Mr Rowe**—I would have to check but I am sure we did. We observe all the standard practices. It is an extremely important role that these people have. We would not want to have anything missing in looking after the security of our people.

**Senator TROOD**—I am glad we are in common accord on that matter.

**Mr Rowe**—They are my colleagues. I could be there myself. It is obvious that we would want to make sure that these people were of the highest standard.

**Senator TROOD**—Indeed. Do you keep a list of the people who are employed under these contracts? Is URG or any other contractor obliged to provide you with information about these people?

**Mr Rowe**—The embassy would have these records. The embassy is working with them. Members of staff are interacting with them every day.

**Senator TROOD**—They are obliged to provide the names of people and provide some sort of background in relation to them, are they?

**Mr Rowe**—Yes.

**Senator TROOD**—There has been an allegation that in fact Chilean mercenaries are fulfilling the obligation under this contract. Are you able to provide me with any information about that?

**Mr Rowe**—They are not mercenaries; they are guards. There are Chileans but there are also employees from Britain, the United States, New Zealand and Iraq, as well as Australia.

**Senator TROOD**—The Chilean component of the staffing under this contract is relatively small, is it?

**Mr Rowe**—I do not know the exact numbers, I am sorry, but they are just part of the team—yes, and they are employed in static guarding.

**Senator TROOD**—Do you know how many people are actually employed under the contract, Mr Rowe?

**Mr Rowe**—No, I am sorry; I do not.

**Senator TROOD**—Would that be a figure that is available to you?

**Mr Rowe**—I imagine I could find it, yes.

**Senator TROOD**—If you can find that out for me, and perhaps you would be good enough to find out the nationalities or citizenships of the people.

**Mr Richardson**—Senator, if I can just add to that—and Mr Rowe can correct me if I am wrong—I think with contracts of this kind the contract is with the company. We contract the company to provide services. I do not think we contract the company to provide specific individuals. The individuals that a company might provide to provide the services can vary. For instance, someone might be sick, someone might be on annual leave or whatever. We are not entering into a contract with a company to provide services through named individuals.

**Senator TROOD**—No, I see. So, Mr Richardson, you take it on faith, do you, that they will provide appropriate people for the task?

**Mr Richardson**—No. What happens below that is something I would need to take advice on, but it is standard for the contract to be with a company and for the company to then provide the individuals. What we do in respect to the individuals I do not know. I would need to take that on advice.

**Senator TROOD**—Obviously, you do contract with organisations, enterprises and companies, and that, in law, provides them with a measure of protection. But you said to me earlier that Baghdad is a very sensitive embassy—so sensitive that you will not provide me with information about the number of staff there.

**Senator Conroy**—Senator, we might be prepared to provide it to you in camera. I do not think you should misrepresent the offer.

**Senator TROOD**—The information was not provided in a public hearing of the committee. I accept that, but you have essentially underscored the sensitivity of this particular mission and the responsibilities undertaken by the people who are responsible for protecting and providing security for the mission. I accept that; it is no less than most of us would expect. But I am concerned because, in undertaking a contract with an organisation, it follows, it seems to me, that if this is a sensitive embassy, if this is a sensitive mission, the people who are actually performing the duties under the contract should be people who can be absolutely, confidently relied upon.

**Mr Richardson**—What I have said is that in the nature of what we do in respect of that I would need to take that on notice. I am not saying we do nothing, I am not saying we do everything. I just want to be accurate; that is all.

**Senator TROOD**—Okay. If you would do that, Mr Richardson—I would be grateful if you would clarify that for me, please. What obligations does a company or a contractor have in relation to workplace health and safety arrangements, Mr Rowe? Does the contract make any provisions in relation to how the work will be undertaken? Are there any conditions in relation to the numbers of hours worked or things of that kind?

**Mr Rowe**—Yes, I imagine there are. Again, I do not know the details. They would probably vary from country to country.

**Senator TROOD**—Are you thinking that the obligations which would apply to any particular contract or tenderer are obligations in relation to the country where the contract is being undertaken?

**Mr Rowe**—They would be subject to a certain number of local standards, yes.

**Senator TROOD**—No other standards?

**Mr Rowe**—Such as, Senator?

**Senator TROOD**—I am looking at this contract and it says that the respondent, which is of course the contractor, and any of its proposed subcontractors must comply with the relevant requirements of the Fair Work principles. Presumably, the Fair Work principles are not the principles that apply in Iraq. I presume they are the Labor government's Fair Work principles; is that right?

**Mr Rowe**—I simply do not know.

**Senator TROOD**—Well, it is in your contract.

**Mr Richardson**—We would need to take that on advice, so you can find out later.

**Senator TROOD**—It is in your contract. It is an obligation in your contract.

**Mr Rowe**—I will find out, Senator.

**Senator TROOD**—Perhaps you would find out whether or not I am correct in my assumption and what that means precisely. What it seems to mean is that the Fair Work principles that are legislated in Australia are incorporated in the arrangements for contractors' work overseas and, in particular, with regard to this particular contract.

**Mr Richardson**—We will take that on advice.

**Senator TROOD**—Okay. If it is a condition of the contract that the Fair Work principles are honoured, can you tell me whether or not those conditions are being met?

**Mr Richardson**—No, Senator, we cannot answer that question for the simple reason that we have taken your previous question on advice. By definition, we cannot then go on to answer a question which is based upon an assumed answer to that first question.

**Senator TROOD**—Perhaps, Mr Richardson, you would be good enough, please, to do two things: check that the Fair Work principles are actually pertinent to this contract; and satisfy yourself that those conditions as incorporated have been met. Because my information is that

they have not been, that at least some of the contractors who are undertaking the work are actually working very long hours—12-hour shifts, for example.

**Mr Richardson**—Twelve-hour shifts are not uncommon, including in Canberra.

**Senator TROOD**—My question is simply: are they consistent with the Fair Work principles that are relevant? If they are, I am satisfied; but, on the face of it, 12-hour shifts in the kind of environment we are talking about, which is longer than Defence Force personnel—

**Mr Richardson**—That is not unusual. I know that.

**Senator TROOD**—Perhaps you would just check whether or not that is a principle of Fair Work. It sounds to me like it might not be. If it is, then Fair Work obviously means different things to different people. All I want to know is whether or not the Fair Work conditions which are incorporated in this contract are being obeyed.

**Mr Richardson**—We will take it on notice.

**Senator TROOD**—This contract was extended, as you have said, for six months after it concluded in the middle of this year, as I understand it?

**Mr Richardson**—It was extended by the Department of Defence.

**Senator TROOD**—There was another contract, as I understand it, in relation to the provision of facilities and management services. Is that right, Mr Rowe? Is that a contract that you let or is that a contract the department—

**Mr Rowe**—Are you referring to the tender for a facilities manager?

**Senator TROOD**—Yes, I am.

**Mr Rowe**—I do not believe it has been completed yet but, yes, the embassy put out a call for tender.

**Senator TROOD**—That was done by the embassy in Baghdad?

**Mr Rowe**—That is right, the embassy.

**Senator TROOD**—You do not know whether that contract has been fulfilled yet?

**Mr Rowe**—No, it has not yet been fulfilled. The process has not finished yet.

**Senator TROOD**—What I am interested in is why a document in relation to a tender was put on the embassy's website when the document itself is said to be confidential?

**Mr Rowe**—Yes, if I can explain. It was put on the embassy's website. It was a call for tender. It obviously had to be public in order to get responses. It was done in some haste, I believe, and the use of the word confidential was a mistake. The whole wording of the sentence was a mistake. That was all, it was an honest mistake. There was nothing in the tender which was of a confidential nature and there was no breach of anything of national security.

**Senator TROOD**—When you say it was a mistake do you mean that it should not have been classified as confidential?

**Mr Rowe**—It was not classified. There was a reference in the document itself which said that the information in this document was confidential. What the embassy should have said in fact was that all responses to this document would be treated in confidence.

**Senator TROOD**—That is a long way from—

**Mr Rowe**—I agree. It was put up in haste, as I said. It was a mistake in a difficult climate.

**Senator TROOD**—So this was just an error which had no particular significance for the security of the embassy?

**Mr Richardson**—That is right.

**Senator TROOD**—The request for proposal, which is the material that was on the website, provides all sorts of details about the configuration of the embassy and the various rooms and things of that kind. Do you not consider those matters of sensitivity?

**Mr Rowe**—None of the things that were mentioned were out of the ordinary for any building. They did not actually identify where people were, which might have been a security interest. It simply identified the sorts of things that were in the building. They had to give somebody applying for the tender some indication of what was required of them. Plenty of tenders go out with much more specifications than that.

**Senator TROOD**—Yes but it is perfectly possible to conduct a confidential tender process in which you indicate in general terms that you are seeking to let a contract for facilities management and provide details to any interested tenderers privately and—

**Mr Richardson**—Senator, we did not provide—

**Senator TROOD**—protect the sensitivity of this information.

**Mr Richardson**—We did not provide anything in that publicly that was confidential. There has been no breach of security. As Mr Rowe explained, that particular sentence that led to the excitement was a mistake. We regret that but it is very difficult to build anything on that mistake.

**Senator TROOD**—Was this a clause that exists in all of your tender documents or was it just a clause that was inserted in this particular tender document?

**Mr Rowe**—No. Senator, I do not know the exact background. As I said, I was told it was put up in haste and a mistake was made. Our other documents are not worded that way.

**Senator TROOD**—That is what I am trying to determine, this is a mistake that applied to this particular contract?

**Mr Rowe**—That is right, yes.

**Senator TROOD**—Other contracts of this kind do not have the injunction, ‘this is a confidential document’?

**Mr Rowe**—No.

**Senator TROOD**—You would agree that if a document does say it is confidential then presumably the normal meaning of that word, confidential, is that the information in it is sensitive?

**Mr Richardson**—Senator, we can understand the excitement. A mistake was made and we can understand why people got excited about it, however, it was a mistake.

**Senator TROOD**—I see.

**Mr Richardson**—There has been no breach of security.

**Senator TROOD**—So no Australian personnel are at risk?

**Mr Richardson**—No.

**Senator TROOD**—The facilities are not at risk?

**Mr Rowe**—No.

**Senator TROOD**—There is no reason to be troubled about the fact that this information is in the public domain?

**Mr Richardson**—That is right. The only reason to be troubled is that we made a mistake, and of course you should not make mistakes, but we did.

**Senator TROOD**—What have you done about that?

**Mr Richardson**—It has not appeared in other documents. In my view it is not systemic. Where a mistake is made on an individual basis, you then do not introduce a whole set of bureaucratic guidelines to deal with it. We have done nothing apart from rectify that particular mistake in that instance, because it was not systemic, and it does not require a systemic response.

**Senator TROOD**—Have you thought about taking the document down from the website, because I think it is still there?

**Mr Richardson**—We have acknowledged the mistake. We have explained it. There is no breach of security. It is not putting anyone at risk. If it is still there, then we can certainly have a look at whether we can change that wording, but if we do change the wording, again I will have to seek legal advice as to whether changing the wording on something that is already there carries any implications. I assume it does not.

**Senator TROOD**—This contract has yet to be let, is that right?

**Mr Rowe**—It has not been finalised as I understand it.

**Senator TROOD**—Are you close to finalising the contract, or is this in the hands of the embassy?

**Mr Rowe**—That is right, the embassy is handling it. Because of the special circumstances in Baghdad, the difficulty of getting people, personnel, et cetera, that is why in this case it was not done centrally. It was done by the embassy.

**Senator TROOD**—Are these kinds of contracts ever undertaken by way of closed tender?

**Mr Rowe**—This is the only experience I have of a facilities manager. This is normally done by our property people. But I do not see why there would be a closed tender.

**Senator TROOD**—So it is not normal practice for there to be a closed tender for this kind of thing?

**Mr Rowe**—There is no need to.



**Senator TROOD**—Chair, I think I am prepared to move beyond Portfolio overview.

**Mr Richardson**—Could I provide one bit of information that Senator Trood asked about previously. You asked a question in relation to Mr McMullan and the cost of TA, and you wanted the range of TA that he might expect to get as set out in tax determination TA 2010/19. Tax determination TA 2010/19 breaks up countries into groups. Ethiopia is in group 1, for instance, and there the daily allowance is \$90 per day—\$65 for meals and \$25 for incidentals. At the other end of the spectrum, Angola is in group 6, and that is \$260 per day, broken up into \$215 per day for meals and \$45 per day for incidentals. If you like, we can provide you with an actual copy of the taxation determination, which I have with me, if you are interested in it.

**Senator TROOD**—Perhaps you could table that?

**Mr Richardson**—Sure.

**Senator TROOD**—The consequence of those figures is that, wherever Mr McMullan may be, he will get either one of those or anything in between on a daily basis for his work, and you anticipate that this will be included in the \$50,000?

**Mr Richardson**—No, that is separate from the \$50,000. The \$50,000 a year is based on the remuneration tribunal of \$560 a day and, in addition to that, there is travel, accommodation and this determination.

**Senator TROOD**—Thank you.

**CHAIR**—We will continue on the portfolio overview.

**Senator KROGER**—I apologise, Mr Richardson, if you have already addressed some of this. With the changing of scheduling of estimate committees, I am trying to be in two places at once, and it is presenting a little bit of a challenge, I must say, so my apologies if you have covered off some of this. I understand that you have already addressed Minister Rudd's staff, the number of staff and so on, so I will refer to—

**Senator Conroy**—If I can just clarify what you are seeking from Mr Richardson, is it the number of staff that are on Mr Rudd's personal staff or the number of staff that are in the department? I think Mr Richardson has given some advice—

**Senator TROOD**—Mr Richardson has provided me with information on the number of departmental staff.

**Senator Conroy**—I just wanted to clarify the information you are seeking, because I suspect Mr Richardson may not know exactly who is on Mr Rudd's staff, and the right person to ask is me rather than Mr Richardson.

**Senator KROGER**—No, it was on foreign advisory staff. In particular I wanted to draw your attention to a particular contract. I understand that there has been a recent appointment of a Daniel Street. Is that correct?

**Mr Richardson**—I do not know.

**Senator KROGER**—Is he part of his personal staff?

**Mr Richardson**—I do not get involved in the appointment of people to the minister's staff unless those individuals happen to be from the department. I do not know whether this person is or not.

**Senator KROGER**—So you are not sought for any advice in terms of the eligibility of someone's qualifications and whether they would be appropriate to a particular position?

**Mr Richardson**—No.

**Senator KROGER**—You have no input into that?

**Mr Richardson**—Normally governments have their own arrangements as to decision making relating to the appointment of ministerial staff. Unless those staff are from the department, I would not normally be involved in that.

**Senator KROGER**—Senator Conroy, are you aware of a Daniel Street being employed in the minister's office?

**Senator Conroy**—I have seen a report in the newspaper that he commenced a position with Mr Rudd. I am familiar with him from the time when he was briefly a Channel 9 reporter in this building, before, I think, he left to go to Cambridge.

**Senator KROGER**—It has raised some questions as to his eligibility and appropriateness—

**Senator Conroy**—In what sense?

**Senator KROGER**—As an adviser in foreign affairs matters and what his experience would bring to that role. I was just wondering what respect he had been engaged—

**Senator Conroy**—I think probably the problem here is the lack of experience on the part of the people writing these questions for you.

**Senator KROGER**—On the contrary; I understand that he is involved in advising in the foreign aid area. I was interested to know what experience he had in that area that he could bring to the job.

**Senator Conroy**—It is probably outside of an area—I have answered a question about it before, but I am not sure that questions about the experience of individuals is the province of Senate estimates. If Mr Rudd has hired him, I am sure that Mr Rudd feels that he can more than adequately do the job. Apart from that, I am not sure that you might want to speculate publicly; you might want to give speeches about it in parliament, but I am not sure it is a matter for Senate estimates. If he has been employed by Mr Rudd, it is ultimately Mr Rudd's decision.

**Senator KROGER**—I think it is a matter for us to—

**Senator Conroy**—It might be a matter for public comment—I accept that—but in terms of seeking information about whether or not someone has been appropriately hired, I just think there is a different line you have crossed. You are entitled to ask questions, speculate et cetera, but I am just not sure that there is any worthwhile information that can be gained by suggesting that you think his qualifications are inappropriate.

**Senator KROGER**—I just think that, when we have a minister who is flagging a strong support to increase an aid program and we are employing advisers who have no expertise or experience in foreign aid, it begs the question as to how effective the minister will be in that job.

**Senator Conroy**—That is raising a debating point rather than seeking information. I have every confidence in Mr Rudd's hiring abilities, and I am sure that Mr Street will do a fine job on behalf of Mr Rudd.

**Senator KROGER**—I guess that time will tell and we will see whether or not that is the case. Is it appropriate to cover Minister Rudd's travel itinerary now?

**Senator TROOD**—Yes.

**Senator KROGER**—Has the itinerary for 2011 been published or determined yet?

**Mr Richardson**—Ministers do not publish travel programs a year in advance. I have never known any government to do that.

**Senator KROGER**—Have you been asked to contribute to giving input into his program for next year?

**Mr Richardson**—In the latter stages of this year or maybe now, he and his staff would certainly be giving consideration to what travel may be necessary next year. In that context, it is not unusual for there to be some discussion with the department. I have not yet been involved in any such discussion. Whether or not others have, I do not know.

**Senator KROGER**—I do not know whether you have been asked this: have we covered his recent trip to Brussels?

**Mr Richardson**—The trip he has just undertaken?

**Senator KROGER**—Yes?

**Mr Richardson**—Re the friends of Democratic Pakistan, I think?

**Senator KROGER**—Yes.

**Mr Richardson**—We have not been asked any questions on that.

**Senator KROGER**—How many people travelled with him on that trip?

**Mr Richardson**—I do not know whether we have that information.

**Senator Conroy**—While that information is coming forward, I have a little bit of extra information for you. I understand that Mr Street has a Masters in International Development from the University of Cambridge, Ms Kroger. I thought that might assist. That is probably more qualifications than the person who wrote your question.

**Senator KROGER**—Which he has not been in any way furthering with any experience since he graduated a mere couple of years ago.

**Mr Hutchesson**—In answer to your question on the number of persons who accompanied Mr Rudd on his recently concluded trip to Brussels: Mr Rudd was accompanied by two members of his own staff, the chief of staff and a media adviser. The chief of staff is a DFAT officer engaged under the Member of Parliament (Staff) Act. In addition, one officer from the

relevant geographic area of the department focused on Pakistan travelled to Brussels to support the minister.

**Senator KROGER**—Thank you. Where did they stay when they were in Brussels?

**Mr Hutchesson**—They stayed in a hotel.

**Senator KROGER**—Do you know the name of the hotel?

**Mr Hutchesson**—I can find that out for you. I do not have that on hand immediately.

**Senator KROGER**—Are there any events scheduled in which the Prime Minister and the Minister for Foreign Affairs will be jointly participating?

**Mr Richardson**—I am not aware of any at this point in time.

**Mr Griffin**—Mr Chairman, I have the hotel in Brussels, if that is of interest to the committee. The hotel was the Hotel Sofitel, Brussels.

**Senator KROGER**—Thank you.

[12.23 pm]

**CHAIR**—Thank you. That concludes our deliberations on portfolio overview. We will turn now to Outcome 1, the advancement of Australia's international strategic security and economic interests et cetera, and turn to program 1.1, foreign affairs and trade operations, starting with North Asia. I have two senators listed here, Senator Trood for whole of program and Senator Ludlum who has been very patient this morning. We will commence with you on North Asia until we go to lunch.

**Senator LUDLAM**—If we can get the right officers at the table, I have a couple of questions about the Australia-China Human Rights Dialogue. Mr Fletcher, welcome back.

**Mr Fletcher**—Thank you.

**Senator LUDLAM**—My understanding is that last time we spoke, it was scheduled for 16 and 17 September but it was postponed. Can you provide an update as to whether it has been rescheduled and what its current status is?

**Mr Fletcher**—Yes, we had hoped that the dialogue would take place in September, but unfortunately that did not happen. We are seeking to establish new dates at the moment.

**Senator LUDLAM**—What does seeking to establish new dates actually look like? What have we done?

**Mr Fletcher**—I think the ambassador has written to the foreign ministry in Beijing and offered a couple of suggestions, and we are waiting for a response.

**Senator LUDLAM**—Okay. What happens if we do not get a response? How long would you expect to wait?

**Mr Fletcher**—We annoy them to death. We follow up with the foreign ministry and say that this is a meeting that should be held soon and we want to hold it as soon as we can conveniently arrange it. Our own side needs to travel up there for this next dialogue, and there will be times when we are available and when we are not, so we need to find dates that suit both sides.

**Senator LUDLAM**—That is new diplomatic terminology that I was not previously aware of. Can you tell us when that letter was written and when it was sent?

**Mr Fletcher**—No, I do not know the exact date. We found out about the earlier dates not being suitable on 7 September, and it would have been shortly after that.

**Senator LUDLAM**—So they bailed out a fortnight before the dialogue was due to occur?

**Mr Fletcher**—Yes.

**Senator LUDLAM**—That is extremely unfortunate. Has that happened before?

**Mr Fletcher**—It certainly has happened before. Sometimes these things happen, and on occasion we have had to cancel meetings like that at short notice.

**Senator LUDLAM**—Can you provide us with some information about what the government plans to raise with China at that meeting?

**Mr Fletcher**—I think I have answered this before. Every time we have the dialogue, we raise the full range of Australia's concerns in relation to human rights, both developments within China and also issues on the international human rights agenda.

**Senator LUDLAM**—I presume you would specifically be discussing human rights abuses in Tibet, for example?

**Mr Fletcher**—Yes.

**Senator LUDLAM**—I would not mind raising with you, as I have done in the past, the case of some specific political prisoners. Last time we spoke, I asked you about Sun Xiaodi, who was a Chinese whistleblower who raised the issue of contamination outside Chinese uranium mines. To my understanding, he and his daughter are still in re-education through labour camp. Since we last spoke, have you made any subsequent inquiries and do you have any update that you can provide us?

**Mr Fletcher**—I will have to take on notice that question.

**Senator LUDLAM**—You were not expecting me to ask about him again?

**Mr Fletcher**—I know that we raised in March a large number of cases, and I do not have the details of which ones were included.

**Senator LUDLAM**—We have foreign affairs estimates for two days. Before that wraps up, are you able to provide us with information?

**Mr Fletcher**—I will endeavour to do so.

**Senator LUDLAM**—That would be much appreciated. You probably were expecting to be asked about this year's Nobel Peace Prize winner, Liu Xiaobo, and his wife, who are also in detention. Can you provide us with an update as to the department's understand of their status and where they are?

**Mr Fletcher**—Yes. Mr Liu Xiaobo is serving a sentence of 11 years in Liaoning province. His wife is in Beijing and the last information we had was that there are some restrictions on her ability to move and communicate with the outside world, which we call house arrest, but she is not actually subject to a legal procedure. It is an administrative police action, so to speak.

**Senator LUDLAM**—Can you describe for us the Australian government's position in the case of these two specifically, since the announcement that they were this year's Nobel Peace Prize winners?

**Mr Fletcher**—The Prime Minister and the foreign minister both made media comments following the announcement of the Nobel Peace Prize. The Australian government's position from the beginning of his detention was that we had concerns about the process that had convicted him of that offence of subversion, and that we had called for his release. That position was restated following the award of the Nobel Peace Prize.

**Senator LUDLAM**—Restated through the press statement and restated through diplomatic channels as well?

**Mr Fletcher**—By the Prime Minister and the foreign minister. We had a conversation in Canberra with the embassy here.

**Senator LUDLAM**—With the Chinese Embassy staff?

**Mr Fletcher**—Yes.

**Senator LUDLAM**—Was that case raised with embassy staff here?

**Mr Fletcher**—Yes.

**Senator LUDLAM**—Not having been party to those sorts of discussions before, do you ask the embassy officials here to transmit specific concerns back to Beijing?

**Mr Fletcher**—Yes.

**Senator LUDLAM**—What are Australia's specific requests in this regard, or what are our—perhaps demands is putting it too strongly, but what are we asking Beijing to do?

**Mr Fletcher**—We have expressed our view about the sentence, and our hope that he will be released.

**Senator LUDLAM**—That he would be immediately released?

**Mr Fletcher**—Yes.

**Senator LUDLAM**—That is Australia's position, and for his wife?

**Mr Fletcher**—Yes. Well, his wife is separate; she is not in prison.

**CHAIR**—Thank you, Senator Ludlum. The committee will take its luncheon break, so we stand adjourned and we will return to work at 1.30 pm. Meanwhile there is a private meeting of the committee as well.

**Proceedings suspended from 12.30 pm to 1.32 pm**

**CHAIR**—The committee will come to order. We continue examination of budget supplementary estimates in the portfolio of Foreign Affairs and Trade. We are still on program 1.1, foreign affairs and trade operations, and I believe Senator Ludlam is going to continue discussion on China and Tibet human rights issues. Senator Ludlam.

**Senator LUDLAM**—Thank you. I only have a couple more questions. I nearly finished this bracket before lunch. One of the individuals that I wanted to ask about—if you could provide us with any information as to his welfare or whereabouts—is the Tibetan film maker,

Dhondup Wangchen. His cause has been promoted pretty heavily in the last couple of months. He made a documentary about filming interviews with Tibetans, getting their views on the forthcoming Beijing Olympics at the time, and he is now serving a six-year prison sentence. Have your officers made any inquiries as to his welfare or whereabouts and can you provide us with an update?

**Mr Fletcher**—Yes, we have. He was one of the cases raised in March with the foreign ministry. I can add to my further answer from this morning that Sun Xiaodi was one of those cases that definitely were raised. We did not get responses at the time from the Chinese. The general response was to say that China was a country ruled by law and it did not welcome interference in its internal affairs.

**Senator LUDLAM**—Is that the traditional response when you ask about political prisoners?

**Mr Fletcher**—Yes, that is China's general response. They do not welcome us raising these cases.

**Senator LUDLAM**—What is your response when you hear that?

**Mr Fletcher**—Our position is that these are legitimate matters for the Australian government to express an opinion on and to ask about. We ask about these cases but, in effect, we are saying that we have concerns about their status.

**Senator LUDLAM**—I am aware of a couple of cases in which your officers have raised the individual cases with Chinese officials and they have been subsequently released shortly after those inquiries, so I encourage you to continue to pursue them. In the instances of those two gentlemen, at least, we have no further information as to their welfare at the moment?

**Mr Fletcher**—That is correct.

**Senator LUDLAM**—Would you undertake to continue raising those individual cases?

**Mr Fletcher**—Yes. In the context of the annual dialogue we raise cases and at other times we also raise cases.

**Senator LUDLAM**—Would you be able to provide us with a list of the individual cases that you pursue?

**Mr Fletcher**—The list varies from time to time. I can provide a list of the cases we raised in March.

**Senator LUDLAM**—Wonderful! Are there any other avenues through which we pursue the cause of individual political prisoners apart from through the human rights dialogue?

**Mr Fletcher**—Yes. There are basically three avenues by which we raise human rights concerns with China. Firstly, at the political level; secondly, through the human rights dialogue; and, thirdly, in the course of normal diplomatic contact with China.

**Senator LUDLAM**—Finally on issues of Tibet, no doubt you would be aware that His Holiness the Dalai Lama is scheduled to visit Australia some time around the middle of 2011. Are you aware of that proposed visit?

**Mr Fletcher**—I have heard of that visit.

**Senator LUDLAM**—Have you been asked for a briefing or to provide any information to the Prime Minister's office in relation to that visit?

**Mr Fletcher**—No.

**Senator LUDLAM**—Minister, are you able to indicate whether you have any knowledge of whether the Prime Minister intends to meet with the Dalai Lama when he is next in Australia?

**Senator Conroy**—I can indicate that I have no knowledge.

**Senator LUDLAM**—Is that something that you are able to make an inquiry on for us?

**Senator Conroy**—Normally I can only inquire in my capacity in this chair of the foreign minister, but I will see if the foreign minister has any knowledge of Ms Gillard's plans.

**Senator LUDLAM**—Maybe I can put that question to you in two parts. Does the foreign minister intend to meet with him when he is here and does the Prime Minister intend to make some time available in her diary?

**Senator Conroy**—I have met him.

**Senator LUDLAM**—So have I, but that was not the question. Thank you.

**Senator TROOD**—Mr Fletcher, since you are here, I would like to clarify a couple of matters in relation to your answers to Senator Ludlam regarding Liu Xiaobo. You said that you had made representations about him at the human rights dialogue. Is that right?

**Mr Fletcher**—We made representations about him in March.

**Senator TROOD**—Have you made subsequent representations about him?

**Mr Fletcher**—We had a conversation with the embassy here following the Nobel peace prize where we reconveyed our position.

**Senator TROOD**—Between March and October there has been no further representation; is that right?

**Mr Fletcher**—That is correct.

**Senator TROOD**—Neither here nor in Beijing?

**Mr Fletcher**—As far as I know that is correct. We were expecting the next round of the dialogue to have been held by now.

**Senator TROOD**—Were you intending to raise it then?

**Mr Fletcher**—Yes.

**Senator TROOD**—But you have not made any independent representations in the meantime.

**Mr Fletcher**—That is right.

**Senator TROOD**—Was the representation here at the ambassadorial level?

**Mr Fletcher**—Deputy Ambassador.

**Senator TROOD**—Do you have any further plans to raise this matter again, apart from the dialogue when it occurs?



**Mr Fletcher**—Not at this stage.

**Senator TROOD**—Do you have a note of the number of occasions when you have asked for Mr Liu to be released?

**Mr Fletcher**—No, I do not, but I can take that on notice.

**Senator TROOD**—Would you do that for me?

**Mr Fletcher**—Yes.

**Senator TROOD**—I wanted to ask you a couple of questions about Mr Hu. Have you checked on his status lately?

**Mr Fletcher**—We have maintained consular visits to him on a monthly basis.

**Senator TROOD**—What is the general report in relation to his condition?

**Mr Fletcher**—He is in reasonable health.

**Senator TROOD**—Where is he being held?

**Mr Fletcher**—He is being held in Shanghai.

**Senator TROOD**—Last time we met there was some discussion about the bilateral prisoner transfer agreement that we are seeing negotiated.

**Mr Fletcher**—Yes.

**Senator TROOD**—What is the status of that?

**Mr Fletcher**—The situation is the same as it was at the last estimates. We have signed the agreement but have not yet ratified it. I understand that the Attorney-General's Department is preparing for the process of ratification.

**Senator TROOD**—It has not been before the committee yet; is that right?

**Mr Fletcher**—That is correct, yes. It needs to go through that whole process.

**Senator TROOD**—I understand that. Why is it taking so long? Do you know? Have you made representations to the Attorney-General's Department about this matter?

**Mr Fletcher**—One factor in the delay was that there was an extradition treaty concluded at the same time and ratification of all extradition treaties was put on hold because of another matter. Inadvertently, this prisoner transfer agreement was kept with the extradition treaty.

**Senator TROOD**—I see. The ratification process is taking place in China, is that right?

**Mr Fletcher**—Yes. It has already been ratified.

**Senator TROOD**—We are holding this up at the moment.

**Mr Fletcher**—Yes.

**Senator TROOD**—That seems to be an undesirable situation.

**Mr Fletcher**—That is why we have asked Attorney-General's to move on ratification.

**Senator TROOD**—Have you been given any encouragement as to when they are going to move on this?

**Mr Fletcher**—I am told that it is going to happen soon.

**Senator TROOD**—Perhaps I should ask them about that. Mr Moriarty, before he departed the country, told us at the last estimates that there are annual consular talks with China in relation to matters of obvious interest and there was to be a discussion about the difference of interpretation—I think the word was—in relation to Stern Hu and the extent to which we were able to make representations and, indeed, be present at court hearings in relation to Australian nationals. Have those discussions taken place? Have there been any discussions on consular matters?

**Mr Fletcher**—They are scheduled to take place at the end of this month, on 28 and 29 October.

**Senator TROOD**—Is this issue on the agenda?

**Mr Fletcher**—Yes.

**Senator TROOD**—What other issues are on the agenda for that meeting?

**Mr Fletcher**—I will have to take advice on that; another colleague will be leading those talks.

**Senator TROOD**—So this is the first occasion since this difference of view came up when the matter will be able to be discussed; is that right?

**Mr Fletcher**—Yes.

**Senator KROGER**—I would like to follow up on one of your observations that you just made. You said that ratification of all treaties was on hold because of another matter. What did you mean by that?

**Mr Fletcher**—I can tell you what I know, but I am not the expert. There was an extradition treaty which was considered by JSCOT and there was a report about it which led Attorney-General's to delay ratification of other extradition treaties.

**Senator KROGER**—Is that all you know on the matter?

**Mr Fletcher**—That is all I know. I hesitate to say anymore because it is a legal matter and it is not my area.

**Senator KROGER**—Thank you for that.

**Mr Fletcher**—That caused a delay of several months, if not longer.

**Senator KROGER**—I wanted to ask you for an update on our pavilion at the World Expo in Shanghai in China. I have read in numerous news articles that it is amongst the most popular and well-visited pavilions at that expo. Do you have any facts and figures on the pavilion in terms of the visitors that have been through and so on?

**Mr Fletcher**—We had expected about seven million visitors during the entire period of expo, but we have already met that target. We expect that it will get to eight million. One in five visitors to expo goes to our pavilion, so it has been an enormous success from that point of view. Feedback from the business community has also been very positive. The companies that sponsored the pavilion, as part of their sponsorship, had a certain number of events that they could program and the businessmen that I have met in passing have spoken very highly of the impact of that for their operations in China, so we are very pleased with the outcome.

**Senator KROGER**—Was Rio Tinto one of the major sponsors or just a co-sponsor?

**Mr Fletcher**—It was one of the major sponsors.

**Senator KROGER**—So it has met their expectations in terms of the opportunities that it was going to offer and afford those companies that sponsored it.

**Mr Fletcher**—Yes.

**Senator KROGER**—Remind me, what was the Australian government's commitment to the expo, in terms of financing?

**Mr Richardson**—It is about \$83 million.

**Senator KROGER**—Do you know what the overall budget was?

**Mr Richardson**—No. I think there is some private money in that.

**Ms Thorpe**—Overall the project cost was \$83 million and the project was required to raise about \$10 million in sponsorship.

**Senator KROGER**—The Australian government was the greatest contributor in terms of funding and the sponsorship was \$10 million; is that right?

**Ms Thorpe**—Correct.

**Senator KROGER**—Did we fly any journalists or any other officials from Australia to the expo?

**Mr Batley**—Did we fly specifically—

**Senator KROGER**—Yes. Did we fly any journalists out to cover it or to assist in the promotion of it?

**Mr Batley**—I do not know the answer to that question. Obviously there have been a lot of media who have gone through and it has generated an enormous number of positive media stories, but I would have to get back to you on the question of whether we paid for journalists to go there.

**Senator KROGER**—I would be interested to know, firstly, if we have; secondly, how many; and, thirdly, who they were and from what media outlets, whether it was newspaper, radio outlets and so on.

**Senator Conroy**—I have some more information for you on the matter of journalists, you will be very happy to know. I have been able to delve into the vexed question in your mind and that of your officers of Mr Street's employment. As I mentioned, he has a master's degree in development studies at the University of Cambridge which, just for your information, recently overtook Harvard in the world university rankings and was named the best university in the world.

He has worked in both professional and volunteer capacities in developing countries, including India, Papua New Guinea, South Africa and Zimbabwe. In his professional capacity he has covered issues relating to poverty and development, particularly in the context of Australia's commitment to the United Nations Millennium Development Goals and Australia's overseas development assistance program which has, as its core objective, poverty reduction.

Mr Street has also engaged extensively with non-government organisations such as World Vision and CARE. Mr Street has also engaged with the important issue of the role business can play in achieving 2008 objectives through the organisation Business for Millennium Development Goals. In 2009 Mr Street was a Chevening scholar of the British Foreign Office and British Council. This is a scholarship of post-graduate study awarded to emerging leaders of Commonwealth countries.

Since 1973 Mr Street has been actively working with the homeless which has seen him earn an Order of Australia commendation. In 2003 Mr Street initiated an educational and fundraising arm of the Jesuit Refugee Service. His efforts won formal endorsement from the former Prime Minister, Malcolm Fraser. The United Nations High Commissioner for Refugees has also formally recognised his work along with antipoverty campaigner Sir Bob Geldof. He is a recipient of the Future Summit Leadership award presented to him by former Governor-General Michael Jeffery in recognition of his work in the promotion of human rights and work with the poor. He is also a member of the Australian American Leadership Dialogue. I think he is clearly far more qualified than the person who wrote that question for you.

**Senator KROGER**—I am much assured, particularly if he has the commendation of a former Prime Minister; he must be the man for the job.

**Senator TROOD**—Can you tell me something in relation to this whaling case against Japan? Could you tell me what the status of these proceedings is at the moment?

**Mr Fletcher**—If you are asking about the actual case, no, I cannot answer that, but my colleague can.

**Senator TROOD**—I am interested to know the status of our international court proceedings against the Japanese in relation to whaling.

**Mr Rowe**—As you know, Australia filed its application before the International Court of Justice earlier this year. We are now in the situation where we have until 9 March next year to file our memorial, in other words our expanded statement in support of our application, and Japan has until 9 May 2012 to file its counter memorial, which is its formal response to Australia's statement of claim. We are in that formal stage where we are preparing our memorial and we will lodge that on time.

**Senator TROOD**—It is going to take a long while; isn't it?

**Mr Rowe**—I think if you look at the procedural history of the International Court of Justice that all these cases can in fact take time in terms of the time that the court allows the parties to properly prepare for the presentation and arguing of their particular case. The situation that I have outlined in terms of time scales is not in any way exceptional or different to what has gone before with other cases.

**Senator TROOD**—I understand that your information to the committee really reflects the time limits that the court generally lays down for these proceedings. I am saying that if everybody kept to the usual time limits the matter is not going to be resolved quickly; is it? We would at least be towards the end of 2012.

**Mr Rowe**—According to the current time scale that is certainly so. But as I say, the issues are weighty. They have to be given proper consideration in terms of the detailed preparation of Australia's case and, for its part, Japan will want to take the appropriate time, which as I said has already been set. The court has actually set the time lines. But, as I mentioned, this is quite usual.

**Senator TROOD**—I know the time limits are usual. Is there any likelihood that our memorial might be lodged earlier? We have until early next year before we are required to lodge it. Will it be lodged earlier?

**Mr Rowe**—I cannot say it will be lodged earlier but that will depend of course on the progress made in preparing the memorial.

**Senator TROOD**—In light of these proceedings has the Australian government had any further discussions with the Japanese government about resolving this matter independently of the court case?

**Mr Fletcher**—I will ask if Mr Rowe can answer that.

**Mr Rowe**—The question of the ICJ case was discussed between Foreign Minister Rudd and his Japanese counterpart recently. Last week when Foreign Minister Rudd was on an official visit to Tokyo there were reports in the media quoting the Japanese foreign minister to the effect that he accepts that this is a matter that needs to be addressed in the ICJ but equally, as our foreign minister and the Japanese foreign minister acknowledge, the fact that we are before the ICJ should not in any way impede or be a negative in the bilateral relationship, which is very strong and broadly based, and that accordingly the ICJ matter will be considered as an issue obviously between us on a bilateral basis but it will not impact negatively on the overall very positive and deeply founded bilateral relationship that exists.

**Senator TROOD**—Was this matter raised by the foreign minister when he was there or by the Japanese?

**Mr Rowe**—I am unable to answer that.

**Mr Richardson**—If I could say we do not know the answer to that. However, in answer to your previous question, the answer is no.

**Senator TROOD**—That is in relation to other negotiations?

**Mr Richardson**—That is right. The answer is no. The Australian government took the decision to in fact go to the ICJ because it considered that it had exhausted other avenues.

**Senator TROOD**—Are those proceedings going to be quarantined from the relationship?

**Mr Richardson**—That is right.

**Senator TROOD**—And there is no intention to have any negotiations or discussions about them while the court case is on foot?

**Mr Richardson**—If the Japanese were prepared to consider an end to whaling then, yes, but the matter is before the ICJ and the government has taken a decision that that is the appropriate vehicle through which this matter should now be pursued.

**Senator TROOD**—At this stage it is not the intention of the Australian government to raise the matter again in the bilateral relationship.

**Mr Richardson**—No, it will continue to raise it. That is a different matter to actual negotiations.

**Senator TROOD**—You cannot have negotiations of course until you raise it.

**Mr Richardson**—It is before the ICJ and that is where we see it being pursued.

**Senator TROOD**—I have some questions about South-East Asia and about East Timor in particular. Whoever is best suited to answer this, can you tell me when the department was first aware of the government's intention to locate a regional processing centre in East Timor?

**Mr Larsen**—The question of a possible regional processing centre had been under consideration in a variety of different contexts at the bureaucratic level for some months earlier this year and East Timor was one of the possibilities.

**Senator TROOD**—Have you had the location of a refugee processing centre under advice since the early part of this year?

**Mr Larsen**—That is correct, yes. Well, let me say the government was considering a very wide range of options as to how to take forward its policies to address the challenge of people smuggling and irregular migration. The possibility of a regional protection framework and related protection measures, but also including the possibility of processing centres, was under consideration at a bureaucratic level for some months. The Prime Minister announced in July a decision to advance a discussion with East Timor.

**Senator TROOD**—Has East Timor been actively under consideration for a large part of this year as a possible refugee processing centre?

**Mr Larsen**—Along with a wide range of other possibilities, yes.

**Senator TROOD**—When the Prime Minister made her announcement about the intention to locate a processing centre in East Timor, was that as a result of advice that you had given the Prime Minister's office?

**Senator Conroy**—I am sorry, you cannot ask about what advice is given. You can ask about plans, you can ask—

**Senator TROOD**—Had advice been given? I think I can ask whether or not advice had been given.

**Senator Conroy**—After eliciting that there was this advice, you are not asking has it been given yet. You are asking—

**Senator TROOD**—I understand the point you are making.

**Senator Conroy**—If you reword the question you can go ahead.

**Senator TROOD**—Can I ask if advice has been given on the subject?

**Mr Larsen**—Advice in relation to a wide range of possible approaches to addressing the challenge of irregular migration was provided to ministers and that advice was considered across various agencies. I personally did not advise the Prime Minister, of course.

**Senator TROOD**—When the Prime Minister made her announcement had the department settled on the possibility of a processing centre in East Timor?

**Senator Conroy**—I appreciate you are trying to word your questions carefully. I just think that one might possibly be across the line of what advice had been given.

**Senator TROOD**—Thank you, Minister.

**Senator Conroy**—If you carefully select your words you will be able to elicit the information you are after.

**Senator TROOD**—You said that various centres were under consideration from early in the year. Had there been a decision made within the department as to a new centre?

**Mr Larsen**—Can I clarify I did not say that various centres were under consideration. I said a wide variety of possible approaches to addressing the irregular migration issue were under consideration, including a possible processing centre and that also included East Timor.

**Senator TROOD**—What I am asking you is: had the department come to a view about a possible processing centre on East Timor or was it still under active consideration at the time that the Prime Minister made her announcement?

**Mr Richardson**—We were not in a position where we were thinking in terms of a specific departmental view on this or that. As Mr Larsen said, we were considering the issue more broadly and certainly regional processing centres were one of the options that had been on the table for a while.

**Senator TROOD**—Right, but it came as a surprise when the Prime Minister announced there was going to be an East Timor—

**Mr Richardson**—No. To be frank, it did not come as a surprise at all. Indeed, I was aware of it before the announcement was made.

**Senator Conroy**—It is very good of Mr Richardson to answer that question but that was an opinion rather than seeking factual information by saying, ‘Were you surprised?’. That was very generous of Mr Richardson to answer that, but he did not need to.

**Senator TROOD**—How soon before an announcement did you know that this announcement was to be made?

**Mr Richardson**—That I cannot recall.

**Senator TROOD**—Perhaps I can help you. Are we talking hours, days or months?

**Mr Richardson**—No, this is an issue that had been on the table genuinely for quite a while. I have been involved in different discussions during the course of this year where the possibility of a regional processing centre was on the table. It was always possible that the government might take up that option at some point, so I certainly was not surprised.

**Senator TROOD**—Were these internal discussions within the department?

**Mr Richardson**—They were both discussions internally in the department and they were also discussions across government.

**Senator TROOD**—But that was in Australia? Had this matter been raised with the East Timorese government?

**Mr Richardson**—I am not aware of that, but the matter had been under discussion within government across different departments as an option for a while.

**Senator TROOD**—Thank you. I am now moving on. When the announcement was made it appears that, at the very least, it came as a surprise to the East Timorese government. The discussions were essentially whole-of-Australian government but no other government had been privy to, or party to, these discussions, had they?

**Mr Richardson**—That, I cannot say.

**Senator TROOD**—Had your department made any representations to any other government in relation to this consideration that it was undertaking in relation to a possible refugee centre?

**Mr Richardson**—The question of a regional approach to it is something that we had talked to other governments about. In relation to precise discussions concerning precise regional processing centres, I do not know.

**Senator TROOD**—Had you been in contact with the Timor Leste government about the siting of a refugee regional processing centre in Timor Leste?

**Mr Richardson**—I am not aware that we had been.

**Senator TROOD**—There had been no contact with the government of Timor Leste about this matter?

**Mr Richardson**—I am not aware, however that does not mean to say that there was not.

**Senator TROOD**—Are you saying that the Department of Foreign Affairs and Trade may have been bypassed on this matter?

**Mr Richardson**—No. The Department of Foreign Affairs and Trade does not have the exclusive rights in relation to the conduct of international relations and different parts of government do make direct contact from time to time—ministers do from time to time. All of that is proper.

**Senator TROOD**—You would have expected that the department would have been the normal vehicle by which these matters would be raised with a foreign government, would you not?

**Mr Richardson**—Not always.

**Senator TROOD**—In so far as you are aware, the department did not raise the matter and you have no knowledge of any other department raising the matter with the East Timor government.

**Mr Richardson**—I said I did not know but because I do not have personal knowledge does not mean it did not happen.

**Senator TROOD**—No. Have you subsequently learnt of any contacts prior to the announcement?

**Mr Richardson**—I am not aware of other departments having had contact.

**Senator TROOD**—In essence, there were no contacts. You are saying you are not aware of them.



**Mr Richardson**—No, there is a difference between what I know and facts. I can comment to you on what I know as an individual; however what I know as an individual will only be a particular segment. Just because I did not know does not mean to say someone else does not know.

**Senator TROOD**—Since you are the secretary of the department one would have thought that if there had been contacts in relation to any other arm of government or any other agency of government, it would have by now come to your attention; is that a fair statement?

**Mr Richardson**—On most occasions that would be the case.

**Senator TROOD**—Unless someone has tried to deceive you or deprive you of information.

**Mr Richardson**—No, it just falls between the cracks.

**Senator TROOD**—Yes. On this matter, which has had such a high public profile, it would be a bit surprising, would it not, if there had been prior contacts that you had not learnt about them subsequently?

**Mr Richardson**—I do not get surprised.

**Senator TROOD**—No. From all you are saying I think it is a reasonable conclusion that I can draw anyway—it may not be the committee's view—that there were no prior contacts before the announcement by the Prime Minister.

**Senator Conroy**—No, I do not think that is right.

**Senator TROOD**—Either by the department or any other agency of the Australian government.

**Mr Richardson**—If you wish to draw that conclusion, then that is your conclusion.

**Senator TROOD**—I think it is a fair conclusion.

**Senator Conroy**—That does not logically follow.

**Senator KROGER**—It does if you read the papers. They seemed pretty shocked about the announcement.

**Senator TROOD**—It is a fair conclusion to be made. The East Timor government seems to have been a bit surprised about the matter. Once the announcement was made did the East Timor government make contact with the Australian government about this? Can you tell me, Mr Larsen or Mr Richardson?

**Mr Richardson**—There was certainly contact between the Australian government and the East Timorese government. The precise nature of that I am not aware of personally. Mr Larsen?

**Mr Larsen**—If you are asking subsequent to the—

**Senator TROOD**—Once the Prime Minister's announcement had been made—

**Mr Larsen**—There has been very extensive contact with the East Timorese government.

**Senator TROOD**—Did the Australian government make representations through the ambassador in Dili or did you make representations here? What was the mechanism by which contact was made with the East Timorese government?

**Mr Larsen**—There has been contact at a wide range of levels. Of course, in the first instance, through the embassy in Dili, the ambassador and other officers in the embassy have had regular contact with the East Timorese over this issue. I travelled to East Timor in the middle of July with colleagues from the Department of Immigration and Citizenship to have discussions with the East Timorese. We had discussions with the East Timorese in the margins of the ASEAN meetings in Hanoi earlier this year. I have just returned from accompanying Minister Bowen, who was in Dili last week.

**Senator TROOD**—What is being discussed here; what is the nature of the proposal? In relation, for example, to when this might occur or the size of the facility; have there been discussions about those matters?

**Mr Larsen**—I have to be cautious in what I say because it is really subject to discussions between the two governments, so it would be inappropriate to provide excessive detail as to the nature of those discussions. We have been in discussions with the East Timorese concerning the possibility of a regional processing centre associated with a regional protection framework to be located in East Timor. Those discussions have taken place with staff of President Ramos Horta; last week discussions occurred direct between Minister Bowen and President Horta. Discussions have also taken place between former Foreign Minister Smith and Foreign Minister da Costa. What has been proposed is the concept of having a regional processing centre located in East Timor as part of a broader regional protection framework.

**Senator TROOD**—Are we talking about a centre that might house or provide for 100 people, 300 people or 3,000 people? How big a centre are we discussing here?

**Mr Larsen**—The specific details of what the East Timorese might agree to and what we might propose in more detailed discussions with them really have not been agreed in detail at this stage.

**Senator TROOD**—So, you have not discussed any size at all?

**Mr Larsen**—Some possible numbers have been put on the table; yes, they have.

**Senator TROOD**—Can you give me some idea about the parameters of the proposal? Are we talking a place which will be sufficient for 100 people or for 1,000 people?

**Mr Larsen**—The precise number is a matter to be discussed between the two parties. We have put some possibilities to the East Timorese side and the East Timorese side has said that they will reflect further on that but, no, there is no agreement about precise numbers.

**Senator TROOD**—Have they offered you a site? Is there discussion about a location for this centre at the moment?

**Mr Larsen**—At this stage the East Timorese have indicated possible locations of interest to them but, no, there is no agreement on a specific site.

**Senator TROOD**—Have you asked them to nominate a site or have you nominated a site which you think would be suitable?

**Mr Larsen**—At this stage discussions are really around the principle of a regional processing centre being located in East Timor. Some possible sites have been referred to by the East Timorese but there is certainly no agreement as to a specific site. We will look carefully at the site options as our discussions progress. I am scheduled to return to East Timor with the Secretary of the Department of Immigration and Citizenship in approximately four weeks time to look at some more specific aspects of the proposal for a centre.

**Senator TROOD**—Are the sites that are being discussed in or around Dili, or are they outside the capital?

**Mr Larsen**—No specific sites have been locked in on. It has been mentioned to us in passing at officials level some possible locations in East Timor. I do not know those locations because we are not looking at them in any specific detail at this present time. At the present time we are in a broad-principles discussion with the East Timorese government about the possibility of a processing centre.

**Senator TROOD**—You have not been advised of any possible locations, or you do not know of any possible locations?

**Mr Larsen**—There will be a very wide number of considerations to take into account in determining where you would want to locate a site such as access to transport facilities and other infrastructure; those are all matters to be determined between the parties.

**Senator TROOD**—If you are unable to speak to the question of size, you are unable to give me some sense of whether or not this would be a facility the size of the Christmas Island facility, for example?

**Mr Larsen**—I think a number of numbers have been put on the table in very general terms in our preliminary discussions with the East Timorese government. Those are all matters which are the subject of further, much more detailed discussion.

**Senator TROOD**—It could be a facility the size of the Christmas Island facility?

**Mr Richardson**—It is not possible for us to be speculating on matters of this kind when discussions are still going on with the East Timorese government.

**Senator TROOD**—Could you speculate on this matter for me: will this be a facility which we will be essentially paying for? This will be an Australian government cost; is that right? Are we at least clear on that?

**Mr Larsen**—The centre is proposed to be part of a regional protection framework. The regional protection framework would be something which we would seek regional input on. We accept that Australia is likely to bear a significant proportion of the cost of a centre but that is not a resolved issue at this stage. A number of other countries are in discussions with us about the concept of a regional protection framework and what that would mean, including the possibility of a specific centre. I think it has been made clear to the East Timor government that we would not be expecting the East Timor government to fund the cost of that centre, but the possibility of other contributors, depending on the shape of the regional approach that is adopted, remains to be determined.

**Senator TROOD**—Who, in heaven's name, is going to contribute to the cost of this if it is not the Australian government?

**Mr Larsen**—It is clear—

**Senator TROOD**—Are you thinking of outsourcing it to private contractors or something?

**Mr Richardson**—No. Mr Larsen has already said that we would expect Australia to cover a significant proportion of the cost, but as to the precise details, again, Mr Larsen has been very careful to stress that we are talking about the principles at this point. We are not yet down into the precise details, so we are not in a position to speculate about the precise details.

**Senator RONALDSON**—We have not even got to the concept stage by the sound of it.

**Mr Richardson**—The concept stage is progressing.

**Senator TROOD**—You are characterising Mr Larsen's position as careful. I would regard it as being more evasive than careful.

**Mr Richardson**—If you want to draw that conclusion, that is fine, but I think Mr Larsen is seeking to be as helpful as he can.

**Senator TROOD**—You are saying that the Australian government will pay a significant cost, but you mean, do you not, that we will pay for it all?

**Mr Richardson**—No, we do not. Mr Larsen gave a very precise answer to you on that question and he did not say we would necessarily be paying for it all. He said that there were discussions going on within the region about the regional protection framework and the like and it was certainly expected that we would be paying a significant proportion of it. But whether we pay all of it, whether we pay a significant proportion and, if so what proportion that would be, that is still down the track.

**Senator TROOD**—I am struggling to think of who else might be prepared to pay for the facility.

**Mr Richardson**—In which case we cannot help you in your struggle.

**Senator TROOD**—I suppose other likely candidates are the East Timorese government, but that seems highly unlikely.

**Mr Richardson**—No. Mr Larsen has already said that the East Timorese government would not be expected to pay for it. He has said that quite explicitly.

**Senator TROOD**—So, an international organisation perhaps is a possibility?

**Mr Richardson**—We are not going to speculate.

**Senator TROOD**—You are going back there shortly, Mr Larsen; is that right? When do you expect these discussions to be concluded?

**Mr Larsen**—That I do not know. We had very productive discussions at ministerial and presidential level last week. They will be taken forward at the officials level when Secretary Metcalfe and I return in the middle of the next month. It depends on how the discussions go. I cannot speak for what the East Timorese might put on the table in terms of specifics.

**Senator TROOD**—Are you waiting for them to come back to you on a particular proposal that you have put to them?

**Mr Larsen**—No. We have committed to return to Dili with some further information, details and proposed elements of a possible processing centre, drawing on the conversations we had in Dili last week.

**Senator TROOD**—So, the Australian government is going to return to Timor Leste with some more specific details of what you see as your requirements; is that right?

**Mr Larsen**—We will be returning to Dili with some more specific details, drawing on the conversations we had with the East Timorese.

**Senator TROOD**—Which might include things like how big this processing centre should be?

**Mr Larsen**—There are many details that remain to be fully discussed with the East Timorese. At the present stage we have had productive discussions on an in-principle basis.

**Senator TROOD**—You said that there has been discussion about a possible processing centre earlier in the year, but whatever this costs—and you are unable to tell me that—who is going to pay for it? Is this going to come out of DFAT's budget? Will there be a special subvention in relation to this matter or is it coming out of DIMA's budget? Where is the cost of this going to be borne?

**Mr Richardson**—It is certainly not DFAT. We do not carry principal responsibility for this issue, the Department of Immigration and Citizenship does. In terms of where the moneys would come from, we are unable to help you on that.

**Senator TROOD**—But you are not expecting to be burdened with the cost of it?

**Mr Richardson**—We do not carry the major responsibility for it.

**Senator TROOD**—Mr Larsen, in relation to the concept you are working on, can you explain to me or tell me whether or not it is intended that these facilities will be of a kind where the people who are placed within them will remain there as long as they are under consideration or until they are resettled? Is that matter clear?

**Mr Larsen**—The centre is only part of a broader regional approach.

**Senator TROOD**—You have said that and I understand that.

**Mr Larsen**—The centre would operate as a place from which asylum claimants would have their claims considered and determined, and of course the question of how long any one particular individual might remain in East Timor is something that we will have very careful discussions on with the East Timorese government. That is something which has already been the subject of some preliminary discussions.

**Senator TROOD**—Has the East Timorese government made it clear to you that there is a limit on how long the detainees will be there?

**Mr Larsen**—Yes. The East Timor government has expressed the view that there should be a time limited period for any particular individual detainee to remain in East Timor.

**Senator TROOD**—What time limit is that?

**Mr Larsen**—I am not sure that those details are in the public domain, so I would have to argue there that that is subject to further consideration and discussion but, yes, a time period has been discussed.

**Senator TROOD**—The East Timorese government is of a view that anybody who is in the facility should only be there for a set period of time; is that right?

**Mr Larsen**—That it should be time limited, yes.

**Senator TROOD**—During that period of time those people who are in the facility, what, are going to be subject to the kinds of checks that people in the Christmas Island facility are subject to? Is that the intention?

**Mr Larsen**—The intention is that they would be subject to a refugee assessment to determine whether or not they can make out claims to be refugees under the Refugee Convention.

**Senator TROOD**—Is it only in relation to their claims regarding the refugee convention or is it also a situation where they will be scrutinised for matters of health, security and so on—the kinds of assessments that take place in other facilities in Australia?

**Mr Larsen**—Certainly from the discussions I have participated in at this stage we have not got down to that level of detail. As I said, the consideration with the East Timorese at the present time is at an in-principle level. I am sure those specific details will, in due course, be the subject of discussions between the two sides.

**Senator TROOD**—If a person is in this facility and the time limit is reached, imposed by the Timor Leste government, what happens to them then?

**Mr Larsen**—I have commented on this, but I will reiterate that the centre only operates effectively as part of a broader regional approach, and that regional approach would include effective resettlement arrangements, return arrangements for failed asylum seekers, and so as part of that broader approach we would seek to make sure that the East Timorese government has confidence that, if it sets a particular time limit, that time limit can be satisfied.

**Senator TROOD**—If that is the case, what is going to happen when the time limit is reached? Are you going to on-ship them to some other regional processing, as part of the regional arrangements that you are making?

**Mr Larsen**—For a successful asylum seeker, resettlement would be the desired outcome. For a failed asylum seeker, return to their country of origin would be the desired outcome.

**Senator TROOD**—So, it is possible that a person determined to be a refugee will come to Australia after their case has been determined?

**Senator Conroy**—Like the asylum seekers from the *Tampa* that came to Australia after they were found to be refugees.

**Senator TROOD**—Thank you.

**Senator Conroy**—How many of them were there? A lot!

**Senator TROOD**—You probably know that. I am trying to understand the nature of this exercise. The people who might eventually be in the East Timorese facility will be assessed as

to their suitability as refugees under the convention. Is it intended that they will remain in the facility until such time as they can be resettled elsewhere or is it conceivable that they will be allowed into Australia directly once their status has been determined?

**Mr Larsen**—Australia is one of the major resettlement countries globally, and it is quite possible that a person assessed as a refugee coming from a regional processing centre could be referred to Australia, just as that person might be referred to other resettlement countries.

**Senator TROOD**—So, a person could go directly from this facility to Australia.

**Mr Richardson**—If they were found to be a refugee and we were the resettlement country. As Mr Larsen said, we are one of the principal resettlement countries globally. I think you could safely work on the assumption that some successful asylum seekers, in any regional processing centre, wherever it is, would in fact come to Australia, just as some who were on Nauru came to Australia.

**Senator TROOD**—Yes. The difference being, however, that the intention of those on Nauru was that they would be resettled in third countries rather than elsewhere, rather than Australia.

**Mr Richardson**—Some of them on Nauru came to Australia.

**Senator Conroy**—That is not actually what happened, though.

**Senator TROOD**—I understand.

**Mr Richardson**—This is about a regional protection regime. We are part of the region. We are a resettlement country. It would be amazing if you had a regional processing centre in East Timor or anywhere else and we did not resettle any of them. That would be truly amazing. We are one of the world's principal refugee settlement countries. We have a proud history of that in the region. When asylum seekers were flowing out of Vietnam in the 1970s and 1980s we played our role in their resettlement.

**Senator TROOD**—For all intents and purposes, this facility might well be situated anywhere in Australia as part of an overall regional response?

**Mr Richardson**—No. That is not the intention.

**Senator TROOD**—From what Mr Larsen and you have said to me, the concept of this centre seems to be no different from the concept that applies in relation to the Christmas Island centre or any other detention centre.

**Mr Richardson**—No. It is very different in concept, because a processing centre in East Timor or elsewhere would, in fact, be part of a truly regional approach relating to protection of asylum seekers.

**Senator TROOD**—Do you have a date by which you are hoping this facility will be completed?

**Mr Richardson**—I am not aware of any.

**Senator TROOD**—Have you discussed possible dates, Mr Larsen?

**Mr Larsen**—No. No date has been set. As I have said, discussions remain at a preliminary stage. More detail is being provided very shortly. Clearly it is a matter for negotiation.

**Senator TROOD**—There is a travel warning out in relation to East Timor, is there not? There is a departmental travel warning.

**Mr Borrowman**—There is.

**Senator TROOD**—Let me help you, Mr Borrowman. It seems to state that people travelling to East Timor should exercise a high degree of caution; is that right?

**Mr Borrowman**—That is correct.

**Senator TROOD**—The travel warning draws attention of potential travellers to some of the insecurities that exist in East Timor; is that correct?

**Mr Borrowman**—As with all travel warnings, it invites travellers to consider the situation in the country they are going to, yes.

**Senator TROOD**—In fact, it states:

- We advise you to exercise a high degree of caution in East Timor because of the uncertain security situation and the possibility of civil unrest.
- ... ..
- You should avoid demonstrations ... as they may turn violent.
- Violent disturbances and minor disputes can erupt in Dili without notice and escalate quickly. You should remain vigilant at all times.

It also states that disputes have occurred between individuals and nationals from international security forces and that you should therefore be careful when a dispute breaks out. They are all parts of the travel advice; is that correct?

**Mr Borrowman**—Yes.

**Senator TROOD**—Help me with this. If this is the security situation in East Timor, it seems to me to be a highly unstable environment in which to be locating a facility of this kind.

**Mr Richardson**—Firstly, Australia would not describe East Timor as highly unstable and violent, and we do not describe the country as that. There is a difference between the possibility of violence and the like and saying that East Timor itself is highly unstable and violent. Secondly, I see no contradiction at all between the travel advisory and discussions with East Timor about the possibility of a regional processing centre there. The two address different issues and are not in conflict.

**Senator TROOD**—Your summary of East Timor states that you exercise ‘a high degree of caution in East Timor because of the uncertain security situation’—

**Mr Richardson**—Yes.

**Senator TROOD**—‘and the possibility of civil unrest’. The situation could deteriorate without warning.’

**Mr Richardson**—Yes.

**Senator TROOD**—That seems to me to be an insecure environment.



**Mr Richardson**—You can describe it as that, but we do not describe East Timor as being unstable, highly unstable and violent. But the possibilities you mentioned are there and that is right. But, again, there is no conflict between that and the discussions about a regional processing centre.

**Senator TROOD**—In your own words, it is an uncertain security situation.

**Mr Richardson**—Yes, and we have people going to East Timor all the time, and tourists go there, too.

**Senator TROOD**—That may well be the case, but that is a different proposition to the siting of a detention facility, a refugee facility—and no-one will tell me how many people it will house. But it will obviously be a facility of considerable dimension if it is going to be worth while, in what is an uncertain security situation. Where is the wisdom of siting a centre of this kind in a situation which, on your own evidence, is in fact insecure, uncertain and could deteriorate without warning?

**Mr Richardson**—I would simply note that there are numerous facilities run by the UNHCR in situations that are far more uncertain than East Timor. I do not think there is any conflict between a regional processing centre, the discussions we are having and the travel advisory addressed to visiting Australians.

**Senator TROOD**—That is probably true. I am sure there are places in Africa, for example, where there are regional processing centres and refugee camps, and we all know they are somewhat unstable. But we are talking about a facility being created and developed specifically at the cost and request of the Australian government, using substantially Australian funds. We are putting that facility in an uncertain security situation. That is a different situation from one where refugee camps develop on borders and across international boundaries, et cetera, where there is almost no chance of doing anything other than that. We are talking about a very specific policy proposal being situated in an environment that is not secure.

**Mr Richardson**—I do not see the problem.

**Senator TROOD**—If you cannot see the problem, then I suppose we cannot advance the case. But it seems to me to be highly ill-advised to be putting a facility of this kind in this environment, particularly when you also say that there is concern about individuals from other places. It might well be a place that provokes violence and insecurity.

**Senator RONALDSON**—You say that you are not concerned about it. What sort of incremental reductions in safety would start to get you concerned about the situation there?

**Mr Richardson**—In terms of gradation, I have not really put my mind to it. But I am simply addressing the situation in respect of East Timor and I do not see the problem.

**Senator RONALDSON**—What level of an increase in civil unrest, for example, would start to get you concerned about the situation?

**Mr Richardson**—That is speculative.

**Senator RONALDSON**—But you have already acknowledged to Senator Trood that indeed there are travel warnings and that there is a level of insecurity. I think your rationale

for still supporting the position is that it is not as dangerous as some other places, which I would have thought was an interesting rationale to make a judgement on the back of.

**Mr Richardson**—No, my rationale—

**Senator RONALDSON**—Given there is an acknowledgement of security issues, what sorts of increase in those security issues would start to exercise your mind about the wisdom of proceeding with this?

**Mr Richardson**—I am not prepared to speculate on that.

**Senator TROOD**—There are still ADF personnel in East Timor, are there not?

**Mr Richardson**—That is right.

**Senator TROOD**—How many?

**Mr Borrowman**—About 400.

**Senator TROOD**—So, it is a sufficiently unstable yet insecure environment for there continuing to be Australian defence forces deployed there? That is correct, isn't it?

**Mr Richardson**—Correct me if I am wrong, but I think we are there as part of a UN—

**Senator TROOD**—That is undoubtedly true.

**Mr Richardson**—The UN has multiple agencies operating in East Timor, including in the development arena. UN agencies do not take the view that, because there is a need for some security forces to be there, no-one else should go there or nothing else should be done there.

**Senator TROOD**—No, but it is a sign—

**Mr Richardson**—Indeed, it contributes to East Timor.

**Senator TROOD**—But it is a sign of the situation with regard to security that 400 Australian defence personnel are deployed there?

**Mr Richardson**—Seen in the context of East Timor's history and seen in the context of 1999 and seen in the context of the international community's commitment to the steady development of East Timor.

**Senator TROOD**—It is obviously in a context, but it is such that the contemporary assessment of the situation is that those forces should remain there at the present time. There is sufficient concern about the security environment that no-one has decided the Australian forces can be withdrawn at this juncture.

**Mr Richardson**—At the moment it remains the view that they make a constructive contribution.

**Senator TROOD**—What is the attitude of the Indonesian government to this matter?

**Mr Larsen**—We have had a number of discussions with the Indonesian government. Minister Bowen was in Jakarta a couple of days ago. Dr Natalegawa, the Indonesian foreign minister, has indicated a willingness to continue a detailed discussion with Australia about the prospect of establishing a regional protection framework, including the possibility of a regional processing centre being part of that framework.

**Senator TROOD**—The Indonesian government has not expressed a view one way or the other as to whether or not this is a useful, desirable development.

**Mr Larsen**—As you know, they co-chair the Bali process. We have had discussions over an extended period of time with the Indonesians and others in the region about the challenges of irregular migration and the high desirability of doing more to create a more consistent regional framework for delivering on the protection needs of asylum seekers. The Indonesians have indicated consistently, including very recently, a strong wish to work with us towards the development of appropriate regional approaches. In relation to a specific proposal for a regional protection framework and processing centre they are engaged in a discussion with us.

**Senator TROOD**—Has there been any discussion about a possible centre being located in Indonesia?

**Mr Larsen**—There is no proposal for a centre to be located in Indonesia.

**Senator TROOD**—What is the Malaysian government's attitude? It is part of the regional framework, isn't it?

**Mr Larsen**—Again, Malaysia is a participant in the Bali process. Minister Bowen was in Malaysia last week. We have had ongoing discussions with the Malaysians about these issues. Again, the Malaysian government shares our concern about irregular migration through the region, the question of asylum seekers, and is very willing to engage in a detailed discussion on how we might work as a region to put in place better arrangements.

**Senator LUDLAM**—I want to ask about a couple of articles that were in the press in September around Ambon and Australian embassy officials who visited Ambon to make inquiries about certain allegations. Is that an issue that either of you gentlemen is familiar with?

**Mr Borrowman**—I am aware of the issue you are talking about. It is not the case that embassy officials went there to investigate the matters. Embassy officials simply happened to be there at the time and took the opportunity to have some discussions.

**Senator LUDLAM**—Were they already there?

**Mr Borrowman**—Yes.

**Senator LUDLAM**—Can you please provide us with an update? For the benefit of the committee and other witnesses, this is an issue that was reported in the *Sydney Morning Herald* on 13 September, and there has been some follow-up press on a particular division called Detachment 88, which Australia and the United States train and fund and which has been implicated in arbitrary imprisonment and torture of demonstrators for hanging flags and such activities. Do you want to provide us with an update of what we know of the situation currently?

**Mr Borrowman**—As you say, Det 88 is a unit of the Indonesian National Police. The focus of Australian engagement with it is on combating terrorism. That is an issue that protects the lives of Australians and Indonesians. You will appreciate that Australia has no standing to investigate issues in Indonesia. Det 88 has not sought our assistance for investigation or operations in terms of internal movements.

**Senator LUDLAM**—I am sorry; I cannot hear the witness. Are you saying our input was sought or it was not?

**Mr Borrowman**—It was not sought.

**Senator LUDLAM**—Can you provide us with some information about to what degree Australia funds this particular detachment? How much money and resources do we commit to training this outfit?

**Mr Borrowman**—I am not certain that I can do that here and now, but I will try to get back to you in the course of the afternoon.

**Senator LUDLAM**—Thank you. I would appreciate an indication for perhaps the last couple of years about exactly how much we have spent in support of Detachment 88.

**Mr Richardson**—You might want to pursue that with the Attorney-General's Department. As a department we are not involved in the provision of assistance to Detachment 88. The AFP has provided operational support and capacity building to law enforcement agencies, including Detachment 88.

**Senator LUDLAM**—If I am able to be in two places at once, I will put those questions to the AFP later today. If I am not able to do that, I am wondering whether any of your officers would be able to make inquiries more broadly as to the resourcing and I will try and do the same. Did the inquiries that Australian consular officials made subsequent to that report reveal any substance behind the allegations and was a report delivered?

**Mr Borrowman**—The officials concerned made a cabled report saying that they had raised the issue in light of the press reports and expressed concern, as we do frequently, about alleged human rights abuses in Indonesia. But, as I say, we are not in a position to make any judgment about their veracity.

**Senator LUDLAM**—So we can raise issues, but nobody from the Australian side has actually conducted any kind of formal or informal inquiry as to whether the allegations may be true?

**Mr Richardson**—No.

**Mr Borrowman**—We have no status to conduct any such inquiry in Indonesia.

**Senator LUDLAM**—It is not about status. You can read reports. Are we interested in whether these things are occurring?

**Mr Borrowman**—Yes, we are interested. As I have said, we are concerned about human rights and we raised them with Indonesia.

**Senator LUDLAM**—What have we done to verify whether or not the allegations are true? There is no point raising allegations if they are not true.

**Mr Richardson**—We do not have standing to do that; nor do we have the resources to conduct our own investigations and inquiries in relation to allegations relating to Indonesian police.

**Senator LUDLAM**—You would not even do a review of open source reporting on these issues, for example? Any of us can read what is reported in the newspapers, and you folk have

sufficiently more reach than we do to investigate at least open source reporting on these kinds of issues.

**Mr Richardson**—We take an interest in it, we pursue it, but we do not ‘investigate’, because we do not have standing to.

**Senator LUDLAM**—It is not about standing. I am not trying to suggest that you would have standing. But this is a unit that we fund and assist in training which is being accused of some quite horrific activities. I do not want to dice around with the language about ‘standing’ and ‘investigations’, but surely we are interested in what is occurring there.

**Mr Richardson**—Sure. It is a fair point you make.

**Senator LUDLAM**—What was the nature of the representations that we made and to whom were those representations made?

**Mr Borrowman**—The issue was raised at the time with local government officials.

**Senator LUDLAM**—Local government officials where?

**Mr Borrowman**—In Ambon.

**Senator LUDLAM**—On what date were those representations made?

**Mr Borrowman**—At the end of August. I do not have a specific date.

**Senator LUDLAM**—So nothing through Indonesia’s consular officials here and nothing at a regional or a national governmental level?

**Mr Borrowman**—Not that I am aware of.

**Senator LUDLAM**—The United States subsequently introduced a ban on training or assisting Detachment 88 members in Maluku in 2008. Has Australia instituted a similar ban and, if not, why not?

**Mr Borrowman**—In 2008?

**Senator LUDLAM**—That is my understanding, yes. These allegations surfaced, as far as I am aware, in 2007. The recent reporting in the *Herald* is only the most recent instance of incidents of violence and torture attendant on Detachment 88. The United States moved two years ago. Has Australia done anything similar?

**Mr Richardson**—No.

**Senator LUDLAM**—Is there any reason why not?

**Mr Richardson**—The US has done a few things with Indonesia differently to what we have done. For instance, we maintain military-to-military ties and we maintained cooperation with Kopassus when the United States did not. We took the view that it is very important for Australian agencies to be linked up with Indonesian counter-terrorism agencies, and our focus with Detachment 88 is, in fact, on combating terrorism. Given the attacks that have occurred in Indonesia and given the lives that Australia has lost in Indonesia, we think it is important for us to actually have a relationship with, and to work with, those Indonesian units that can help protect Australian lives.

**Senator LUDLAM**—Can I just be clear?

**Mr Richardson**—The US has sometimes taken a different view. That is their view. We have a different view.

**Senator LUDLAM**—I am happy for Australia not to be in lockstep with United States foreign policy—believe me—but this is one instance in which very specific actions were made in relation to this particular detachment on the basis of reporting that is now three years old. You are telling us that we have not instituted a similar ban, so I will move on. I want to be clear as well that these are not terrorist activities that these police are investigating. The demonstrators in Ambon unveiled a flag at an event at which the Indonesian president was present, which I understand was the cause of some embarrassment. They have subsequently been jailed and many of them tortured and hospitalised. Does Australia have a view on the 70 political activists who were imprisoned in Maluku since 2007? This is a little bit broader than the instances I am relating now. Many of them have been sentenced to very long prison terms for peaceful protests. Does Australia have a view on this and have we made representations at any level on the incarceration of these pro-democracy activists?

**Mr Borrowman**—I would have to take that one on notice.

**Senator LUDLAM**—I would appreciate that. If there are specific dates and times rather than generalities of approaches that we have made at any level that is what I would be seeking. I could well understand why Australia would take a role in training and funding an anti-terrorism unit, but is the Australian government aware that this unit is also engaged in activities against pro-democracy activists with no history or record of using violence?

**Mr Richardson**—The only thing I would say on that is that my advice is that we have not. Detachment 88 has not sought Australian assistance for investigations or operations to counter internal separatist movements. Whether that goes to what you would describe as pro-democracy movements I do not know. We actually think Indonesia has moved a long way in terms of democracy and we think Indonesia is in a very different place from where it has been in the past.

**Senator LUDLAM**—I have no doubt that that is the correct view, but we have a very specific police unit or paramilitary detachment, or however we want to define them. It is good to hear that they did not ask for Australian assistance in incarcerating and torturing separatists, activists or pro-democracy activists—however we want to define them. But these are the same people that we are providing this training to. It is a bit disingenuous to put on the record that we have not been training them in locking up pro-democracy activists—they are using counterterrorism techniques and resourcing and training and facilities for a role which is much wider than simple counterterrorism.

**Mr Richardson**—I do not know the details in this case, so we can pursue any question you want to on notice. In working with Indonesian agencies you can get tensions between the responsibility you believe you have to your own citizens and the need to want to work to help protect Australians, and sometimes the conduct of some Indonesian agencies would not be up to our standards. We make representations where we believe we should. We certainly condemn human rights abuses wherever they occur and we have taken them up in the past with Indonesia on a regular basis. Equally, we maintain a commitment to do everything possible to protect the lives of Australians in Indonesia. The latter is a fundamental

responsibility that any government carries. In relation to the specifics you go to, if you have specific queries we can take them up and try to get accurate answers for you.

**Senator LUDLAM**—My queries are based on reporting you are no doubt aware of that this unit we fund and train imprisoned and tortured pro-democracy activists in Indonesia. I fail to see how that has any basis of protection of Australian citizens here or there.

**Mr Richardson**—Because Detachment 88 is involved in combating terrorism.

**Senator LUDLAM**—So that gives them a blank cheque?

**Mr Richardson**—No. But they are involved in combating terrorism, and we have an interest in helping Indonesian agencies that combat terrorism because terrorists in Indonesia, where they think of foreigners think of Australians, and they have killed Australians in the past. Where these agencies are going after people who would kill our people then we obviously try to help them. The focus of our assistance has been in the counterterrorism arena.

**Senator LUDLAM**—We have a unit here that has a three-year history of violence and intimidation against pro-democracy campaigners with no links to terrorist operations in Indonesia or anywhere else. To me it starts to look as though we will turn a blind eye to an agency or an outfit like that as long as at some point they have some role in combating terrorism; we will turn a blind eye and, indeed, we will use Australian taxpayers' funds to train and equip these people. That is a long way from the task of counterterrorism, I put to you. If we are taking questions on notice, these would be: would the Australian government consider suspending support for this unit, as the United States did some time ago? Could you provide us with a detailed breakdown of what exactly we do in aid, materiel, funds and direct training activities across all portfolios in support of this unit in particular?

**Senator Conroy**—We will take that on notice.

**Mr Richardson**—As I mentioned in relation to Detachment 88, I think you will find it is the AFP that provides assistance, and you might want to take that up with the AFP. I do not think you will find the Australian government is involved with Detachment 88 across many agencies. It is the AFP and the focus there is on counterterrorism.

**Senator LUDLAM**—The reporting indicates that it is some millions of dollars. I do not know whether the AFP has the resources, but if you are able to clarify whether or not that reporting is accurate I would greatly appreciate it.

**Mr Richardson**—Sure.

**Senator LUDLAM**—I will move on to a different part of the world.

**CHAIR**—Still within South-East Asia?

**Senator LUDLAM**—Yes.

**CHAIR**—Are you still on Indonesia, Senator Kroger?

**Senator KROGER**—Yes, I have questions.

**CHAIR**—Proceed, Senator Kroger.

**Senator KROGER**—On 12 October it was the eighth anniversary of the Bali bombings, and it gave rise to further discussion about any plans or what may be afoot for the former Sari Club site. Can you furnish us with any updates or details on that?

**Mr Borrowman**—Yes, I can do that. I will start with what the Australian government has done in terms of commemorating the victims of the Bali bombing. Over the last eight years the intention has been to create a living memorial. We have done that in two ways. We provided \$10.5 million for ongoing health and education initiatives for the people of Bali, including the Australia-Bali Memorial Eye Centre, a new care and burns unit at Sanglah Hospital, and a scholarship program for Balinese to study in Australia. We have also established a memorial garden in the grounds of the Consulate-General, which will continue to be the site for the commemorations of the bombings. It is open to the public, subject to normal security checks to get into the consulate premises, but there is a memorial there.

In terms of the specific Sari site, as I think you are probably aware, that is a private project of the Bali Peace Park Association, and they are in commercial negotiations with the owner of the site about its purchase. In terms of the Australian government assisting that process, the government has provided tax deductibility status for the organisation. The Consulate-General also works very closely with the organisation to facilitate their access within Bali, as recently as on Monday co-hosting with them a reception with our chargé d'affaires in Indonesia for the Bali Peace Park Association to unveil a report that they have done. With all that said, the actual question of the acquisition of the site is a commercial matter between the Bali Peace Park Association and the owner of the land.

**Senator KROGER**—Thank you very much for that. I think it is terrific that we are doing ongoing things to commemorate. I think they are very worth while. Clearly the determination of this site and how it is resolved with this group is one that is really impacting on families who had loved ones who were killed on that site and so it is still very much a sore point. I understand that it is a commercial proposition. Is there anything that we can do to help expedite this, because clearly eight years on it is being bogged down in process? Those that are familiar with Bali know that infrastructure changes, buildings and things, happen very quickly. Clearly it is not just a planning issue. There must be more to it than that. Do you see that there is anything further that can be done that we can help to move this along, because clearly—eight years on—greater support is needed to make this happen?

**Mr Borrowman**—The thing we can do best is to continue to assist them to pursue their objectives. I take your point about the strong feelings involved. It is also clear that there are differing feelings involved among the families of the victims about the project itself. As we expect in such a tragic circumstance, it is a very complicated situation and, as you have alluded to with respect to the planning, there are obligations in terms of operating in that environment. We judge that, at this stage—and this is without prejudice to anything that might happen in the future—the best thing that we can do is to continue to assist them in the capacity as a private organisation to work with the local authorities, and that includes, for example, the planning authorities, the regional governor and so on and so forth, but not to interfere directly in the commercial negotiations. I would not want to leave you with the impression that we are not assisting in the best way we think we can—and I think everyone is conscious of the time—but we see that as the best way forward for the time being.



**Senator KROGER**—It has been said in the media that it is the Australian government that is not prepared to put up whatever the capital price is for the land and, as you said, it is not something that is awaiting a decision by the Australian government, but it has been proposed that this is being held up because it is a government decision. Perhaps this is a question for the minister: has consideration been given by the government to help fund a peace garden at the former Sari Club site? Is the minister with us or is he deep in research and still reading the CV of a former adviser?

**Senator Conroy**—I accept that it is lengthy and comprehensive, but I have finished it.

**Senator KROGER**—Minister, I was talking about the proposed peace garden which is planned at the former Sari Club site. Eight years on it seems to be bogged down in a whole swag of commercial, planning and perhaps financial considerations as well. It seems to be at a bit of a stalemate where it is not being advanced. Given the sensitivity of it, because some families have different views on it who lost family members to others and so on, has the government given any consideration to help financially support the peace garden or in some way advance it so that there can be some conclusion to this, because there are real issues there?

**Senator Conroy**—I am happy to take that on notice for you to see if there is any information that we can give you to assist with the answer.

**Senator KROGER**—Thank you.

**CHAIR**—We will continue with South-East Asia. I think that concludes Indonesia. Senator Ludlam.

**Senator LUDLAM**—I will kick off with a couple of questions on Burma, if we have the right folk at the table.

**Mr Borrowman**—That is me.

**Senator LUDLAM**—You get all the hard ones.

**Mr Borrowman**—I hope I will not disappoint you as much as last time.

**Senator LUDLAM**—I have been at this for three years and I am used to it. Can you provide us with an update on the situation since we last spoke? We have a date for a so-called election in Burma. We have some commitments from the regime, as well, about the release of political prisoners, including Aung San Suu Kyi. Can you provide us with any information on the situation that we might not have read about in the papers?

**Mr Borrowman**—I am not sure that I can add anything. As you said, the election has now been called for 7 November. Aung San Suu Kyi's current term of imprisonment expires on 12 November and obviously everyone hopes that she will be released. The Burmese government, as is not uncommon, at certain times of the year releases a number of political prisoners.

**Senator LUDLAM**—Can you provide us with the Australian government's understanding of how the election is going to be conducted and whether the Australian government has shifted its position, or how you would describe our position towards those elections?

**Mr Borrowman**—As we have discussed on a number of occasions, the government's view is that the environment for the elections in Burma is very unpropitious. The constitution is

crook. The system is clearly designed to legitimise military rule. That said, a number of parties which are not affiliated to the government have decided to contest the elections and there is a judgment among a number of people, both within and outside Burma, that however limited the opportunity is it is the only opportunity that we have to expand the political space inside Burma. The government has, while expressing its concern about the conditions, calling for the release of all political prisoners and Aung San Suu Kyi, declined to prejudge the outcome of the election.

**Senator LUDLAM**—So no change, really. What is the degree of contact that we have had with our consular officials in Rangoon with the regime subsequent to the announcement of the election date?

**Mr Borrowman**—There would have been routine contact. I am not certain if you are driving at something.

**Senator LUDLAM**—Nothing in particular. What is she up to and what has the recent activity in that office been?

**Mr Borrowman**—The ambassador and her team would have been undertaking routine duties. I cannot be more specific than that. They have been reporting to us extensively in terms of preparations and discussions, but there is nothing specific that I can give you.

**Senator LUDLAM**—Can you update me on Australia's training for civil servants from the regime, particularly the police force? I understand that the AFP still has somebody there involved in counternarcotics work. Is that true?

**Mr Borrowman**—That is true. AFP would be able to give you more information on that.

**Senator LUDLAM**—I will take that up with them. What about other training of civil servants in the country or in other countries?

**Mr Borrowman**—If I recall correctly, we discussed this last time, and there was a proposal in the context of the increase in the aid vote to some \$49 million to look at increased training. At that stage the proposal had not been developed sufficiently to say whether or not it would entail the training of civil servants. I would have to defer to my colleagues at AusAID as to the state of that planning.

**Senator LUDLAM**—That is fine. I will take that up with them tonight, tomorrow or whenever they are here. In that case I would like to ask whether the department or our officials in Rangoon monitor Australian companies with financial interests in Burma? Do we have a clear idea of the degree to which Australian companies have interests in the country?

**Mr Borrowman**—We do not have a role in monitoring Australian companies in the normal course of their business. The Australian embassy in Rangoon, as in other countries, would keep in touch with Australian business.

**Senator LUDLAM**—Does the department know exactly who is there, apart from casual contact from time to time with some people who might come through the country?

**Mr Richardson**—No, we do not.

**Senator LUDLAM**—Is there a reason?

**Mr Richardson**—There is no legal or other requirement on an Australian company doing business in another country to make contact with an Australian embassy.

**Senator LUDLAM**—What is the process for Australia's financial sanction list against Burma to be reviewed? How does that process work?

**Mr Borrowman**—As you are aware, there was a decision made not to review the sanctions list for the time being. That said, obviously with the election coming up, we will be looking at the changes in personnel resulting from that election and I would expect that we would go to the minister at some stage after the election. As you are aware, the sanctions are based on individuals and not, for example, on corporate entities. There will clearly be a significant shift in those individuals so we would, as a matter of course, look at that.

**Senator LUDLAM**—There has already been—I do not know if you would call it this—a reshuffle. That is probably much too kind a word for what is going on in there at the moment. There has been a very substantial change of personalities within senior levels of the regime.

**Mr Borrowman**—Yes.

**Senator LUDLAM**—Are you in the process of tracking that or are you going to wait until after the election?

**Mr Borrowman**—We are in the process of tracking it. Obviously a number of senior military personnel have stood down in order to contest the elections and in terms of the senior hierarchy, we are aware of that in the context of our general political monitoring of the country, but we would be looking at that in the broader context of the election.

**Senator LUDLAM**—So there is no proposal to update the sanctions list until after the election?

**Mr Borrowman**—We will be looking at the sanctions list again after the election.

**Senator LUDLAM**—That is not the same as a proposal to do it. You would not be doing it beforehand?

**Mr Borrowman**—No.

**Senator LUDLAM**—Has the department ever contemplated placing sanctions on Australian private companies from investing in Burma, in addition to the existing sanctions if, for example, we are investing with particular institutions or in partnership with particular people?

**Mr Borrowman**—As you are aware, the government's policy is to neither encourage nor discourage trade with Burma and there are no trade or investment sanctions.

**Senator LUDLAM**—In March of this year the UN Special Rapporteur on Human Rights in Burma, Tomas Quintana—no doubt you would be aware of his report—said, 'The depletion of natural resources is of concern, as is the relationship between extractive industries and a vast array of human rights violations.' That directly implicates Australian companies who are in partnership with the regime in extractive industries, such as the oil and gas industry. He also noted in that report that a lot of the revenues from oil and gas are off balance sheet; they simply disappear. Has DFAT at any time given consideration, for example, to placing the Myanmar Oil and Gas Enterprise on the financial sanctions list?

**Mr Borrowman**—As I said before, bodies are not on the sanctions list; individuals are on the sanctions list. We have either discussed or done by question on notice the fact that, for a variety of historical reasons, the directors of MOGE are not on the current list but again, if I recall correctly, we undertook to look at that in the review of the sanctions.

**Senator LUDLAM**—In the meantime, Australian companies and investors are quite happily pursuing these investments. What will happen to them in the event that when the sanctions list is reviewed some of those people are put on it?

**Mr Borrowman**—The people concerned who are on the sanctions list would not be able to undertake financial transactions through Australian intermediaries.

**Senator LUDLAM**—Would Australian companies at that point have recourse to compensation if people that they have been dealing with suddenly have become persona non grata and have been put on that list? Is there any precedent for that?

**Mr Borrowman**—That borders on asking me for a legal opinion. Let me go back one step. If those transactions occurred in Australia then no further such transactions could take place.

**Senator LUDLAM**—No, these are transactions occurring in Burma. This is Australian investment in oil and gas.

**Mr Borrowman**—If they are occurring in Burma then we have no ability to sanction them.

**Senator LUDLAM**—That is remarkable! If senior regime officials involved in the oil and gas industry in Burma are put on a financial sanctions list, it still would not prevent Australian investors from dealing with them and working in partnership with them.

**Mr Borrowman**—In Burma we would have no vehicle to do so.

**Senator LUDLAM**—Does that suggest some kind of rather gaping loophole in our process?

**Mr Borrowman**—No. I think it suggests the way the world works. It is the same way, for example, in the reverse, how could the Burmese government seek to interfere in financial transactions entirely occurring within Australia.

**Senator LUDLAM**—That is remarkable. The only way to clamp down on that is for the sanctions to apply to Australian investors directly, which is a policy choice. I know that is out of your hands, but that would be what it would take to cap off that kind of activity.

**Mr Borrowman**—That is a proposition and I do not think that I can answer that.

**Senator LUDLAM**—For example, we do not allow Australians to invest in North Korea at the moment.

**Mr Borrowman**—I would have to defer to a colleague on that.

**Senator LUDLAM**—I will let it go, but I would appreciate it if you could keep me up to date the next time we meet, which will be after the election. If there is anything that you can bring to the table subsequently, including specifically your thinking on particular individuals who may or may not wind up on that sanctions list, I would appreciate it. Thank you.

**CHAIR**—Any further questions on South-East Asia? We will turn now to the Americas. Senator Trood.

**Senator TROOD**—I have some questions, first of all, about the embassy in Peru, which has just been reopened. Before I explore that a little, can you tell me when it was closed previously?

**Mr Richardson**—It was in the 1980s; I know that. I cannot tell you the exact year, but it was over—

**Senator TROOD**—Twenty years ago—30 years ago, maybe.

**Mr Richardson**—No, not 30, but 20-something.

**Senator TROOD**—And it is being reopened now as a result of an undertaking given by the foreign minister when he was Prime Minister—is that right?

**Mr Tweddell**—The undertaking to reopen in Peru was made by the former Prime Minister, Mr Rudd, at the APEC leaders meeting in Lima at the end of 2008, and the embassy was reopened, with our ambassador presenting his credentials very recently.

**Senator TROOD**—Was it October? Was it this month?

**Mr Tweddell**—I think he presented his credentials on 30 September.

**Senator TROOD**—Have you costed the reopening of the embassy? Ms Thorpe will have answers to these questions, I am sure.

**Ms Thorpe**—We costed it at around \$24 million over four years.

**Senator TROOD**—Can you tell me how many staff will be there all up?

**Ms Thorpe**—A very small number.

**Senator TROOD**—Five or something like that, is it?

**Mr Richardson**—Yes, it is a small number.

**Mr Tweddell**—The answer to your question before is 1986.

**Senator TROOD**—Are all staff in place?

**Mr Tweddell**—Yes, the ambassador, John Woods, is present and I believe the senior administrative officer is there as well.

**Senator TROOD**—And there are some locally engaged staff—is that right?

**Mr Tweddell**—Yes.

**Senator TROOD**—But a small number?

**Mr Tweddell**—Yes.

**Senator TROOD**—What particular matters will the embassy be pursuing on Australia's behalf there?

**Mr Tweddell**—I think there are a few things to say about that. It was the last APEC economy for us to have a diplomatic presence in. It is a reflection of the important and growing bilateral links between Australia and Latin America and with Peru in particular. We talked a bit about this in June. Australian companies are very substantial investors in Peru's mining sector. Current investment is estimated at well over a billion of our dollars or US dollars. There is potential for significant growth over the next few years, with more than \$3

billion of new projects pending. Our commercial presence in Peru has more than trebled since 2004 to around 64 companies. Australian firms are very well placed to help Peru to expand its mining sector in particular. It is the world's largest producer of silver and the second largest producer of copper and zinc and has substantial reserves of gold and lead. Further opportunities have been announced for an additional \$41 billion investment in the mining sector in the next decade, so it is very prospective for us.

Reopening will enable us to work even more closely with Peru to promote trade and investment liberalisation and regional integration. I am now coming to the multilateral dimensions of our interests there. As you would know, Peru is a member of APEC, the WTO and the Cairns Group of agricultural exporting countries. As I mentioned, it was the only APEC member economy where, up until this point, we did not have representation. We and Peru are two of the eight Asia-Pacific nations which are negotiating the Trans-Pacific Partnership Agreement to increase economic integration in our region. I think it is also true to say that we share a common perspective on some of the world's most pressing international issues in the United Nations; in the Forum for East Asia-Latin America Cooperation, FEALAC; in the International Whaling Commission; and in the South Pacific Regional Fisheries Management Organisation as well. So I think there is a substantial web of bilateral and multilateral reasons to be there.

To take an example, Peru is very like-minded with us on issues such as maintaining a pro-conservation position on whaling. It is also—and I think I said this at the top—a very important element of the government's efforts to strengthen ties with Latin America in the broad. Latin America, as you know, is undergoing a very impressive economic and political transformation in the past couple of decades which has seen economic growth and a strengthening of democracy across the continent. The government is very committed to a strong presence in the region to promote our policy and commercial interests for some of the reasons we discussed in June.

**Senator TROOD**—Are we like-minded on the Security Council seat bid?

**Mr Richardson**—We do not discuss individual country positions.

**Senator TROOD**—You did not add that to your list, but I assume it is one of the things that we might be doing there—is that right—encouraging the Peruvian government to support—

**Mr Richardson**—It is not why we opened a mission.

**Senator TROOD**—No, I did not say that, but it is presumably one of the things that you could add to the list.

**Mr Richardson**—That is one of the things which all Australian diplomatic missions pursue as a matter of course.

**Senator TROOD**—Is there a resident Peruvian ambassador in Canberra?

**Mr Tweddell**—There are quite a few ambassadors here. I just made a list while I was waiting.

**Mr Richardson**—Yes, there is.

**Mr Tweddell**—But the short answer to that is yes.

**Senator TROOD**—That person, or the embassy, has been here prior to our reopening our bid—

**Mr Richardson**—Absolutely. They have been here for some time. Latin American representation in Australia is considerably greater than our representation in Latin America.

**Mr Tweddell**—Indeed.

**Senator TROOD**—Are you pressing, Secretary, to open new missions in South America?

**Mr Richardson**—I am not pressing, but I think our representation in Latin America is certainly underdone.

**Senator TROOD**—Is it one of those bottom-drawer things? If an opportunity comes along—

**Mr Richardson**—No.

**Senator TROOD**—I do not have anything more on South America.

**CHAIR**—Do you have anything on other parts of the Americas?

**Senator TROOD**—No. I have some questions about Africa.

**CHAIR**—Are there other questions on the Americas? No? We will turn to Africa then.

**Senator TROOD**—In relation to the matter that I raised earlier about Africa, can I clarify: was Mr McMullan's appointment a cabinet approved appointment or is it below that?

**Mr Richardson**—No, I do not believe it is cabinet approved. I think it is ministerial approved but I would stand to be corrected. But I am fairly certain that is the case. Yes, it is ministerial.

**Senator TROOD**—You are our man in Africa, too?

**Mr Tweddell**—I am afraid so.

**Senator TROOD**—What a talent. We should find other people to broaden our expertise. First of all—

**Senator KROGER**—Is that an insult against Mr Tweddell?

**Senator TROOD**—No, not at all. I think it is a compliment. There is only so much a single individual should be asked to bear in relation to two continents.

**Mr Richardson**—He has three continents.

**Senator TROOD**—Yes. I beg your pardon.

**Mr Richardson**—It simply shows the size of his shoulders.

**Senator TROOD**—I am very fortunate to have an officer of such a talent.

**Mr Tweddell**—Big enough and ugly enough.

**Senator TROOD**—In relation to Addis Ababa, the previous foreign minister said that we had an intercountry adoption program with Ethiopia. Is that actually the case at the moment? Do we have a program in place or not?

**Mr Tweddell**—I am embarrassed to say that I am not well versed on that. Could I take that on notice and get back to you. I am sorry; it may be something that is better known to our AusAID cousins, but I will find an answer for you.

**Senator TROOD**—I would be grateful if you would not mind doing that. I am not sure that AusAID is going to help you, but—

**Mr Tweddell**—Well, someone.

**Senator TROOD**—Talk to one of your many officers. In relation to Nigel Brennan and his circumstances, as I understand it the last time we spoke on this issue there had yet to be a debriefing of Mr Brennan by the department. Has that debriefing taken place?

**Mr Richardson**—Yes. We will just get someone up, but I believe the department has since met with Mr Brennan and I think possibly his family.

**Mr Batley**—You are correct that the department was in touch with the Brennan family and it took a little while to agree on some dates, but the meeting took place on 10 June here in Canberra.

**Senator TROOD**—That is a long while after he was released. I would have said it was not ideal, given the time of his release and the virtues of immediacy of recollection. Approximately six months later is longer than would seem to be desirable. Why did it take so long?

**Mr Batley**—It was simply a matter of finding mutually agreeable dates.

**Senator TROOD**—You met with the Brennan family, did you?

**Mr Batley**—It was not me. My predecessor would have been involved in that meeting.

**Senator TROOD**—Do you have any information about how long it took?

**Mr Batley**—I understand it was a productive and positive session. Indeed, we continue to remain in touch with the family. I do not have particular details on the outcomes of the discussions. Indeed, I am not sure that I have the family's agreement to disclose what was discussed in any case.

**Senator TROOD**—In relation to the whole Brennan incident, if I could call it that, have you and the department undertaken a review of how this matter was handled at all? Have you reflected on the events that led to both Mr Brennan's capture and his release and how the whole matter was handled from the point of view of the Australian government?

**Mr Batley**—Yes. The department undertook a lessons-learned exercise, as it does after all of these major cases.

**Senator TROOD**—What lessons have we learnt?

**Mr Batley**—I think the fundamental lesson or conclusion that we have drawn is that the government's basic position of principle in these kidnapping cases of not offering funds for ransom remains appropriate. There are a range of other issues that have come to our attention about relationships between the department and the families and other agencies. But I think that in general the conclusion was that in terms of the department's institutional response we did all that could reasonably have been expected.



**Senator TROOD**—You are generally satisfied with the department's response, are you?

**Mr Batley**—That is right.

**Senator TROOD**—So we have not learned many lessons from this?

**Mr Richardson**—I think we have. I think Mr Batley was simply drawing attention to one or two of the major lessons. We reviewed it ourselves and we also got in a former senior officer to independently review the review. So we have had a couple of goes over it.

**Senator TROOD**—Have those things which you have learnt been operationalised in any particular way? Have you changed protocols? Have you altered manuals? Have you done something which would ensure that whatever shortcomings there may have been in relation to the management of this issue will not recur?

**Mr Batley**—I have to confess that I am not familiar enough with the detail of these reviews to give you a considered response at this time.

**Senator TROOD**—Perhaps you would take that on notice, because I see no point in the department undertaking a review of the kind you have taken, a review of a review, and not applying the lessons effectively so that when the situation occurs again, as it is almost certain that it will—

**Mr Richardson**—We have done that. Mr Batley is simply saying that he is not aware of the detail.

**Senator TROOD**—You have done that?

**Mr Richardson**—Where the review pointed to any need to do that, we have done it.

**Senator TROOD**—That is in relation to interagency cooperation as well, is it?

**Mr Richardson**—It is in relation to all aspects of it, where we have already done it or are in the process of implementing the recommendations made.

**Senator TROOD**—Have you contemplated releasing the review to public consideration?

**Mr Richardson**—No, because it would be dumb for the Australian government to release publicly what lessons it has learnt in respect of a kidnapping and how we might handle them in the future.

**Senator TROOD**—The essential policy of not paying ransoms is not going to change, but the way in which you deal with the circumstances surrounding someone who may regrettably be caught in this situation may well change in terms of operational activity—is that right?

**Mr Richardson**—That is right.

#### **Proceedings suspended from 3.33 pm to 3.51 pm**

**CHAIR**—The committee will come to order. We are continuing our examination of budget supplementary estimates. We are still dealing with Africa. Senator Trood?

**Mr Grigson**—Before we start—I am filling in for Dennis Richardson, who has had to go off to another event—perhaps I could get Mr Tweddell to read into the record some information for you.

**CHAIR**—Yes, thank you.

**Mr Tweddell**—Just before the break, Senator Trood asked me a question about Ethiopia. In response to that question, I can say that Australia does indeed have an intercountry adoption program with Ethiopia; it is the responsibility of the Attorney-General's Department, to which you could refer any detailed questions.

**Senator TROOD**—Thank you. I appreciate the speed with which you have given me that information.

**Senator KROGER**—I have a matter on Africa.

**CHAIR**—Senator Kroger.

**Senator KROGER**—Thank you, Chair. I understand that the Egyptian authorities have detained an Australian gentleman, a Mr Al Awadi, who went missing after participating in a television debate. Is Mr Al Awadi resident in Egypt or was he there on holiday? Do you have details on that?

**Mr Tweddell**—I will need to defer to my colleague James Batley.

**Mr Batley**—Mr Al Awadi is normally resident in Australia; that is my understanding.

**Senator KROGER**—So he was there, travelling.

**Mr Batley**—That is right.

**Senator KROGER**—It was not clear through the reports whether, in fact, he was resident in Egypt as an Australian citizen or was there travelling. Has contact been made by Australian officials with Mr Al Awadi since he has been detained?

**Mr Batley**—Yes. Our consular officials have had contact with him on, I think, five occasions since his detention.

**Senator KROGER**—So they have actually met with him?

**Mr Batley**—Yes, they have.

**Senator KROGER**—Can you furnish us with any details about why he has been detained or with any information in relation to him?

**Mr Batley**—I think Mr Al Awadi is still undergoing a process of investigation by Egyptian authorities. He has not been charged formally yet. He was last questioned by the authorities yesterday and there may well be further questioning. He should be notified, we understand, within the next two weeks as to whether he is likely to be charged or released.

**Senator KROGER**—So, clearly, in Egypt they have a system where they detain before charging.

**Mr Batley**—Before formal charges are laid; that is right.

**Senator KROGER**—Have we provided legal representatives to assist him or are we providing assistance in terms of the local relevancy of his representing—

**Mr Batley**—Certainly. Our consular officials do not provide legal advice to Australian citizens but, as a matter of routine, they ask Australians whether they would like to obtain legal advice; and, if that is the case, we can provide a list of legal practitioners for those people to choose from. So we have done that; we have made that offer to Mr Al Awadi. We

have also been able to facilitate some telephone calls from Al Awadi to his family here in Australia and to reassure ourselves generally as to his welfare and wellbeing.

**CHAIR**—Is he an Australian citizen?

**Mr Batley**—Yes, he is.

**Senator KROGER**—Not being familiar with the legal system in Egypt, would you anticipate that, if he is to be charged, it would happen in the near future rather than in some sort of significant time frame—six months or eight months or something like that?

**Mr Batley**—No. The best advice we have at the moment is that he should be notified within the next two weeks. Obviously that is not a guarantee, but it is the best advice that we have from our officials on the ground.

**Senator KROGER**—Where is he being detained?

**Mr Batley**—I do not have that in my mind at the moment, but I may be able to find that in my notes here. Yes: he is in Cairo prison. I do not know Cairo well, so I do not know where that is.

**Senator KROGER**—I can only imagine what that might be like. Thanks very much, Mr Batley.

**CHAIR**—Are there any further questions on Africa? No. We will turn now to Europe. Senator Trood?

**Senator TROOD**—Mr Griffin, during the Prime Minister's recent trip to Brussels, she spoke about a new treaty with Europe, as I understand it, incorporating NATO. Can you tell us, first of all, where that initiative came from?

**Mr Griffin**—It is something that has been under study in DFAT since the Lisbon EU treaty came into force on 1 December 2009. That treaty has brought about significant institutional reforms in Brussels. In particular, it has sharpened up and brought three formerly fairly diffuse foreign affairs and security functions into one person and one institution; there will be a de facto EU foreign minister and an EU foreign service. We also reflected on the growing importance of the G20 in Australian foreign policy and the fact that almost all G20 members have treaty-level agreements with the European Union and we did not have such an agreement. So it was a question of thinking about whether taking our relationship with the EU to the next level—moving on from the current very effective but subtreaty Australia-EU partnership framework to a treaty-level agreement—would position us better to pursue our interests with the EU, given that they are Australia's largest investment partner and second-largest trading partner. All of that went into the mix of coming to that decision. But I should correct you, if I may: it does not involve NATO.

**Senator TROOD**—Okay. It is not long since we developed this closer arrangement with the European Union; isn't that right? There was this broader agreement that was, what, two years old?

**Mr Griffin**—No, it was a bit older than that. The commitment to do it came out of then Prime Minister Rudd's visit to Brussels in, from memory, March 2008, when he and EC President Barroso committed to developing a new, invigorated partnership. To underpin that,

there was a commitment to develop the Australia-EU Partnership Framework, which was then issued—not signed, because it was not a treaty-level agreement—by Foreign Minister Smith and French Foreign Minister Kouchner in Paris in October. It has a chapeau of all the things that give us commonality with the EU, if you like, and then a five-part action plan. That action plan was reviewed and updated, in that completed items were noted and new items were identified. A new version was released in October 2009, under the Swedish EU presidency. We are currently working on a new update, which will be overtaken if we move to the treaty-level agreement. So the partnership framework has been good; it has served its purpose. The advantage of a treaty is that it will guarantee a certain level of institutional attention in Brussels to the relationship with Australia, which we think is in our interests; but a lot of the work that has been done under the partnership framework will continue.

**Senator TROOD**—At this stage, is there a need to negotiate the terms of this treaty?

**Mr Griffin**—It will be a standard treaty. The EU will take a while, as is their nature, to get their mandate because they have to get the member states to approve it. Their mechanisms are quite slow but we are pressing them to move quite quickly, because it is not going to be a controversial treaty; it will be a framework treaty that will establish the context in which we will continue to pursue our shared interests.

**Senator TROOD**—What sort of time line are you looking at for the conclusion of the treaty?

**Mr Griffin**—The EU tell us that we are being too optimistic, but we will remain optimistic. They have said that it will take them a matter of weeks/months to get their mandate out of the member states and EU mechanisms; we can get ours much more quickly. Then we are hoping to move quickly. I cannot say more than that, because we have to see the colour of the EU's money in terms of the mandate that they are prepared to give themselves. But basically we are committed to moving quickly.

**Senator TROOD**—What are likely to be the two or three—or however many there are—difficulties in negotiating this treaty? Are there any particular visible sticking points that might protract the discussions or negotiations?

**Mr Griffin**—We have enduring 'offensive'—to use the term in the diplomatic sense—interests with the EU, such as the common agricultural policy. Notwithstanding the fact that the EU have reformed it and it is less trade distorting than it used to be, it still is trade distorting; but we are not going to solve that in this treaty. Work on a continuing advocacy to promote our enduring interests in agricultural reform in Europe will continue in parallel with this treaty and under the trade and investment chapter. So, no, I do not foresee any particular stumbling blocks to negotiating the terms of the treaty.

**Senator TROOD**—Trade, agricultural trade in particular, is the key bilateral issue between us and the union, is it?

**Mr Griffin**—There is quite an open trading and investment space for us, except in the agricultural sector, where there are serious market access barriers still. So, yes, that remains an enduring interest, but it is by no means the major segment of our trade with the EU. It would be bigger if they removed their market access barriers, but it is not of overriding importance. But we do have enduring interests in that sector; we would like better access.

**Senator TROOD**—Are any financial obligations likely to be undertaken as a consequence of this treaty?

**Mr Griffin**—None at all. As with the partnership framework, there was no new funding involved. It was a question of creating a head-turning effect, both in Brussels and in Canberra. We discovered that there was quite a lot going on across agencies in Canberra, as there was in Brussels. Because the relationship is very important and very multifaceted, it was a question of bringing that under a strategic chapeau and having people think creatively and strategically about developing areas of cooperation with the EU. The treaty will continue that work but at the next level up.

**Senator TROOD**—This is rather ironic, given the fact that one of the areas where the department's representation overseas has declined significantly over the last few years is, in fact, Europe. My recollection is that, when the government has requested reductions in departmental spending, you have chosen to reduce the representation on some posts in Europe. So I guess my question is: in light of this treaty, are those positions likely to be replaced or not?

**Mr Griffin**—I will defer to my colleague from the corporate management division.

**Mr Grigson**—Our positions overseas are always under review. I would not accept that Europe alone has borne the brunt of cuts; there have been reductions in various places, both in Canberra and overseas.

**Senator TROOD**—I did not say 'alone', but I think I am right in saying that the majority of cuts that have taken place in the last couple of years in Australia's overseas representation has come from Europe. Mr Griffin, is this treaty going to affect in any way any representation more specifically in Brussels in relation to our embassy there?

**Mr Griffin**—I am not aware of any plans, although—

**Mr Moraitis**—We are not aware of any plans, as Mr Griffin says. Obviously, once the treaty is in place, there might be roll-on effects that need to be considered in the context of reviewing positions all the time, as Mr Grigson has alluded to.

**Senator TROOD**—I see. With this treaty that we have signed, is there a parallel with anybody else, or is it a different kind of arrangement?

**Mr Griffin**—I would defer to my colleagues from other geographical areas. I suspect it is—

**Senator TROOD**—For example, is it wider than the security agreement that we signed with the Japanese in 2006?

**Mr Griffin**—Yes, it is much wider. I do not know whether we might have a similar agreement with Indonesia; I am really not sure. But probably it is tailored to the rather unique nature of the EU supranational personality.

**Senator TROOD**—I have no further questions on that particular matter.

**CHAIR**—Are there any further questions on Europe?

**Senator TROOD**—I have some further questions on Europe but not on the treaty.

**CHAIR**—Why don't you proceed with those questions, Senator?

**Senator TROOD**—Thank you. Was the recent ASEM meeting the first we had attended?

**Mr Griffin**—Yes.

**Senator TROOD**—Can you tell me how many officers attended with the Prime Minister at that meeting? How big was the Australian delegation?

**Mr Griffin**—I do not know. It was a prime ministerial delegation. Mr Grigson and one colleague from DFAT were there for the senior officials meeting that immediately preceded the summit.

**Senator TROOD**—Were there only two of you from DFAT, Mr Grigson?

**Mr Grigson**—The secretary travelled with the Prime Minister, of course; but, apart from that, no.

**Senator TROOD**—Is it correct that the foreign minister was in attendance?

**Mr Grigson**—No.

**Senator TROOD**—Was he not invited?

**Mr Grigson**—There was not a foreign ministerial meeting.

**Senator TROOD**—I understand that, but were there not foreign ministers on behalf of presidents and prime ministers from other parts of the world?

**Mr Griffin**—There were some foreign ministers deputising for heads of state and heads of government but, for our first meeting, obviously we were disinclined to do that.

**Senator TROOD**—So you can think of no instances where presidents or prime ministers were present and also accompanied by their foreign ministers?

**Mr Griffin**—It depends on national practice. Some foreign heads of state and heads of government travel with entourages of ministers. From a previous posting, I happen to know that the French President often travels with his foreign minister, but that has not been the Australian practice. An Australian foreign minister hardly ever travels with the Prime Minister.

**Senator TROOD**—Where did the delegation stay when it was in Brussels?

**Mr Griffin**—At a Brussels hotel.

**Senator TROOD**—We heard that earlier in the day, but can you tell me which one?

**Mr Grigson**—Le Meridien Hotel.

**Senator TROOD**—Is this an annual meeting?

**Mr Griffin**—No—every two years.

**Senator TROOD**—In Europe or in—

**Mr Griffin**—It alternates.

**Senator TROOD**—So is the next one in Asia?

**Mr Griffin**—In Laos. Foreign ministers meet in the off year; they alternate the years in between.

**Senator TROOD**—Moving away from ASEM, can you tell me whether Mr Fischer in the Holy See has moved into his new chancery?

**Mr Griffin**—Yes, on 27 July. It was officially opened by Mr Rudd when he was there on the weekend for the MacKillop canonisation.

**Senator TROOD**—So at last—

**Mr Griffin**—At last.

**Senator TROOD**—they have moved in.

**Mr Griffin**—Yes, they have.

**Senator TROOD**—Good. Can you tell me what the final figure for the renovation was?

**Mr Griffin**—I could, but I will defer to my colleague from the Overseas Property Office.

**Mr Davin**—The final cost was \$3.28 million.

**Senator TROOD**—Is that for the renovation of the chancery?

**Mr Davin**—That is correct—for all aspects of the setting up of the embassy.

**Senator TROOD**—Does that also include the ambassador's accommodation?

**Mr Davin**—Within the chancery, it does, yes.

**Senator TROOD**—But it does not include his private residence; that is a different place, isn't it?

**Mr Davin**—His private residence is separate, and that is a rented facility.

**Senator TROOD**—What was the original cost of that—or the expectation?

**Mr Davin**—There were a couple of numbers, as you may recall.

**Senator TROOD**—I do.

**Mr Davin**—The last time I was here, we were expecting it to cost in excess of \$4 million.

**Senator TROOD**—You have saved some money.

**Mr Davin**—In the event, some of the contingencies that we had factored into that estimate did not eventuate, so, happily, it came in within our original estimate. You might recall that the building was an older building and we had expected to discover some latent conditions that would require substantial change. But, in the event, the building was in better shape than we thought and we were able to bring it in at a reduced cost.

**Senator TROOD**—I do recall that extensive renovations were being called for beyond the original cost. My understanding is that we have actually spent more than we intended because of these extra activities.

**Mr Davin**—In the event, we brought it in within the original estimate.

**Senator TROOD**—This question is not for you, Mr Davin, as it is not in relation to facilities. I just want to clarify. I understood that the Ambassador to the Holy See was not undertaking consular responsibilities; is that right, Mr Griffin?

**Mr Griffin**—That is right; the Rome embassy carries out responsibilities for the Holy See.

**Senator TROOD**—Can you explain to me why the ambassador is actually tweeting and offering consular activities?

**Mr Griffin**—As with the World Cup in South Africa, the department experimented with having the head of mission twitter not strictly consular advice but general advice, such as, ‘If you are planning to travel to Rome for the canonisation, be aware of this and think of that and’—yes—‘refer to the Smarttraveller DFAT advice.’ It was considered appropriate for the head of mission to offer that level of consular support but not hands-on consular assistance in the case of someone getting into trouble, because there are not the resources at the Holy See post.

**Senator TROOD**—That is what I thought, so I am a bit confused as to why it was that he was undertaking consular type activities when that was not the intention when he was first sent to Rome.

**Mr Griffin**—This was a very special event involving a large number of Australians, and it is fair to say that both posts were really thrown together. They were supplemented in terms of staff going on short-term missions and, basically, all available resources were used to support this large-scale event.

**Senator TROOD**—So this was an experiment, was it?

**Mr Griffin**—I will defer to my consular colleague but, yes, certainly in the case of the World Cup, we experimented with tweeting or twittering, or whatever it is called. We also tried it, I think, with the Delhi games, and we tried it again in Rome for this event.

**Senator TROOD**—What conclusions have you reached about the virtues of twitting?

**Mr Griffin**—‘Twitting’? I do not know.

**Senator Conroy**—‘Tweeting’. You may be twitting but most are tweeting.

**Mr Griffin**—I do not know. It is still under study. But the informal feedback I have seen has been quite positive. Particularly given Mr Fischer’s public profile, people appreciated the personal messages.

**Senator TROOD**—I am sure that is true. Mr Grigson, are there any plans to expand the capacity of heads of mission or others to tweet?

**Mr Grigson**—We are always reviewing the use of social media.

**Senator Conroy**—Many of your colleagues tweet.

**Senator TROOD**—And perhaps yours.

**Senator Conroy**—I am betting that Senator Kroger tweets; she is blushing next to you. In fact, I think she is tweeting right now.

**Senator KROGER**—First time all day!



**Senator TROOD**—I am sure you do, Senator Conroy. I do not think I have any further questions about Europe.

**CHAIR**—Are there any further questions on Europe, while we are there?

**Senator ABETZ**—Tell me if I am in the wrong area, but I will try.

**Senator Conroy**—You are without doubt in the wrong area!

**Senator ABETZ**—Thank you for that! Who can assist us with the Lisbon summit? I understand that it is occurring on 20 November.

**Mr Griffin**—It is the NATO summit.

**Senator ABETZ**—It is?

**Mr Griffin**—Yes. I do NATO and my colleague here does Afghanistan, which will be the main reason we are there.

**CHAIR**—Perhaps you should ask your question, Senator, and we will see where we get to.

**Senator ABETZ**—All right. Am I correct that on 20 November there will be Lisbon summit about Afghanistan?

**Senator Conroy**—There has been a security leak.

**Ms Stokes**—There will be a NATO summit on 19 and 20 November. Only one component of that will be concerned specifically with Afghanistan, and that will be called a NATO ISAF summit; so there will be an ISAF component.

**Senator ABETZ**—Will that look to having a NATO leaders communique afterwards dealing with strategic concepts?

**Ms Stokes**—I myself am not familiar with the non-Afghanistan components, but my understanding is that they are going to be looking at those sorts of things.

**Senator ABETZ**—You said ‘ISAF’ and I was wondering what that stands for—it stands for International Security Assistance Force?

**Ms Stokes**—Yes.

**Senator ABETZ**—I have been advised there will be an International Security Assistance Force leaders declaration thereafter. Is that the intention?

**Ms Stokes**—I do not have that information with me now, but it seems possible that that could be the case.

**Senator ABETZ**—Would that outline which provinces are to be transitioned?

**Ms Stokes**—I do not know that I can say that at the moment. Right now, the preparations for the summit are underway and these sorts of details are being worked out. But it certainly does intend to set out very clearly what the transition strategy is.

**Senator ABETZ**—Part of that is the concept ‘Afghan good enough’. Are you familiar with that term in relation to the transitioning?

**Ms Stokes**—I have heard that in a very general sense, but I would be surprised if that were to appear in a summit communique.

**Senator ABETZ**—But you know what we are talking about. Is the transition going to be commencing next year?

**Ms Stokes**—That is one of the details that will be worked out in this period leading up to the summit. There is an expectation that it will begin next year.

**Senator ABETZ**—Is that our latest advice?

**Ms Stokes**—That is the latest we have.

**Senator ABETZ**—Are we aware of whether the United States is trying to accelerate its transition?

**Ms Stokes**—No. I think the United States has been very clear about its intention.

**Senator ABETZ**—In relation to our contribution, to assist in the transition do we need to update training of the 4th Brigade in the Uruzgan province, for which we are responsible, so that we can hand over to the Afghan provincial security control?

**Ms Stokes**—So your question is: do we need to update the training?

**Senator ABETZ**—Yes, upgrade or update the training.

**Mr Grigson**—Your question would be better directed, I think, to Defence, which has responsibility for that.

**Senator ABETZ**—So who is going to be at this Lisbon summit?

**Mr Grigson**—Attendance is not yet confirmed.

**Senator ABETZ**—I am sorry; I did not mean the specific individuals—but will they be from the Department of Foreign Affairs?

**Mr Grigson**—We will have officials at the summit.

**Senator ABETZ**—And Defence?

**Mr Grigson**—And Defence.

**Senator ABETZ**—Does Foreign Affairs then have any view as to how many trainers are required for the transitioning in Afghanistan to take place?

**Mr Grigson**—That is a question that I would rather leave to my Defence colleagues, who have more expertise in this area.

**Senator ABETZ**—In that case, my other questions will be to Defence as well. Thank you very much.

**CHAIR**—Have you concluded, Senator Abetz?

**Senator ABETZ**—Yes.

**CHAIR**—Are there any further questions on Europe? We will now turn to South and West Asia and the Middle East.

**Mr Grigson**—Chair, before we do that, I have another officer who wishes to read into the record a response to a question asked by Senator Kroger, if that suits the committee.

**CHAIR**—It does indeed. Please proceed, Mr Batley.

**Mr Batley**—Senator Kroger, you asked before lunch about sponsored visits by journalists to the expo. The answer to your question is that DFAT has not directly funded any media to visit the expo. I understand that Austrade—and they would have to confirm this—funded one journalist and part funded, with the government of Victoria, two journalists to visit the expo in May. One journalist was from News Limited, one was from the *Financial Review* and one was from AAP. As for other organisations, the Victorian government and Qantas have arranged for media to be brought up to the expo as part of their in-kind support for the communications program. Finally, there was also one *Sydney Morning Herald* journalist who visited the expo. That was part of an add-on to an already planned China and Shanghai cultural program funded by the Australian International Cultural Council. They added a visit to the expo in there. That overall visit was funded.

**Senator KROGER**—So that was included in that operation?

**Mr Batley**—Yes. That is my best understanding.

**Senator KROGER**—You can put this on notice: would that include any other department, such as the department of science? Would you be aware of whether any other departments were involved in sponsoring—

**Mr Batley**—That is my advice from the expo personnel themselves.

**Senator KROGER**—Thank you very much.

**Senator ABETZ**—We are in South Asia and where else?

**Senator Conroy**—South and West Asia and the Middle East.

**Ms Stokes**—South and West Asia.

**Senator ABETZ**—That includes Pakistan?

**Senator Conroy**—It does.

**Senator ABETZ**—Good. I understand the minister made a visit there in recent times and, in particular, visited a camp for displaced people; is that correct?

**Mr Grigson**—Yes.

**Senator ABETZ**—What changed to facilitate Mr Rudd's visit in Pakistan? For example, were security arrangements required at the camp for the visit?

**Mr Grigson**—Security would have been required, but how much of a change that was I do not know.

**Senator ABETZ**—Can you take that on notice?

**Ms Stokes**—Yes.

**Mr Grigson**—We certainly will.

**Senator ABETZ**—What I want to know is whether that distracted from the provision of general services to the suffering who were being assisted at the camp?

**Mr Grigson**—My answer to that is no.

**Senator ABETZ**—Can you tell us whether the gates of the camp were closed during the visit?

**Mr Grigson**—We will find out for you.

**Senator ABETZ**—If you did not know that, you might like to reconsider your previous answer.

**Mr Grigson**—No, I would not, because they may have been closed for a security reason, which would affect not only the travelling party but those around it.

**Senator ABETZ**—Yes, but I understand Mr Rudd's visit required the camp gates to be closed and that had an impact in relation to the suffering civilians that were seeking access to the camp, because during that period they could not get access.

**Mr Grigson**—We will check it out for you. That is not an issue that has been raised with us before. As I said, there may have been many reasons for the gates being closed, if indeed they were.

**Senator ABETZ**—If you can find out whether the gates of the camp were closed during the visit I would be much obliged. If so, for how long were they closed? Did they have any on-ground indication as to how many people were denied access to the camp during that period and how was the backlog dealt with after the camp gates were reopened?

**Mr Grigson**—Before we go on, I am happy to look into those issues for you, without of course accepting any of the assumptions in the question.

**Senator ABETZ**—I am asking whether or not certain things occurred and, depending on the answers, the rest of the questions will either have 'not applicable' next to them or specific answers. How many world leaders had already visited this camp prior to Mr Rudd's visit?

**Ms Stokes**—We will have to take that on notice. If we are talking about the same place as where the medical facility was—

**Senator ABETZ**—That is right.

**Ms Stokes**—So, the camp is in fact the medical facility and the support workers there. It is not a camp of displaced people, as far as I am aware.

**Senator ABETZ**—People who were injured by the floods, whether we call them displaced or injured, it makes it all the more important that they got medical treatment in the event that the gates were closed. Can we have it confirmed that the General Secretary of the United Nations had visited this camp prior to Mr Rudd's visit?

**Ms Stokes**—We will take that on notice.

**Senator ABETZ**—How long was Mr Rudd's visit at the camp?

**Mr Grigson**—A matter of hours.

**Senator ABETZ**—Are we able to be told what Mr Rudd learned from the visit that the UN General Secretary and all the other world leaders that had already visited could not advise the UN about? What did Mr Rudd specifically learn that the UN General Secretary and the other world leaders would not have known?

**Mr Grigson**—He was accompanied on that visit by the AusAID Director-General. We will find out for you what might have come from that visit with the AusAID Director-General in terms of ongoing support to Pakistan.

**Senator ABETZ**—Is it correct that Lt General Mark Evans, the Chief of Joint Operations, is currently in Pakistan and was undertaking a role of risk assessment of an outreach program? Is Foreign Affairs aware of that or should I be going to Defence for that?

**Ms Stokes**—It would be appropriate to go Defence. Defence has been providing us with advice on security for the camp where Australians are working.

**Senator ABETZ**—Did Mr Rudd's visit mean any adjustments or changes to this outreach program? Are you aware of the outreach program from Foreign Affairs/AusAID point of view?

**Ms Stokes**—Yes.

**Senator ABETZ**—Did Mr Rudd's visit mean result in any adjustments or changes to—

**Ms Stokes**—I do not have the answer to that.

**Senator ABETZ**—Can you take that on notice?

**Ms Stokes**—Yes.

**Senator ABETZ**—As to how many days it took out of Lt General Mark Evans's time, I dare say you would not be aware of that.

**Mr Grigson**—No.

**Senator ABETZ**—I will ask Defence. Given that you are aware of the outreach program that you administer or support; is that right?

**Ms Stokes**—No. It is not DFAT. Essentially this is an AusAID/Defence operation to provide medical health care to the people affected by the floods. As I understand it, mostly people needing treatment have come to this facility. So, the idea is on occasion to go out into the community.

**Senator ABETZ**—That is right; for the outreach program. As I understand it, Lt General Mark Evans was doing a risk assessment of the outreach program that AusAID and others were going to be doing but was called back in to deal with the security for Mr Rudd before he could then go back out to pursue the risk assessment for the outreach program.

**Ms Stokes**—You will need to ask Defence that question.

**Senator ABETZ**—Foreign Affairs and AusAID were involved in this outreach program; is that right?

**Ms Stokes**—I am not aware that DFAT is.

**Senator ABETZ**—Can you take it on notice for AusAID to answer. I am sorry. I was not aware of the distinction that you were drawing, but I understand it now.

**Ms Stokes**—With respect to Lt General Mark Evans's movements, a question about his movements and his time allocation is one for Defence.

**Mr Grigson**—We will alert AusAID to your questions on the outreach program and we will alert Defence to your questions on Lt General Mark Evans.

**Senator ABETZ**—Thank you very much. I dare say AusAID, as a minimum, would have been aware of some plan or some dates by which the risk assessment would have been

completed so that the outreach program could start and, therefore, they would be aware of any delays that Mr Rudd's visit would have resulted in. Could they advise us by how many days that delayed the commencement of the outreach program, if it did. You can take that on notice. Apart from the media back home, what value add did Mr Rudd's visit actually have?

**Ms Stokes**—He was able to observe firsthand Australians, both military and civilian personnel, delivering assistance and was able to talk to them about the operation. He was able to view the scale of the floods from the air. He met the Foreign Minister of Pakistan in Multan, which is near the camp. So, you fly into Multan in order to get to the facility that we have been talking about. In Multan he met Pakistan's Foreign Minister Qureshi and they had some time together.

**Senator ABETZ**—I assume that the visit to the foreign minister did not take place in the camp?

**Ms Stokes**—No, they met in Multan.

**Senator ABETZ**—All I am asking about is the visit to the camp. What value add did that provide?

**Senator Conroy**—You are asking for an opinion and I am not sure there is an ability to answer.

**CHAIR**—In any event, time has expired for this part of the program for discussion. Time has expired at 4.30 pm. We are about to turn to the Trade aspects of DFAT and Trade programs—

**Senator ABETZ**—Chair, if I may, can I have clarified whether that question will be taken on notice, because one would assume ministerial visits are supposed to have some purpose behind them.

**CHAIR**—Yes.

**Senator ABETZ**—I want to know what the value add was for that particular visit to the camp.

**Senator Conroy**—You are asking for an opinion. You are not asking about factual issues.

**Senator ABETZ**—No. Value add is an opinion these days, is it? It is no longer objectively assessable? I would have thought the minister could have answered the question.

**Senator Conroy**—Perhaps you might like to rephrase the question.

**Senator ABETZ**—No, I do not. I think the minister can answer it.

**CHAIR**—We will see. You have asked the question.

**Senator ABETZ**—The minister should answer it on notice.

**CHAIR**—You have asked the question. I am sure the department will relay it to the minister and he may or may not be able to answer it.

**Senator Conroy**—I have not taken it on notice.

**CHAIR**—The minister has refused to take it on notice.

**Senator ABETZ**—Excuse me?

**Senator Conroy**—You are asking the officials to give you an answer on an opinion.

**Senator ABETZ**—No.

**Senator Conroy**—Do you want to rephrase the question?

**Senator ABETZ**—No. The question to the minister is: what value add did his visit have? Surely he is able to justify this. It is very interesting that he is baulking at taking this question on notice, because what he is suggesting is that Mr Rudd, with all his capacity to spin, is unable to provide a coherent explanation as to why this visit was necessary.

**Senator Conroy**—I am sure Mr Rudd can provide an explanation of the visit. But as to a question that asks ‘what value add’, that is an opinion.

**Senator ABETZ**—So value add is no longer objectively assessable, in this government’s opinion? When we talk about broadband and value add that will be a hypothetical opinion?

**CHAIR**—Why do you not ask the minister what the purpose of the visit was?

**Senator Conroy**—Thank you for doing his job for him, Chair.

**Senator ABETZ**—No. I did not want to ask that question.

**Senator Conroy**—He wanted to ask an opinion.

**Senator ABETZ**—What I want to know is: what did it actually achieve for the people in the camp?

**CHAIR**—The minister has given you his response. I have made a suggestion and you have rejected that. On that basis, we have concluded general discussion on DFAT and we will now turn to the Trade program and, of course, the officials from Austrade. If the officials from Austrade can come forward we will turn to that aspect of our work.

[4.34 pm]

#### **Austrade**

**CHAIR**—We will resume our examination of the supplementary budget estimates. I believe Mr Grigson wants to say something.

**Mr Grigson**—Mr Batley has some additional information for you.

**CHAIR**—Mr Batley?

**Mr Batley**—I would like to correct one factual reference in my previous response to Senator Kroger’s question about media visits to the Shanghai Expo. I referred to a visit that was organised—a cultural visit, a general cultural program—to China and to a *Sydney Morning Herald* journalist who was part of that and to arrangements that were made for that journalist to visit Shanghai Expo. I said in my answer that that was funded through the Australian International Cultural Council. I understand that in fact it was through the public diplomacy funds from our embassy in Beijing that that program was organised.

**CHAIR**—Thank you for clearing that point, Mr Batley. We are on the trade aspect and we are going to examine trade officials and Austrade officials at the same time. Senator Ryan has some questions on the Export Market Development Grants program. If those officials are available, we might ask them to come forward and we will deal with that at the outset and

then go back to the program and deal with it that way. We have some officials from the EMDG so, Senator Ryan, you have the floor.

**Senator RYAN**—I have some questions on the EMDG. I wanted to cover a couple of basic facts before I moved on to them. The decision to reduce the grant ceiling for the 2009-10 financial year to \$27,500 was announced on 1 July 2010 by the Minister for Foreign Affairs. Was there a prior announcement that I have missed on that?

**Mr Chesterfield**—I do not believe so.

**Senator RYAN**—Could you explain to me why the decision to reduce the grant ceiling was announced—there may be an obvious reason and I am happy to be told—after the conclusion of that financial year?

**Mr Chesterfield**—The decision about the initial payment ceiling amount, which is that \$27,500, is made very close to the end of the financial year, after we have done estimates about what the grants might be in the coming year. Sometimes it is made just before the end of the financial year and other times it is made just after the beginning of the new financial year. There is no particular timing associated with it.

**Senator RYAN**—So we would not normally expect to see it before late June?

**Mr Chesterfield**—Normally it is made late June, but in at least the last two years it has been made in the first week of July.

**Senator RYAN**—The decision on when to release that would be a ministerial decision, I presume, given it came out on the minister's—

**Mr Chesterfield**—That is correct.

**Senator RYAN**—Being several months after this, do you now have data on the number of businesses that might be impacted with the reduction in the initial payment from \$50,000 to \$27,500 in terms of people who may have been expecting that cap to remain at the same level?

**Mr Chesterfield**—It really depends how many grant applications we get, and they do not close until 30 November. So about mid-December we would know what the numbers were. At the moment the figures are well down on previous years. They are about 18 per cent down on last year, for example.

**Mr Yuile**—That is the number of applications.

**Mr Chesterfield**—The indications are that that may well pick up again up to the closing date.

**Senator RYAN**—In that case, do you have information on the number of initial payments that were made for the previous year's program that were above \$27,500?

**Mr Chesterfield**—I do not think we have done that calculation, but just let me check.

**Mr Yuile**—No.

**Senator RYAN**—If that is easy to get I would appreciate it. The rest you can take on notice.

**Mr Chesterfield**—We would have to take it on notice, I am afraid.



**Senator RYAN**—I think you can ascertain the direction I am going, which is that, if the previous cap was \$50,000, after the initial payment—and this program being based on expenditure and being done retrospectively in terms of the payment—there can obviously be an impact upon businesses who may have expected that it would not drop by as much or it would, at the very least, stay the same.

**Mr Chesterfield**—The median grant is around \$27,000. So, in actual fact, around half of the grants might be over that amount, and half under.

**Senator RYAN**—Enlighten me, off the top of your head, roughly how many grants would that be?

**Mr Chesterfield**—This year we are still expecting around about 5,000. So around 2,500.

**Senator RYAN**—So 2,500 would potentially be negatively impacted if they were assuming that the cap for the initial grant would remain as it was the previous year?

**Mr Chesterfield**—There were 800 people affected by the \$50,000 first tranche payment last year. They had their grant held back until later in the year, and this year we would expect around 2,500 to be affected, because they would be over that median amount, if the statistics are all roughly the same as last year.

**Senator RYAN**—I understand that, and we will not know that. Presumably we will know that come the February estimates session?

**Mr Chesterfield**—Definitely.

**Senator RYAN**—I can put most of my others on notice. Do you break down your data with respect to small and medium sized business in terms of the grants made?

**Mr Chesterfield**—Yes, we can.

**Senator RYAN**—Is it possible to have whatever data is easily accessible—ideally for the last two years, and I will ask in February for the current grant year—for the number of grants made to small businesses as a percentage of the number of the overall grants?

**Mr Yuile**—What definition of ‘small business’ do you want us to use?

**Senator RYAN**—I appreciate this is a particular issue that has been raised in this before, but I would be happy to go with the less than 20 full-time equivalent staff members, which is commonly used. If you have a different definition that you would prefer to use or one that you internally use, I would be happy for you to use that and not make you do extra work.

**Mr Yuile**—Thank you.

**Mr Chesterfield**—I do not think I have that information.

**Senator RYAN**—I appreciate that you probably have to take that on notice. I can put the rest on notice, Chair.

**CHAIR**—Okay.

**Senator TROOD**—While we are on this scheme, can I ask a question?

**CHAIR**—You can.

**Senator TROOD**—Have you made any assessment of the implications of the rising Australian dollar on export activity generally? What sort of impact do you think it is going to have on Australian businesses going overseas and, in particular, have you made any judgments about whether or not the cost of the rising dollar is going to affect the nature of the scheme that Senator Ryan has been talking about?

**Mr Chesterfield**—The short answer is, no. We do not have any data to say what the effect of the value of the Australian dollar would be, and, because there are so many factors in the equation about what exporters will do and what they will not do, I am unable to comment about what that might be.

**Senator TROOD**—It could result in increased costs to the scheme, could it not?

**Mr Yuile**—If the dollar is strong and companies are involved in activity offshore, then in that offshore activity, by definition, the costs will actually be lower, not higher. It may actually not have a negative impact on the costs of the scheme.

**Senator TROOD**—The costs incurred here, though, are not in a happy situation in relation to export activity, are they?

**Mr Yuile**—The costs here might be in relation to export promotion material that a company might undertake, but if they are undertaking export promotion visits or if they are undertaking discussions with foreign agents with respect to their marketing, that will have a causative impact.

**Senator TROOD**—So you do not see any need to assess the quantum of the scheme in light of the changing value of the Australian dollar?

**Mr Chesterfield**—We would not have the data to be able to do that.

**Senator TROOD**—Therefore, from what you suggested, you do not have any data as to the impact it might have on SMEs or other applicants?

**Mr Grey**—Austrade sponsors a survey of the impacts of various factors on exporters, and that is once a year—there was one in July—but we do not monitor on a day-to-day basis what the impact of any particular factor is. There are so many factors, general business conditions and the like, which will impact on the intentions and the actuality of exporters.

**Senator TROOD**—Have you evaluated the data from your most recent survey?

**Mr Grey**—We have that survey and I am happy to provide it.

**Senator TROOD**—Can you tell me—

**Mr Grey**—I cannot recall. I think it was mixed in terms of the impact. Mr Yuile might have some more information.

**Mr Yuile**—It is called the DHL. We do it in conjunction with DHL, which sponsor this export barometer. It surveys some 300 exporting businesses, and the broad outcomes, as you perhaps would expect, were that the mining and services exporters were less concerned about the exchange rate than, say, tourism, manufacturing or agricultural exporters. As you would expect, I think that is how the exporters responded on this occasion. As Mr Grey said, it is important to remember that exchange rates are obviously only one factor in decisions for exporting. Access to finance, access to qualified staff and the sorts of international conditions

that apply at a particular time are all factors that can affect an exporter's decision. Probably the other bit of information, of course, in keeping this in perspective is that some 45 per cent of exporters actually import. Clearly, the exchange rate has a positive effect on costs. That can obviously affect your price into export markets. So there is a range of things that exporters over the last 28 years have been working with since the dollar was initially floated.

**Senator TROOD**—I do not have any further questions about the EMDG. I have questions on trade issues.

[4.49 pm]

**CHAIR**—Okay. We will return to trade programs and, firstly, bilateral, regional and multinational trade negotiations. Senator Trood has some questions.

**Senator TROOD**—Perhaps we could just start with the Doha Round and your assessment of where that is going and the optimism that the trade minister seems to have about his capacity to reinvigorate the progress of the round. Could someone provide me with some assessment as to how realistic those judgments are?

**Mr Gosper**—The Doha Round has been the subject of a number of meetings in Geneva over the past couple of months, which have moved through each of the negotiating issues in turn. It is quite true that there has been no significant advance in those negotiations, yet there has been a clear expression of political will to try and move the negotiations forward. Some of this followed on with discussion at the last G20 meeting in Toronto, where there was a discussion that was led by President Obama with other leaders on the need to move the Doha Round forward. We are hoping for a similar such discussion in Seoul next month. There is an appreciation I think amongst most members that there is an opportunity in 2011 to see whether we can bring these negotiations to some sort of conclusion. I think it is perfectly true, as you have said, that Dr Emerson, in his recent visit to Washington, found a degree of commitment in the administration and with many of the industry groups in Washington to bringing the round to some sort of conclusion. That enthusiasm was particularly evident in the services constituency, which would dearly like to see some increased quantum of ambition through market access for the services industry as part of this round. That is one area where Australia has been working particularly hard over recent months to, as it were, bring more to the table.

**Senator TROOD**—From what you are saying, there has been a marked change in American policy in this area; is that right?

**Mr Gosper**—I think there have been clear expressions of political commitment on the part of the administration to seeing these results. US industry sectors have been very clear that they would like to see the round come to some conclusion, but they are equally clear that the package that is on the table is, in their view, not enough. They would like to see more market access produced in the areas of agriculture, industrial tariffs and indeed services. That is the expression of commitment. We also would like to see more brought to the table. We are encouraging other members within the context of the package that is there to see if we can indeed produce that additional quantum of market access gain.

**Senator TROOD**—But this is a change in American policy, is it, or a shift in their commitment or determination to move the Doha round forward?

**Mr Gosper**—The US has always been a key participant in the negotiations. Since the breakdown of negotiations in July 2008 it has been quite clear that it would like to move the negotiations forward, that more needed to be brought to the table. We have spent the past couple of years exploring how that can be done. I am simply reflecting to you that the President was been quite clear in the Toronto G20 meeting that the US does indeed want to do that, and we are hoping that that will find some further expression and some equivalent response from other members during the course of the next year.

**Senator TROOD**—Is it your assessment that, if there were no improvement in the offer in relation to services, it will be impossible to conclude the round?

**Mr Gosper**—Our assessment is certainly that more market access needs to be provided to conclude the round, to attain the critical mass of political support in Washington and elsewhere, and that services are a key part of that. It will be very difficult to see the additional commitment to the round emerging if there is not some substantial improvement for services as well as for agriculture and industrial tariffs.

**Senator TROOD**—Do you mean commitment on the part of the Americans?

**Mr Gosper**—On the part of all members. The US would like more market access delivered through the negotiations, as would we. That requires actions by all to contribute additional market access improvements, including the US.

**Senator TROOD**—Is this on the agenda of the Seoul meeting of the G20?

**Mr Gosper**—As I understand it, there is a trade discussion on the agenda of the Seoul meeting, which will deal with a number of issues but most particularly we would hope a substantive discussion on Doha.

**Senator TROOD**—Is that in November?

**Mr Gosper**—That is right.

**Senator TROOD**—Are there any meetings scheduled before the G20 meeting that might advance some of these discussions?

**Mr Gosper**—Indeed there is an APEC trade ministers meeting that will take place in Yokohama before the leaders meet in G20.

**Senator TROOD**—Is that immediately preceding the G20?

**Mr Gosper**—Yes. There have been other occasions. As I have said, there has been a process in Geneva where delegations have been engaging. One of the reasons that Dr Emerson travelled to Washington a couple of weeks ago was that there would be a number of trade ministers there—not just the US's Dr Kirk but also the Indian, the Mexican and New Zealand trade ministers and a number of others. There were opportunities there to have bilateral discussions and discussions with industry groups on how to bring them around to some conclusion.

**Senator TROOD**—As I understand it, there is not a further date for negotiations on the round; is that right? You do not have another date? Apart from the discussions that might take place at APEC and the discussions that might take place at G20, there are no dates for the resumption of the formal negotiations, are there?

**Mr Gosper**—Negotiations are continuing. They have been put to one side, as it were. It is just that no particular progress has been made. So, no, there are no particular dates or deadlines. I think we have moved rather past the question of deadlines.

**Senator TROOD**—What is your best guess at this juncture?

**Mr Gosper**—My best guess is that there is indeed real political commitment in the US to see if this can be done in 2011. There is a precondition associated with that, and that does require other members, in particular the big, emerging, developing countries, to themselves engage more and provide some additional improvement in their market access offers, for which of course they would expect others, including the US, to also contribute. It is all in the hands of some rather large players as to the prospects for next year. But I must say that we were impressed by the level of commitment from the US side. Equally we expect that China, India, Brazil and other members will also want to use this opportunity, if it is at all possible.

**Senator TROOD**—It is welcome that the Americans are so determined. But, as you say, we actually need a similar declaration of political will on the part of the Chinese and the Indians in particular, as I understand it. Have you reason to be hopeful or confident that perhaps that will be expressed?

**Mr Gosper**—All of these members have said that they would like to see the round moved to conclusion. I think they accept the reality of the US position, and I hope we can find a solution in that context.

**Senator TROOD**—Are you the person to ask about the WTO and the apples decision?

**Mr Gosper**—You can ask and I will try my best to give an answer.

**Senator TROOD**—As long as I have the right person at the table, that is all. I may have; is that what you are saying?

**Mr Gosper**—You may have. Please ask your question.

**Senator TROOD**—As I understand it, the WTO has ruled that our import risk analysis is not sufficiently supported by scientific evidence; is that right?

**Mr Gosper**—A panel that was formed as part of the WTO dispute settlement process has made those findings with respect to our import risk assessment. That finding has been appealed by Australia, and the WTO appellate body has now had its hearings—they were indeed last week in Geneva—to consider the nature of our appeal against the panel's finding on our apples risk assessment and quarantine measures. The appellate body will now take a period of time to deliver its final verdict. We expect that towards the end of November or very early December.

**Senator TROOD**—What is your assessment of the likelihood that our protestations will be accepted by the appellate body?

**Mr Gosper**—I really cannot speculate on the findings of the appellate body. They are currently considering the case that is being brought forward by Australia, and indeed the defence of the panel decision that is being brought forward by New Zealand and we would hope they find our arguments persuasive. But beyond that it would not be helpful for me to speculate.

**Senator TROOD**—Did you feel the appeal went well?

**Mr Gosper**—We made the best possible case we could.

**Senator TROOD**—Did you have additional evidence or material available that was not available in relation to the original determination?

**Mr Gosper**—The appellate body process appeals matters of law, not of fact. We marshalled all the relevant legal arguments and had a team led by the Solicitor-General and well supported by relevant agencies.

**Senator TROOD**—There were in fact some points of law that could be raised that you felt were substantive enough to make the case that was not able to be made previously?

**Mr Gosper**—I hope so, but it really would not be wise for me to speculate on how the appellate body will receive those arguments while it is still considering them.

**Senator TROOD**—Did you say it would be the end of November that you were hoping for a decision?

**Mr Gosper**—Yes.

**Senator TROOD**—If that goes against us, what recourse do we then have?

**Mr Gosper**—There would then be a period for adoption of the formal report, which will take a month or so. Then it really depends on the outcome of the appellate body. If our case were to be upheld, that would more or less be the end of the matter. If we are unsuccessful, then we will be required to bring our regime into conformity with the WTO agreements, and a period of time would be allowed for us to do that.

**Senator TROOD**—What typically is a period of time that a country gets to rectify any shortcomings in its regime?

**Mr Gosper**—Up to 15 months.

**Senator TROOD**—If it goes against us within 15 months we could have apples flowing; is that right?

**Mr Gosper**—If that were the case. If our appeal were turned down and we put in place measures to implement the panel recommendations, that is possible.

**Senator TROOD**—The resolution of this appeal is the end of the line in relation to this matter in terms of formal processes, is it?

**Mr Gosper**—It is always free for any government to decide not to implement a finding by the WTO disputes settlement body, but there are of course consequences of that, including authorised retaliation by way of, for instance, increasing tariffs to have an equivalent effect.

**Senator TROOD**—But there is no other formal process once this occurs? The government can decide clearly whether or not it accepts the decision or otherwise?

**Mr Gosper**—That is correct.

**Senator TROOD**—But that is the end of the formal process of appeal resolution; is that right?

**Mr Gosper**—In terms of the WTO process, that is correct.

**Senator TROOD**—Have we ever not complied when we have been required to?

**Mr Gosper**—No.

**Senator TROOD**—Can you tell us what your current assessment is of the state of the export market?

**Mr Grey**—Clearly the numbers of students are declining and the situation is not good. There is a range of factors from that. We have recently been looking at what our competitors are doing, for example, and countries such as the United States are stepping up their efforts. The dollar in this case is obviously going to have some impact. There is a range of factors impacting on the demand for Australian education exports.

**Senator TROOD**—Have you been able to quantify the decline in demand?

**Mr Grey**—We have some indication. My colleague may well be able to give you some more details.

**Mr Stevenson-Perks**—The best early indication would be with the grant data that the department of immigration deals with. That would indicate a decline of the order of 30 per cent for 2009-10. That is grant data. These are grant data for students. Whether that continues into the future we have yet to see. That could be impacted by a whole range of factors, but it depends on the cost of the dollar, the nature of the competitor activities and a whole range of factors. A student's decision to choose to study in one country can be influenced by education agents et cetera. It is a very complex decision.

**Senator TROOD**—This is only the grant data, but what about—

**Mr Yuile**—This the granting of visas by the department of immigration.

**Senator TROOD**—This is down 30 per cent for 2010-11? Is that right? In comparison to last year?

**Mr Stevenson-Perks**—Yes, the department of immigration collects data on a financial basis. It is comparing financial year 2009-10 with 2008-09.

**Senator TROOD**—This is a rather serious decline, is it not?

**Mr Stevenson-Perks**—I will have to check that exact figure on the student visas. It depends, to an extent, on when the student visas are lodged and so on, but I would have to agree that it is a significant reduction.

**Senator TROOD**—It could have quite a devastating impact on institutions, could it not?

**Mr Stevenson-Perks**—That depends on their business models. It depends on which market they are reliant upon. Some institutions were very heavily dependent on South Asia; others less so. Some markets have been impacted more than others from a mix of factors. It depends on the qualifications that were in their student mix and so on.

**Senator TROOD**—Have you identified the main source of the decline in terms of regions or countries?

**Mr Stevenson-Perks**—Based on the data on student visa grants, we would have to say South Asia.

**Senator TROOD**—Is that primarily India?

**Mr Stevenson-Perks**—Primarily India, yes. India was the second largest source of international students for Australia in 2009, according to the Department of Education's data.

**Senator TROOD**—So it is going to slip significantly.

**Mr Stevenson-Perks**—It has.

**Senator TROOD**—Apart from the decline in the number of visa grants, have you been able to quantify how much money we are talking about in terms of the impact on the export market?

**Mr Stevenson-Perks**—The Joint Committee on International Education, which is a subcommittee of Ministerial Council on Tertiary Education and Employment, has requested the Department of Education, Employment and Workplace Relations to undertake economic modelling and, as I understand it, they are proceeding with that request. I have not seen the outcomes.

**Senator TROOD**—Will the modelling attempt to quantify how much the loss will be in dollar terms?

**Mr Stevenson-Perks**—I am not aware of the details of their particular modelling.

**Mr Grey**—I can say that we take over this operation when all the other aspects are set in place. We do the promotion offshore. We are not the body doing the domestic analysis or whatever; that is for DEEWR and DIAC. Of course, we try to participate with input into it but, when it comes to these broader issues, Austrade is not the body that is responsible for those sorts of activities.

**Senator TROOD**—In that context, can you tell us what has been said about the Australian education market that is reflecting on these very significant losses from overseas, since you are in the marketplace?

**Mr Grey**—Yes. I will ask Mr Stevenson-Perks to answer that. As I said, there is a range of factors. Changes to the regulatory regime in Australia, as I understand it, is one. It includes visa changes. There are questions related to the currency. The competitor issue is an issue which has not received a great deal of attention, which Austrade sees as a useful thing that we can contribute to. We are in the process of trying to analyse, using the offshore network, what our competitors are doing. I think they generally show—we have not finished that analysis—that our competitors are picking up their level of activity. There is a range of factors. I do not think that we have sought to have identified or quantified those, certainly not to this point of time, which is the most important out of all of those.

**Senator TROOD**—When you say the competitors are changing, are you saying that they have had a cost advantage for a period of time which they are now just beginning to exploit, or are they shifting their costs in a way which allows them to undercut and take advantage of the fact that we obviously have a rising dollar to start with?

**Mr Grey**—I am not sure that it is specifically related to Australia. My colleague might have some more detail. I recall just flicking through one of the earlier results and it showed, for example, that the US is generally getting more active. I do not think that it is necessarily related to anything in Australia. They are just starting to exploit some of the natural advantages that they have in terms of prestige universities and so on.



**Mr Stevenson-Perks**—As Mr Grey has said, the US has become more active in the market. One practical example that I can give you is that for many years now the United States institutions have steered away from using education agents to recruit students, but they are now actively using networks of the education agents, much as Australia and the UK have done for many years, of course. Therefore, they are far more aggressive in the market than they have been in the past.

**Senator TROOD**—Are they different agents to the ones we use or are they the same agents?

**Mr Stevenson-Perks**—It depends. You tend to find a mix of agents offshore who could represent and specialise in a single country or you could find, generally speaking, an agent tends to diversify risk and represent the institutions in a number of countries, depending on which market they are dealing with.

**Senator TROOD**—Do we have a policy in that respect? Do we have a policy that we do not appoint agents or we do not allow our agents to represent other markets?

**Mr Stevenson-Perks**—The Education Services for Overseas Students Act, which is administered by the Department of Education, sets out standards for agents engaged by institutions, but it does not specify that they can only represent Australia. As I said, many agents who represent Australia also represent other countries as part of their risk diversification.

**Senator TROOD**—So they are in non-compliance with our legislation?

**Mr Stevenson-Perks**—No. Our legislation does not specify that they should only represent Australia. It sets out the standards that we expect in terms of the relationship between an agent and the institution that they represent, but it does not prohibit them from representing the institutions in other countries.

**Senator TROOD**—Has this decline reached a point where you think there is a need to reconsider the direction of our policy?

**Senator Conroy**—Perhaps you might want to refine your question.

**Senator TROOD**—Are you actively considering the consequences of this decline? Have you taken steps to do so?

**Mr Grey**—From an Austrade perspective, it took over the international marketing from 1 July and we are working with the industry to come up with a new, revised strategy to do what we can at the pointy end overseas to try to make sure that we get the most out of what we can. Other agencies might be thinking of other things, but from Austrade's point of view, our responsibility is to come up with a strategy which supports the industry offshore, and we are in the process of having another look at that at the moment.

**Senator TROOD**—How long do you think that is going to be?

**Mr Grey**—I think we have the elements of that now.

**Mr Stevenson-Perks**—We have had close consultations with each of the major sectors: the English language sector, the private vocational sector, the university sector and so on. We have been discussing the draft strategy at a range of education conferences that have been

taking place over the last eight weeks—last week in Sydney with the Australian International Education Conference 2010, which is the largest international conference for education in the Southern Hemisphere. I would say there is broad concurrence on the direction and the minister will consider it.

**Senator TROOD**—Mr Grey, is it within the province of the strategy that you are working out to make recommendations or are you intending to make recommendations in relation to this problem of visas? It seems to me that there has been an overshooting of the effort to try to correct a situation which existed in relation to student visas and the consequences have obviously been far more extensive than perhaps those who were responsible for the decision thought would be the case. There may or may not be room for some correction in that arrangement. Is it part of your strategic thinking and within your capacity to be able to make recommendations in relation to that matter?

**Mr Grey**—No.

**Senator TROOD**—Is that in someone else's purview?

**Mr Grey**—Frankly, it is in someone else's bailiwick. We have an MOU with the Department of Education which puts a split down where we do the international marketing and they do the policy. We will obviously provide feedback from the market in the normal course of daily activity, but I do not think that it is within our province to delve into policy.

**Senator TROOD**—I wish you well with that. The decline is a concern widely spread throughout the community. I hope that you can come up with some solutions to it. I have finished with education, but I have other questions on the free trade agreements.

**CHAIR**—You can proceed.

**Senator TROOD**—I would like to run through where we are in relation to the free trade agreements that we are negotiating. Is that your area, Mr Gosper?

**Mr Gosper**—I will give it a go.

**Senator TROOD**—Let us start with China. It seems to be the most fraught of all of them at the moment. What is the situation there?

**Mr Gosper**—We held negotiating rounds in February and June this year. Those negotiations, notwithstanding the level of political commitment on both sides, continue to be very difficult, particularly when it comes to market access. We are anticipating resuming negotiations early next year.

**Senator TROOD**—Do we have another date?

**Mr Gosper**—We do not have a specific date at this point.

**Senator TROOD**—Has there been any progress, at all, in relation to these matters? Has there been any movement on the part of ourselves or the Chinese in ways which would allow us to think that we are making progress?

**Mr Gosper**—There has been evident goodwill on both sides, given that we had an extended period where no negotiations took place—at least two rounds of negotiations. It would not be appropriate for me to indicate that we have made significant progress, as they continue to be hard going.

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**Senator TROOD**—‘Significant progress’ puts it too strongly; is that right?

**Mr Gosper**—Indeed.

**Senator TROOD**—Am I right in saying that the problem remains the issue of market access in relation to a whole range of sector areas?

**Mr Gosper**—Yes. We continue to be well apart in terms of market access in both agriculture and services.

**Senator TROOD**—Is that the main sticking point?

**Mr Gosper**—There are some other issues but, in particular, our expectations of what a comprehensive FTA would mean in the areas of agriculture and services are well in excess of what China is prepared to put on the table at this point.

**Senator TROOD**—Between the two sessions this year has there been any movement in the Chinese position?

**Mr Gosper**—Continuing expressions of commitment and engagement, but no significant movement.

**Senator TROOD**—Can you tell me about the Japanese agreement?

**Mr Gosper**—I believe the last round with Japan was held in April. It was not a full round. We expect to pick up again in early 2011 and we have told the Japanese that. One of the issues this year has been the political instability—if I can use that word—in the context of the upper house election and the bedding down of the DPJ government. That has not been the most conducive atmosphere for rounds of negotiations. More recently, of course, there have been some clear expressions of political commitment on the part of the new Japanese government, led by Prime Minister Kan, to its FTA agenda. At this stage we expect our next round to be held in early 2011.

**Senator TROOD**—The public position of the Japanese government seems to have moved. Am I right in saying that?

**Mr Gosper**—There have been indications from the government of Japan about a new FTA policy. There has been a high level expression of political commitment to engage in FTAs. This occurs from time to time, so we will look to see if early next year that has some more concrete expression.

**Senator TROOD**—Are you fearful that this is no more than the kinds of language that we have heard previously?

**Mr Gosper**—I am hopeful it will mark a significant change.

**Senator TROOD**—But you fear that it may not?

**Mr Gosper**—Those are your words, senator.

**Senator TROOD**—But it does seem to reflect from the public reports that I saw a change in the rhetoric at least from the Japanese government. Would that be a fair assessment?

**Mr Gosper**—I think the only real way to test statements is to see what people do when they are at the negotiating table.

**Senator TROOD**—You have seen nothing so far which would indicate—

**Mr Gosper**—We had a round in April and now we expect our next round early next year.

**Senator TROOD**—Would you know before the round begins as to whether or not there has been a significant shift in attitudes?

**Mr Gosper**—Perhaps, I would hope, yes.

**Senator TROOD**—Do you have a date for the new round, or not?

**Mr Gosper**—Not a specific date at this point beyond early 2011.

**Senator TROOD**—Does that mean, what, the first half of the year or does it mean the first quarter, or what?

**Mr Gosper**—I would hope the first quarter.

**Senator TROOD**—What about South Korea?

**Mr Gosper**—Those negotiations are going quite well. There is a team up there this week for further negotiations and we expect over the next month or two to make a substantial advance on these negotiations. I hope we can bring them effectively to a conclusion.

**Senator TROOD**—As a result of these discussions this round?

**Mr Gosper**—Indeed; this round and other negotiations and meetings we will have with the Korean side over coming weeks.

**Senator TROOD**—So we are that close, are we?

**Mr Gosper**—There has been a remarkable amount of work that has been done in these negotiations and we have cleared away a lot of issues. We have two sides that are both very well organised with high-level political commitment. We have some very difficult key market access issues to sort through on each side, but I would hope that we can do that over the next month or two.

**Senator TROOD**—Do you have widespread industry support for the progress of these negotiations?

**Mr Gosper**—Indeed, we do.

**Senator TROOD**—So you are comfortable, in fact, reassured by the industry view with regard at least to the South Korea agreement?

**Mr Gosper**—Yes, that is correct.

**Senator TROOD**—As I understand it the current position is that the US-Korea free trade agreement is actually back on the agenda in Washington; is that correct?

**Mr Gosper**—Indeed. In addition, from the EU-Korea FTA, which was formally signed just a week or so ago, President Obama has indicated that he would like to make a major push to have those negotiations brought to some conclusion and that he hopes that the G20 meeting in Seoul will be an occasion to mark that. Whether that indeed means that those negotiations will be brought to some conclusion, I do not know. But there is certainly plenty of evidence at the moment that the US and Korea are working hard to resolve the remaining issues, which primarily relate to US expectations on automobiles and beef market access.

**Senator TROOD**—I thought the actual agreement was concluded.

**Mr Gosper**—The agreement was concluded but there was disagreement in parts of the Senate about aspects of a bilateral relationship and that has held up the process of considering this agreement in the US. Those sources of disagreement relate to access into the Korean market for cars, the nature of the distribution system in particular and to the way in which Koreans treat beef from the US, particularly in regard to its health status. Yes, negotiations between the two administrations were completed but the US Congress had a problem and now the two sides are seeking to fix that so that the agreement can be considered and approved by the US Congress.

**Senator TROOD**—Correct me if I am wrong about this, but the US agreement has continuing restrictions on access of US beef; is that right?

**Mr Gosper**—It has a proposal to eliminate tariff restrictions on US beef over a period of time. I believe it is 18 years, or some lengthy period of time. But the significant problem I just referred to which has held up Congressional scrutiny relates more to the way the Korean side treats beef from EU with regard to its BSE status, so it is an issue outside the strict confines of the FTA.

**Senator TROOD**—Any terms in the US-Korea agreement are terms that we expect the Koreans to apply to our agreement on a reciprocity basis; isn't that correct?

**Mr Gosper**—We will be looking for the best possible deal for our industry. Of course our industry and sectors such as our beef sector want to ensure that they face no disadvantage with respect to other suppliers into the Korean market, so we will be looking for terms that are comparable to or equivalent to those sorts of areas.

**Senator TROOD**—Am I right in relation to international trade law that in fact the South Koreans or any country is required to extend the same conditions under these agreements or not?

**Mr Gosper**—No, these are free trade agreements between two bilateral parties.

**Senator TROOD**—So they can be differential?

**Mr Gosper**—Indeed, they can be preferential.

**Senator TROOD**—If there is an agreement with the Australia and South Korea is that an agreement which would have to go to JSCOT?

**Mr Gosper**—It would be a treaty, so yes.

**Senator TROOD**—Tell me about what we are doing in relation to Malaysia?

**Mr Gosper**—Our Malaysian team is here this week for further rounds of negotiations headed up by my colleague Michael Mugliston. This is the eighth negotiating round and it is aimed of course at securing improvements that each of Malaysia and Australia made to each other in the context of the Australia and New Zealand ASEAN FTA. This is another round but these negotiations still have some way to go.

**Senator TROOD**—Mr Mugliston, do you have anything to add to this? We have some way to go. Does that mean we are looking at another couple of rounds or are we looking years ahead, do you think?

**Mr Gosper**—I would say that maybe during the course of 2011 we will be able to bring it to some level of conclusion. That would certainly be our hope.

**Senator TROOD**—What are the particular issues or sticking points in this bilateral?

**Mr Gosper**—Those issues that were not satisfactorily addressed from the perspective of either side in the ASEAN FTA negotiations.

**Senator TROOD**—Perhaps you would be good enough to remind me what they are.

**Mr Gosper**—We will be seeking further tariff elimination on autos, a range of plastics, chemicals, iron and steel items for instance, and they will be seeking earlier commitments on tariff elimination on our part.

**Senator TROOD**—What about the services side of this?

**Mr Gosper**—Yes, we would hope that each side could make improvements on the services side.

**Senator TROOD**—Finally, the GCC.

**Mr Gosper**—These negotiations, like all of the GCC's negotiations with other trading partners, have been on hold while the Saudis, in particular, take a review of their approach to FTAs, so there has been no recent change certainly since the last estimates hearing on those negotiations.

**Senator TROOD**—How long is it since we have had any negotiations on this?

**Mr Gosper**—June last year.

**Senator TROOD**—Do you have any understanding as to how soon the Saudis would complete their review?

**Mr Gosper**—No.

**Senator TROOD**—You have no idea when these negotiations might resume.

**Mr Gosper**—We continue to talk to those and others about bringing this process to some conclusion, but at this stage it is very difficult to speculate on when that might be. As I said, we are not the only ones who are affected by this.

**Senator TROOD**—I think I have covered them all; haven't I?

**Mr Gosper**—The ASEAN FTA, of course.

**Senator TROOD**—That is concluded.

**Mr Gosper**—That is concluded. There are three countries that have not yet ratified. Laos and Cambodia have made the necessary domestic measures to in fact do that. We are waiting for Indonesia to hear the results of its so-called transposition exercise which is translating into the 2007 harmonised code the number of tariff lines it negotiated as part of the negotiations in the language of the 2002 harmonised code. We hope that will be complete in the next few weeks.

**Senator TROOD**—Is the operation of the agreement dependent on those three countries completing their—

**Mr Gosper**—No, the agreement comes into effect but of course we want all parties to be members.

**Senator TROOD**—Why?

**Mr Gosper**—It is important that Indonesia makes this move forward so that in fact for Indonesia it will become effective on 1 January 2011.

**Senator TROOD**—Are you reasonably hopeful that they will meet that deadline?

**Mr Gosper**—The Indonesian side has been working quite hard. There have been a number of discussions over recent months. Minister Mari Pangestu has been working hard with her colleagues, including the coordinating ministry, and we hope they will be able to make a proposal to us and New Zealand, as I say, in the next few weeks. For completeness, you might want to ask me about the Trans-Pacific Partnership.

**Senator TROOD**—Tell us about that.

**Mr Gosper**—In fact I am going to ask Mr McCormick to come and tell you about that. He has just led the last round of this negotiation to Brunei.

**Mr McCormick**—The Trans-Pacific Partnership is a regional FTA negotiation made up of nine countries. The countries are Australia, Brunei, Chile, New Zealand, Singapore, Peru, the US, Vietnam and now Malaysia. We have had three rounds of negotiations this year. We have just completed the third round in Brunei last week and we have our fourth round in Auckland at the beginning of December. We are aiming to make as much headway as possible by November 2011. We have made good progress so far. We are discussing the text of the agreement and we have not yet got into the detail of the market access side of negotiations, but we expect that to begin in early 2011. We are quite happy with the progress. As I said, it is an agreement between nine countries so it is a more complicated deal than a bilateral free trade agreement is. But as I said, the progress has been very good to date.

**Senator TROOD**—If you have not started to discuss market access issues, then I foresee that the more challenging part of the discussions might be ahead of you.

**Mr McCormick**—Yes, but you also need to make progress in the more non-challenging ones as well, so it is a balance—

**Senator TROOD**—That is true. You cannot have an agreement unless you conclude all matters. But the market access issues are the ones that typically, do they not, cause the problems?

**Mr McCormick**—They are, except in this agreement most of the parties already have a free trade agreement between at least one or more of the other parties, so we have a good starting point if you like so people can really look and say, ‘Well, we know where we have got to so far and where do we want to go into the future? Where do we want to set up this agreement as part of a strategic approach to free trade agreements in the Asia-Pacific region?’

**Senator TROOD**—For the purposes of our negotiations have you flagged the market access issues which you think are likely to be the most difficult?

**Mr McCormick**—When you have got nine countries everybody has some sort of sensitivity and I think everybody has a fairly good idea where the sensitivities are, but I still

think that everybody is committed in this agreement and we have got a commitment at a political level to make it an ambitious, comprehensive, twenty-first century agreement. I think there is a commitment there to try to work around and through all those sorts of difficulties to see if we can get a really good outcome.

**Senator TROOD**—Have you quantified the value of this agreement if it should come into being?

**Mr McCormick**—We have not quantified it in that sense. We have had a lot of consultations with industry and other stakeholders and we have an ongoing consultation process in place. We obviously have existing bilateral FTAs with a number of the parties, all of them except Peru in our case. A lot of our work in modelling ideas has already been around before.

**Senator TROOD**—Thank you very much for that.

**CHAIR**—What are you going to talk about now?

**Senator TROOD**—I will let you know that in a minute. I am just looking for a piece of paper which I do not seem to be able to find so if you want to give me five minutes to find it that might be a good idea.

**Proceedings suspended from 5.38 pm to 5.44 pm**

**CHAIR**—The committee will come to order. We will continue our examination of the trade aspects of DFAT and Austrade. Senator Trood.

**Senator TROOD**—I have a couple of questions for AusAID. As I understand it, Austrade in Malaysia has rehired Mr Martins as an Austrade official; is that correct?

**Mr Yuile**—That is correct. He is the trade commissioner in Malaysia.

**Senator TROOD**—When was he hired?

**Mr Yuile**—I will have to check the dates. It was August 2009.

**Senator TROOD**—Was he hired from here and sent to Malaysia, or was he in Malaysia?

**Mr Yuile**—He was hired in Australia.

**Senator TROOD**—What sorts of background checks do you do on your trade commissioners before you employ them?

**Mr Yuile**—I might invite my colleague Ms Kimball, who is the Executive Director, Human Resources, to help you with that question.

**Ms Kimball**—Could you repeat the question?

**Senator TROOD**—I am keen to learn what kinds of background checks or probity checks you undertake in relation to the people you hire as trade commissioners.

**Ms Kimball**—We do a range of standard security checks as well as reference checking.

**Senator TROOD**—Do you usually seek advice from the AFP in relation to officials?

**Ms Kimball**—Yes.

**Senator TROOD**—Are they part of the security checking or vetting?



**Ms Kimball**—Yes, that is part of the process.

**Senator TROOD**—Can you tell me whether or not the AFP was called in to comment on Mr Martins' suitability for this position?

**Ms Kimball**—I recall that the AFP was consulted in relation to it, as part of our police checking.

**Senator TROOD**—I understand Mr Martins had some contact with Securrency previously; is that right?

**Ms Kimball**—Yes, it is my understanding that he worked for the company.

**Senator TROOD**—Where was that?

**Ms Kimball**—He was employed as the director of marketing and sales in Asia and Latin America.

**Senator TROOD**—Do you know how long he was in that position?

**Ms Kimball**—I do not know. I think it was a couple of years. He was with another company. He had changed employment when we engaged him for the trade commissioner role.

**Senator TROOD**—Do you know the years in which he was employed on behalf or by Securrency?

**Ms Kimball**—Not off the top of my head. I would have to check that.

**Senator TROOD**—But you have those details?

**Ms Kimball**—Yes, we do.

**Senator TROOD**—Perhaps you could take that on notice for me.

**Ms Kimball**—Yes.

**Senator TROOD**—As you know, there are some quite serious allegations being raised about Securrency's activities in the marketplace on behalf of various Australian agencies. Can I take it that you have investigated any role that Mr Martins might have played in relation to Securrency's activities with regard to these allegations?

**Ms Kimball**—It is my understanding that there were thorough checks done.

**Senator TROOD**—Have you satisfied yourself that Mr Martins was in no way involved in these activities that have come to the notice of the AFP and other agencies with regard to Securrency's activities?

**Ms Kimball**—Yes, we were satisfied.

**Senator HUTCHINS**—Thorough checks?

**Ms Kimball**—When we are employing trade commissioners offshore they go through top secret security checks.

**Senator HUTCHINS**—I have no idea what a top secret security check is. Is that through ASIO, ASIS or AFP?

**Ms Kimball**—Yes.

**Senator HUTCHINS**—I would like to ask one thing. Senator Trood might reprimand me for this. As to the position of Australian officials, do we have some sort of legislative instrument that prevents Australian officials offering or accepting bribes for the conduct of their business?

**Mr Yuile**—Yes. A code of conduct, and it is also contrary to the guidelines of the code of ethics for Australian employees. So, yes.

**Senator HUTCHINS**—Is that the legislative instrument that prevents Australian officials from accepting or offering bribes in Australia and overseas as well? Does it extend to Austrade officers overseas as well?

**Mr Yuile**—Yes.

**Senator HUTCHINS**—In relation to Securrency—I know Senator Trood is asking about Mr Martins—was Mr Martins thoroughly investigated by the security services? I am not sure who investigates. I do not think you outlined that but, if you did, I apologise.

**Mr Grey**—He would have gone through the normal security checks that any public servant and any diplomat posted overseas goes through. We do not carry out those checks, other agencies do. There are areas where we facilitate that. He has gone through the normal full range of checks that someone being posted overseas who needs top security clearance goes through. He has to have references and all sorts of other activities.

**Senator HUTCHINS**—You would have seen a report in the *Age* in relation to ‘Global raids target Reserve Bank firm’. Have any Austrade officials at present or in the past been interviewed by the AFP or other security agencies?

**Mr Yuile**—In relation to the current AFP investigation, we have fully cooperated with the AFP and they have interviewed some Austrade officers as part of the investigation into those markets; that is correct.

**Senator HUTCHINS**—Thank you.

**CHAIR**—Senator Trood.

**Senator TROOD**—What do you understand to be the position of the investigations now with regard to Securrency’s activities?

**Mr Yuile**—That is a question that you would need to put to the AFP and not to me. The AFP is undertaking the investigation.

**Senator TROOD**—Can you tell us how many Austrade officers have been investigated or at least questioned about this matter?

**Mr Yuile**—I cannot say that, no. I know there have been officers, but I cannot tell you.

**Senator TROOD**—So, the AFP has not kept you informed of which officers of yours they have spoken to?

**Mr Yuile**—There would have been contact with our legal area in relation to any interest in terms of discussions or interviews, but I would have to check with the AFP and our legal area as to how many officers.

**Senator TROOD**—Can you give me any idea? Are we talking about five or 20 officers?

**Mr Yuile**—I think it is a small number, but I cannot tell you the exact number.

**Senator TROOD**—Do you know whether or not the AFP has approached all of those officers from your agency that they intend to approach in relation to the matter?

**Mr Yuile**—I do not know that. I am not conducting the investigation.

**Senator TROOD**—I see that, but I am wondering whether they have informed you in any way of their activities, so that you are aware of the fact that some of your officers are actually under investigation.

**Mr Yuile**—Not investigation.

**Senator TROOD**—Let me retract that. Not ‘under investigation’ but they are being spoken to about these allegations. From what you are telling me, I gather what you are saying is that you are not being kept informed of the course of these investigations either in relation to who has been interviewed so far and who may be continuing to be interviewed. Is that right?

**Mr Crook**—We are not aware of any staff being the subject of an investigation. That question should obviously go to the AFP. I would think that the number is about five who may have been involved in different discussions, but in some cases that would simply be assisting with providing papers where they have been requested by the AFP. We are fully assisting in providing papers to the AFP as part of the investigation.

**Senator HUTCHINS**—None of your current Austrade staff were subject to a raid by the AFP?

**Mr Crook**—No. I am not aware of anything of that nature.

**Mr Grey**—I can add that we have provided everything that the AFP has asked for to conduct the investigation. They do not need to conduct a raid. If they want something we provide that information to them, frankly, and as far as I know—

**Senator HUTCHINS**—I did not ask whether you were raided, Mr Grey. If you did you would tell us, I am sure.

**CHAIR**—Senator Trood.

**Senator TROOD**—In light of these very serious allegations, which may implicate some of your officers in some way—

**CHAIR**—Well—

**Senator TROOD**—They ‘may’.

**CHAIR**—I think ‘assisting’.

**Senator TROOD**—I am happy with ‘assisting’. Your agency has been drawn into this matter. What I am interested to know is whether or not, in light of the fact that you have been drawn into this, you have had reason to revise the policy that may exist and may be in place with regard to these kinds of allegations and these kinds of activities?

**Mr Grey**—Austrade, particularly on the bribery and corruption aspect, already had in place various requirements in terms of codes of conduct, training programs and so on. We have had another look at it, which you would expect, and will put in place even further activity, including some on-the-ground training for local staff. If you go to our website, there

are lots of links and lots of warnings about bribery and corruption. When market profiles are done, similarly, there are all sorts of contacts and references to the specific provisions of the legislation. The answer is that Austrade already had in place a series of measures on this front, as you would expect. We have had another look at it and will do even more.

**Senator TROOD**—Is that compulsory training?

**Mr Grey**—It is. For example, we have an online training program, so we can verify everyone does it. That covers a range of policy initiatives, including issues relating to ethics, governance, bribery, corruption and so on. It is a compulsory once-a-year training program. The last one was towards the end of the financial year. We will do that on a yearly basis.

**Senator TROOD**—Do I understand you to be saying that you were continuing to review your training arrangements about this matter and the need for any rules or protocols that might exist?

**Mr Grey**—Yes. We will continue to do that. We have done a major review in the last six months or so. As I said, the agency already had in place a series of training programs, including the one I am referring to, which went back certainly before my time at Austrade, so back at least 12 to 18 months or so ago.

**Senator TROOD**—I do not have any further questions on this, but I think Senator Ludlam has.

**CHAIR**—Senator Ludlam.

**Senator LUDLAM**—Are you aware whether any of your current or former officers refused the AFP's request for information, a briefing or to provide material?

**Mr Yuile**—I am not aware that any officers refused.

**Senator LUDLAM**—We have a minute left on the clock, so this might give you something to think about over dinner. Can you outline the nature of the assistance provided by Austrade officers overseas to help Securrency in the course of its business? Can you spell out for us specifically what the role of Austrade officers was with particular regard to what interaction your people might have had with agents or middle men engaged by Securrency, because obviously that is where some of the issues rest. Did Austrade suggest to Securrency any suitable agents, for example, and if so where would that have occurred?

**Mr Yuile**—I can answer the first part of your question, the sorts of assistance that we provide Securrency is the sort of assistance we would provide any Australian firm. That could be assistance with market information, assistance with visit programs, setting up appointments with officials or businesses in those markets. If the firm requests it—and in this case Securrency did—background checks on companies, again, drawn from public sources, say, Dun and Bradstreet or something like that.

In terms of specific agents and specific markets, I might take that on notice or hold that, because as you would be aware from the answers to questions that were asked at the last estimates committee hearing there is an active AFP investigation and the AFP has asked us, in relation to some material, to hold that for the moment pending their investigation, and not wishing to prejudice that investigation. I would prefer not to go into details of specific markets and agents at this stage.

**Senator LUDLAM**—The AFP has asked you to decline a request to disclose certain information in forums like this?

**Mr Yuile**—As you would be aware from the answers to the questions from the last estimates hearing, the AFP has indicated that there was information relevant to their investigation and they asked us, accordingly, to withhold from public release at this point in their investigation.

**Senator LUDLAM**—I suspect that after dinner we might bump into that line fairly frequently. I am happy to come back after the break, if you like.

**CHAIR**—We are not breaking until 6.30. The Austrade aspect concludes at six o'clock. We will now go to the Australian Centre for International Agricultural Research.

**Senator LUDLAM**—I might provide some other material on notice, in that case.

**Mr Yuile**—If we can be helpful in terms of questions on notice, we are happy to receive those.

**CHAIR**—Thank you, Mr Grey, Mr Yuile and other officers, for attending and assisting the committee this afternoon. You are excused. We will now turn to officers of the Australian Centre for International Agricultural Research.

[6.02 pm]

#### **Australian Centre for International Agricultural Research**

**CHAIR**—Senator Ludlam is the only person who has questions here. I welcome Dr Austin and Dr Hearn from the Australian Centre for International Agricultural Research. Senator Ludlam has indicated he wants to ask some questions about Burma and perhaps elsewhere, so we will go to Senator Ludlam.

**Senator LUDLAM**—Thanks, gentlemen, for joining us. This will be fairly quick. Your website states that you have active projects in Burma, and I am just wondering whether you can share some detail on those projects and the costs of same.

**Dr Austin**—Certainly. Our program in Burma is relatively small. The program itself aligns with the government's approach to development assistance in that country. In alignment with that, we have developed a multilateral collaborative research program really targeting improved nutrition and food security related to increasing farmers' cash incomes. So our program is aligned with the ministerial statement on Burma from February 2010, particularly in relation to providing agricultural expertise to alleviate rural poverty and acknowledging that half of Burma's 50 million people live in poverty.

Our program built from exploratory visits in 2002, and the first projects commenced in 2003; but essentially, in recent times, development of new projects has been on hold. Our one active project in Burma is led by the International Crops Research Institute for the Semi-Arid Tropics, ICRISAT, one of the 15 centres under the Consultative Group on International Agricultural Research. That project itself is targeted at increasing food security and nutrition through enhanced legume cultivation in the central dry zone of Burma. The project has a number of partners. It commenced in 2007 with Myanmar's Department of Agricultural

Research, the Myanmar Agriculture Service and the University of New England, UNE, and it is led by ICRISAT, as I have already mentioned.

The project is due to be completed at the end of this calendar year, and we are anticipating outputs in relation to improved production of the various legumes involved—groundnut, pigeon pea and chickpea. It is an important project in Burma in relation to opportunities for smallholder producers in that the sector is one of the few sectors in Burma that has been accorded a fully liberalised market regime. That explains the focus on legumes, in addition to their protein content and their relation to dietary intake. The expenditure budgeted for this year is in the order of \$70,000 for the balance of the project and, as with all of our projects, we will be undertaking a review of the performance and deciding future prospects in wider consultation with the portfolio.

**Senator LUDLAM**—Do we actually have staff based there running that project?

**Dr Austin**—We do not have staff based there. The project is led by ICRISAT, which is headquartered in India. The project engages researchers from the University of New England here in Australia who travel occasionally to the project to undertake oversight and experiments. We have one Australian staff member, David Herridge, engaged on that project.

**Senator LUDLAM**—What I might do, rather than tie us up now, is ask you to provide any written material that you are able to. Ideally, what you are reading from would be good, but also anything else that you are able to provide us with on that project and its outcomes. Maybe we will follow this up early next year once it is concluded and maybe make some decisions about whether it continues or not.

**CHAIR**—Further questions on ACIAR?

**Senator BACK**—Does time permit?

**CHAIR**—Yes, it does.

**Senator BACK**—Thank you. I would be keen to get an understanding of the size of the budget allocated for international agricultural research by Australia in the current financial year and what its distribution is regionally. Is it possible to give me an overview?

**Dr Austin**—From ACIAR's perspective—but recognising that while under ACIAR's legislation we have a responsibility for funding to the international agricultural research system, CGIAR—there is additional funding from various agencies on a project basis, typically, if it goes to the CGIAR system. My response would be in relation to ACIAR's contribution, and that represents the bulk of Australia's contribution. ACIAR engages in the international agricultural research system in two ways—either bilaterally with each of the 15 CG centres or through core funding to those centres currently. I will come back to that point, because the centres are going through a reform process at the moment. Historically, ACIAR has contributed in the order of \$11 million a year to the CG system. Approximately half of that, or \$5.5 million, has been on a project basis with CG centres, and the bulk of that has been what is termed core funding to each of the CG centres.

The CG reform process is such that the intent is that the proportion of funding going to CG centres is core, and in line with that and as a result of the 2009-10 budget measure on food security through rural development the Australian government is increasing funding to the CG

system. Whereas I said \$11 million was typically the figure, give or take, in 2009-10 an additional \$7 million was allocated. This year there is an additional \$10 million allocated, and that is increasing in out years to a target of around \$25 million, subject to satisfactory progress with the reforms. That reform process is still in progress. The week after next in Washington the fund council—and I represent Australia on that fund council—will be looking at two of the first megaprograms to come through for funding under the reform process.

**Senator BACK**—To which Australia will contribute?

**Dr Austin**—Through the funding that I have just mentioned.

**Senator BACK**—Could you give me some idea of how an applicant country or project actually gets itself on the list for consideration for funding—for example, any of the South-East Asian countries or Middle Eastern countries?

**Dr Austin**—The reform process is still very much a work in progress, and lead centres are proposing what are termed megaprograms or consortium research programs that involve a large number of partners, including other CG centres. At this stage, none of those megaprograms have been signed off. The first is the Global Rice Science Partnership, which has been brought forward by the International Rice Research Institute, and we anticipate also reviewing a climate change proposal in Washington in the first week of November. There are 15 in total that are planned, and the remainder—the 13—have yet to come to the fund council for consideration, but we would anticipate each one of those would have a large number of partners, both research organisations and private sector and non-government organisations.

**Senator BACK**—If the rice project, for example, were successful—if it got the approval of your group—what country or countries would be involved in that project and over what period of time?

**Dr Austin**—The International Rice Research Institute is headquartered in the Philippines. Also involved in the proposal is Africa Rice. The proposal is a truly global proposal. The expectation is that it will have relevance to any rice growing country. The extent to which each country is involved directly is not clear at the moment. As the projects develop, once it is signed off by the fund council, as we would hope and anticipate it will be, the detail of the projects will emerge.

**Senator BACK**—How long will that project run for—five years, eight years? Then the next question, of course, is: how do you establish and report back to government on the success or otherwise of the outcomes?

**Dr Austin**—The detail of the reporting is one that is taken very seriously by the fund council, of course, and all donors, including Australia, want clarity around how the funding is allocated and the achievements based on that funding. There will be a single reporting back to donors, the fund council. Part of the intent of the reform is to reduce the administrative burden on the centres and reach agreement on a minimum satisfactory level of reporting for all donors, where the centres report back to the fund council and all donors receive their reports in that way rather than through individual reporting. One of the difficulties the centres face historically is the large number of bilateral projects and the reporting impost that that brings with it. So the reform is, in part, to streamline and reduce the administrative burden and enable the researchers to focus on the research. The detail of the reporting has been subject to

the first two fund council meetings and agreements being reached on those indicators in broad terms.

**Senator BACK**—Our contribution would be, presumably, in cash terms; but would Australia also contribute in terms of agricultural expertise?

**Dr Austin**—Very much so. Australia, I think it is fair to say, does punch above its weight in the CG system, both in occupying senior positions within CG centres as chairs and as CEOs, and in being engaged in projects in various ways. For example, if I refer back to the projects which ACIAR has contracted to CG centres, many of those involve Australian research institutions, although the program itself might be led by one of the 15 CG centres.

**Senator BACK**—Finally, you have mentioned the Philippines and rice, and we have discussed Myanmar. Can you give us an idea, geographically, of whether there are projects active in, for example, the Middle East and the gulf. Obviously, we had a track record of pasture improvement et cetera in Iraq and Libya in days gone by, not with ACIAR funding but with other Australian support. Can you just give me an idea of where this funding extends under the CG process?

**Dr Austin**—Certainly, across all of those regions. So too does ACIAR's current funding. We have projects in Iraq and Afghanistan, for example, that are contracted to ICRISAT and ICARDA, the International Centre for Agricultural Research in Dry Areas, respectively, and drawing on Australian expertise in arid and semi-arid agriculture led by CG centres. Obviously, the CG centres have greater flexibility in their deployment of researchers than some of our Australian research providers. So work in northern Iraq is through ICRISAT headquartered in Aleppo in Syria, looking at conservation agriculture and having some good success. We are also jointly with AusAID bringing out researchers from Iraq to undertake training with Australian institutions.

**Senator BACK**—I was just going to ask about the connection with AusAID. Does AusAID work fairly collaboratively with you across the board or selectively?

**Dr Austin**—We have an excellent program of collaboration with AusAID on many levels. The two projects, Iraq and Afghanistan, are supported through AusAID funding and administered by ACIAR, and we have a number of other programs—for example, in Cambodia—in a similar vein. Our program in PNG is a collaborative one, jointly funded by ACIAR and AusAID. We work on an increasing number of programs that have direct relevance to AusAID and are supported financially by AusAID.

**Senator BACK**—Thank you.

**CHAIR**—Thank you, Dr Austin and Dr Hearn, for attending this evening and being of assistance to the committee. The committee will break and we will resume deliberations at 7.30 pm with AusAID.

**Proceedings suspended from 6.18 pm to 7.29 pm**

**AusAID**

**CHAIR**—The committee will come to order. We continue our discussion of budget estimates. This evening we are dealing with the Australian Agency for International Development, AusAID. I welcome to the table officers of AusAID and I also offer a particular



welcome to Senator Feeney, representing the Minister for Foreign Affairs. It is his first evening with us and I hope he has many more.

**Senator Feeney**—Thank you.

**CHAIR**—We will start on Outcome 1. Senator Xenophon got in first so he will kick off.

**Senator XENOPHON**—In the last financial year how much was spent on technical assistance to PNG, Timor-Leste, the Solomon Islands and Vanuatu? Is that something that is readily available?

**Mr Baxter**—It is a question that we would have to take on notice. I can tell you that in Papua New Guinea approximately 26 per cent of the aid program is currently spent on long-term advisers—just over a quarter. I do not have the percentage figures with me for the other programs.

**Senator XENOPHON**—That is fine. If you could take that on notice. Further, of the global amount how much was directed to PNG? In a broader sense, what are the implications for Papua New Guinea of the foreign minister's recent announcement to reduce by one-third the numbers of technical advisers to PNG and, as I understand it, later to Timor-Leste, the Solomon Islands and Vanuatu? Can you set out the policy rationale for that, because I know that there are some NGOs that are concerned as to the implications of that? For the record, some people think technical assistance is not of a highly technical nature; that they are generally people on the ground helping to implement programs; is that right?

**Mr Baxter**—Technical assistance covers a wide range of activities. The one that is most focused on is the use of technical advisers, but technical assistance also cover scholarships, volunteers and twinning programs between Australian institutions and institutions in developing countries. It is broader than just technical advisers.

In terms of the policy rationale, in May of this year the then foreign minister announced that there would be a review of the use of technical advisers in the aid program, and this was in response to concern that had been expressed by a number of developing countries that too much of our aid funding was being spent on expatriate advisers. Some of that concern was reflected by non-government organisations in Australia and by recipient governments, our partner governments. There had been comments on the public record by ministers in Papua New Guinea, the Solomon Islands and in East Timor. In response to this general concern, and to ensure that the aid budget is used effectively and delivers value for money, both for the Australian taxpayer and for the recipient governments, the government instituted this review.

The reason Papua New Guinea, the Solomon Islands, Timor-Leste and Vanuatu were the first four countries to be reviewed is because they account for the vast bulk of technical advisers in our aid program. Technical advisers provide a very valuable service in the aid program, and as you would understand, in many developing countries they do not have the national expertise they need to address some of their significant development problems.

The review did not start with a predetermined outcome that the government would cut technical advisers by a certain amount. The premise of the review was that we would sit down with our partner governments, we would go through all of the positions that we fund as

technical advisers, and that we would jointly make decisions that a technical adviser was the best possible answer to the particular development problem that particular country was facing.

**Senator XENOPHON**—Perhaps further to that, how does AusAID assess the effectiveness of expenditure on technical assistance and what benchmarks or KPIs does it set? I am quite happy for that to be taken on notice.

**Mr Baxter**—We are happy to take that on notice.

**Senator XENOPHON**—The consolidated review of the use of technical assistance in PNG, Timor-Leste, the Solomon Islands and Vanuatu is still to be completed. Will that be made public?

**Mr Baxter**—It will. It is part of a broader review. I mentioned that we selected those countries first because they are representative of the largest use of technical advisers in the program. We are actually reviewing every bilateral program we have and the use of technical advisers within those programs. The government is committed to finishing this review by the end of the year and we will then release the results of that.

**Senator XENOPHON**—Will that include assumptions and the background to it?

**Mr Baxter**—Absolutely.

**Senator XENOPHON**—Finally on this issue—and I have a couple of other questions on food, security and the ANAO audit report—by reducing technical assistants to these countries, how does that fit in with the Millennium Development Goals in assisting those countries to achieve those goals?

**Mr Baxter**—It fits in very well because what we are trying to achieve here is the maximum effectiveness for our aid program. As you have seen from the joint decision of the Australian and the PNG governments to reduce advisers by over a third in the PNG program, we will not take that money away. We will reinvest it into areas where we can have greater impact than both governments believe we were doing through the use of technical advisers.

**Senator XENOPHON**—Hence you expect it to help the Millennium Development Goals?

**Mr Baxter**—Absolutely.

**Senator XENOPHON**—I would like to go to the issue of food security. How does the food security initiative that was announced in the 2009-10 budget fit within AusAID's rural development strategy and, further to that, what is the status of the three components of the food security initiative? It is unfortunate Senator Heffernan is not here to assist me.

**Mr Baxter**—The \$464 million Food Security Through Rural Development initiative that was announced in the 2009-10 budget is very much an integral part of our broader rural development strategy. We spend on average about seven per cent of the total aid budget on rural development issues and the food security initiative that was announced in last year's budget is very much a core part of that.

In terms of how the particular program is going, \$100 million of that food security initiative was allocated to Africa and we have spent the last year and the first part of this year establishing relationships with counterpart organisations in Africa, regional organisations that are focused on development in east and southern Africa and in western and central Africa. If

you look at the initiative in Africa, it starts off relatively slowly in the first two years and increases quite significantly in the last two years. We are in the second year of the initiative at the moment, so we will be expending the full \$100 million over the next three years. Last year we only allocated \$2 million, as that was the sort of preparatory phase of that initiative. This year we will spend a bit more and it will ramp up considerably in years 3 and 4. This was really focused on improving a number of areas of food security in Africa. Firstly, we are providing funding to the Australian Centre for International Agricultural Research, ACIAR, to work with counterparts to develop a drought resistant form of maize. That drought resistant form of maize, once it has been bred and field trialled, will be given out to farmers in those countries affected by drought.

**Senator XENOPHON**—Is there a policy imperative or is there any view in terms of the use of genetically modified organisms in terms of the food program? In other words, does it involve, for instance, a tie-up with Monsanto, given their corporate profile? I am not a fan of Monsanto.

**Mr Baxter**—We are certainly not doing this with any commercial organisations. We are doing this with regional agricultural research organisations affiliated with the African Union and other African regional organisations—the South African development organisations. I am not aware of our using any genetically modified techniques.

**Senator XENOPHON**—Could you take that on notice?

**Mr Baxter**—Sure.

**Senator XENOPHON**—There is an issue that farmers have raised that, once you are in it, you cannot get out of it. Finally, in relation to the ANAO audit report, what progress has AusAID made towards implementing the six recommendations made in the ANAO's 2010: *AusAID's management of the expanding Australian aid program* report?

**Mr Baxter**—We have made good progress across all six. Some of them are complete. Would you like me to go through them individually?

**Senator XENOPHON**—Yes, please.

**Mr Baxter**—The first recommendation was on human resource management; that AusAID refine its approaches to human resource management, including by regular monitoring and analysis of the key drivers behind staff turnover and developing strategies to increase the length of time staff spend in roles; and increase the management responsibilities of locally engaged staff where appropriate, including in relation to management of Australian Public Service personnel. We are well under way in implementing that recommendation. We have instituted, since the ANAO report, a requirement that officers spend at least two years in a position in the agency to ensure that they build up and use corporate knowledge that is created in that position. We have also extended the timeframes for a number of our posts from two to three years. We have done that in 19 locations. We increased the length of posting from two to three years to align more closely with the posting cycle of our counterparts in the Department of Foreign Affairs and Trade. Previously AusAID staff were on a two-year posting with a one-year option. Now they are on a three-year posting with a one-year option. There are some posts where that is not suitable because they are very difficult and we only ask staff to serve for two years. We have also changed our information systems to collect and analyse data on

staff turnover. Our internal human resource information system has been reconfigured and we now get quarterly reports on staff movements.

In relation to the recommendation on giving more management responsibilities to locally engaged staff, we have produced a paper that looks at the issues involved in that. Some of them relate to the way in which the Australian Public Service operates in financial delegations under the Financial Management and Accountability Act. I can say that already in some posts we have highly qualified locally engaged staff supervising Australian public servants who have been posted to those posts, so we have made some movement. In relation to the second recommendation, which was that AusAID would have in place country and regional strategies—

**Senator XENOPHON**—I am happy to have this on notice.

**Mr Baxter**—I can give you all of that.

**Senator XENOPHON**—That is very helpful. I have one final question, perhaps to Senator Feeney. The parliamentary secretary for overseas development, Bob McMullan, in his role did a terrific job and I know was praised; the NGOs were doing terrific work in that field. There is no parliamentary secretary for overseas development at this stage. How many years have we had parliamentary secretaries for foreign aid?

**Senator Feeney**—I will make a few remarks on the point, if I may

**Senator XENOPHON**—Yes.

**Senator Feeney**—The first is that the position had been vacant for quite some time. You will recall that the member for Franklin was the parliamentary secretary in that space and he gave that position up something in the order of nine months prior. Forgive me; let me start again. The first point is that the Minister for Foreign Affairs has decided that these responsibilities will be matters for his direct attention.

**Senator XENOPHON**—Having a capable parliamentary secretary in Bob McMullan, who did a terrific job, does not hurt to achieve those goals, does it?

**Senator Feeney**—No, but from the government's perspective to be able to say that these are matters that the minister is taking direct attention to, that they have not been delegated—I am all in favour of capable parliamentary secretaries being given responsibility—but I do not think that it should be taken as a slight that an area does not have a parliamentary secretary, but rather becomes part of the direct—

**Senator XENOPHON**—Can you understand that some NGOs have said that, whilst they appreciate the minister's direct concerns, involvement and passion for this, some people have scratched their heads as to why not maximise attention.

**Senator Feeney**—You can reassure them of the fact that the minister is resolved to take a direct and enthusiastic interest in their area and that should give them comfort that their area sits at the core of the foreign minister's dealings.

**Senator XENOPHON**—Essentially, it is the minister's call as to whether he has a parliamentary secretary on that.

**Senator Feeney**—And decides the responsibilities of his parliamentary secretary. The fact that he is resolved to take these responsibilities under his immediate eye the sector should take as a compliment.

**Senator XENOPHON**—Although you can understand why some people say ‘two heads are better than one’.

**Senator Feeney**—I understand your point and I think you understand mine.

**CHAIR**—Thank you. We will now return to the program. Senator Kroger is on Outcome 1 and we will work our way through the various programs. Senator Kroger.

**Senator KROGER**—I think you would be surprised if I did not say that it is very frustrating receiving the responses to questions on notice 10 weeks later and just under a week before additional estimates start. I have to ask, because it begs the question, when we printed out the questions on notice I could not determine what order they had been formatted, processed and so on, because I had to go digging to find where all the various questions were responded to. Is there any particular order in which questions on notice are dealt with?

**Mr Baxter**—I am not aware of the problem that you are referring to, but obviously there was a problem. I will have a look to see how we put the questions together. I do not think we did it any differently to what we have done in the past.

**Senator KROGER**—Possibly not. I was possibly getting frustrated trying to look at them in a very shortened amount of time so I could consider your responses. There did not seem to be any subject ordering or order in terms of the timing of when they were asked. I would appreciate if you could look at that.

**Mr Baxter**—I will have a look at that.

**Senator KROGER**—That would be very helpful. I wanted to pick up on one of the questions that my colleague asked in relation to staffing, and it is one of the recommendations to the ANAO report that I know you are addressing. Can you give me an update on what the staff turnover is and whether that has changed since we last met?

**Mr Baxter**—I will defer to my colleague, Mr Clout, who is the head of our Corporate Enabling Division and in charge of our human resource area.

**Mr Clout**—The staff turnover figures have not changed remarkably since we last spoke about them. We are still tracking at about the APS average for separations.

**Senator KROGER**—Which is?

**Mr Clout**—I am sorry, I would have to look that up. I do not have that figure with me. The issue for us was not so much staff separations, but staff movement within the agency from one role to another; and the steps that the director general referred to earlier that we have taken in the management of the agency to slow down the rate of lateral transfer within the agency from one role to another.

**Senator KROGER**—How do you record those movements? If you look at the gross staff turnover figure it is pretty significant. It is very high, but I appreciate that it is including those transfers. How do you record it?

**Mr Clout**—Our electronic HR management system tracks each staff member against a position number, so when they transfer from one branch, section or division to another, whether that be from a Canberra role to another Canberra role or from Canberra to post or return from post to Canberra, they change from one position number to another so we can track them. The system now requires a coding for the reason for the change so we now know. One of the things that we have introduced since the ANAO report is that we can now decompose the number of changes we see and look at the reason for that. Not unexpectedly, a large number of the changes are because of postings. We are more interested in the number of lateral transfers from one job to another and particularly whether that staff member has been in the role for a short period of time or for a couple of years.

**Mr Baxter**—I can add another reason. As Mr Clout has said, we are an overseas focused organisation and we have very regular posting rounds, usually two or three a year, so there is a lot of staff turnover as a result of that.

We also lead for the government on responding to international humanitarian emergencies and sometimes that requires us to move staff very quickly around the agency to deal with a particular problem. The most recent example of that is Pakistan and the floods. We established a Pakistan flood task force, which was operating for a number of months, and because of that people were taken out of their normal jobs and put on the task force. That is not an infrequent occurrence for us. Last year we dealt with about 30 natural disasters, some of which required us to run our crisis centre for a number of days and pull staff in from across the agency. Some of it, as in Pakistan, required us to post additional staff into Pakistan to facilitate our flood relief, so we put four or five additional staff into Pakistan over the last few months to deal with that issue as well.

**Senator KROGER**—Just using that one as an example, where would someone have been transferred from to deal with that emergency? What would be their normal job?

**Mr Baxter**—We would look at people who have experience in dealing with international humanitarian disasters. It may be somebody who hopefully has Pakistan-based experience, but not necessarily so. You will recall last year that we had the earthquake in West Sumatra and put a big effort in there. We had the tsunamis in the Pacific. We have a lot of people on what we call our rapid response team. People nominate to go on the rapid response team who have appropriate backgrounds and then we deploy those people very quickly when we have a crisis where we need more people on the ground to deal with it.

**Senator KROGER**—I wanted to follow up some of your responses to my questions on notice. Firstly, in relation to the review of the Community Call to Action program, I understand that our publication date of this review or the production of it will be late October; is that correct?

**Mr Baxter**—I will defer to my colleague, Mr Davin, who runs the relevant division. As you know from last estimates, this is a pilot program which we had always intended to review. We are coming to the end of that review period, then recommendations will be put to the minister and once the minister has reviewed those recommendations and made his decision, we would intend to make public the outcome of the review.

**CHAIR**—Do you have a time for that?

**Mr Davin**—We expect to have a decision on the review and our recommendations in relation to that within a couple of weeks time, so we are still intending to complete the process by the end of November.

**Senator KROGER**—Does that review include an analysis of the integrity and appropriateness of the various projects that were funded and so on?

**Mr Baxter**—It does. It looks at the implementation of the program, whether the funds were spent for the purposes for which they were given, the effectiveness of that expenditure in terms of whether it met the objectives of the individual projects under the program, and whether it was compatible with the overall objectives of the Community Call to Action program.

**Senator KROGER**—I wanted to move on to an area that exercised some time last estimates in relation to the awarding of contracts. I note from question on notice 13, which was in relation to those contracts that were over the \$500,000 threshold, that the number of contracts has been fairly constant since 2007. I was interested to know whether you expect any further savings in this area, given that there is intent to reduce the number of contracts that will be awarded over the \$500,000 threshold? In 2007, we had 231; 2008, 229; 2009, again 229, so it has been a fairly constant number of contracts awarded for that level.

**Mr Baxter**—One of the features of the aid program that has changed over the last several years is a steady reduction in the percentage amount of the program that is delivered through contractors and this is as a result of doing a number of things: firstly, delivering more of our programs directly through the national budgetary systems of our partner governments; greater use of multilateral organisations, the UN and other multilateral organisations like the Asian Development Bank and the World Bank; and increasing the amount of our program that is delivered through non-government organisations. Overall, the percentage has declined, but of course, during that decline the dollar value of the aid budget has increased. As you know, from 2005 to this year the aid budget doubled, so the dollar figures keep increasing, but the percentage figure is smaller. I expect that over time we will see a further reduction in the amount of the aid program that is actually delivered through managing contractors. There will always be a role for them because they provide very useful skills in aid delivery, but as I said, they will not be as dominant as perhaps they were 10 or 15 years ago.

**Senator KROGER**—I have a concern in relation to the structure which may allow a potential conflict of interest for a former staffer to be engaged as a contractor or by a contractor. Once again in question 13, in part C, the question was in relation to contracts awarded to former staffers, and I will quote the answer to expedite it:

The inclusion of former AusAID staff in tender submissions is considered to the extent that their nomination conforms to AusAID's conflict of interest policy. This policy prevents former staff from applying for a contracted position for 12 months from separation from AusAID if they have had personal or substantial involvement in the contracted activity when working in AusAID.

Then in relation to a question on whether you ask for disclosure of former AusAID employees working with private contractors, you have responded with:

AusAID does not track the number of contracts awarded to former staff and therefore is not able to provide a list. All contracts over \$10,000 are listed on AusTender.

My concern here is that I understand that there is a degree of probity in terms of a former employee not being able to be engaged on a contract within a 12-month period in the same area, but there is nothing in your provisions to allow for that same person to go within that 12-month period—I am sure everybody knows everybody else in the aid area—and there is nothing stopping that person leaving AusAID for a greater remuneration package and working with a private contractor. That is an area that concerns me and then I wonder if you have actually explored ways in which that could be addressed?

**Mr Baxter**—We are exploring ways in which we can address this. I am aware of the concern from the questions that you posed at the last estimates, which you have quoted, and it is a concern we share: to ensure not only that we meet the public standard of demonstrating that there is no conflict of interest but that we are able to demonstrate that through our processes and procedures. We have been in discussion with the other relevant agencies of government—the Attorney-General’s Department and others—to ensure that we can put in place a system that does not infringe in any way the ability of people to reasonably conduct their business but, as part of a review that I have started into our contract- and agreement-making processes, this is very much a high priority that we are seeking to address. I am able to report that we are looking at this actively and I am confident that within the next couple of months we will have a very clear policy in place that is based on a reasonable process for both the agency and the individual concerned.

**Senator KROGER**—Yes, and I am reassured by that, because I am sure that it is just in setting up frameworks and criteria and so on in terms of tendering that you can be assured that you have that information and can treat it accordingly. In relation to another question about AusAID advisers on high salary packages, you stated that there are currently five advisers on salary packages of \$400,000 or above; that was in relation to a discussion we had in relation to one of those particular advisers. Do you have the information on those five advisers and where they are engaged?

**Mr Baxter**—I think I do. I will just check with my colleague. Okay, we do have that. I obviously would not want to mention any names if that is okay. I will ask Mr Dunn to answer this.

**Mr Dunn**—Yes, as we reported there were five advisers on remuneration packages over \$400,000. Since then, in fact, one of those packages has been renegotiated and has now fallen below the \$400,000. In terms of the specific advisers, three are located in Papua New Guinea, one in Indonesia and one in Vanuatu. In PNG the positions involve law and justice, public sector advice and a team leader on an AusAID project. In Vanuatu it is an adviser working on public financial management coordination and in Indonesia it is an infrastructure adviser.

**Senator KROGER**—In relation to the one where you said the contract has been renegotiated for—did you say under \$400,000—

**Mr Dunn**—Yes.

**Senator KROGER**—Has that been renegotiated for a shorter length of time? Can you give us some more details about that?



**Mr Dunn**—I do not have further detail on that specific case; I will have to take that on notice.

**Senator KROGER**—I am happy to provide a breakdown of the sort of things that I am interested in so that we can move on. I understand that there is a newly appointed gender adviser in PNG—is that correct?

**Mr Baxter**—I do not have the detail with me but I think that would be right, given the issues that we deal with in Papua New Guinea relating to the status of women in Papua New Guinean society and issues relating to violence against women.

**Mr Exell**—There was a gender integration adviser who was employed through the PNG program. She actually finished that role in November 2009.

**Senator KROGER**—What was her contract period?

**Mr Exell**—The period of the contract?

**Senator KROGER**—Of her employment, yes—her contract.

**Mr Exell**—We might have to take that on notice.

**Senator KROGER**—That is okay. It is obviously a different one that I am looking at, because I am looking at contract notice view CN335065 for a PNG gender adviser. The date of this contract period is April 2010 to April 2011, so I presume that must be another appointment.

**Mr Exell**—Yes, it sounds like a different position; that is a different period.

**Senator KROGER**—Do you know anything about that particular appointment?

**Mr Exell**—I will have to take that one on notice.

**Senator KROGER**—I am happy to give you those questions on notice in relation to that.

**Mr Baxter**—Just to give you an idea, as of 31 July there were 1,204 advisers working in the aid programs. That compares with a figure on 31 January of about 1,500, so we have already come down by about 300 adviser positions over the course of this calendar year. Of course, with the announcement by the minister last week of the reductions in the PNG program and the pending outcome of the review of advisers across the whole program, we expect that that number will continue to fall.

**Senator KROGER**—Can I just follow up on the PNG review which you touched on before? Is the review you were speaking of before the one where there was a press release put out—I think it may have been only last week? That is the same review we are speaking of?

**Mr Baxter**—That is right.

**Senator KROGER**—And that review is on the back of the PNG review that was conducted by PNG that came out in April? Is that the same thing or just supplementary to it?

**Mr Baxter**—It is related to it. The review of the PNG—

**Senator KROGER**—I am getting confused, which is why I was asking for some clarification.

**Mr Baxter**—In 2009 both the Australian and PNG governments agreed to jointly conduct an independent review of the development cooperation treaty which underpins our aid program in Papua New Guinea and the results of that review were released in April of this year. The review was conducted by a nominee of the Australian government and two nominees of the PNG government, but they were all independent from government. So it was an independent review and its recommendations included that there was an over-reliance on the use of technical advisers in the Australian aid program. That was one of the factors—obviously a very central factor—that led to the decision by the government in May of this year to announce a broader review of the use of advisers across the whole of our bilateral aid programs, but PNG has traditionally been the largest program that Australia has had and the largest program in terms of the number of advisers. I mentioned earlier the figure of 1,204 advisers. Currently in PNG we have 487 advisers and, as the minister announced last week, we will cut that number of advisers by 181, over one-third. That is, again, consistent with an overall direction in the aid program where in 2004 over 40 per cent of the total aid budget was spent on technical advisers; that number is now about 34 per cent, so it has come down quite considerably over the last few years.

**Senator KROGER**—So you do not anticipate there will be any savings from that reduction. From what you said before that will be supplemented by—

**Mr Baxter**—We will reinvest that funding in other activities.

**Senator KROGER**—I was seeking the right word and ‘reinvesting’ is exactly the word. Presumably that is at a local level?

**Mr Baxter**—Absolutely. We make commitments to countries in terms of the level of aid that we will provide and what we are really doing is, by conducting the review of advisers, seeking to make the delivery of our aid and the impact that it has more effective. So there is no question that we would cut any of the programs; we will just put the money into more direct forms of aid delivery.

**CHAIR**—Senator Kroger, I might just interrupt you briefly there and go to Senator Ludlam, who has two topics he wishes to address, and then go to your colleague, Senator Abetz, who has some minutes on a couple of things, and then come back to you.

**Senator KROGER**—No problem.

**Senator LUDLAM**—I need to submit a couple of questions quickly on behalf of my colleague Senator Hanson-Young around commitments undertaken at the recent Millennium Development Goals review summit. Do I have the right folk here?

**Mr Baxter**—Yes.

**Senator LUDLAM**—Great. Can AusAID first provide a breakdown or any further information at all on the makeup of the \$1.6 billion announced for maternal, newborn and child health at the recent MDG review summit? From an Australian point of view, is this new funding or was it part of Australia’s ongoing core funding commitment to health?

**Mr Baxter**—Thank you for the question. As you are aware, the Minister for Foreign Affairs announced at the Millennium Development Goals summit that Australia would spend \$1.6 billion between now and 2015 on women’s and children’s health. This is a commitment

that has been made against the backdrop of the government's broader commitment to increase the level of aid funding to 0.5 per cent of gross national income by 2015-16 and builds on an already very strong program in the area of maternal and child health. There were some specific announcements that were made as part of that \$1.6 billion commitment over the next five years and this included a new commitment to provide \$140 million over five years to improve maternal and child health in Africa. There had been an earlier commitment made at the Pacific Islands Forum summit in Vanuatu to provide an additional \$85 million to Pacific island countries to improve their maternal and child health outcomes. In terms of the programming of the funding in future years, those decisions are still to be made by government, but I will ask my colleague Mr Proctor to talk about our core funding that you mentioned on maternal and child health.

**Senator LUDLAM**—I am just trying to differentiate, as well, how much of that announcement was new and how much had already been budgeted for.

**Mr Baxter**—The \$140 million for Africa and the \$85 million for the Pacific is new funding.

**Senator LUDLAM**—Great; thank you.

**Mr Proctor**—In answer to your question, really what you are looking at is a five-year anticipation which is based on at least the same percentage of spending as now on maternal and child health, but in very much a growing volume of aid—up to a 0.5 per cent ODA to GNI ratio. In terms of existing funding, that is sort of the base level that is now spent each year on this, but it will grow each year quite substantially. By 2015-16 you are looking at over \$8 billion a year, so that is pretty much doubling. There is genuinely a very large amount of additional money anticipated in this expected figure.

**Mr Baxter**—I will just add that one of the announcements related to this issue that were also made at the Millennium Development Goals summit was that Australia became a founding member of the new International Alliance for Reproductive, Maternal and Newborn Health, which was established as part of the UN Secretary-General's global strategy on women's and children's health. The other members of the alliance are the United States, the United Kingdom and the Bill and Melinda Gates Foundation. That alliance is aimed at doing a few things: to meet the unmet need for family planning by 100 million women living in developing countries; to expand the use of skilled birth attendants in developing countries; and to increase the spread of quality of postnatal care by 2015. This is very much a coordinated effort between some of the major global donors and, with the Gates Foundation, private foundations that are working in the area of maternal and child health.

In essence, what this will do is have Australia working side by side with these countries and the Gates Foundation to target particular countries through coordinated action. Rather than acting as an individual aid donor, we will work with those countries. The countries that will have a particular focus will include Bangladesh and a number of African countries, such as Ethiopia and Nigeria. India will also be included. They are really just the first few countries that have been identified as having particular issues with maternal and child health and where the countries all have active representation and aid programs. In our case we will clearly be looking to steer the alliance to working with Australia in some of the countries in the Asia

Pacific that have particular problems with maternal and child health, such as Papua New Guinea, Timor-Leste, Afghanistan and some others, so this is quite an interesting and exciting development.

**Senator LUDLAM**—I would like to come to PNG in a second. I am presuming this is reflective of the fact that in maternal and child health—the MDGs—we are the furthest behind in and that we have made the least progress in since these commitments were made. Are they focused on the areas that have been identified as greatest need or are we more interested in a regional perspective or Australia's neighbours and so on?

**Mr Baxter**—They are very much as you have described. Probably the biggest event that was held at the Millennium Development Goals summit was the launch of the secretary-general's global strategy. There was \$40 billion pledged at the launch of that strategy amongst the global donors, but not only global donors pledged to make a much greater effort to deal with maternal and child health. There were some quite interesting commitments made by developing countries, countries like Nigeria, to do more within their national resources to address this particular problem.

**Senator LUDLAM**—In relation to PNG can you provide us with some further information on how our future support for maternal and newborn and child health in PNG specifically as to how it is hoping to progress the recommendations of the PNG government's maternal health task force report?

**Mr Exell**—As you are aware, in 2008 PNG convened a ministerial task force to explore, I guess, the reasons for the deterioration in maternal health and look for a way forward. They released that report in August of 2010. They sought Australia's assistance to implement the recommendations and to fund in particular a meeting of international and local experts to develop the action plan. To directly respond to that task force Australia will work with the government of PNG and other donors to establish five fully functional midwifery schools by February 2012. Currently only two out of the four existing schools are functional. We are looking to expand community health worker training in maternity care and to increase and improve obstetrics and gynaecology services and to investigate the use of outreach patrols in the provinces to increase maternal health service coverage. Their particular response is they come on the back of activities in 2009, which I can go through as well if you would like.

**Senator LUDLAM**—Because my colleague Senator Hanson-Young is not here I might ask you to just table anything recent that you have got that might not have been in the public domain to date on that. That would be greatly appreciated. Will it actually see more advisers working at a subnational level? Have we got any idea of how many more people it will involve?

**Mr Exell**—That is a broader question that actually came up in the review of the development cooperation treaty that Mr Baxter referred to earlier that looked at that reach and how do we improve service delivery. Getting more focus at the provincial level is something that we are keen to pursue. Our view is that the provincial level is where there can be the greatest potential for services improvements.

**Senator LUDLAM**—It is certainly very welcome from our behalf, particularly as to those Millennium Development Goals where we are lagging. These statistics are downright catastrophic, so we wish you well and we will continue to follow those up.

Turning to a completely different role for AusAID in PNG—and I am not sure whether or not this would be your bailiwick—I am specifically interested in what AusAID's role is in the PNG LNG project, if any?

**Mr Baxter**—The Australian government is providing a range of assistance to Papua New Guinea. Other agencies and departments outside of AusAID are involved in this as well. In terms of AusAID involvement, we have been in discussion with the government of Papua New Guinea about how we might be able to provide them some assistance in developing capacity in particular areas that they require to upgrade their capacity within government to manage things like the influx of skilled workers required to construct the facility, the customs clearances that relate to the increased volume of goods being brought into Papua New Guinea, specialist equipment and the like, to build both the gas extraction facility, the pipeline and the processing plant. There is a range of areas of the PNG government that we have been in discussions with over the past month or so to try to identify where specifically we may be able to help PNG build capacity, both short term and long term.

At this time we have not finalised a package of assistance. It is still an issue that is in discussion between the two governments. The Parliamentary Secretary for Pacific Island Affairs was in Papua New Guinea only about a week ago and had discussions with senior ministers of the PNG government on this matter and I expect we will come to agreement on a package of assistance quite soon. Beyond that, Australian agencies such as the Department of Finance and Deregulation and the Treasury are also providing advice to Papua New Guinea on the establishment of a sovereign wealth fund or sovereign wealth funds to ensure that the revenue that is generated from the LNG project is subject to proper governance and accountability requirements.

**Senator LUDLAM**—It was reported in PNG that it was actually AusAID's chief economist who would be assisting modelling in regard to the sovereign wealth fund. Has that been reported incorrectly?

**Mr Baxter**—No, I was talking about the actual establishment of the sovereign wealth fund. We are funding work to model the impact of the flow of revenue on the PNG economy in the broad, but also how the revenue stream can most effectively be used to help improve service delivery.

**Senator LUDLAM**—What kind of guideline is being developed in relation to service delivery?

**Mr Baxter**—The defining of the exact scope of the modelling is something that we are in discussion with PNG on. There has been some preliminary modelling done which is very broad, looking at national revenue impacts of the LNG project. But we continue to work with PNG to develop other forms of modelling which would look at revenue flows and how all those revenue flows could better improve basic service delivery through the PNG public financial management system, so it is ongoing work.

**Senator LUDLAM**—I am going to try to get around to the other departments and agencies to establish what exactly we are up to in that regard. So that we can move on, could you perhaps table for us anything that you have in written form on AusAID's interaction directly both with the sovereign wealth fund but more broadly some of the issues that you were discussing before?

**Mr Baxter**—I should say that one of the objectives of the modelling is to assist Papua New Guinea to avoid the so-called Dutch disease which has afflicted many developing countries that have significant resource wealth and ensure that the way in which the revenue from the project is managed does not, for instance, feed into rapid inflation in Papua New Guinea, which would of course have very significant impacts on the broader population who are not involved directly in the LNG project. Agricultural producers, people who live in villages, are seeing the price of goods and services increase because of a sudden influx of income into the country.

**Senator LUDLAM**—You are aware no doubt from open-source reports that that is already happening. There is already violence. There have been shootings even since the last estimates hearing in which I raised this issue, that landowners are quite strongly and violently contesting the presence of the project at all. We are right in the middle of it through the fact that we have helped to finance the project. Are you able to provide us with details on the level of violence and security issues relating to the project over the last 12 months?

**Mr Baxter**—That is really not something that we would be able to provide you, no.

**Senator LUDLAM**—Why would that be? Were there people working directly on this project in the country?

**Mr Baxter**—AusAID people do not monitor the levels of violence in Papua New Guinea. It is not part of the remit of AusAID officers to do that. I understand your concern and share that concern and certainly I am aware of some of the reports that you mentioned, but this is an issue for Papua New Guinea; it is not an issue relating to the delivery of our aid program.

**Senator LUDLAM**—It is relating to the delivery of an LNG project which AusAID, as you have just been describing for us, is quite intimately involved in.

**Mr Baxter**—No, AusAID is providing assistance to Papua New Guinea to deal with its LNG project. It is Papua New Guinea's LNG project. We are providing assistance to try and facilitate the use of the revenue in ways that will be effective and will help the people of PNG and the PNG economy, given the history around the world of large resource programs that have had a negative impact on economies. I understand what you are saying, but to say that AusAID is intimately involved is probably overstating our role. We are providing advice and assistance where Papua New Guinea has asked us to.

**Senator LUDLAM**—When you say this is PNG's LNG plant, we are talking about the same plant that is being partly financed by EFIC?

**Mr Baxter**—Yes, but EFIC is not part of AusAID. It is an Australian government instrumentality. I understand that.

**Senator LUDLAM**—With great regret we have sent them home already. I had some questions for them as well. As to the security impacts, I would imagine you would be

concerned about it as you are, for example, in Afghanistan, which is a fierce combat zone in which AusAID staff are deployed in some manner. In PNG we have seen shootings and exchanges of fire between security forces, police, local landowners and civil society groups. It is becoming toxic.

**Mr Baxter**—We do provide assistance to the law and justice sector in PNG through the aid program. That is not specifically targeted at the LNG project. As you know there are unfortunately some significant law and justice issues in Papua New Guinea, and it has been a longstanding engagement of successive Australian governments to provide assistance to Papua New Guinea in that area.

**Senator LUDLAM**—I might provide a couple more questions to you on notice but as the clock is running down I just want to briefly change the subject very quickly and ask you about the Extractive Industries Transparency Initiative, which is something that Australia is a supporter of. Can you tell us what funds AusAID has allocated to supporting this initiative, if any, and who receives such funds?

**Mr Proctor**—Certainly I am interested in the activity. The main responsibility for regulating this sector in Australia of course resides with the Department of Resources, Energy and Tourism. Any questions on domestic matters of course go to them.

**Senator LUDLAM**—I gather there is no support for implementing an Extractive Industries Transparency Initiative in Australia unfortunately, so I had better take that up somewhere else.

**Mr Proctor**—Through AusAID certainly overseas the Australian government is a supporting member of the transparency initiative, which recognises that a well governed mining sector contributes to stability, economic growth and poverty reduction in many of the ways we were just discussing. It can also reduce partner countries dependence on aid of course over time. If it is poorly governed there are potential problems of instability and corruption. To answer your question, since 2007 Australia has contributed \$1.45 million to support the implementation of the initiative in developing countries. The World Bank administered a multidonor trust fund.

**Senator LUDLAM**—Does it just go into a bucket with everybody else's funding or do we earmark our funding for particular places?

**Mr Proctor**—I think you will find that is not an earmarked fund. It is used in relevant countries that put in the proposals for the funding.

**Senator LUDLAM**—Does the World Bank assess where the money goes or do we have a hand in it?

**Mr Proctor**—We are on the board. Can I say that East Timor is one of the three countries that have actually achieved the EITI compliance already, so it is relevant to our region?

**Senator LUDLAM**—Is there anything you can tell us about PNG in this regard while we are on the subject?

**Mr Proctor**—PNG and the Solomons are apparently considering seeking endorsement.

**Mr Baxter**—That is right.

**Senator LUDLAM**—Finally, what is the position of the minister regarding promotion of improved transparency and anticorruption mechanisms for example as the G20 agenda? Is the Australian government to your knowledge pursuing EITI at the G20 or any other multilateral fora that you might know about?

**Mr Baxter**—I will defer to my colleague Mr Davin on the G20, but generally Australia does promote the EITI initiative, including in our discussions with Papua New Guinea on the LNG project. I have been involved in discussions with senior officials from the PNG government side encouraging them to adopt the EITI's governing principles surrounding the development of natural resources in the LNG project in PNG specifically. Obviously, these are issues for sovereign governments. As Mr Proctor mentioned, we also raise the issue with Solomon Islands which, as you might be aware, is in the process of reopening a goldmine that closed during the civil problems there several years ago. So we are active in terms of promoting the EITI around our region.

**Mr Proctor**—Before we go to G20 could I just say in response that there are some other organisations we are involved in. Australia is an active supporter of the United Nations Convention against Corruption, UNCAC and in fact is supporting a regional meeting on that convention in Bangkok in a few weeks time. Also, we are an active supporter of Transparency International, the broader international body on working against corruption, based country by country and then chapters.

**Senator LUDLAM**—We will try to get that EITI introduced into Australia.

**Senator BOSWELL**—Can I ask Mr Baxter: how many aid and development agencies that conduct overseas maternal health programs receive funding via the budget?

**Mr Proctor**—I think we would have to do a careful count because most Australian non-government organisations that do receive funding will have some component of health in their activities overseas. Of course, that is on top of international agencies that we already provide assistance to.

**Senator BOSWELL**—Could you take that on notice?

**Mr Proctor**—Sure.

**Senator BOSWELL**—How many pregnancy terminations overseas were funded by last year's budget?

**Mr Baxter**—By last year's budget—there are none that I am aware of.

**Senator BOSWELL**—Does that mean that there were none or none that you were aware of?

**Mr Baxter**—None. It was only in August 2009 that the government released its family planning guiding principles, and prior to that time, in the year before that, there was no funding provided for family planning activities that may have included abortion.

**Senator BOSWELL**—Does AusAID provide funds to the International Planned Parenthood Federation via its budget? If so, what International Planned Parenthood Federation programs are funded by AusAID?



**Mr Baxter**—Australia, with other donors, including the UK, Japan, Canada and northern European countries, provides annual core contributions to the International Planned Parenthood Federation's regular budget. The IPPF is a federation of national family planning associations and operates in 181 countries in accordance with local laws.

**Senator BOSWELL**—And, if so, what International Planned Parenthood Federation programs?

**Mr Baxter**—The strategic framework of the International Planned Parenthood Federation focuses on five key areas: ensuring young people have access to reproductive health information; HIV and AIDS prevention and care; reducing the incidence of unsafe abortion; delivering sexual and reproductive health services; and advocating for sexual and reproductive health rights.

**Senator BOSWELL**—What about providing for unsafe abortions? Does that mean that you provide a safe abortion?

**Mr Baxter**—No, it does not. It means that we work with the International Planned Parenthood Federation and other similar organisations to reduce the number of unwanted pregnancies.

**Senator BOSWELL**—In your previous answer you said there were something like 181 AusAID groups that receive monetary support for planned parenthood.

**Mr Baxter**—No, what I said was that the IPPF operates in 181 countries around the world.

**Senator BOSWELL**—Did we support that with AusAID money?

**Mr Baxter**—We provide core funding to the regular budget of the IPPF, so that core funding would be used across the 181 countries that IPPF works in. Because it is a core budget contribution it is not earmarked for particular countries.

**Senator BOSWELL**—How would you know whether that money went into abortions or not?

**Mr Baxter**—Because all of the recipients of family planning funding from AusAID are required to adhere to the guiding principles that were issued in August last year.

**Senator BOSWELL**—Thank you very much.

**Mr Baxter**—That is a condition of funding.

**Senator ABETZ**—Congratulations to Senator Feeney, and I wish him well in his new role. I understand that officials may have been aware of some questions I asked earlier about Minister Rudd's visit to a camp in Pakistan.

**Mr Baxter**—Yes. I was with him.

**Senator ABETZ**—Very good. In that case, you might be able to tell us about some of the arrangements as to whether or not the camp had to be closed during the visit.

**Mr Baxter**—No, it did not.

**Senator ABETZ**—It was not closed?

**Mr Baxter**—No, it was not.

**Senator ABETZ**—Not for security reasons?

**Mr Baxter**—No.

**Senator ABETZ**—All right. Do you know how many other world leaders had popped into this camp before Mr Rudd had visited?

**Mr Baxter**—The camp was named in a very Australian way: Camp Cockatoo. It was established by the Australian Defence Force and AusAID as a joint operation, so it was an Australian facility.

**Senator ABETZ**—Joint operation with?

**Mr Baxter**—Between AusAID and the Australian Defence Force. It was a civil-military operation and no other world leaders had visited the camp before Mr Rudd.

**Senator ABETZ**—So, the Secretary-General of the United Nations had not been there previously?

**Mr Baxter**—No. The Secretary-General of the United Nations had visited some of the flood-affected areas of Pakistan but he did not go to Camp Cockatoo. This was a field hospital that was set up by Australian Defence and civilian personnel.

**Senator ABETZ**—Are you aware that there was going to be an outreach program from Camp Cockatoo?

**Mr Baxter**—I am aware that there was planning done for that possibility.

**Senator ABETZ**—Has that occurred?

**Mr Baxter**—The outreach operations—there was an activity that took place after the minister's visit, but it was only very limited in scope because of the inability of the Pakistan authorities to provide appropriate force protection, not due to any ill will, I should say, but due to the fact that the Pakistan authorities had their hands full dealing with the worst flood Pakistan had ever seen.

**Senator ABETZ**—Is it true that Lieutenant General Mark Evans was undertaking a risk assessment of the outreach program when Mr Rudd visited?

**Mr Baxter**—No, that is not true.

**Senator ABETZ**—Was that not true because the lieutenant general was recalled back to the camp and not to undertake the risk assessment whilst Mr Rudd was in Pakistan?

**Mr Baxter**—I think you are best to put these questions to Defence, but Lieutenant General Evans was due to be in Pakistan coincidentally at the time of the visit and was at the camp at that time. I spoke with him and he was part of the broader party that undertook that visit to the Camp Cockatoo facility.

**Senator ABETZ**—He was already there, wasn't he?

**Mr Baxter**—My recollection was that he went at exactly the same time as we did, because I spoke to him here in Canberra as part of our preparation for the visit. He informed me that he had planned to be in Pakistan at that time.

**Senator ABETZ**—For what purpose?

**Mr Baxter**—Similar to me, as the head of the element of the Australian Defence Force that had actually established the facility at Kot Addu, which was the name of the place in Pakistan where the facility was established. Both Lieutenant General Evans and I, as the head of AusAID, had personnel on the ground working in quite difficult conditions, and it is quite routine for senior members of an organisation to go and see in the field what their personnel are actually doing.

**Senator ABETZ**—Of course, but Lieutenant General Mark Evans's visit, as it happened, coincided—which was fortuitous—but the reason that he was going over was, to your understanding, to undertake risk assessments for the outreach program?

**Mr Baxter**—That is not my understanding of the purpose of his visit. You are better off asking him.

**Senator ABETZ**—I will be asking Defence as well. Thank you very much.

**Senator KROGER**—I just want to qualify the question on notice that Senator Xenophon tabled earlier in relation to the recommendations of the ANAO report. The question was in relation to where we are at; I just want to make sure that we have got that covered.

**Mr Baxter**—It was a progress report. You might recall that I gave an extensive answer to a similar question at the last estimates.

**Senator KROGER**—I do indeed.

**Mr Baxter**—I will update that.

**Senator KROGER**—Thank you very much.

**Senator Feeney**—I think my recollection is that he retreated into requesting it on notice because he was going to get an extensive answer otherwise.

**Mr Baxter**—That is a fair assessment.

**Senator KROGER**—I am happy to leave it there. I just want to ask you about aid effectiveness in relation to it being directed through churches and in relation to PNG again. It was announced back in July that there would be increased funding going through that avenue.

**Mr Baxter**—Indeed.

**Senator KROGER**—Could you give me a bit of a brief precis of that and how effective you think the direction of aid is through churches?

**Mr Baxter**—I will just make some brief introductory remarks and ask Mr Exell to fill in some of the detail. We have had a longstanding relationship with church groups in Papua New Guinea. As you would be aware, I am sure, the church community are very significant providers of health and education services, particularly at the provincial level. We certainly have a longstanding arrangement, which has been very satisfactory for both sides, where we have provided funding to churches to address particular needs at the subnational level in health and education, in areas as diverse as HIV and AIDS prevention, dealing with other communicable diseases and the like. I will ask Mr Exell to provide some details on the specific program.

**Mr Exell**—That announcement was in July, early this year, during the bilateral ministers meeting that took place in Alotau. To go back to the review of the development cooperation treaty that looked at the overall aid program, it actually found quite positive findings in terms of that program, in terms of the work of the aid program, through non-state actors, including the church. At that time, there was an announcement—I think it was \$50 million, off the top of my head—to contribute to that for another five-year period. That was the second phase. The first phase was quite successful. I do not have the details of the achievements and the range of partners but, as Mr Baxter mentioned, it has proven to be very successful and was reinforced through that overarching review that we have done. For that reason it was extended.

**Senator KROGER**—One of those ways in which we could directly, perhaps more effectively, distribute aid is where the ownership of the distribution effectiveness is on the ground. I am sure that the women who are involved in a lot of those areas have a very direct interest in making sure that their kids are educated and in increased health and water safety and all that sort of thing.

**Mr Baxter**—It is fair to say that in a number of areas of Papua New Guinea, particularly in more remote areas, the churches are the only service delivery agents available, because they have the best networks in Papua New Guinea, as you are probably aware.

**Senator KROGER**—Yes. I want to turn to the prime project, which I understand is the TV series that has been put together in relation to aid delivery. Do you know about that?

**Mr Exell**—No.

**Senator KROGER**—I have heard that it is a television series currently called ‘Prime Project’ and that AusAID is filming and producing a six-part television series for prime TV.

**Mr Baxter**—I will ask Mr Proctor, who is in charge of our communications area, to answer that.

**Mr Proctor**—That is correct in a general sense. I am not sure I am carrying a lot of detail on that.

**Senator KROGER**—I was wondering what the purpose was of it and what inspired us to get into the TV series medium?

**Mr Proctor**—It is part of the media communications program of AusAID. I am just endeavouring to find the information on it. There is an annual program, of course, publicising aid, making the Australian public aware of what it is providing. I think I may have to take it on notice, as I do not seem to have any particular detail.

**Senator KROGER**—If you could; in relation to the nature of it. I understand it is a six-part series, but what does that involve, who is involved in it, what is the cost of it, when is it anticipated that it will go to air, what topics will be covered and, probably more importantly, what advertising agency or television company has won the tender to put it together?

**Mr Proctor**—It would be television. I do not have that sort of detail here so we will take it on notice and get back to you.

**Senator KROGER**—Thank you. Has there been any discussion of the 41<sup>st</sup> Pacific Island Forum?

**Mr Baxter**—This evening?

**Senator KROGER**—An update on the recent Pacific Island Forum?

**Mr Baxter**—I am very happy to give you one.

**Senator KROGER**—Please do.

**Mr Baxter**—I will ask Mr Exell who was there. I was at an MDG summit in Jakarta at the time.

**Mr Exell**—I am very happy to give an update. The forum in which the role of the chair passed from Australia to Vanuatu went very well. There were some key themes. I do not have in front of me the formal communique, but it is a public document that is out there for people to read and to access. I can get that for you if you like. There were some key aspects from Australia's perspective that we saw to pursue through this meeting. In terms of the development agenda, climate change was a topic that was high on people's minds and a lot of discussion. During that meeting we talked about and introduced some principles to guide the region on how they can access and tap into some of the global financing mechanisms that may become available.

A second key outcome was the Cairns compact. The forum had quite a detailed discussion on that and demonstrated the success and ownership that had embedded throughout the region as the Cairns compact for improved donor coordination. The third one was an MDG statement.

**Senator KROGER**—Just on that, was there a strengthened framework to expand on that, because that is a continuing issue that is raised all the time, in terms of maximising, getting bang for the buck, with some coordination through NGOs and ourselves, AusAID and so on?

**Mr Baxter**—What happened this year at the forum was that it was really the first anniversary of leaders adopting the Cairns compact on strengthening development coordination. Leaders agreed in Cairns in August 2009 on a set of processes that would give effect to the Cairns compact. There were some key ones.

Firstly, Pacific island countries agreed that there would be a rolling program of peer reviews of national development plans that had been drafted by forum island countries. For the first year of the Cairns compact Nauru and Kiribati were the two countries that volunteered to have their national development plans peer reviewed. They were peer reviewed by other Pacific island countries. New Zealand participated in the Kiribati review and the UN Development Program participated in the Nauru peer review. So it was a mixture of Pacific island countries, New Zealand and multilateral bodies. The results of those peer reviews were presented to forum island leaders.

The idea of the peer reviews was not to embarrass countries about the deficiencies of their national development plans but to try to find examples of best practice that could be promulgated around the region. This was the first time it had ever happened and both Nauru and Kiribati spoke in a very positive way about their experience and the value of having

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external eyes looking at what they were doing, in terms of seeking to better harness their national resources for development.

On the donor side, it was the first year that donors were, in a sense, asked to walk the walk as well as talk the talk on strengthening donor coordination. So there was a process of reporting put in place throughout the year that Australia was in the chair where donors had to report to Pacific Island Forum leaders on the efforts they had taken to reduce fragmentation of aid and strengthen coordination. These are very practical things like reducing the number of visiting missions by combining missions between donors when they go to a country, so you do not hit a small country like Kiribati with seven successive donor missions all asking about health programs and so on, given the limited capacity of some of the smaller island states in the Pacific region. We had a very good response from donors. Most of the major donors participated in that reporting process, including the multilateral donors like the Asian Development Bank, the World Bank, big bilateral donors, ourselves, the European Union, New Zealand, Japan and others.

The forum also looked at what is now an annual report that is put together to track the progress of Pacific island countries against the Millennium Development Goals. The first of these reports was produced by Australia in 2009, but in 2010 that responsibility shifted to the Pacific Island Forum secretariat, so it was a forum document, if you like, commissioned and produced by the forum. That report showed overall that Polynesian countries had been performing relatively well. Micronesian countries of the North Pacific have been struggling to maintain earlier gains that they had made towards the Millennium Development Goals, and in some of the Melanesian countries, particularly those where there had been conflict or civil and political tension, there had been a reversal of some achievements.

The overall result was that approximately nine of the Pacific island countries are either off track or slightly off track to achieve at least half of the eight MDGs by 2015. This is a very interesting and useful development in the forum where there is, in a sense, an accounting for performance on an annual basis that we can judge whether or not, over time, the various processes that we have established under the Cairns compact are actually having an impact in terms of achievement of the MDGs. Nobody expected that in year 1 we were going to see a reversal of trends, but hopefully over the next five years, as these reports are produced annually, we will start to see some better results because one of the motivating factors behind the establishment of the Cairns Compact on Strengthening Development Coordination in the Pacific was the fact that, despite having received some of the highest levels of aid per capita in the world, Pacific island countries have generally done fairly disappointingly against the MDGs. There have been some bright spots—Vanuatu, Samoa and some sectors in some countries—but overall not what you would expect for the high levels of development assistance.

**Mr Exell**—I can add to that on the MDGs. The Port Vila Declaration on Accelerating Progress on the achievement of the Millennium Development Goals came out of the forum as a formal document that was endorsed by leaders and then presented by the forum chair at the MDG summit in New York, so that was another key outcome from that meeting.

There were a few other things that I could note which were key outcomes from the forum. Agreement that trade access and economic integration through mechanisms such as the

PACER Plus continue as a regional priority. There was endorsement of a public financial management roadmap, which includes a proposed fund to support public expenditure analysis. That will produce key analysis and diagnostics that will, again, shape better donor coordination, so that we can see and track where funds are going. Finally, there was the inaugural private sector dialogue to promote further engagement with the private sector.

**Senator KROGER**—At this forum initially the then-Prime Minister Rudd was going to attend, was he not?

**Mr Baxter**—It varies over the years in terms of the availability of the Prime Minister. The Prime Minister normally attends. The calling of the election and other events obviously determined the final level of representation.

**Senator KROGER**—I understand they were in caretaker mode when the forum was held. Was then Prime Minister Rudd flagged as going to attend?

**Mr Baxter**—I am not aware of that. Normally decisions on prime ministerial attendance at meetings are made by the Prime Minister's office and the Department of the Prime Minister and Cabinet are informed. It is not really an issue for AusAID as to whether or not the Prime Minister attends something.

**Senator KROGER**—Does it pose any difficulties being in caretaker mode? I think former foreign affairs minister Smith attended. Did he attend?

**Mr Baxter**—That is right. He attended, as did the former Parliamentary Secretary for International Development Assistance, Mr McMullan.

**Senator KROGER**—Thank you. I have a couple of smaller matters, but I am happy to put those on notice.

**CHAIR**—If you wish.

**Senator KROGER**—That is it. Thank you very much.

**CHAIR**—I would like to thank officers of AusAID and Senator Feeney for attending tonight. The committee stands adjourned until 9.00 am tomorrow morning.

**Committee adjourned at 8.54 pm**