



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE
LEGISLATION COMMITTEE

Estimates

THURSDAY, 20 OCTOBER 2011

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SENATE
FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE

Thursday, 20 October 2011

Senators in attendance: Senators Abetz, Colbeck, Eggleston, Fawcett, Faulkner, Kroger, Ludlam, Macdonald, McEwen, Parry, Rhiannon, Ronaldson and Sterle

FOREIGN AFFAIRS AND TRADE PORTFOLIO

In Attendance

Senator Farrell, Parliamentary Secretary for Sustainability and Urban Water

Department of Foreign Affairs and Trade

Mr Dennis Richardson, Secretary

Mr Bruce Gosper, Deputy Secretary (Trade)

Mr Chris Moraitis, First Assistant Secretary, Corporate Management Division

Ms Ann Thorpe, Chief Finance Officer

Mr Richard Rowe, Senior Legal Adviser

Mr Simon Philip Merrifield, Assistant Secretary, Parliamentary and Media Branch

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 Peter Rowe, First Assistant Secretary, North Asia Division

South-East Asia

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

Americas

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

Ms Jane Hardy, Assistant Secretary, United States Branch

Ms Elizabeth Schick, Assistant Secretary, Canada and Latin America Branch

Africa

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

Mr Peter Heyward, Assistant Secretary, Africa Branch

Europe

Mr Jeremy Newman, First Assistant Secretary, Europe Division

Mr Paul Myler, Assistant Secretary, Northern, Southern and Eastern Europe Branch

Mr Peter Doyle, Assistant Secretary, EU and Western Europe Branch

South and West Asia, Middle East

Mr David Stuart, 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

Ms Deborah Stokes, First Assistant Secretary, International Organisations and Legal Division

Mr James Larsen, Ambassador for People Smuggling

Mr Richard Rowe, Senior Legal Adviser

Ms Caroline Millar, United Nations Security Council Task Force

Mr Dominic Trindade, Assistant Secretary, Domestic Legal Branch

Mr Greg French, Assistant Secretary, International Legal Branch

Mr Daniel Sloper, Assistant Secretary, CHOGM Policy Task Force

National security, nuclear disarmament and nonproliferation

Dr Robert Floyd, Director-General, Australian Safeguards and Nonproliferation Office

Mr Allan McKinnon, First Assistant Secretary, International Security Division

Mr Bill Paterson, Ambassador for Counterterrorism

Services to other agencies

Mr Chris Moraitis, First Assistant Secretary, Corporate Management Division

Mr Peter Davin, Executive Director, Overseas Property Office and Services

Services to diplomatic/consular representatives

Mr Patrick Suckling, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

Mr Jon Philp, Assistant Secretary, Consular Operations Branch

Ms Anne Plunkett, Chief of Protocol

Mr Mark Donovan, Protection, Privileges and Immunities Section

Program 1.2 Payments to International Organisations

Ms Deborah Stokes, First Assistant Secretary, International Organisations and Legal Division

Program 1.3 Public Information Services and Public Diplomacy

Mr Patrick Suckling, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

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

Program 2.1 Consular Services

Mr Patrick Suckling, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

Mr Jon Philp, Assistant Secretary, Consular Operations Branch

Program 2.2 Passport Services

Ms Penny Williams, Executive Director

Mr Ross Tysoe, Assistant Secretary, Passport Business Improvement and Technology 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

Mr Tuan Dao, Chief Information Officer

Program 3.2 Overseas Property

Mr Peter Davin, Executive Director, Overseas Property Office and Services

Australian Trade Commission (Austrade)

Mr Laurie Smith, Executive Director, International Operations, Austrade

Mr Robert O'Meara, Chief Finance Officer, Austrade

Outcome 1—Advance Australia's trade and investment interests through information, advice and services to businesses, industry and governments

Mr Bruce Gosper, Deputy Secretary

Mr Christopher Langman, First Assistant Secretary, Trade and Economic Policy Division

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

Mr Michael Mugliston, Special Negotiator, Free Trade Agreement Division

Ms Elizabeth Ward, Acting First Assistant Secretary, Office of Trade Negotiations

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

Mr Remo Moretta, Assistant Secretary, Agriculture and Food Branch

Program 1.1 Trade and Investment Development

Mr Peter Grey, Chief Executive Officer

Mr Peter Yuile, Executive Director, Education and Corporate Operations

Program 1.2 Trade Development Schemes (Export Market Development Grants)

Export Finance and Insurance Corporation

Mr John Pacey, Chief Credit Officer

Australian Centre for International Agricultural Research

Dr Nick Austin, Chief Executive Officer

Australian Agency for International Development

Mr Peter Baxter, Director-General

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

Mr James Batley, Deputy Director-General

Mr James Gilling, First Assistant Director-General, Pacific Division

Mr Richard Moore, First Assistant Director-General, Asia Division

Mr Laurie Dunn, First Assistant Director-General, Program Effectiveness and Performance Division

Mr Murray Proctor, First Assistant Director-General, Sectoral Policy Division

Ms Catherine Walker, First Assistant Director-General, Africa, West Asia, Middle East and Humanitarian Division

Mr Robin Davies, First Assistant Director-General, International Programs and Partnerships Division

Mr Blair Exell, First Assistant Director-General, Corporate Enabling Division

Mr Paul Wood, Chief Financial Officer

Mr Simon Kidman, Chief Auditor

Mr Dereck Rookan-Smith, Assistant Director-General, Office of Development Effectiveness

Ms Lisa Rauter, Assistant Director-General, Africa and Middle East Branch

Mr Peter Versegi, Assistant Director-General, Budget Branch

Ms Octavia Borthwick, Assistant Director-General, Papua New Guinea and Solomon Islands Branch

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

Mr James Batley, Deputy Director-General

Mr James Gilling, First Assistant Director-General, Pacific Division

Mr Richard Moore, First Assistant Director-General, Asia Division

Mr Laurie Dunn, First Assistant Director-General, Program Effectiveness and Performance Division

Mr Murray Proctor, First Assistant Director-General, Sectoral Policy Division

Ms Catherine Walker, First Assistant Director-General, Africa, West Asia, Middle East and Humanitarian Division

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Ms Octavia Borthwick, Assistant Director-General, Papua New Guinea and Solomon Islands Branch

Committee met at 9:00

ACTING CHAIR (Senator Sterle): I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. Friday, 9 December 2011, has been set aside 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 the close of business on

Thursday, 27 October 2011. 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 can be raised and which I now incorporate into the record.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

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

I welcome Senator Farrell, representing the Minister for Foreign Affairs and the Minister for Trade, Mr Dennis Richardson, Secretary of the Department of Foreign Affairs and Trade, and other officers of the Department of Foreign Affairs and Trade. If there are no opening statements, we will go straight to questions.

Department of Foreign Affairs and Trade

Senator EGGLESTON: What has DFAT's total 2010-11 expenditure been in the following areas: information and computer technology, consultancies, external accounting, external auditing, external legal services, memberships and grants paid to affiliate organisations? Please break the expenditure down by program. Secondly, what was DFAT's total expenditure on travel in 2010-11? How much of this was spent on first-class air travel, business-class air travel, economy air travel, international air travel, domestic air travel? What is the projected expenditure for these areas in 2010-12? Thirdly, what was DFAT's total expenditure on hospitality and entertainment in 2010-11? Of this how much was spent on entertainment provided overseas, entertainment within Australia, entertainment provided in conjunction with the United Nations Security Council bid? What was the specific budget for any program which may be associated with that bid? So if we could have details of that. What was DFAT's total expenditure on advertising in 2010-11 and what was the program breakdown for this expenditure and what is the projected expenditure for 2011-12?

Senator FAULKNER: Acting Chair, I have a suggestion on this. I listened carefully to Senator Eggleston's questions. Frankly, some of those matters are contained within the annual report of the department with absolute clarity. I think it is reasonable for issues not otherwise in the public arena to be taken on notice by agencies, otherwise the point is it is a massive, very substantial and unnecessary make-work exercise. So I would hope that Senator Eggleston and the committee would accept that this information is otherwise available. A lot of that is in the annual report, and I make this intervention because perhaps the secretary or the parliamentary secretary can comment also and I think it would be a reasonable qualification to make. I hope Senator Eggleston would agree.

Senator EGGLESTON: That is a quite sensible suggestion, so I am quite happy with that.

ACTING CHAIR: Thank you, Senator Faulkner, and thank you, Senator Eggleston.

Senator EGGLESTON: I would like to ask some questions about the foreign minister's travel. According to reports, Foreign Minister Rudd has spent a million dollars on overseas travel in the first nine months after the 2010 election and he has apparently travelled more than the US Secretary of State, Hillary Clinton. Could you tell us how many countries the foreign minister has visited since taking up his position?

Mr Richardson: Since taking up office in September of last year, the foreign minister has made 18 trips abroad. They have encompassed 47 countries. He has been overseas in that time for a total of 165 days.

Senator EGGLESTON: Thank you very much. How does he travel? Does he travel more by VIP flight?

Mr Richardson: No, by commercial airline. The great bulk of his travel is commercial. There has been a small number of trips in which a VIP has been made available, but the great bulk of his travel is through normal commercial airline.

Senator EGGLESTON: In regard to the VIP flights, and this matter was raised yesterday at Defence and also, I believe, at Finance and Public Administration, who authorises the VIP flights? How is a VIP flight authorised and paid for?

Mr Richardson: I believe, and I stand to be corrected, that it is the Minister for Defence who authorises use of VIP aircraft.

Senator EGGLESTON: Very well, that is interesting. In Prime Minister and Cabinet the other day they said to us it was to Defence and Defence said to us it was to Prime Minister and Cabinet. But it sounds like it is Defence, from what you have just said.

Mr Richardson: That is my understanding. I may be wrong but that is my understanding.

Senator EGGLESTON: Thank you very much.

Senator FAULKNER: There is a protocol for this and it does include a much reduced role for the Minister for Defence. That protocol is available. My own knowledge of this is, I think, best described as historical.

ACTING CHAIR: Senator Eggleston, do you have more questions?

Senator EGGLESTON: Yes.

Senator KROGER: Chair, I have some on travel when Senator Eggleston is finished with his questions.

ACTING CHAIR: And I have one too.

Senator EGGLESTON: I have finished on travel, so if you have a travel question—

ACTING CHAIR: I have one. I believe the foreign minister is currently in Singapore, Mr Richardson. Do you know how he got there?

Mr Richardson: He got there by normal commercial aircraft.

ACTING CHAIR: Do you know which airline?

Mr Richardson: No, I do not.

Senator Farrell: I can assist you there. My understanding is that he went by Jetstar out of Darwin.

ACTING CHAIR: That is a big call. Senator Kroger.

Senator KROGER: This follows on from Senator Eggleston's questions. Could you outline the protocol that Senator Faulkner spoke of?

Mr Richardson: I am not aware of the detail of it, but certainly my experience in government has been that successive governments always pay very close attention to the use of VIP aircraft. The protocol has changed from time to time over the years but it has always been a firm protocol which has been applied and also managed.

Senator KROGER: Perhaps if I could ask the minister to take on notice to provide that protocol and give us advice as to whether that protocol has changed in the last 12 months—

that is, whether the same protocol that existed at this time last year has changed. We are interested to know what the process is here. I think everybody would be very pleased to know how these things come to pass. Minister, if you can answer it now, please do; otherwise, take this question on notice: does the Prime Minister authorise the foreign minister's trips?

Mr Richardson: Yes.

Senator KROGER: Does the Prime Minister authorise the use of air transport—that is, whether there is a decision taken as to VIP or commercial aircraft?

Mr Richardson: That I cannot answer. As I said, I think it is best that we take that on notice so that what we advise is accurate. As I said, the Minister for Foreign Affairs has not very often at all used VIP aircraft. For instance, he has had occasion to use aircraft on 130 occasions since he has been foreign minister.

Senator KROGER: They are international flights?

Mr Richardson: Yes. And only on 14 of those occasions has he utilised a VIP.

Senator KROGER: Crikey! So he has been on 130 international flights in probably 10 months.

Mr Richardson: No, in just over a year. But that reflects the requirements of the job. I think you would find that on each and every trip he has made there has been a press release upfront advising what the trip is about. I am happy to take any questions on that.

Senator KROGER: Who organises the—

Senator Farrell: I noted the previous questions you were asking and we will undertake to get those answers for you as quickly as possible.

Senator KROGER: Thank you, Senator Farrell. Is it your department, Mr Richardson, that organises the trips, or is it the office of the foreign affairs minister who actually organise the logistics of any overseas travel?

Mr Richardson: DFAT has a role, in consultation with the minister's office.

Senator KROGER: Who actually books the flights?

Ms Thorpe: Finance is the department which organises it. They have a ministerial area, they have the budget and they have everything to do with travel for ministers.

Senator KROGER: What consideration is given—and I am not talking VIP, I am talking commercial craft—to which commercial craft are used and the comparative cost of those commercial arrangements? What is that process? If I want to go to Bali for a holiday, I look at my cost options to work out the most effective and best value money deal that I can undertake. What is the process for the foreign minister when he has clearly been involved in significant overseas travel during the last 12 months, as you say, with 130 international flights? What is the process to determine that the taxpayer is not being robbed and that we are applying best practice in low pricing?

Mr Richardson: By way of background, others will have more detail. Unfortunately the foreign ministry is not in the same position as someone taking holiday in Bali. He sometimes does not have permission to leave the parliament until various times of the day or night or a particular day of the week. Therefore, he often does not have a choice in terms of on what day or at what time he travels. He is sometimes required to attend meetings in countries with

which there is no point-to-point travel between Australia and that country. So he is in a very different situation from what you or I would be if we were planning a holiday to Bali. That is in broad terms.

Where possible, we do look at costs. If we have choices, then the least cost option is normally taken, bearing in mind safety considerations because, again, sometimes the foreign minister is travelling to destinations where some of the airlines providing the cheapest flights are not airlines which we believe it would be wise for a member of parliament or a minister to travel on. So we have cost, we have safety and we have time. Also, normally when he is travelling he has time constraints in terms of when he can leave, when he is required to be there and where he is next required. So he is operating to a very tight schedule the whole time.

Senator KROGER: Thank you for that. Does the foreign minister run his travel plans passed the Prime Minister when he is thinking about them, before he is even determining—

Mr Richardson: Certainly not to the point of detail of what airline he is travelling on.

Senator KROGER: I did not ask that, Mr Richardson. I was meaning more in a contextual sense. Does he discuss with the Prime Minister his plans for international visits?

Mr Richardson: There is a formal exchange of communication in relation to visits abroad by the foreign minister or other ministers. It is the Prime Minister who approves overseas travel by ministers. As is on the public record, both the minister and the Prime Minister have stated that they do have regard to cost and ministers are required to keep costs down to the extent that it is practical.

ACTING CHAIR: Flying Jetstar to Bali is not a bad start. There was certainly no business class on that last time I looked.

Senator KROGER: I would note that, if there was a safety consideration, they would be flying Qantas all the time because they have got the best safety record, haven't they?

Mr Richardson: Jetstar have a pretty good safety record.

ACTING CHAIR: We are having an inquiry into that, Senator Kroger. I will have a chat to you later.

Senator KROGER: Mr Richardson, on the same matter in terms of discussion with the Prime Minister about travel arrangements, I understand there was a G'Day USA event held in New York in January this year.

Mr Richardson: That is right.

Senator KROGER: Was the foreign minister's office involved in organising that?

Mr Richardson: No, the foreign minister's office was not involved in organising G'Day USA.

Senator KROGER: Was the department involved in organising it?

Mr Richardson: No. We provided some assistance on the ground in New York through the Consulate-General, but the department does not actually organise it.

Senator KROGER: I refer to an article that was in the *Daily Telegraph* on Friday the 23rd, where it was revealed that Mr Rudd had intended to attend that and was denied leave, if you like, by the Prime Minister to attend that function. Are you aware of why the foreign

minister was not able to attend, given that he clearly thought it was in Australia's interests to be there?

Mr Richardson: A number of ministers proposed to attend an Australian tourism promotion event and to undertake related activities in New York in January of this year. It was decided that the Minister for Tourism should attend on behalf of the government.

Senator KROGER: Does he attend G'day USA?

Mr Richardson: No, he has not always. He certainly has not attended it as minister. I do not believe he attended it as Prime Minister. I recall Foreign Minister Downer attending. I recall Deputy Prime Minister Costello attending. I do not believe Foreign Minister Rudd has attended. I am not quite sure about Foreign Minister Smith.

Senator KROGER: Has there been a change to the protocol in relation to accommodation?

Mr Richardson: No. It has been the foreign minister's practice, where he can and where it is practical, to stay with heads of mission.

ACTING CHAIR: Mr Richardson, could you let the committee know how Mr Rudd's travel costs on a trip-for-trip basis compares with Mr Downer?

Mr Richardson: Those details are held in the department of finance. We will have to take that on notice.

ACTING CHAIR: I have another couple that might have to be on notice as well. Could you tell us if the government saves money from Mr Rudd's preference to stay at the Australian embassies where practical?

Mr Richardson: Yes.

ACTING CHAIR: You do not need to take that one on notice. That is fine. Is the level of support provided to Mr Rudd of the same nature as that provided to previous foreign ministers?

Mr Richardson: Yes.

ACTING CHAIR: Thank you very much. As there are no further questions on travel, we will go to Senator Eggleston.

Senator EGGLESTON: Firstly, Mr Richardson, I believe your department has answered all the questions on notice. We thank you for that.

Mr Richardson: Thank you.

Senator EGGLESTON: Some departments are very tardy about it. There are a couple of general issues I would like to raise with you: first of all, the United Nations Security Council. We understand that there is a letter from the then Foreign Minister Stephen Smith to the Prime Minister on Australia's chances of gaining a temporary seat on the United Nations Security Council for two years at the election next year. Why was it that the department apparently advised the Foreign Minister that Australia had a better chance of getting that seat in 2018 than 2012?

Mr Richardson: It was simply that it was further out and others had not put their hand up. In 2012, it will be contested. Having said that, it is equally possible that if we had gone for

2018 that others could have entered the field and it could have become as equally contested for 2018 as it is for 2012.

Senator EGGLESTON: In relation to the Security Council bid, what travel has been undertaken by Australian government special envoys since the previous Senate estimates hearings?

Mr Richardson: I will need to take that on notice, however we have had a number of our envoys travel. Bill Fischer, who is our special envoy covering parts of Africa, has undertaken some travel and I believe some of the other envoys have too. If I take that on notice I can then provide you with the precise answer.

Senator EGGLESTON: Is it possible to come to any assessment of the costs so far in our campaign for the Security Council seat?

Mr Richardson: We can also provide you with that. The total campaign funding over five years is \$23.59 million.

Senator EGGLESTON: That is over five years, so this is still looking towards next year's election.

Mr Richardson: That is right, looking to October of next year.

Senator EGGLESTON: On a different issue, I understand there was a paper delivered recently at the Lowy Institute in Sydney and that it was very critical of the level of Australia's diplomatic resources. The report noted that Australia spends annually about \$26 billion on defence and over \$4 billion on overseas aid. It made the comment that for a highly globalised country facing a more challenging external environment, Australia's diplomatic footprint remains too limited with the smallest diplomatic network of all G20 nations. Considering Australia's overall foreign policy interests, would you think it would be optimal to increase the foreign aid budget substantially and to provide more resources for Australia's diplomatic representation?

Mr Richardson: Obviously, ultimately those are decisions for government. To put it simply in a broad context I would agree with the general proposition that we are underdone in our international representation.

Mr Richardson: Obviously, those are ultimately decisions for government. Simply to put it in broad context, I would agree with the general proposition that we are underdone in our international representation. We did suffer quite badly between 1996 and 2003. We reached our low point in overseas representation in 2003. Between 2003 and 2007 there was a bottoming out and a turn upwards, and that trend has continued since 2007. But we are still not back to where we were in the early 1990s.

Senator EGGLESTON: I understand that some of our posts, for example in Europe, cover little batches of countries?

Mr Richardson: That is right.

Senator EGGLESTON: I think that happens in South America as well?

Mr Richardson: Yes.

Senator EGGLESTON: I am not sure about Africa, but both South America and Africa are obviously areas of growing economic importance. Can you tell us how the diplomatic

representation in South America and Africa is provided and also, if it is not too much trouble, the trade representation in those countries?

Mr Richardson: In broad terms, our representatives in both Latin America and in Africa have multiple accreditations. In other words, they are accredited to more than one country. Some of our accreditations to African countries are also out of Europe. In Latin America we have missions in Brasilia, Buenos Aires, Santiago, Lima and also Mexico City. I think that is it for Latin America. In Africa we have missions in Addis Ababa, Nairobi, Pretoria, Harare, Abuja and Accra. I think that is it for sub-Saharan Africa. We also have on the African continent a mission in Cairo.

For trade representation, that is Austrade. I do not have it off the top of my head, I am sorry, but when they appear later in the day they will be able to give you the details of that.

Senator FAWCETT: Given the increasing number of Australians who are travelling—as we have seen in China, for example, with the growing trade there—including some who fall foul of different laws and expectations, has there been any consideration given to increasing our representation in those nations? Particularly in the western provinces of China, for example.

Mr Richardson: Yes, we have been looking at that carefully. I have stated publicly on other occasions that I believe we are underdone in our representation in China. If you go back 15 or 20 years we were leading the pack in representation. We have now fallen off the pack, and I believe we are underdone. I have put that on the public record previously.

The government is aware of that. Obviously, in the tight fiscal climate that we are in where the money is spent has to be weighed carefully by government. But I believe it is only a matter of time before we have further representation in China. I am not suggesting that that will be in the next few months or next year, but I think there is an acknowledgement that we are underdone there, and I think that when fiscal circumstances allow there is a reasonable chance we will have further representation in China.

Senator FAWCETT: Would you make an assessment that the same is true or should be true of Latin America given the growth there in, for example, the mining sectors and the large number of Australian companies that are starting to explore and establish bases and have people in South America—Chile, for example?

Mr Richardson: In Chile we already have representation. In terms of, and I am speaking in the broadest of terms here, the resource sector, we are in part competitive with Latin America particularly Brazil, although there is some cross-investment in the respective resource sectors. I think Africa is a more interesting case where there is much heavier Australian investment in the resource sector in Africa and I do believe over time we will need to look there carefully. What we might do down the track, in respect of further representation in Latin America, I am not sure at the moment.

Senator FAWCETT: Turning to developing nations, Australia has been a member of the OECD since the early seventies and, in its annual report, DFAT says that Australia supports the OECD's 'increasing engagement with emerging and developing countries under its enhanced engagement program'. Would you let the committee know what is the level of Australia's involvement in these programs in terms of the number of staff and the cost? What are the specific outcomes that you are looking for?

Mr Richardson: I would like to take that on notice if I could.

Senator FAWCETT: Could you tell us which Australian government agencies work to the OECD in this capacity?

Mr Richardson: The two main ones are ourselves and Treasury. We alternate the formal representation in the OECD. Chris might be able to add more detail.

Mr Langman: I think, as Mr Richardson has said, a number of agencies are very actively engaged in the OECD but it is true to say that most Australian departments are engaged with the OECD across a very wide range of issues. Many Australian officials act in positions as chairs of OECD committees—the health committee, for example, and also the statistics committee—and in a very large range of other areas the work has Australian officials very actively involved indeed.

Mr Richardson: Senator, I might mention that we should declare our hand. Chris has just returned from Paris as Ambassador to the OECD.

Senator FAWCETT: Thank you for your input, Mr Langman. Going to the G20 and its developing countries, obviously food security is a significant issue. I notice with East Timor, for example, that some 40-odd per cent of the population is still malnourished. I notice Australia co-chairs the two elements of the 'Growth with Resilience' pillars of the G20 with Italy and Indonesia and participates in other areas of the development agenda including infrastructure and food security. Could you talk about the relative priority of the UN's work in that area versus the G20's work in that area and where Australia either balances or focuses its priority.

Mr Langman: The issue of food security is an extremely complicated one and an issue in which many international institutions are actively involved. You have a number of parts of the UN system working on the issue and the G20 is also working on the issue. Let me add too that APEC is working on the issue. So institutions are of course, and we are seeking to ensure this is the case, focused on their areas of comparative advantage and their regional focus—so, in APEC's case, the Asia-Pacific. I think it is a challenge to ensure that there is not overlap. This is an area which is moving fast. There are issues with the provision of emergency assistance and there are specialised agencies—the World Food Programme and others—which have a very particular role there. The G20 is seeking to provide real strategic leadership, though, drawing together the strands and trying to ensure that all the relevant parts of the international system are adding best value.

Senator FAWCETT: Taking one example, Australian and France are scheduled to hold a workshop on re-energising global agricultural productivity. What is the expected outcome and focus of that particular activity?

Mr Langman: I believe you are referring to a workshop which has just been held in Europe. Australia worked with France, currently the lead in the G20. The focus there is on seeking to get the best value out of the many efforts, across the international system, to enhance agricultural productivity. It is something Australia has contributed a great deal to over the years through ACIAR and through some of our areas of expertise. Again, I think the G20's role here is to try to provide strategic leadership and to ensure that all the relevant players are pulling in the same direction.

Senator EGGLESTON: The human rights watchdog group, UN Watch, has been prevented from attending the Durban 3 racism meeting in New York. According to reports, the list of NGOs accredited to attend the event must be approved by member states. Did Australia approve the final list of NGOs attending Durban 3?

Ms Stokes: I am sorry but I will have to take that question on notice. I do not have that information with me.

Senator EGGLESTON: Did Australia raise an objection to the inclusion of the Geneva based group, North-South 21—a group which was previously funded by the Gaddafi regime in Libya and which was regarded as anti-Semitic?

Ms Stokes: Again, I do not have that information with me.

Senator EGGLESTON: Did Australia seek to have UN Watch included on the final list of NGOs attending Durban 3?

Ms Stokes: Again, I am sorry but I am going to have to take that on notice.

Senator EGGLESTON: Coming closer to home, I have a question relating to the Pacific and Japanese whaling.

ACTING CHAIR: I am keen, Senators, to follow the agenda today as best we can. Are you comfortable if we come back to this?

Senator EGGLESTON: It was in my general questions, but I will leave it because I agree it should be under North Asia.

ACTING CHAIR: I would like to talk about resourcing. Has DFAT had any increases in resources since the Howard government—since 2007?

Mr Richardson: Yes. I stand to be corrected, but, from memory, I think there has been a net increase of around \$90 million. Sorry—it has just been pointed out to me that there has been a net increase of \$81 million in operating funding since the beginning of 2008.

ACTING CHAIR: Can you outline the new initiatives in the 2010-11 budget?

Mr Richardson: I will pass that over to Ann.

Ms Thorpe: Are you asking about 2010-11 or 2011-12?

ACTING CHAIR: The 2010-11 year.

Ms Thorpe: I do not have that with me. I only have 2011-12.

ACTING CHAIR: Tell us about 2011-12 then.

Ms Thorpe: I can tell you about 2011-12. In 2011-12 we received funding for preventing people-smuggling. We received \$9 million over two years. We also received additional funding for security in relation to the Australian Embassy in Baghdad, which was \$6.5 million for one year. We also received some funding which related to 2010-11 but we received it in 2011-12 to reimburse us for the Australian donation to the Japanese disaster appeal with regard to the tsunami there.

ACTING CHAIR: How much was that?

Ms Thorpe: That was \$10 million but related to 2010-11. I stand corrected, Senator; the Baghdad one was \$16.5 million, not \$6.5 million.

ACTING CHAIR: You were only one off.

Ms Thorpe: I was only 10 off.

ACTING CHAIR: In front of my six there is a one.

Ms Thorpe: They are the ones we received funding for, so that is basically the funding we received in 2011-12.

ACTING CHAIR: Thank you, Ms Thorpe. While I am on a roll, if I may, Mr Richardson, has there been an increase in Australian based employees within DFAT?

Mr Richardson: Yes there has. Are we talking here about overseas?

ACTING CHAIR: I am asking about—

Mr Richardson: In total, the number of A based employees has increased from 2,156 in June 2007 to 2,480 in June 2011. There has also been an increase in the number of A based positions we have overseas, from 539 in June 2007 to 575 in June 2011.

ACTING CHAIR: These are AusAID?

Mr Richardson: No, these are Department of Foreign Affairs and Trade. That does not include increased representation from other Australian government departments and agencies.

ACTING CHAIR: With the increases in personnel, has there been an increase in the number of posts overseas?

Mr Richardson: Since 2008 we have opened five new posts: Chennai and Mumbai in India, Lima in Peru, the Holy See in Rome and Addis Ababa in Ethiopia.

ACTING CHAIR: So we are talking about five new posts?

Mr Richardson: Yes.

ACTING CHAIR: And the increase in personnel to man those posts?

Mr Richardson: I would need to take the precise numbers relating to those particular posts on notice, but in terms of A based it would be something in the order of 12 or so.

ACTING CHAIR: So we have certainly increased our profile overseas in the last few years.

Senator KROGER: On the same point, are there any diplomatic appointments awaiting formal sign-off by the foreign minister? You were talking about posts so I am assuming there must be some—

Mr Richardson: The reason for my hesitancy is the fact that there is virtually never a time when a foreign minister does not have some outstanding diplomatic appointments before him or her. It is a continual process because people start their postings at different points through the year. The length of time you need to seek expressions of interest in particular posts varies depending upon whether there is a need for language training. So it is normal for there to be always outstanding diplomatic appointments, in the technical sense of the word, but I think we would have very few vacancies at the moment in our positions overseas. When I talk about 'outstanding' appointments I mean decisions taken as to who will go to a particular post in, say, June of next year or, indeed, January 2013.

Senator KROGER: I understand. Following that decision being undertaken and a decision made as to who is to be moved into a particular post, or in fact a new recruit, for want of a better word, I presume that individuals have to be formally signed off by the foreign minister. Is that the case?

Mr Richardson: That is right. The decision is taken by the government through the foreign minister. It is normal for the foreign minister to consult with the Prime Minister in a small number of appointments. The formal decision about an appointment is taken by the Executive Council.

Senator KROGER: What level of position requires the foreign minister to confer with the Prime Minister regarding an appointment?

Mr Richardson: It varies, depending upon prime ministerial interest. Historically, successive prime ministers have had an interest in the decision relating to Washington, the decision relating to London, the decisions relating to Jakarta, Tokyo and Beijing; it is more posts of that nature. There can also be consultation when consideration is being given to the appointment of someone from outside the Public Service.

Senator KROGER: Are there any employment offers or transfers in terms of postings—I am sure you have a better word than 'transfer'; what word would you use, Mr Richardson?

Mr Richardson: I am not sure.

Senator KROGER: Moving postings, anyway. Are there any outstanding changes to postings or appointments that are sitting on the foreign minister's desk for sign-off?

Mr Richardson: No, I am not aware of any. I will correct this immediately later on if I am wrong, but none where there is a vacancy. But, as I said before, the nature of the process means at any one time any foreign minister has some outstanding decisions before him or her in relation to diplomatic appointments; it is simply the nature of the beast. I can say very confidently that there are no matters relating to diplomatic appointments before the foreign minister which constitute a delay of any kind.

Senator KROGER: Thank you. Going back to the questions earlier in relation to the need to invest more resources and capital in DFAT, I note the Lowy institute brought out a report on this very matter. Have you seen that Lowy institute report entitled *Diplomatic disrepair*?

Mr Richardson: Yes.

Senator KROGER: Would you like to share any observations of that report with us?

Mr Richardson: No, I will let it stand. I did give an address to the Lowy institute in Canberra a matter of weeks after that report was made public. I spoke about the department of foreign affairs, who we are and what we do, and I did make some observations in relation to some of Lowy's comments on language training and the like. I could pass to you a copy of that speech if you wish.

Senator KROGER: That would be good, thanks. One of the observations they do make through that report—and our Chair has picked up on slowly increasing the investment in the area in DFAT—is the fact that the focus on the UN Security Council is compounding the resource issue in DFAT, and that DFAT resources being channelled into the pursuit of winning a UN Security Council seat is draining resources from the department.

Mr Richardson: Personally, I would disagree with that. Does the UN Security Council bid take resources? Of course it does. Is it draining resources from across the department and distorting what we do? No way. I think it is important in the context of that question to go to the issue of whether a seat on the UN Security Council from time to time is a legitimate foreign policy goal. If you would to have a view as I do that it is a legitimate foreign policy

goal, then I believe it follows logically that it is reasonable for some resources to be devoted to it.

In this speech to the Lowy Institute I made the observation that the troops that we have in Afghanistan are there under a UN Security Council resolution. The troops that we have in East Timor are under a UN Security Council resolution. We accept the validity of UN Security Council resolutions as the basis for our sanctions against Iran and the DPRK in relation to their nuclear programs. I believe that if we accept that the UN Security Council has a force and relevancy sufficient to provide the mandate for Australian troops to fight and die overseas, and if we accept that it has the mandate enabling us to impose sanctions on other countries, then it is an important institution and it is reasonable for us from time to time to seek temporary membership of that council. The fact that we have not been on the council for 25 years only highlights the legitimacy of the bid we are making this time around.

Senator KROGER: It does beg the question of why we are pursuing a bid for 2012 and not 2018, given that the then foreign minister, the Hon. Stephen Smith, in his letter to the prime minister proposing that Australia announce its candidacy he points out that 2018 offers a higher prospect of success. The letter goes on to say:

In making this recommendation, I do not underestimate the size of the task. We will be running against Finland and Luxembourg. While both are smaller states than Australia, they are well regarded in the UN and are both EU members. They have been already campaigning for several years.

So the letter acknowledges that there might be a slim chance in pitching for 2012 and there is a better chance with 2018, yet we have pursued this relentless campaign. We have seen the foreign minister wherever he goes going via Abu Dhabi or Dubai and spending time there. We have seen a significant direction of AusAID to African states. Everything seems to be in the light of this UN security bid, yet the foreign minister himself thought we had a slim chance of pulling it off for 2012.

Mr Richardson: At the time of the foreign minister's letter 2018 was open; however, it has become increasingly common in respect of UN Security Council seats for there to be contested elections. For instance, for one of the seats last year there was an elected contest within the European and other group because of the decision by Germany late in the piece to throw its hat in the ring. It is becoming increasingly common for countries to put their hat in the ring and to contest. We could have put our hand up for 2018. That would not have guaranteed that we would then have had an uncontested run in. I suppose it is a matter for judgment. By 2018 it will have been 30 years since we were last on the UN Security Council. I suppose it is a matter for judgment whether you decide we have waited long enough and we are going to run or whether you decide to wait longer. That is a matter for judgment.

There has been certain disinformation in relation to diversion of resources with respect to the UN Security Council bid. It is not uncommon for people to make the observation in relation to aid to Africa and aid to the Caribbean. Thirty-three of the world's top 45 least developed countries are in Africa. Our total aid in Africa—and you will obviously question AusAID more closely on this this evening—is less than five per cent of our aid program. People have drawn attention to the \$60 million in aid we are giving to the Caribbean over four years. Over the next four years Australia will dispense over \$18 billion in development assistance. Sixty million dollars over four years constitutes about 0.033 per cent of what our

total aid will be over that time. Notions that we are distorting programs and policies because of the UN Security Council bid I think are a bit overblown.

Senator KROGER: If we win the bid, what resources will it take to hold that seat for two years? What budgets have been put together to estimate this?

Mr Richardson: We will make a bid in the forthcoming budget on a contingency basis, so that has not yet been finalised. But you are perfectly right: we will require additional resources at the UN in New York in order to manage our two years on the Security Council if we are good enough to get elected.

Senator KROGER: I am conscious of time so I am happy to put on notice for you questions about the cost to date of the UN bid.

Mr Richardson: Sure. Thank you.

Senator KROGER: Chair, if I could turn to another matter now; it is still in general but it goes to policy. Two estimates ago I raised the BDS motion that had been moved by the Marrickville council. I am not sure if it was at that estimates or at the following estimates that you very aptly referred to it as 'whacko', which I thought was very appropriate.

ACTING CHAIR: Hear, hear. It was.

Senator KROGER: Absolutely. Our question then and it remains so now is whether this BDS movement that is waging a significant campaign but a mini war here in Australia is affecting our relationship with the Israeli government. A boycott is happening at the moment, and it has been going on in Victoria for the last few months, of the Max Brenner retail shops. I am interested to know whether the Israeli government has made any representations to the foreign minister or the department about the impact that this campaign is having on them.

Mr Richardson: There have been no representations from the Israeli government, I believe. However, we have had discussions with the Israeli government about it. There is obviously concern both in the Australian government and in the Israeli government in respect of it. I think the government has made its own position very clear in relation to that attempted boycott.

Senator KROGER: Could you for the record tell us what the government's position is on that?

Mr Richardson: Yes. The government's position in relation to?

Senator KROGER: In relation to this BDS campaign and the boycott of Max Brenner's shops and so on.

Mr Richardson: In relation to Max Brenner I can say that, firstly, the government has been highly critical of it and, secondly, I know that individual ministers, including the foreign minister, have made a point of going to those outlets and having coffee there. They are making a point by their physical presence that they totally object to and reject the boycott. So I think the government's view is really crystal clear both at a personal level and at a government level.

Senator KROGER: I was also one of those who walked through the attempt of a boycott to have a cup of coffee and a chocolate there as well. Chair, I am mindful that others have questions. I have further questions but I am happy to defer to others for the moment.

ACTING CHAIR: Thank you, Senator Kroger. I might just scoot across the table. Are there any further questions in general? If not, I will flick back to Senator Kroger. Senator Kroger, you have the call.

Senator KROGER: I was a bit puzzled to see an announcement by the Prime Minister for another white paper, to be entitled *Australia in the Asian century*, which I understand is to be conducted by former Secretary to the Treasury Ken Henry. Were you aware of that before it was announced?

Mr Richardson: Yes, I was.

Senator KROGER: Were you consulted on the construct of that?

Mr Richardson: On the terms of reference, yes.

Senator KROGER: I was a bit puzzled when I saw it because, having spent a lot of time in estimates with you all discussing these matters, I was surprised to see someone from outside the foreign affairs arena whose expertise is not known to rest in that area heading up the inquiry. Are you aware whether other people were scoped for—

Mr Richardson: I am not aware of that.

Senator KROGER: Are you surprised that a former Secretary to the Treasury would be asked to conduct this white paper?

Mr Richardson: No, I think Ken Henry is well qualified. There will be other people involved who will have more detailed knowledge of the Asian region and Australia's interaction with it, but I think Ken is very well qualified. I think he is in the tradition of Ross Garnaut, who did a report which zeroed in on North-East Asia in the late eighties.

Senator KROGER: I will leave that there, but I just think it looked like we were trying to find him a job after he had finished the previous one, because he certainly has no expertise here. He has tremendous expertise in a lot of areas, but I would have thought foreign affairs was hardly one of them.

Mr Richardson: But, in fairness, the scope of this white paper goes well beyond foreign affairs. Without wanting to verbalise the terms of reference, it is basically an inquiry which is looking at what is unfolding across East Asia from India through to North-East Asia and asking the question: what does this mean for us here in Australia and what adjustments do we need to make to take advantage of what is unfolding over the coming decades? In fairness, I think Ken does have a skill set which is really highly relevant to that.

Senator KROGER: It is a white paper to consider possible parameters for further reporting on pitching Australia in 2020 or some such thing. Are the terms of reference fairly vague?

Mr Richardson: The terms of reference, I think, are deliberately broad, and they go well beyond 2020. I think it is sensible that terms of reference for a white paper like that be kept broad. I think you can make them too narrow. You need to give scope to the people involved in it, bearing in mind that the white paper will belong to the government, not to Ken Henry personally.

Senator KROGER: I just find it a bit of an odd juxtaposition where we are looking at a white paper which is dealing with 2020 and beyond but we throw huge resources into the security council for 2012 rather than 2018. On the one hand it is seen to be appropriate to

have a very long term approach in one area, and I understand the global ramifications, while on the other we have a very short term approach.

Mr Richardson: But your policy mix has to be long and short term. The Howard government led the way in bringing out an intergenerational report looking ahead to the 2040s in terms of social security and other social changes in Australia. That does not stop a government at the same time making short-term policy decisions. I do not quite see the contradiction.

[10:15]

ACTING CHAIR: We will move to the North Asia part of program 1.1, Foreign Affairs and Trade Operations.

Senator McEWEN: I just want to run through how we are going in terms of relationships with various countries in North Asia, starting with Korea. We are celebrating 50 years of diplomatic relations with South Korea, as I understand it, so can you give me an update of how things are going there?

Mr Richardson: Peter will add more detail, but we have a very close relationship with the ROK. It is one of our largest trading partners. It might be our third largest export market

Mr P Rowe: It is our third largest export market and fourth largest trading partner.

Mr Richardson: The relationship has expanded somewhat considerably since the G20 leaders meeting in Washington in November 2008. The Australian Prime Minister and the South Korean President now sit around the same table at least three times a year through the G20, the APEC leaders meeting and the East Asia Summit. The Prime Minister had a very successful visit to South Korea in April this year. The Prime Minister was there for Anzac Day to commemorate the 60th anniversary of a major battle in which we were involved during the Korean War.

The Prime Minister and President Lee also committed publicly to doing everything possible to conclude the FTA negotiations between Australia and South Korea before the end of the year—that is, to conclude the negotiations, not to have the agreements through the respective parliaments and the like. A lot of work is going on there. The negotiating teams have met on a couple of occasions since then. They are due to meet again over the coming weeks. That is one of the FTA negotiations where we believe we are making real progress. So things are looking pretty good with South Korea. Of course, the major concern when you talk about Korea is North Korea and North Korea's unpredictability and its nuclear program.

Senator McEWEN: Thanks for that. I was very privileged to be able to visit Mongolia earlier in the year. Representations were made to me there about the importance of the potential relationship between Australia and Mongolia, particularly with establishing an Australian presence in the resources sector in Mongolia. What is DFAT's role there?

Mr Richardson: We do not have a mission in Ulaanbaatar. However, Austrade will be opening an office there soon. That was announced by the Minister for Trade a little while ago. You are right, Senator: the real connection there is through the resource industries. Rio Tinto does have, as you would know, a very big investment in Mongolia. There are other resource connections between the two, and Mongolia has been interested in the Australian legislative and other models relating to resource development. They have also opened a mission here, and the Prime Minister hosted their President on a visit here a few months back.

Senator McEWEN: Yes, that is right. I think that as part of that visit there was an announcement about increasing the number of Australian-funded education opportunities here—scholarships.

Mr Richardson: That is right.

Senator McEWEN: Those were also very popular in Mongolia and were a great initiative, I thought. In terms of the resource sector development in Mongolia, you mentioned that they are interested in looking at Australia's legislative requirements in that regard. I take it you are talking about environmental legislation.

Mr Richardson: I think it is the totality of our legislation, yes.

Senator McEWEN: So we are assisting where we can there?

Mr Richardson: Yes.

Senator McEWEN: Very good. Thank you. Going to Japan, of course Japan is still in a state of recovery after various disasters there. What is Australia doing to assist Japan, particularly after Fukushima?

Mr Richardson: Our actual assistance has largely ceased, because Japan has the capability to address those issues itself. Of course, we cannot provide development assistance to Japan, as it is already well and truly a developed economy. At the time of the earthquake and subsequent tsunami we had, of course, a big consular role in terms of Australians caught up in that. In addition, an Australian search and rescue team, of course, went there, which you will be aware of. Also, the ADF dispatched some of its C17 heavy lift aircraft to Japan to assist in the movement of personnel and goods. In particular, I think they took from Perth to Japan a very big—I think it took two C17s to take it all up to Japan; I forget the precise name for it—water device which was used in addressing the problems being caused by the flooding of the reactors.

On our relationship with Japan, I think it is always important to remember that Japan remains a very important country to Australia. Understandably, the focus is on China in terms of its growth, growth projections and trade with Australia, but Japan remains our second largest trading partner, it is our third largest foreign investor and we have a very close relationship with Japan. We have been in long-term FTA negotiations with them. There the difficulty is reform in the Japanese agricultural sector, which Japanese governments find very difficult to address. So the progress with the FTA negotiations with Japan has been somewhat slow.

Senator McEWEN: Do we have any indication of when that agreement may finally be reached?

Mr Richardson: No, we do not. I think it would be premature for me to even hazard a guess. The other thing I should mention is that the Prime Minister visited there in April and did go to the tsunami devastated areas, which was something to see.

Senator McEWEN: An important visit indeed. Mr Richardson, you mention in that snapshot the importance of China to Australia. I am sure all senators are well aware of the importance of Australian businesses getting a foothold in China to take advantage of the potential of that enormous market for us. What is DFAT doing to assist Australian businesses to establish a foothold in China?

Mr Richardson: I think there are two things I would mention. One is the delegation led by the Minister for Trade in August to some of the western provinces of China. He led a trade delegation there with quite senior business representation. The trade minister has publicly talked about the success of that visit. The second thing I would mention is that Austrade is expanding its presence in China. I obviously cannot speak for Austrade. You might want to take up with them later today the detail of that, but Austrade is expanding. So the Minister for Trade and the Minister for Foreign Affairs are both actively involved in trade and investment promotion. Austrade is putting in greater representation. Bear in mind that I think our big challenge in China is to diversify the base of the economic relations. As you know, it is overwhelmingly resourced based, and the challenge is to expand beyond that. That was the particular focus of the Minister for Trade's visit and the business delegation he led in August.

Senator McEWEN: What are the areas of potential development beyond resources, in terms of our relationship with China?

Mr Richardson: Primary produce in all its many forms. There are the service industries, such as design architecture and the like. There is a whole range of service sectors. That was reflected, again, in the composition of the business group that the Minister for Trade led.

Senator McEWEN: Regarding our post in China and all the add-ons, like Austrade and that, are the numbers increasing there to accommodate the interest that Australia has and to deal with the fact that we are not the only developed nation that has a keen interest in China?

Mr Richardson: I have stated publicly before, and answered a question earlier this morning, that our representation in China is a touch underdone. The government is aware of that. I believe that once the fiscal circumstances allow, I would expect that at some point the government would seek to remedy that.

Senator McEWEN: Is our education sector here in Australia still attracting numbers of Chinese students?

Mr Richardson: Yes, we are. In fact, thank you for that, because obviously in mentioning the service area I was well remiss in not mentioning the education sector. There are at present approximately 168,000 students from China studying in Australia. That is an increase from around, from memory, fewer than 20,000 students 10 years ago. The increase has been quite marked. That is our biggest export earner in China after the resource sector.

Senator McEWEN: It is extremely valuable to my home state of South Australia, as indeed Senator Farrell's home state. So whatever we can do to keep that export market going is very good.

Proceedings suspended from 10:30 to 10:45

CHAIR: Welcome back everyone. We will continue with questions about operations in North Asia.

Senator EGGLESTON: Since we are dealing with Japan I have questions about whaling and Japan. There was a report in the press in the last few days that the Japanese, under their new leader, have decided to continue whaling and also will send a naval vessel south with their whaling fleet this summer. Would you like to tell us about the Australian government's reaction to that?

Mr Richardson: I will pass over to Richard Rowe, if I can; and Richard and Peter Rowe are not related!

Mr R Rowe: The Australian government, as you would be aware, is adamantly opposed to Japan's so-called scientific whaling. That is why the government has launched proceedings in the International Court of Justice to bring an end to such whaling, which we consider as totally contrary to international law.

In relation to the recent announcement that you referred to, the relevant minister, Mr Burke, made a statement in response to that announcement expressing deep regret that Japan was proposing to continue its whaling programme next season. That reflects the government's position.

Senator EGGLESTON: What do you read into the significance of them sending a naval ship with the whaling fleet? First of all, what sort of ship? Are there any problems you might anticipate arising from that?

Mr R Rowe: There have been references to what I would perhaps call 'protecting' the whaling fleet, but I certainly do not have any specific information of what the Japanese might propose in that regard.

Senator EGGLESTON: Would we consider protecting the protesters, such as they may be, that may seek to interfere with the whaling fleet or its catch?

Mr R Rowe: Both the Australian and Japanese governments have made it very clear that while there is a right to protest, any activity that might be contemplated being taken by groups such as *Sea Shepherd* against Japanese whaling vessels should be strictly in conformity with international law; in particular, the relevant convention relating to the safety of life at sea. In other words, both governments are on the same page in a strong commitment to promoting and advocating that any action that might be taken be totally consistent with international obligations and not put at jeopardy or pose risks to ships or to individuals.

Senator EGGLESTON: Suppose an incident occurred in which some of the crew of the *Sea Shepherd*—we will use them as an example—were injured, killed or taken into custody on board the Japanese naval ship. What would our response be?

Mr R Rowe: I cannot comment on what is a hypothetical situation. There are other relevant agencies in addition to the Department of Foreign Affairs and Trade, of course, which would be involved in the consideration of such a situation if it arose.

Senator EGGLESTON: It is hypothetical, but there are precedents, of course, for them doing that sort of thing. In the May estimates you stated that—I think it was you; a Mr Rowe, anyway—\$4.3 million had been allocated over four years for Australia to progress its antiwhaling case in the International Court of Justice. I wonder how that budget expenditure is going, and what progress has been made in Australia's case in the international court?

Mr R Rowe: In relation to the funding, you are correct. That amount was provided to the department for its support of Australia's case in the International Court of Justice. The sum of \$4.2 million is over a four-year period. I would have to take on notice the actual breakdown but it is used to support resourcing of staff and action that is taken in support of our case. It has been expended partly in the preparation of the memorial that was filed by the Australian government on 9 May. The Department of Foreign Affairs and Trade is working very closely with other government departments. The Attorney-General's Department is the lead agency

for Australia's case before the International Court of Justice and they have their own budgetary provisions.

As to the situation as it exists at present on the case, the Australian government filed its memorial—basically, its statement of claim—on 9 May this year. The Japanese government has until 9 March next year to file its countermemorial—in other words, its case—addressing the points that were made in our submission. Thereafter, once that document has been filed, the court will determine time lines for the future process of the hearing. The time frame and next steps will be determined by the court following the submission of Japan's countermemorial on 9 March next year.

Senator EGGLESTON: As a general question, were we surprised or did we know that the Japanese might resume whaling, having agreed to cease it, I believe, and what other support does the case for cessation have around the world?

Ms Stokes: Last summer, the Japanese announced that they were ceasing whaling in that season and at that time the Australian government said we welcomed that, but that we also wanted a permanent end to Japanese whaling. That remains the government's position. We were very disappointed that they announced they were going to do further whaling this season.

Senator EGGLESTON: I have a couple of questions about China and the Chinese currency, which we know has a fixed exchange value. That is a matter of concern, especially to the United States. Is Australia also joined in discussions with the Chinese government about floating their currency or having some flexibility in its exchange value?

Mr Richardson: The primary responsibility for that resides with the Treasury. I would have nothing to add to what the Treasurer and the Secretary of the Treasury have already stated publicly.

Senator EGGLESTON: Senator Polley asked a question about the free trade agreement discussions. They have been very drawn-out negotiations since 2005. What real objectives do we have with that free trade agreement? What do we seek to achieve?

Mr Richardson: We have sought from the beginning a high quality free trade agreement which would allow access for our agricultural products and others. The negotiations go to issues of reform in China and the like, and you are absolutely right: the negotiations have been very slow and drawn out. While leaders have committed to encouraging progress in those negotiations, I am doubtful whether we will see any breakthrough any time soon.

Senator EGGLESTON: There has been some controversy in some quarters about Chinese investment in agricultural land and investment in general in Australia. In Australia, foreign investment is regulated through the Foreign Investment Review Board. I understand that the Chinese Ministry of Commerce has power over permitting foreign investment in China. Do we know of any Australian investments in China which the Ministry of Commerce has not permitted to go ahead?

Mr Richardson: I will need to take that on notice.

Senator FAWCETT: In terms of inbound tourism, I understand that the Chinese government regulates who can come and where. Obviously, with its growing middle class, China is a potential market for Australian tourism operators. What proactive measures is

DFAT taking to engage with domestic tourism providers, the Chinese government and operators to bring those parties together to expand the sector?

Mr Richardson: Peter will have more detail, but you are right. China now provides just under half a million tourists a year to Australia, so it is a very important tourist market for us, and it is growing. The lead on that is Tourism Australia. Our consulates and our missions work with Tourism Australia. We were one of the first countries to be given the status of favoured destination—is that right, Peter?

Mr P Rowe: Yes.

Mr Richardson: Which makes it easier for Chinese nationalists to come to Australia as tourists. The nature of tourism is changing a little. It is still dominated, I believe, by organised groups, but we are starting to see a greater flow of individuals and family groups coming, which is good. We would like to encourage that. Beyond that, on the detail of your question, I hand over to Peter.

Mr P Rowe: Most of our intersection on tourism is in our posts overseas, where embassies and DFAT officers work very closely in promoting tourism to maximise the number of people travelling to Australia through promotions and various functions.

Senator FAWCETT: Is that a secondary role for staff in those posts or do you have people there who are specifically working to expand the regions within China that will allow people to come to Australia?

Mr Richardson: We do not have designated staff in our missions devoted to assisting the tourism industry. That full-time task is undertaken by Tourism Australia. We provide assistance. You do get crossover in activity: for instance, last year was the Year of Australian Culture in China, and recently China commenced the Year of Chinese Culture in Australia. In that Year of Australian Culture in China we had a lot of high-profile arts and other groups perform and exhibit in China and that does have a spin-off for Tourism Australia in terms of elevating the profile of our own country and what we have got to offer. We do not have individuals in missions specifically dedicated to the task that you mentioned.

Senator FAWCETT: Lastly, in terms of Australia's services and manufacturing capability playing a part in China, obviously Austrade has a role to play but given that much of Chinese industry, even though it is badged as private, has sovereign interests if not ownership, is there interaction from DFAT with the Chinese government in terms of trying to create openings and awareness of opportunities for Australians to engage with their industry sectors?

Mr Richardson: Yes, that is an important component of the ambassador's job. The political-economic area of the embassy works closely with Austrade on matters like that. Not only do they make representations where needed to relevant parts of the Chinese government but they assist with visits from different parts of the Australian government to Beijing and elsewhere when we are seeking to open doors.

Mr P Rowe: During the Prime Minister's visit a services sector promotional forum arrangement was initiated and that will provide the place for bilateral policy dialogue on services. That will give both sides a greater opportunity to get to know what each side has to offer, where the niches are, especially in Australia, and where we would be looking to enhance our contribution and how much we are doing there. We also have the CEO

roundtable. We work with the Australia China Business Council regularly both here and overseas. There is also the Australia-China Economic and Trade Cooperation Forum. All those go to looking at how to expand the market in services and other niche manufacturing.

Mr Richardson: The CEO roundtable met in China in April at the time of the Prime Minister's visit. In fact, the Prime Minister and the vice premier who oversees economic policy in the Chinese government co-chaired a session of that roundtable.

Senator FAWCETT: In terms of making opportunities for SMEs to access that kind of representation, are there any active programs to push it down to small to medium enterprises rather than the larger corporates?

Mr Richardson: Austrade would have better visibility of that than I would and you might want to pursue that with them.

Senator FAWCETT: I will take it up with them. Thank you.

ACTING CHAIR: Are there any further questions on North Asia?

Senator KROGER: I just want an update on the status of Charlotte Chou, who is currently jailed in China.

Mr Richardson: We will get the relevant person up.

Senator KROGER: Whilst we are on that, I would also like an update on other Australia detainees in China. Are you able to provide us with that update on the status of her situation?

Mr Suckling: Yes. Charlotte Chou had a hearing on 30 August for her trial for embezzlement. At that hearing the prosecution introduced some more evidence which is now being examined by the Chinese authorities. So her trial is still under way.

Senator KROGER: I understand she has been detained for some time in China, is that right?

Mr Suckling: That is right, yes.

Senator KROGER: How long has she been detained there for?

Mr Richardson: June of 2008.

Mr Suckling: June of 2008, yes.

Senator KROGER: Was the department aware of her detention at that time?

Mr Suckling: Yes, we were.

Senator KROGER: What sort of contact have we had with her during that rather extensive time?

Mr Suckling: We have had regular consular visits to check on her situation, on her welfare, on her treatment, and to assure ourselves that she is being afforded due legal process under Chinese law. There have been 26 consular visits over that period of time, with the last one on 19 October.

Senator KROGER: Where is she actually detained? What part of China?

Mr Philp: In Guangdong.

Senator KROGER: Subsequent to 30 August there clearly are prosecution considerations in terms of further evidence. Is that what you are saying?

Mr Suckling: That is right. The trial is still under way and further evidence is being considered.

Senator KROGER: I understand the unique judicial system there. Is that time frame fairly normal? She has been detained since June 2008 but did not have a court appearance until August of this year?

Mr Suckling: She was detained in June 2008 and then imprisoned for a period of 18 months. She served that sentence and then she was released. Then she was detained again on a series of new charges. So it is in relation to those new charges. Complex commercial disputes often do take quite a while—particularly in China but also elsewhere in the world—and a range of other cases take that amount of time. It is not unusual, although it is a long time.

Senator KROGER: I did not realise that she was released and they were secondary charges, which is why I asked. Have her family had access visits to her?

Mr Philp: The question on that is slightly more complicated, but in broad, yes. Under Chinese law while you are under investigation or on trial, your family cannot get access to you but consular visits still take place. If you have been convicted and sentenced, then your family can visit you. So during that 18-month period earlier her family would have been able to visit her but since then, while she has been on these new charges and under investigation and on trial, her family would not have been able to visit her. That is one of the reasons we make sure that we visit her very regularly.

Senator KROGER: How often can those family visitation rights be exercised?

Mr Philp: I believe it is once a month, but if you wish I can seek the facts on that and get it right.

Senator KROGER: Okay, thank you. While we are on detainees, it would be appropriate to ask about the status of Stern Hu and how he is faring. Have we had a recent visit to him?

Mr Suckling: Yes, there was visit to him on 20 September, so quite recently. He is being visited regularly as well. I think that is the 29th consular visit that he has had, so we are staying in close touch with him. He is doing as well as can be expected under the sorts of circumstances he is in—in prison serving a sentence—but there are no welfare concerns that have been raised with us, during our regular consular visits, that we have had to follow up.

Senator KROGER: What was his sentence? How much time does he have to serve?

Mr Suckling: Ten years.

Senator KROGER: How often are the consular visits, given that you have said that there have been 29—?

Mr Suckling: At the moment, about once a month.

Mr Philp: Yes, we seek to visit prisoners globally on a quarterly basis—that is the standard we set ourselves—but where there are particular concerns or issues, or where people in detention have asked us specifically, we make it more often if we have the resources to do so. Stern Hu is obviously a very particular case so we do visit him more often than we might do others.

Senator KROGER: How many Australians are detained in China at the moment?

Mr Suckling: There are 18 Australians and one permanent resident detained in that they are not in prison yet, they have not been sentenced but they are detained. There are 28 Australians who are imprisoned and one Australian permanent resident who is in prison as well.

Senator KROGER: What sort of terms are there for the 28 who are actually imprisoned?

Mr Suckling: They range from life sentences all the way down to a few years for things like fraud, drugs, murder, bribery and a range of commercial crimes.

Senator KROGER: DFAT have regular contact with each of those whether that is on a quarterly basis or as you just explained on an as need basis.

Mr Suckling: Yes, as Jon said, the standard is quarterly but in certain circumstances it can be monthly.

Mr Philp: I should add to that, I think we have discussed it in previous Senate estimates, China does not recognise dual citizenship. So we recognise all the Australians in Chinese prisons but they do not recognise them all and where they do not recognise the Australian citizenship they do not give us access.

Senator KROGER: How many would that apply to?

Mr Philp: I would have to check that figure. It is a separate figure. We visit all the ones that we can but there are some to whom we are not allowed access.

Mr Richardson: About eight of the numbers that Patrick gave you also hold Chinese citizenship.

Mr Suckling: There are five in prison and three currently in detention.

Senator KROGER: Is there a different protocol applied for those who are recognised as Australian citizens and those that are not—is there a different approach taken to family visitation?

Mr Philp: No, family visitations come under Chinese law regardless of the citizenship.

Senator KROGER: So the same applies? Thank you.

[11:13]

ACTING CHAIR: We will now proceed to South Asia.

Senator RONALDSON: Good morning. I want to ask you some questions in relation to the young man in Bali who we are all aware of. I would assume that because he is a minor that DFAT, the minister's office and everyone else would be doing everything they can to keep his name anonymous to ensure that his privacy and his family's privacy is maintained as best as possible and that, in relation to minors, this would always be the objective.

Mr Richardson: That is right.

Senator RONALDSON: I assume that you would agree that it would be harmful for the interests of this boy and his family if his name were made public by DFAT or the minister?

Mr Richardson: It could be.

Senator RONALDSON: I would assume that, if someone from outside the department or the minister's office publicly named someone, your department and the foreign minister's

office would do everything they could to ensure that the department still did not repeat the young man's name.

Mr Richardson: Yes.

Senator RONALDSON: Are you aware of a website with the address www.foreignminister.gov.au?

Mr Richardson: Is this the foreign minister's website or a different one?

Senator RONALDSON: It is the foreign minister's website, which is linked to the department's website.

Mr Richardson: I am aware of the foreign minister's website.

Senator RONALDSON: I am handing you a document which I have pulled down from the foreign minister's website. It is a transcript of an interview. Could you have a look at that? I am happy to get a copy circulated to the committee as well. While we are waiting for that to be given to you, I ask: when transcripts are done for media interviews by the foreign minister, are they done by the department or done by the foreign minister's office?

Mr Richardson: Someone here will be able to answer that. I am just not quite sure.

Senator RONALDSON: Who can answer it for me?

Mr Suckling: Generally the postings are done through the website in the department.

Senator RONALDSON: So a transcript is normally typed up by a departmental officer and then sent to the Prime Minister's office?

Mr Suckling: Not the transcript, no.

Senator RONALDSON: So who would type up a transcript?

Mr Richardson: I think Simon can answer that.

Mr Merrifield: We use the firm Media Monitors to prepare transcripts of interviews and speeches provided by our ministers. They are prepared on that basis. Depending on whether it is ministerial or departmental, those outsourced transcripts are paid for either by the department or under ministerial provisions.

Senator RONALDSON: Are they sent to the department to be posted on the respective website? What is the normal arrangement there?

Mr Merrifield: The department is responsible for posting transcripts of ministerial speeches and media comments at the direction of the ministers' offices.

Senator RONALDSON: This document has been distributed.

Senator Farrell: I do not think we have seen it.

Senator RONALDSON: No, it is going to be. Given the sensitive nature of this, I do not know what the appropriate way of dealing with this is, but perhaps I could ask the committee that it be distributed in a de facto sense in camera so it is not more widely distributed. Before it is distributed to the committee can it just go to Mr Richardson so that he can retain a copy of it rather than have it in wider distribution? Then I can put some context for the committee in relation.

Mr Richardson: The name has been widely used from day 1. We were disappointed with that at first. It first came out in Indonesia. The name was given by Indonesian sources to Australian journalists. We were quite disappointed in that. It virtually came out on day 1.

Senator RONALDSON: Do you have the document now?

Mr Richardson: Yes, I do.

Senator RONALDSON: It goes Mitchell-Rudd-Mitchell. Can you look at the third Mitchell please? My concern is that on a departmental website and the website of the foreign minister this boy's name appears. Given that you have acknowledged that it would be potentially harmful to the boy and his family for DFAT to mention the name publicly, I ask you how this was allowed to occur? Are you prepared to take immediate remedial action to ensure that this boy's name is removed from that transcript on the website?

Mr Richardson: You rightly asked me the questions you did and I gave you the answers without reference to any particular case because I, as a matter of principle, think your questions and my answers stand. In this particular case, unfortunately, the boy's name was put out there in Indonesia on day 1. Even in this transcript Neil Mitchell has used the boy's name over the radio, so I do not believe his name in this transcript, in the circumstances of this case—given that it has been out there and the media have been using it—I do not believe my answers in principle to your first set of questions apply in this specific case.

Senator RONALDSON: With the greatest respect to you, you go back and have a look at that transcript. I will read again through the questions you gave the answers to. They were not matters of principle; to the extent that they were specific, they were practice in relation to this young man. I put it to you: 'Do you agree that it would be harmful to the interests of both this boy and his family if the name were made public by DFAT or the minister?' I then went on and said, 'Even if someone from outside the department were to mention the name publicly, I assume that the department and the foreign minister would do everything to ensure that the department did not repeat the boy's name.' Please do not put to me that you were talking about a matter of principle or in principle. They were quite specific questions about this young man to which you gave quite specific answers. I am just asking you whether you will now, given what you have said to me and given the fact that you have agreed that it could potentially be harmful for his name to be released, remove it from the DFAT and minister's websites?

Mr Richardson: DFAT has not released these names. His name was released on the first day, and his name—

Senator RONALDSON: It is on the website. I have already asked you about that.

Mr Richardson: I will take advice on that; but, given that his name was given to journalists on the first day, we regret that. That is not something we would have wanted. If his name had not been used by the media since, then we certainly would not have it on our website.

Senator RONALDSON: It is being perpetuated by the website.

Mr Richardson: It has been used by the media. It was used by Neil Mitchell in this case. Whether his name is now removed from our website is something that I will take advice on, but I think that, given the extent to which it has already been used, I am not sure what my decision will be.

Senator RONALDSON: Mr Richardson, why can't you just acknowledge that this is a stuff-up and it can be quickly addressed by removing the boy's name from the website? You have already agreed with me when I put to you that even if someone from outside the department had mentioned the boy's name publicly I assume that everyone in the department, from Kevin Rudd the foreign minister down, would do everything they could to ensure that the department did not repeat the boy's name, and you said yes. It is there. Why don't you just say to me, 'Yes, it should not be there and we are going to remove it because potentially it is going to compromise—

Mr Richardson: I will take it on advice and I will want to see just how often it has been used and whether our taking it off a website is simply a theoretical exercise or something we should do, and if it is something we should do then we will most certainly do it.

Senator RONALDSON: Thank you. Mr Richardson, are you aware of comments attributed to an unnamed former Australian ambassador to Indonesia who told the *Daily Telegraph* on 11 October:

Generally Indonesia resents public activities designed to put pressure on them for domestic political reasons in Australia. Much more progress is likely to be achieved by private discussion.

Are you aware of those comments?

Mr Richardson: Yes.

Senator RONALDSON: Is that the advice that you or the department gave to the foreign minister and the Prime Minister as to how this sensitive issue should be handled by them and their officers respectively?

Mr Richardson: I believe the matter has been handled by the government broadly in line with that. It has been handled sensitively and it has been handled with due regard to the case.

Senator RONALDSON: We might just test that, Mr Richardson, over the next five or 10 minutes. Do you agree with comments made by the former foreign minister, Alexander Downer, on MTR radio, when he said:

It just gets up their noses ... for the Australian Government to have gone so very public on this issue is a major mistake.

Mr Richardson: That can be the case in certain situations. I would note that in this particular case, a spokesman for President Yudhoyono has stated publicly that the President fully understood the concern and interest in Australia in relation to the 14-year-old and that he, President Yudhoyono, had himself on occasion spoken to Indonesians in similar positions abroad.

Senator RONALDSON: That is not just a positive reflection on the President, is it? He probably understands the sensitivities of matters, as opposed to the complete lack of understanding by the Prime Minister and the foreign minister. Do you agree with comments made by Professor Tim Lindsey, the Director of the University of Melbourne's Asia Law Centre, who told Mr Andrew Bolt, I think:

As soon as the political process ramps up, and the media feeding frenzy with enormous untruths being propagated as fact, there is a real risk that is going to prejudice the outcome.

Do you agree with that?

Mr Richardson: I do not believe anything in this case that has been done has prejudiced any outcome.

Senator RONALDSON: On 7 October, at a doorstep, a journalist asked the foreign minister:

Will you be making contact with his family?

To which the foreign minister responded:

I'll be taking advice from our Consul-General in Bali on what is most appropriate.

Later that day, Mr Rudd made public the fact that he had spoken to the boy's father, did he not?

Mr Richardson: I have not got that precise detail in front of me, but I do not dispute your quotes.

Senator RONALDSON: Can you tell me what time the foreign minister spoke to the Consul-General and what the nature of that advice was?

Mr Richardson: No, I would need to take that on notice. I would simply repeat that I do not believe anything that has been done by the Australian government, or any action taken, has prejudiced the case in this instance.

Senator RONALDSON: Given that the foreign minister said, 'I will be taking advice from our consul general in Bali as to what is the most appropriate,' if he had not taken that advice, I presume that would cause you significant concern?

Mr Richardson: I am not prepared to accept the premise of the question that the foreign minister did not act on advice.

Senator RONALDSON: So we can be clear, you are taking on notice the time that the consul general briefed Mr Rudd on 7 October—the time between the doorstep and the time that he made that public. Are we clear about that?

Mr Richardson: Yes. We will take that on notice.

Senator RONALDSON: Did DFAT advise Mr Rudd to speak directly to the father of the boy in custody?

Mr Richardson: I do not believe we needed to advise the minister on that. It was appropriate for the minister to talk to the boy's father if he so wished.

Senator RONALDSON: But Mr Richardson, I have just read you out a quote as to whether he would be making contact with the family, to which the foreign minister responded:

I will be taking advice from our consul general in Bali as to what is most appropriate.

So he is saying that it is appropriate for advice to be sought and you are saying that it is not.

Mr Richardson: I have taken on notice the timing of that telephone call. I do not know what transpired in that telephone call and I am not prepared to assume that advice was given one way or another.

Senator RONALDSON: But you have said that you did not need to advise the foreign minister. The foreign minister has already said that he would be taking advice, and that was directly in response to the question, 'Will you be making contact with them?'

Mr Richardson: On whether a foreign minister speaks to the parents of a child held in detention overseas, I do not believe a foreign minister requires advice from the department. If the foreign minister chooses to seek that advice, he can. But I do not believe any such advice is required, because I believe for a minister to choose to speak to a minor's parents in that situation overseas is appropriate.

Senator RONALDSON: Did DFAT give the foreign minister any advice in relation to whether he should or should not make public the fact that he had spoken with the boy's father?

Mr Richardson: I am not aware that we did. Again, I do not believe that we would need to give advice on that. That is a judgment for the minister.

Senator RONALDSON: I will again repeat Mr Rudd's comment:

I will be taking advice from our consul general in Bali as to what is most appropriate.

You think the foreign minister is wrong, he does not need to take advice?

Mr Richardson: Senator, whether a minister chooses to seek advice is a minister's decision. My own view on whether a minister needs to seek advice on a particular matter is my view.

Senator RONALDSON: What were the circumstances surrounding the Prime Minister's discussion with this young man?

Mr Richardson: I am not aware of the precise circumstances. I understand that the Prime Minister phoned the ambassador. I think the ambassador offered to put on the father and I think the father asked the Prime Minister whether she would like to speak to the boy. That is my understanding of the sequence. I think the Prime Minister in a press conference said that that is what happened, and she believed it was a natural flow-on and a natural thing for her to do.

ACTING CHAIR: I just want to clarify something there, Mr Richardson, if I may, Senator Ronaldson. Mr Suckling was nodding profusely to those three or four points that Mr Richardson made—nodding in affirmative. I say that only because *Hansard* will not pick up the nod.

Senator RONALDSON: So, if I shake my head, will you also bring it to the committee's attention? If I shake my head in disbelief at what I am hearing, would that be on the public record as well?

ACTING CHAIR: If I did, do you reckon I'd get promoted?

Senator RONALDSON: Mr Suckling, given that you apparently know so much about this matter, I might direct some questions to you—because the chair said that you were nodding furiously and you clearly know something about it. Where was the ambassador when this phone call took place?

Mr Suckling: In a Denpasar police station, where the minor is being held.

Senator RONALDSON: You seem a little uncertain. Are you sure—

Mr Suckling: Yes.

Senator RONALDSON: It was the Denpasar police station, was it?

Mr Suckling: Yes.

Senator RONALDSON: Okay. Could you—

Senator FAULKNER: Chair, could you just ask the witness to speak up a bit. It is very hard to hear.

ACTING CHAIR: Sure. Could I just clarify something, Senator Ronaldson, if I may. I will put the question to you, Mr Richardson. I understand the foreign minister spoke to the Australian Ambassador to Indonesia a day prior to the day Senator Ronaldson is talking about, 6 October; is that correct?

Mr Richardson: I would need to check. I am not sure of the precise date—

Mr Suckling: Sorry, what is the question?

Mr Richardson: Whether the foreign minister spoke to the Australian Ambassador to Indonesia on 5 October.

ACTING CHAIR: It was just to clarify we have the right day.

Senator RONALDSON: Chair, was your question about whether the Prime Minister or the foreign minister had spoken to the Australian ambassador?

ACTING CHAIR: The foreign minister.

Mr Suckling: On 9 October, when the—

Senator RONALDSON: I know the foreign minister was speaking about this matter before the Prime Minister was; we all know that.

ACTING CHAIR: I said the foreign minister; I did not say the Prime Minister.

Senator RONALDSON: So this—

ACTING CHAIR: So—sorry, Senator Ronaldson—someone will get back to us on that?

Mr Richardson: Yes. We will come back with precise dates and times of telephone calls. We do not have that with us, so we will not be able to answer that precisely.

ACTING CHAIR: That is quite all right. Thank you.

Senator RONALDSON: Mr Suckling, given that you are all over this matter according to the chair, I ask you: was there a phone call prior to the Prime Minister's phone call to ascertain when the ambassador was going to be there or was it just extraordinarily fortuitous that he happened to be in the police station with the young man and his father when the Prime Minister rang?

Mr Suckling: That is a question for PM&C.

Senator RONALDSON: It is not a question for PM&C at all. Don't give me that. Was it fortuitous—

Mr Richardson: We will take that on notice, Senator.

Senator RONALDSON: or was it a prearranged phone call?

Mr Richardson: We will take it on notice, Senator.

Senator RONALDSON: I find it a little hard to believe that you know a lot about some things but in relation to others—where it is a little trickier—you do not. Was there a phone call prior to—

Mr Richardson: But, Senator, that is perfectly reasonable. I said, in an answer a couple of questions ago, I do not know the precise detail of different telephone calls, and we do not

know whether a telephone call took place before or after. We can take any of those questions on notice but we are not in a position to answer questions of that sort of detail.

Senator RONALDSON: Mr Richardson, I put it to you that it seems remarkable that the Prime Minister would just happen to ring the ambassador when he just happened to be in a cell or a holding room with the boy and his father. It is a remarkable coincidence!

Mr Richardson: I have been involved in many coincidences in my life, and, if that was a coincidence, it certainly would not surprise me.

Senator RONALDSON: Another answer, of course, would be, would it not, that indeed there had been a phone call beforehand, and this phone call was set up, because the Prime Minister knew exactly—

ACTING CHAIR: That is an opinion that you have, Senator Ronaldson. That is an opinion.

Senator RONALDSON: where the ambassador was going to be and, indeed, who he was going to be with?

ACTING CHAIR: That is your opinion. That is out of order.

Senator RONALDSON: That is another alternative, isn't it?

Mr Richardson: Senator, all those expressions are speculation. As I said, I am very happy to take questions on notice but I am not in a position to confirm, or otherwise, your speculation.

Senator RONALDSON: Indeed, if that scenario that I have put to you was correct, on the back of other matters, comments in relation to this—that there has been unseemly competition for media attention between the Prime Minister and Foreign Minister in relation to this young man—would seem pretty reasonable, wouldn't they?

Mr Richardson: Your question started with the word 'if', and I do not know whether the 'if' is justified; therefore, I cannot do much about the rest of the question.

Senator RONALDSON: Did DFAT provide any advice to the Prime Minister as to whether she should in fact speak to the boy, or did they provide—

Mr Richardson: No.

Senator RONALDSON: any advice to the Prime Minister after that in relation to the wisdom or otherwise of it?

Mr Richardson: We did not provide advice before and we did not provide advice after. As I said, I do not believe anything that the Australian government has done in this case has jeopardised the boy.

Senator RONALDSON: Can you take on notice, when you are looking at all these times, phone calls, et cetera, to advise me whether this was indeed the first phone call the Prime Minister had had to the ambassador in relation to this matter?

Mr Richardson: Yes, we can.

Senator RONALDSON: That is the context of our discussion.

Mr Richardson: I am taking on notice the specific questions you have asked in relation to telephone calls.

Senator RONALDSON: Mr Richardson, you are a highly regarded, well-respected and experienced diplomat and public servant. Have you formed a view as to whether this is indeed a dangerous precedent that has been—

ACTING CHAIR: Senator Ronaldson, you are asking a matter of opinion.

Senator RONALDSON: I am asking whether, as a matter of course, DFAT would view a decision by a prime minister of this country to make a phone call to a minor in a foreign jail as a precedent. Is that a precedent?

ACTING CHAIR: Mr Richardson does not have to answer that. Senator Ronaldson, you know as well as I do that that is out of order.

Senator RONALDSON: I do not think it is, Chair. If I can take issue—

ACTING CHAIR: You may want to reword it.

Senator RONALDSON: Okay, I will reword it. Is this a dangerous precedent that has been set by the foreign minister?

Mr Richardson: No.

Senator RONALDSON: How many times has it occurred before, to your knowledge?

Mr Richardson: I do not know.

Senator RONALDSON: Would you like to take that on notice?

Mr Richardson: Sure.

Senator RONALDSON: Do you know whether the Prime Minister or anyone from her office briefed Phil Coorey from the *Sydney Morning Herald* that she had spoken to the boy personally?

Mr Richardson: I would have no information on that at all. It is not a question that I could take on notice either.

Senator RONALDSON: Do you think it was in the boy's best interest or was the boy's best interest served by the Prime Minister going public about the fact that she had rung him?

Mr Richardson: As I said, I do not believe anything the Australian government has done in respect to this matter has put the boy in jeopardy.

Senator RONALDSON: Did the foreign minister seek permission from the boy's father before he made public the fact that he had had a conversation with him, Mr Suckling?

Mr Richardson: We are not aware of that.

Senator RONALDSON: Would that have been appropriate for him, Mr Richardson?

Mr Richardson: As I said, I do not believe anything the Australia has done on this matter is put the boy in jeopardy.

Senator RONALDSON: Are you aware if the Prime Minister asked permission from the boy's family before making public she had spoken to the boy?

Mr Richardson: We are not aware of that.

Senator RONALDSON: Professor Lindsey's advice on the likely outcome of this matter is this:

It's a very minor offence, which probably in the normal course is going to result in a slap on the wrist ... The most likely outcome in this case is that when the matter goes to trial, if it does ... the court

might order a custodial sentence equivalent to the amount of time the kid has been waiting to be heard, and he would walk free.

Has DFAT received any legal advice as to the likely outcome of the boy's case and is it consistent with the advice given by Professor Lindsey?

Mr Richardson: We have not received independent legal advice as to the likely outcome of the case. I would not want to speculate on that or comment on what someone else may or may not think.

Senator RONALDSON: The young man has been charged, I gather, on three alternative charges under Indonesian criminal law. Is that right?

Mr Richardson: I do not know if he has been charged at all yet. In fact a brief of evidence has been prepared and I do not believe decisions have yet been made in relation to what action may or may not be undertaken.

Senator RONALDSON: Are there three alternative charges that have been discussed? Is that a better way of putting it?

Mr Richardson: I do not know if 'being discussed' is the right phrase. I think that is media commentary on what they believe the three options are within Indonesian law.

Senator RONALDSON: Given those comments of the former Australian ambassador to Indonesia, admittedly unnamed, and the foreign minister and Professor Lindsey, all of which cautioned against anything being done except something done in private and low key, do you acknowledge that what the foreign minister and the Prime Minister have done may have actually antagonised the prosecutors?

I am prepared to accept that it may be inadvertent but in either context they have potentially antagonised the police prosecutors and, indeed, have potentially made the outcome for this young man more difficult than it might otherwise have been.

Mr Richardson: I would repeat that I do not believe anything the Australian government has done in handling this matter has put the boy in jeopardy.

Senator RONALDSON: Thank you, Chair.

ACTING CHAIR: Mr Richardson, are you or any of the officials at the table or in the room aware of any comments by the Indonesian foreign minister in the last 24 hours that could be attributed to this case?

Mr Richardson: In fact, the Indonesian foreign minister in an interview over the last 24 hours has stated that the Indonesian government would do the same for one of its citizens in a similar circumstance—a minor and the like—and they would take great interest and the like. I have not got the detail of what the foreign minister said. That is what I am advised was the import of his statement.

ACTING CHAIR: So it is along the lines of: if it were an Indonesian national who ran into some trouble on foreign shores, they would go all out to do whatever they could to not only defend but seek a satisfactory early resolution for one of their nationals in a foreign country?

Mr Richardson: Yes, although I think the Indonesian foreign minister was talking in general terms. I have not got in front of me the specific question he was asked nor the transcript of the answer he gave; therefore, I do not want to verbal him.

Senator IAN MACDONALD: You are not suggesting that the President would have rung one of the children in an Australian jail that came across on—

Senator RONALDSON: The foreign minister ringing a parent.

Mr Richardson: Interestingly—and I will just find it—a spokesperson for the Indonesian President in fact said that he understood the action that had been taken. President Yudhoyono's spokesperson was asked a question about whether the Prime Minister and the foreign minister's interest in the case could damage diplomatic efforts to secure the boy's release. The spokesperson for President Yudhoyono said: 'It is the right of every leader to communicate with their citizens to those that have a problem. It is nothing to do with bilateral relations.'

Senator RONALDSON: It would have been more surprising, Mr Richardson, if he had said, yes, it would impact on the case. Isn't this and the Indonesian foreign minister's comments just another example that they have a better understanding of the sensitivities of the relationship and respect for it than the Australian Prime Minister or the foreign minister, and the behaviour of the Indonesians stands in stark contrast to that of our Prime Minister or our foreign minister?

Mr Richardson: Senator, I am prepared to put my money on the Indonesian President and the Indonesian foreign minister up against any unnamed Australian ambassador to Indonesia. If I am going to take a source of authority then rather than take an unnamed person mentioned in a media report I will take the Indonesian President and the Indonesian foreign minister.

Senator RONALDSON: For those who are named, can I remind you, Mr Richardson, that you might want to comment again in light of your comments on the comments by the former foreign minister that for the Australian government to have gone so very public on this issue is a major mistake. I will repeat Mr Tim Lindsey's comments. Both of them are identified. He said:

As soon as the political process ramps up, and the media feeding frenzy with enormous untruths being propagated as fact, there is a real risk that is going to prejudice the outcome.

They are named.

Mr Richardson: They are names. President Yudhoyono is a name, not a former foreign minister. The Indonesian foreign minister is a name and is in his job at present; he is not a former foreign minister.

Senator RONALDSON: In this case I would—

ACTING CHAIR: Senator Ronaldson, Mr Richardson has the call.

Senator RONALDSON: In this case I would put the understanding of the sense of—

ACTING CHAIR: Senator Ronaldson, I am going to cut you off. You have had more than enough time, and you did say that you had enough.

Senator RONALDSON: Okay.

ACTING CHAIR: As a parent I would expect my government to do every damn thing possible to look after one of mine if they ran into trouble overseas.

Senator FAULKNER: Mr Richardson, I just want to go back, if I could, to the words of the Indonesian foreign minister that you were quoting. Just for clarification's sake, was that a media comment or media coverage that you were quoting there?

Mr Richardson: I have not got the transcript. Yes, it was. I do not have the transcript with me.

Senator FAULKNER: Thank you. I appreciate that you have not got the transcript, so you may not be able to answer this. Are you able to say when those comments were made? They were obviously relatively recent, I gather.

Mr Richardson: They were made over the last 24 hours.

Senator FAULKNER: You see, I might be the only senator here who finds it unremarkable that the Indonesian foreign minister would make such comments—or, for that matter, that ministers from Indonesia, Australia or any other country would make supportive comments about citizens in such difficult circumstances. But do you consider this in any way unusual? As far as I understand it, it is pretty well normal practice for responsible officials to support their citizens in difficult circumstances in whatever way they can.

Mr Richardson: Certainly the practice of successive Australian governments has been to give every support to Australians who find themselves in genuine difficulties overseas.

Senator FAULKNER: I appreciate that, and I think that is true. When you say 'successive Australian governments', I think we ought to be clear about this. It is my understanding—but please correct me, or officials can correct me, if I am wrong—that this has not depended on the political persuasion of the government in office at all, has it?

Mr Richardson: No.

Senator FAULKNER: But is it just something that is unique to Australian or Indonesian governments or ministers? It is a little bit more widespread a practice than that, isn't it?

Mr Richardson: Yes, certainly. In fact, in the management of consular issues globally there have been a lot of developments. Historically Australia, the US, the UK, Canada, New Zealand, a number of European countries and some Asian countries have taken particular interest in their own citizens abroad who run into trouble. Over the last few years we have seen that sense of responsibility increase enormously globally. Indeed, in respect of Libya, earlier in the year the Chinese government found itself under domestic criticism for not doing enough for its own citizens caught up in Libya. So yes: the trend line is global.

Senator FAULKNER: The point I was going to make or ask you about is that it is also true, isn't it, that on some occasions you actually have governments taking this sort of action on behalf of nationals of another country.

Mr Richardson: Yes.

Senator FAULKNER: That is the other point. So it is not only in relation to their own citizens or nationals. There are, it seems to me, many examples where this is done on behalf of the citizens of other countries by governments or their officials or representatives. I think that is a fair thing to say, isn't it?

Mr Richardson: In the broad, yes.

Senator FAULKNER: Including by the Australian Department of Foreign Affairs and Trade on request of other governments too.

Mr Richardson: On the request of other governments certainly.

Senator FAULKNER: So I think we have got to keep some sort of perspective about this. Thank you, Mr Richardson.

Senator KROGER: I want to clarify a question that was being put on notice, and if that is not your understanding I want to put it on notice. It is: has this Prime Minister, or any other former Prime Minister, ever spoken to an Australian citizen in detention directly in Indonesia, as is the case here with this particular young man—

Mr Richardson: I would need to take that on notice, Senator.

Senator KROGER: Also whether a minister for foreign affairs has ever spoken directly to someone in detention, whether a foreign minister has ever spoken to any other families directly in relation to their detained family members, and whether any Prime Minister has ever spoken to families directly in relation to their family member in detention.

Mr Richardson: I can say definitively that other foreign ministers have in the past spoken to family members of someone detained overseas. I would need to take your other questions on notice because I have not got the answer in my head.

Senator FAULKNER: In fact, we have had evidence to that effect at this committee.

Senator KROGER: Finally, whether the foreign minister has spoken to any other Australian citizen in detention in Indonesia directly as he has with this citizen, and likewise whether the Prime Minister has spoken to any other Australian citizen in detention at the moment in Indonesia.

Mr Richardson: I will take that on notice. I would note, however, that we are talking about a minor and I think there is a difference between the circumstances of a minor and an adult, but I will take your question on notice.

ACTING CHAIR: Mr Richardson, are we aware whether the family is appreciative of contact with the Prime Minister and the foreign minister or conversations they have had with the boy?

Mr Richardson: I do not want to speak for the family but, given that there has been more than one contact, I assume that the family is appreciative of it, but again I do not think it is for me to speak on the family's behalf.

ACTING CHAIR: I am just coming to it as a parent, that is fine.

Senator IAN MACDONALD: Relating to your comments about the Indonesian president's and foreign minister's views, could you on notice tell me how many times President Yudhoyono or the Indonesian foreign minister has spoken to the Indonesian children who are in detention in Australia that the department is aware of?

Mr Richardson: We will take that on notice.

Senator Farrell: I may be able to assist you there, Senator Macdonald. I understand that the ABC has reported that the Indonesian foreign minister told the ABC that Indonesia wanted to handle this particular case appropriately. He said, and this appears to be a direct quote:

I think both Indonesia and Australia are very keenly aware and conscious that, in a matter where minors are involved in legal processes, the particular interest and circumstances must be considered carefully.

We have had cases in the past when Indonesian minors have been repatriated back to Indonesia from Australia because of their status.

Senator IAN MACDONALD: Thank you for that, but that was not my question. My question is: how many times President Yudhoyono or the foreign minister of Indonesia has spoken to Indonesian minors in Australian jails.

Mr Richardson: Obviously there has been discussion between the Indonesians and the minors.

Senator IAN MACDONALD: Thank you.

ACTING CHAIR: Are there any further questions in relation to this topic? Senator Ludlam.

Senator LUDLAM: Thanks, Chair. I have a couple of brief questions, as senators would probably expect, on Burma. I raised in Canberra last night the issue of the civil war that is occurring in the Kachin and Shan states at the moment, and a particular report of the Kachin Women's Association Thailand documenting continued institutional rape as a weapon of war by the Burmese army since June 2011. First of all, are the officers aware of that study? Welcome back, Mr Borrowman.

Mr Borrowman: Thank you for the welcome. Yes, we are aware of the report.

Senator LUDLAM: You are. Okay. Is DFAT monitoring the situation and doing anything at all to document the human rights abuses in northern and north-eastern Burma?

Mr Borrowman: We monitor sources of information about Burma from a whole variety of organisations and institutions, including, as I say, the report that you are talking about.

Senator LUDLAM: Have our consular officers either in the country or here made any representation to the Burmese authorities on that issue specifically?

Mr Borrowman: Senator, it would not be a consular matter because we are assuming there are no Australian citizens involved, but we have, as a longstanding matter of practice. The foreign minister, during his recent visit to Burma, raised the question of our concern about violence in the ethnic states.

Senator LUDLAM: The foreign minister's op-ed piece earlier this week, I think, was right on the mark, for what it is worth. Is there anything else that we have done, are doing or propose to do relating to this issue specifically?

Mr Borrowman: I think the answer to that is that we would see it as being part of improvements in the overall governance in Burma and in the proper behaviour of their institutions, particularly the army, and the way we see that happening is by encouraging Burma to become a more normal state and behave in more acceptable ways.

Senator LUDLAM: There are also some positive signs, are there not? There is not just the continuing horror show, up in that part of the country at least. Can you update us on the prisoner releases that began a week or 10 days or so ago: what is the Australian government's understanding of how many political prisoners were among those who have been released by the regime?

Mr Borrowman: Yes, I can do that. As you know, on 12 October there were some 6,359 prisoners released. As to your question about the exact number, there has been some debate in the international community about how to measure the number of people. Two thousand is the figure that has been used for some considerable time. That comes from an organisation in based in Bangkok, the Thailand based Assistance Association for Political Prisoners. It has

recently revised its figures down from about 2,000 to about 1,240. That is one source. Aung San Suu Kyi's own party, the National League for Democracy, also maintains its own list of political prisoners; before the release, it believed that there were about 700 political prisoners in detention.

Senator LUDLAM: Where has the figure of 2,200 come from? Because it is the one I have most often seen cited.

Mr Borrowman: 2,200?

Senator LUDLAM: Yes, 2,200 in total. That has been a relatively stable figure since the 'saffron uprising'.

Mr Borrowman: I think that is the one from the AAPP, the assistance association, which they have just revised downward. Also, Senator, Burma itself acknowledged before the release that it had 526 political prisoners. Now, that is significant because it is the first time that they have actually acknowledged that that is the case. There are quite a variety of figures out there, but our belief is that between 200 and 220 political prisoners have been released in that broader amnesty for over 6,000 people.

Senator LUDLAM: Sorry, how many? Two hundred—

Mr Borrowman: Between 200 and 220.

Senator LUDLAM: Okay. That is possibly a bit more than was reported. According to press reports quoting Simon Starr from the Australian embassy as a source, Australia has both an official and an unofficial policy regarding Australian trade and investment in Burma. Are you familiar with the reports that I am speaking of?

Mr Borrowman: No, I am not, Senator.

Senator LUDLAM: This was, I think, a Wikileaks cable from the US embassy in Rangoon sent in January 2008. It is quoted as saying: 'The Australian embassy, following an unofficial policy, discourages Australians from doing business in Burma because of the regime's poor human rights record and bad investment climate.' I would have thought that the unofficial policy is what we have been pushing for for a long period of time—that we simply not encourage, in fact we should ban, trade and investment in that country for the time being. Can you explain why we have an official and an unofficial policy on investment in Burma and why there is a difference between the two?

Mr Borrowman: As you know, our policy is not to comment on any information coming out of Wikileaks—that is my first answer.

Senator LUDLAM: We have had a fairly serious argument and dispute over that because it is not a public interest immunity ground for refusing to respond to a question just because it happened to be released through a particular source. Can I take you to the merits of the question and let us set aside where the information came from.

Mr Borrowman: The second thing I was going to say is that Australian policy in respect of trade in Burma is that we neither encourage nor discourage trade with Burma.

Senator LUDLAM: Let's start at the beginning. Is it not the case, then, that there is an unofficial policy maintained which discourages, as far as is possible in the absence of formal ban, trade and investment?

Mr Borrowman: You are asking me to comment on the nonexistence of something. There is an Australian government policy which is as I have explained it to you.

Senator LUDLAM: If it is non-existent, then that is an answer to my question. You are saying, no, there is no unofficial policy in place.

Mr Borrowman: The Australian government policy is as I have expressed it.

Senator LUDLAM: Are there any discussions or moves afoot to change our posture in that regard?

Mr Borrowman: All aspects of Burma policy are under very active consideration at the moment, as you would expect, and that is one part of it.

Senator LUDLAM: I invite you to make the unofficial policy the official policy. I think that would be simpler and better for everybody, probably including our embassy staff. My colleague Senator Rhiannon might put these questions to AusAID tonight, but as far as foreign affairs is concerned I believe the policy of cross-border aid is one of the areas that it is under active review as well. Can you provide us with any update in thinking on that?

Mr Borrowman: Only to confirm that it is a subject of very active consideration.

Senator LUDLAM: Given that there is a war on the border now, how long do you propose to actively consider that matter?

Mr Borrowman: I cannot give you an answer to that question.

Senator LUDLAM: That is a shame. I always as a matter of course will ask what we have done since we last spoke, which I guess was in May, about the UN proposed commission of inquiry on war crimes and human rights abuses, which Australia signed up to. What have we done to forward that agenda?

Mr Borrowman: In answering that question, can I refer to your own remarks to the Senate of 11 October, where you mentioned that you get to ask us this question frequently. You characterise our answer as:

They always come back and say, 'Well, we've done nothing. We just signed on. We thought that was the whole point.'

Senator LUDLAM: I think that is an accurate quote, yes.

Mr Borrowman: It is an accurate quote, but, if I may, I think that is not a sentiment that either I or any of my colleagues have ever expressed in this place.

Senator LUDLAM: I would be delighted for you to correct the record. What have we done materially to advance that agenda?

Mr Borrowman: I am disputing the fact that we have ever said to you that we thought that was the whole point. We are the people who have to implement these things; we understand better than most people what the difficulties of pursuing these agendas are. That is what I wanted to clarify.

Senator LUDLAM: All right, just tell us what you have done. If my quote was incorrect, then tell us what you have done materially to advance that agenda.

Mr Borrowman: Answering the question in terms of material progress would not dispute the accuracy of what I just put on the record. As to what we have done, I think you have just

received a response from the foreign affairs minister to your letter of approximately July outlining that. I can take you—

Senator LUDLAM: I understand it has just come into my office this morning, so I have not had a chance to review it.

Mr Borrowman: I can take you through that, if you like, but the short answer to your question is: we continue to discuss the issue of the commission of inquiry. Our assessment remains the same as it has been before and, indeed, our assessment is heightened by the recent developments in Burma, which would make it even more difficult than before to advance the prospect of a commission. Can I also say that Australia has supported investigating options for the establishment of a CoI. We have not called for one to be established.

Senator LUDLAM: Okay, that is accurate.

Mr Borrowman: In March, Quintana suggested that UN institutions consider the possibility of establishing a CoI. We and 15 other countries, which I think we have discussed in previous estimates, have publicly supported that, but there is no official proposal currently in the system anywhere. We have discussed this with our partner countries as recently as this and last month and our assessment remains the same. There is no prospect of this getting up.

Senator LUDLAM: There is no possibility of it getting up? Are we going to take our name off the proposal?

Mr Borrowman: No, we are not going to do that.

Senator LUDLAM: That is good. I find it difficult to understand. We have signed our name on this thing and it is great that we have, but we are putting on the record in an estimates committee that it is dead in the water. I find that really problematic.

Mr Borrowman: There would seem to be only three alternatives: firstly, that we take our name off or we never signed up; secondly, we sign up and continue to explore it and work towards it where we can—the fact that the idea is out there, however difficult to achieve, is something that the Burmese government does not like, so that certainly serves some purpose—and, thirdly, we push to completion a project which, on our best professional assessment and that of our colleagues, has no possibility of success and which would no doubt embolden the Burmese regime. It would show the process to be essentially toothless. So, quite apart from the fact that we do not think it is achievable, pushing it when it is not achievable has significant downsides.

Senator LUDLAM: So we are hovering somewhere between options 2 and 3?

Mr Borrowman: Yes.

Senator LUDLAM: That is profoundly unsatisfactory. Thank you very much for setting the record straight.

Senator FAWCETT: Senator Ludlam has covered a range of the push factors within Burma around the conflict. I want to touch on some of the outcomes of that conflict. There have been various reports of 140,000 to 200,000 refugees on the Thai side of the Thai-Burma border now in United Nations camps, particularly from the Karen people. What specific actions is DFAT taking in terms of working with the United Nations, the Thai government or NGOs for that matter in looking out for the interests of those people and the human rights abuses that have been reported in the past for those refugees?

Mr Borrowman: We are the second largest aid donor to Burma. We are active in camps along the border with Thailand. We are active in assisting internally displaced people within Burma. I defer to my AusAID colleagues, who this evening will be able to give you a much more detailed response to your question with respect to aid.

With respect to the human rights issues, as I outlined to Senator Ludlam, we have made representations through the foreign minister directly to President Thein Sein and to the foreign minister, to Burmese authorities here and through our ambassador in Burma and in the Human Rights Council in Geneva calling for a better observance of human rights in Burma, including along the border.

Senator FAWCETT: Do you have any updates in terms of the opportunities for people from those camps to be engaged in the economy in Thailand? There have been reports in the past of people essentially being taken into a black market situation in terms of the labour force. Is there any interaction with the Thai government around conditions under which those people can engage in the local economy?

Mr Borrowman: There is certainly interaction with the Thai government with respect to the provision of aid on the border. Again I do not have that level of detail. No doubt our AusAID colleagues are watching and will come prepared to respond to you.

Senator EGGLESTON: I would like to ask some questions about the ban of live cattle exports to Indonesia. Was the department consulted before the government instituted the ban on live cattle exports to Indonesia?

Mr Richardson: From memory, the foreign minister was out of the country and the trade minister was in the country. Whether we are consulted as such I am not sure.

Mr Borrowman: We had consultations with the Department of Agriculture, Fisheries and Forestry in the run-up to the announcement, and advice was also provided to our ministers.

Senator EGGLESTON: So prior to the announcement there was consultation with you or with those departments?

Mr Borrowman: Yes.

Senator EGGLESTON: Are you able to give us an indication of the advice given to the government by the departments, either for or against this action?

Mr Borrowman: No. You know I cannot go to the content of advice.

Senator EGGLESTON: There are many reports that officials of the Indonesian government have said that their government was extremely disappointed and angry that there was no prediscussion about the suspension of the live cattle trade with Indonesia. I can confirm that from my own discussions with an Indonesian government official. What steps are this government and the department taking to repair the damage caused by the government's heavy-handed action in this matter?

Mr Borrowman: Without necessarily agreeing with all the premises of your question, I can say that there has been extremely close cooperation, on an intensive basis, with Indonesian authorities since the decision. There is no doubt that the issue could have been somewhat better handled but, as Foreign Minister Natalegawa said a week or so ago, the measure of a bilateral relationship is not whether there are problems but how we handle them.

We are working all the issues through with the Indonesian government, and the Australian government is going to announce new measures in the near future.

Senator EGGLESTON: Indonesian-Australian relations have a long history of ups and downs. Have you advised the Prime Minister to make a personal apology to President Bambang Yudhoyono about the live cattle fiasco?

Mr Richardson: No.

Senator EGGLESTON: If asked, would you advise that an apology be made?

Mr Richardson: No.

Senator EGGLESTON: Can you give us the reason you would suggest that the government not apologise?

Mr Richardson: I do not believe an apology per se is the way to work it forward. I think the way you work it forward is to do what Mr Borrowman has said—you get on with the relationship. It is a robust, productive relationship. It has had its ups and downs, as you have said, and I think the relationship is big enough on both sides to work through these matters and to continue on without going down the path of formal apologies and the like.

Senator EGGLESTON: So even though we interrupted the food supply to Indonesia—and I believe something like 23 per cent of its protein supply and its food chain depended on live cattle exports from Australia, so it was a significant interruption to the food chain—you are suggesting the appropriate course of action is to simply make no comment about it and walk on as though nothing has happened?

Mr Richardson: No. We certainly did not carry on as though nothing had happened. Just a small point of detail: our live cattle exports do not constitute 23 per cent of Indonesia's protein supply. They constitute 23 per cent of Indonesian beef supplies, as opposed to protein. But the point is still right, it is a significant proportion. For Indonesia, it is certainly a question of food security. The foreign minister visited Indonesia and the minister for agriculture visited Indonesia. We were certainly aware and conscious of the difficulties that the ban had caused Indonesia, and we certainly acknowledge that. We worked very quickly and hard to resolve the issues and to move on, and that is what we have done. I do not mean by saying, 'would not have recommended an apology', that we would not be sensitive to it or that we would not seek to work with Indonesia to move beyond it.

Senator EGGLESTON: It certainly had a very significant impact on the cattle industry. Some weeks ago I attended a Senate rural affairs committee hearing in Broome, where the Kimberley cattle industry was present in force, and the Pilbara cattle industry also. These people have suffered a very significant loss as a result of this decision to ban live cattle exports. I am surprised that more consideration was not given not only to the impact in Indonesia but also to the impact in Australia. I wonder if, in fact, your department took the impact on the Australian cattle industry locally into consideration when you discussed this matter with the government?

Mr Richardson: The focus of our advice was on the impact in Indonesia and on the bilateral relationship. Other parts of government are responsible for the domestic component of it. We do not have the depth of knowledge base that others do.

Senator EGGLESTON: In an article in the *Australian* on 9 June it was reported:

JAKARTA has sought an urgent assurance from Canberra that its cattle ban does not breach international trade laws, ...

What investigations, if any, did the minister, his department and your department make prior to the suspension of the trade in live cattle to determine whether or not the ban was in breach of international trade laws?

Mr Richardson: Our advice, I believe, did take account of both the trade and the bilateral aspects of the matter.

Senator EGGLESTON: And what was your conclusion? Are you able to tell us that?

Mr Richardson: As I said, we cannot go into the advice that we actually gave to the government.

Senator EGGLESTON: There was an article in the *Jakarta Post*, again on 9 June, making reference to the fact that Indonesian officials were saying that Australian cattle could be replaced with imports from other countries such as Brazil and Canada. Similarly, in the article in the *Australian* on 9 June it was reported that the Indonesian Agriculture Vice-Minister had said:

Indonesia was considering making the move to reduce the "volatility and uncertainty" of reliance on Australian and New Zealand cattle ...

for part of its total beef requirements. Could you tell us what steps, if any, the department has taken to ensure that our exports to Indonesia remain at the highest possible level, if not at the level they were before? And have there been any indications that as a result of the suspension cattle exports to Indonesia will be diminished in the short- to medium-term, and have there been any bilateral discussions about this matter with New Zealand?

Mr Richardson: Working backwards, I do not believe New Zealand exports live cattle to Indonesia or anywhere else, so the question of consultations with New Zealand in respect of live cattle does not arise.

Senator EGGLESTON: It was a quote in the *Australian*—

Mr Richardson: Yes, but I think it is factually wrong.

Senator EGGLESTON: That is not correct.

Mr Richardson: The government's efforts to address what would have been understandable concerns on the part of the Indonesians have been to get the trade back on track. In relation to competition from elsewhere, first of all we should not be sanguine about it because, quite obviously, Indonesia could seek to replace the live cattle trade from Australia, but sources of live cattle around the world are not easy. The distance from Brazil to Indonesia, for instance, makes a live animal trade between Brazil and Indonesia difficult—it is not impossible, but it makes it difficult. I go back: the focus of our effort has been to get the trade back on track, taking into account certain animal welfare concerns.

Senator EGGLESTON: I take your point that Brazil is a long way away but India is much closer. I believe there is an illegal trade from India to Indonesia. This carries the risk of introducing foot and mouth disease, which would be a regrettable development were there to be an increase in that kind of trade with India. Would you not agree?

Mr Richardson: I would agree with that.

Senator EGGLESTON: As a last question, overall, how much damage do you think this matter has done to Australian-Indonesian relationships in the broad sense and how long will it take to overcome this problem?

Mr Richardson: The first part of the question was an opinion, Senator Eggleston. If you were to reword it—

Senator EGGLESTON: Well, has the department received evidence from its post in Indonesia that this incident has done any damage to the Australian-Indonesian relationship in the broad sense, and what steps are being taken to rectify the situation?

Mr Richardson: It is perfectly fair to say that the Indonesian government did not welcome the decision to stop the live cattle trade and that they were concerned by the decision, in part for the reason that you said—it supplies 23 per cent of their domestic beef. As for damage to the relationship, this is a relationship that goes back a long way. It does have its ups and downs, as you said. Traditionally, it has been a government-led relationship. The advances in the relationship depend very much on commitments at government-to-government level and the Australian and Indonesian governments have made it very clear that they will not allow this issue to stand in the way of taking the relationship forward. We had a recent Australia-Indonesia leadership dialogue for the first time, in Jakarta.

Senator COLBECK: No wonder they call you a diplomat. A very good answer.

Senator EGGLESTON: A very balanced answer.

ACTING CHAIR: Senator Eggleston, do you have any more questions?

Senator EGGLESTON: No, the points have been made.

Senator McEWEN: Mr Richardson and/or Senator Farrell, I want to return to an issue that was raised by Senator Ronaldson earlier today about the Australian citizen who is a minor who has been arrested in Bali. Are either of you aware that at the moment on two websites, one of them tonyabbott.com.au, which is the personal website of the Leader of the Opposition, and also on the website liberal.org.au, which is the website of the Liberal Party of Australia, there is appearing the transcript of an interview between Mr Abbott and Amber Sherlock, a journalist with Morning News Channel 9 that took place on 10 October 2011 in which the journalist mentions the name of the minor in question? So that is a transcript appearing on the Liberal Party website and Mr Tony Abbott's personal website in which the name of the minor, who was the subject of a tirade from Senator Ronaldson, is published.

Mr Richardson: I am not aware of that and I am not in a position to comment.

Senator Farrell: I am not aware of it either but I shall make some investigations over lunch and when we come back I will endeavour to inquire as to whether or not that is the case. It would be obviously inconsistent for Senator Ronaldson to be criticising us for the same thing that appears on Mr Abbott's website.

ACTING CHAIR: Thank you, Minister.

Senator IAN MACDONALD: Perhaps to assist Senator McEwen: she is asking the minister but the website is there, she can look it up herself and she will know whether it is there or not.

Senator McEWEN: I asked whether they were aware of it. I am well aware of it, Senator Macdonald. I have been looking at it.

ACTING CHAIR: We will sort this out in a break like grown-ups!

Proceedings suspended from 12:32 to 13:32

ACTING CHAIR: Welcome back. We are talking about South-East Asia.

Senator COLBECK: I want to follow on from Senator Eggleston in relation to the live cattle exports into Indonesia and that decision. We were told before lunch that both ministers in the portfolio had been briefed on this matter. Was that prior to the decision being made to suspend the trade?

Mr Borrowman: Yes, it was before.

Senator COLBECK: Were they written briefings or verbal briefings?

Mr Borrowman: They were written briefings.

Senator COLBECK: Was there more than one briefing to each minister?

Mr Borrowman: Yes, there was.

Senator COLBECK: Can you tell me how many there were?

Mr Borrowman: I can tell you there were briefings on 3, 6, 14, 27 and 30 June.

Senator COLBECK: So there were effectively two briefings prior to the suspension of the trade?

Mr Borrowman: That is right.

Senator COLBECK: Did the same briefing go to each of the ministers?

Mr Borrowman: Yes.

Senator COLBECK: Did the department take any legal advice for input into those briefs? You indicated before that you had taken into account the international trade obligations as a part of that process. I am making an assumption, which I know is always dangerous, but did the department take any specific legal advice for input into those briefs? I am not asking what was in the legal advice; I know I cannot go there.

Mr Borrowman: It would have been part of the internal process by the trade divisions. I am in the geographical division, we work with our colleagues in the trade divisions. They oversee the international trade law implications.

Senator COLBECK: I might need to come and have a chat to them about that this evening. This division did not take any legal advice?

Mr Borrowman: We worked closely together, so I think the answer is that we did not take external legal advice, but the international trade law expertise is contained with the department and formed part of the process of preparing the briefs.

Senator COLBECK: Did the department provide any input into a brief that went to cabinet for this process?

Mr Borrowman: We briefed our ministers as part of the cabinet process.

Senator COLBECK: But that would include the briefings that we have already talked about, though.

Mr Borrowman: Yes, that is right.

Senator COLBECK: Particularly the 3rd and the 6th.

Mr Borrowman: Yes.

Senator COLBECK: The department was not asked to do anything in relation to this prior to 3 June?

Mr Borrowman: I would have to defer to my colleague. It depends what you mean by 'asked to do.' We had had, as I said before lunch, contacts with the Department of Agriculture, Fisheries and Forestry in the week preceding the decision. We provided talking points in advance of the screening of the program, so it was a process of consultation between the departments.

Senator COLBECK: As you would be aware, we have a number of documents that were released last week under FOI. There is a brief, I think, from 13 May, that was provided to Minister Ludwig at that point in time in relation to this matter. I am just trying to get a sense of what stage this portfolio was actually engaged in that process.

Mr Borrowman: In the specific briefing process, I could not say, but on the issue of relations between the departments on live cattle trade, that is ongoing.

Senator COLBECK: This portfolio did not prepare a specific cabinet document?

Mr Borrowman: No.

Senator COLBECK: What process was taken to advise the Indonesians of the decision? And when was that transmitted to them?

Mr Borrowman: Mr Rudd was in Budapest for the Asia-Europe Meeting, and spoke to Minister Natalegawa there about the issue.

Senator COLBECK: That was the formal transmission of advice from Australia to Indonesia that the decision has been made?

Mr Borrowman: It depends on what it is you mean by 'formal'. Obviously that is the very highest political level. There were clearly a range of contacts and the minister subsequently spoke to Dr Natalegawa on a number of occasions. There would have been many official contacts. The full details of which—

Senator COLBECK: I am in possession of a statement by Mr Richard Woolcott, who said he was in Indonesia at the time. His comment is:

I was in Indonesia at the time. Both the Ambassador to Jakarta and I heard about this on Radio Australia, as did the Indonesians.

Is it conceivable that they heard about this via the media before they were formally advised by the government?

Mr Borrowman: I cannot say. All I can say is that I know that the ministers discussed it in Budapest on 5 and 6 June.

Senator COLBECK: So the ministers discussed the ban on 5 and 6 June?

Mr Borrowman: 'Discussed the issue'? I could not be that precise. They discussed live cattle trade.

Senator COLBECK: Okay. Because the ban was not announced until 7 June. You are saying that they did not discuss the ban, but they discussed the trade?

Mr Borrowman: I do not have that degree of detail in front of me. I know they discussed live cattle. I know then that Mr Rudd called Dr Natalegawa on 7 June.

Senator COLBECK: So he called again on the 7 June?

Mr Borrowman: There would have been official consultations around about the same time.

Senator COLBECK: I understand that. Did the department make any coordinating comments on any other cabinet submissions or see any other cabinet submissions that went to cabinet?

Mr Richardson: As a matter of course, I believe that in respect of any cabinet submissions, we would have been in a position to make coordinating comments.

Senator COLBECK: It is comforting to know that you would have been in that position, but did you make any coordinating comments?

Mr Richardson: I assume we did but I do not want to say that we did without checking.

Senator COLBECK: I suppose the question is what lies behind that: was there a cabinet document?

Mr Richardson: Again, I do not know the answer to that.

Senator COLBECK: The allegation is that it went to cabinet without any cabinet documentation and the only thing was a discussion about whether or not to ban the trade, which I understand Minister Rudd was furious about.

Mr Richardson: We are simply not in a position to comment on cabinet matters and cabinet processes. Sometimes formal submissions go forward, other times decisions are made without formal submission.

Senator COLBECK: You will concede, though, that this was a fairly significant decision? We had a fairly lengthy discussion before lunch on the fact that it did put significant strain on our relationship with Indonesia, and to make a decision of that nature you would need to understand all of the issues and consequences.

Mr Richardson: I think that is a fair comment.

Senator COLBECK: You had a discussion with Senator Eggleston prior to lunch in relation to the damage to the relationship—and I do not think we need to go back there—but what are we doing to repair the issues that have arisen based on the decision that was made?

Mr Borrowman: Insofar as that might relate to the actual discussions about resumption of trade, I will defer my colleague Mr Langman. Insofar as the relationship generally, I do not think I have anything to add to what the secretary said before lunch.

Mr Richardson: There is only thing that I might add and I think you are aware of this, is what we are doing. The suspension of the live cattle exports was lifted on 6 July, with the first shipment of cattle under the new system departing on 10 August, and there is an expectation that well over 400,000 live cattle will be exported by the end of the year. I had better clarify that—prior to the suspension, 220,000 live cattle had already been exported, so we are expecting a further 200,000 or so live cattle to be exported following the lifting of the suspension.

Senator COLBECK: When Minister Ludwig was in Indonesia, was there any request to visit an abattoir while he was there? He had two visits, I understand, to Indonesia.

Mr Richardson: I am not aware. I would need to take that on notice.

Senator COLBECK: Were you requested to make arrangements for a visit to either an abattoir or a feedlot?

Mr Richardson: I would need to take that on notice. I do not know, so I would need to take it on notice.

Senator COLBECK: Would it be reasonable to assume that the discussion that Minister Rudd had in the meeting in Budapest—

Mr Richardson: On 5 and 6 June, I think.

Mr Borrowman: The meeting was from the 4th to the 6th.

Senator COLBECK: would have reflected the advice that was being provided to government at the time?

Mr Borrowman: I cannot go into the substance of the minister's discussion.

Senator COLBECK: So you are not aware of what the minister discussed with the Indonesian minister? You have no information on the discussion at all?

Mr Richardson: We might well have a record. I have not personally read the details of it, so I am not in a position to comment.

Senator COLBECK: But it would be reasonable to assume that there would be a record there somewhere of that sort of conversation?

Mr Borrowman: Yes.

Mr Richardson: Of some kind.

Senator COLBECK: Thank you. So, given that the advice to Minister Ludwig, as of a minute whose critical date was 30 May and that was provided to him on 27 May, was that he agreed to 'work collaboratively with industry to encourage them to voluntarily improve their efforts to improve animal welfare', can I reasonably assume that all of the ministers would have been on a similar wavelength at that point in time?

Mr Richardson: I think that is probably a fair assumption, but I cannot answer on the basis of personal knowledge.

Senator COLBECK: Fine. I would like you to confirm if you can take on notice whether the department did make any coordinating comments or was aware of the submission.

Mr Richardson: Sure. Certainly, Senator.

Senator COLBECK: There is the potential for this particular type of campaign to flow into other countries, and obviously the government is aware of that, as is industry. I know we are talking about a narrow area within our trading relationships in South-East Asia at the moment, but is there any work that is being done more broadly across the agency so we do not end up in such a terrible spot in relation to any of our other partners in this trade?

Mr Richardson: As you know, the government did initiate a review, led by Bill Farmer, our former ambassador to Indonesia, and that review went beyond Indonesia; it went to the

live trade itself. The government is working through that review and will be seeking to implement recommendations which are relevant to the issue you just raised.

Senator COLBECK: Okay. You mentioned earlier—or it might have been Mr Borrowman—that there would be some new measures announced in the near future. Do you have a time frame on that?

Mr Richardson: I do not.

Senator COLBECK: You do not have a time frame on it?

Mr Richardson: No, no. I do not.

Senator COLBECK: That is a matter for government?

Mr Richardson: The prime responsibility there is with the department of agriculture. They have the lead role in this. We are obviously consulted and we have a very real interest in it but I cannot give you a time frame simply because I do not know it.

Senator COLBECK: It may depend on things such as the Farmer review.

Mr Richardson: Yes.

Senator COLBECK: And on when the government receives that, considers it and then responds I suppose.

Mr Richardson: Yes. I think the Farmer review has already been received but what stage it is all at in terms of consideration I do not know.

Senator COLBECK: The first formal briefing notes went to your ministers on 3 June but the initial ban on I think it was 11 or 12 abattoirs occurred on 2 June. Were you consulted about the initial bans on the 11 or 12 abattoirs?

Mr Langman: I am sure that in the conversations between the officials and the agriculture department and Foreign Affairs and Trade there would have been discussions, but I am not certain. I do not have any details.

Senator COLBECK: Was there any advice given to your ministers in relation to that? How did they engage in that process? If it was basically background stuff at a departmental level, surely even that process should require some collaboration or discussion between cabinet ministers. You would expect a decision of that scale to have some discussion between relevant ministers.

Mr Richardson: That is right, and indeed a decision by government, not a decision by officials.

Senator COLBECK: I understand that, Mr Richardson, and I respect that that is the situation you were in at the time. But there is no evidence of your department providing any briefing to your ministers in relation to the decision for the initial ban on those 11 or 12 sites.

Mr Richardson: I would need to take that on notice.

Senator COLBECK: The evidence you have given me so far is that the first minute you have sent to your ministers was dated 3 June, which is the day after that initial ban.

Mr Borrowman: Yes, Senator.

Senator COLBECK: I suppose I will just have to let that speak for itself. You said Minister Rudd called his Indonesian counterpart again on 7 June, which was the day the

decision was announced. Was there any formal advice from the department to Minister Rudd on that occasion or was it just a verbal communication? There is nothing in the dates you gave me to indicate that there was something to your ministers that day.

Mr Borrowman: I will take that on notice. We often provide talking points at events and I do not have a list of whether or not talking points were provided for that particular forum.

Senator COLBECK: Okay. If you could, take on advice whether or not talking points were provided to Minister Rudd in relation to the decision that was made so he could transmit that. It appears that we have an initial decision made without consultation with colleagues and without departmental advice in relation to the initial ban to the 11 or 12 sites and a cabinet decision made without any documentation that we can have any confidence existed at this stage.

Mr Richardson: I would need to take that on notice.

Senator COLBECK: Thank you.

Senator EGGLESTON: I have some questions about Malaysia. In the May estimates Mr Borrowman from the department confirmed that the Department of Immigration and Citizenship had sought advice from DFAT on human rights issues in Malaysia. That was reported in *Hansard* on 1 June on page 118. Did DIAC continue to seek advice after the May estimates and what advice did it seek?

Mr Larsen: The Department of Foreign Affairs and Trade did provide advice to the Department of Immigration and Citizenship on the issues you have identified.

Senator EGGLESTON: Since the High Court's decision, what discussions have taken place between the department and the Malaysian government in respect of reviving the five-for-one deal?

Mr Larsen: Are you asking what discussions have taken place between Immigration and DFAT or between the Australian government and the Malaysian government?

Senator EGGLESTON: Between the Australian government and the Malaysian government?

Mr Larsen: Certainly the Malaysian government has been consistently kept informed of the position of the Australian government, which is supportive of seeking to put in place the Malaysia transfer exchange and resettlement arrangement. There has been a regular series of discussions between the department of immigration and the Department of Foreign Affairs and Trade on those issues. The government's stated position is that it would seek to put in place the legislation necessary to allow the arrangement to be fully implemented in accordance with the High Court's decision.

Senator EGGLESTON: Which we know in fact has not occurred. Have you had discussions with any other countries, such as Thailand, about similar sorts of deals or arrangements to take refugees?

Mr Larsen: There have been no specific discussions in relation to establishing something along the same lines as the Malaysia arrangement. I would note that countries such as Thailand are parties to the Bali process, and Australia, along with regional partners, holds discussions on a range of issues in the Bali process context about how better to manage irregular migration in our region.

Senator EGGLESTON: Thailand has a number of United Nations High Commissioner for Refugees camps, does it not?

Mr Larsen: It has a significant number of asylum seekers and refugees resident along the border, and many of those are in camp-like conditions.

Senator EGGLESTON: 'Facilities', I suppose we could call them. Are you aware of discussions with any other country at the level the discussions with Malaysia were conducted at?

Mr Larsen: None whatsoever.

Senator EGGLESTON: We have been negotiating a free trade agreement with Malaysia, I believe?

Mr Richardson: Yes.

Senator EGGLESTON: Where is that series of negotiations at? When is it expected to conclude and what will be the advantages of it?

Mr Richardson: We cannot put a date on when it will be concluded. When Prime Minister Najib was in Australia a few months ago, Prime Minister Najib and Prime Minister Gillard in their public comments did express a wish that they would be significantly progressed over the next 12 months. I just do not have the precise formal words in front of me. If we do have a successful free trade agreement with Malaysia the advantages will simply be in terms of the better access it will give Australian exports to the Malaysian market—and also vice versa for Malaysia.

Senator EGGLESTON: What sort of exports do we have in mind in particular to Malaysia?

Mr Richardson: Someone here might have details better than mine. We have quite significant trade with Malaysia. We have agricultural produce that we export. There are, of course, services, particularly education. As to what are the principal components of our goods exports to Malaysia, I am not quite sure.

Mr Borrowman: They are copper, crude petroleum, coal and wheat—the major compositions of our exports. Senator, our chief negotiator will be here in the trade session later this afternoon if you want to ask more detailed questions.

Senator EGGLESTON: I might follow that up. There are questions about the palm oil issue and the numbers of Malaysian students in Australia. Do you have any figures on those?

Mr Borrowman: No, I do not. Do you want to know the number of Malaysian students in Australia?

Senator EGGLESTON: I was given to understand that the free trade agreement might also relate to student numbers.

Mr Richardson: Sorry, I have misled you on that. Historically, there have always been quite a number of Malaysian students in Australia; in fact it has been quite high.

Mr Borrowman: For 2010 9,501 commencements.

Senator EGGLESTON: Thank you. I will raise my question again in the trade session.

Senator RHIANNON: I have a question about Cambodia. What interaction has the Australian embassy in Cambodia or anyone in DFAT had with the relatives of the two young

children who drowned, Hat Heap and Hat Hoeb? They were part of a family forcibly resettled with the railways rehabilitation project that went through about more than \$20 million of Australian money.

Mr Borrowman: Senator, I would have to take that on notice. AusAID may be able to give you an answer. It is principally their carriage so they may have an answer to that.

Senator RHIANNON: I realise they have carriage of the money but my question was specifically about the Australian embassy or about DFAT.

Mr Borrowman: Yes, I understand. I would have to take that on notice.

Senator RHIANNON: Are you aware that there has been no public statements by DFAT about the deaths of those two children? Is that correct?

Mr Borrowman: Again, I would have to take that on notice, I am afraid.

Senator RHIANNON: There is nobody else here who can answer that?

Mr Richardson: Not at that level of detail.

Senator RHIANNON: Could I ask a question about the damming of the Mekong. The strategic environmental assessment recommends a 10-year deferment of decisions on mainstream dams. There is an upcoming ministerial meeting of the MRC council at which I understand we will be represented. It will probably be in November this year. At that meeting will Australia join with other governments, like the United States and Vietnam, in supporting that recommendation of the strategic environmental assessment for a 10-year deferment of decisions on dams on the mainstream river?

Mr Borrowman: Again, AusAID will be able to give you greater details but in general, yes, we have called for a suspension in light of further and better environmental assessments.

Senator RHIANNON: Thank you. I am asking about it here because I understand this issue goes wider than just AusAID. If I am wrong, please correct me. So, further to that question, has Australia committed to fund any further studies as outlined in the strategic environmental assessment recommendations?

Mr Borrowman: I would have to defer to AusAID, Senator, I do not have that level of detail.

Senator KROGER: I have a follow-up question. Going back to the Malaysian question in relation to our embassy in Malaysia, were they involved in any scoping? Did they undertake any scoping in relation to consideration for using Malaysia as an offshore processing country for us?

Mr Larsen: The high commission was involved right from the beginning in all aspects of the process of engagement with Malaysia on this issue.

Senator KROGER: What did they actually do? What was the level of involvement and engagement, and did they put together a briefing document?

Mr Larsen: The high commissioner of course and the relevant officers within the high commission provided advice to both the Department of Foreign Affairs and Trade and the Department of Immigration and Citizenship. Throughout, they engaged closely with the Malaysians on a number of aspects of the arrangement and provided the usual array of post assistance to delegations visiting Malaysia for the purposes of the discussions.

Senator KROGER: In terms of the brief that the high commissioner prepared with support from the embassy, can you table that?

Mr Richardson: No, we are not in a position to do that. It is classified.

Senator KROGER: Why is it classified? Is that a document for—

Mr Richardson: It is classified. It is confidential communications within and between governments. I should say just for clarity, I do not believe that our high commission in Malaysia ever provided 'a brief'. What they provided were views, suggestions and so on in the form of the normal diplomatic cable network from the high commission to Canberra.

Senator KROGER: I just have one question on Bali. I just want to touch on a case that I have read about where a Newcastle nurse had suffered brain damage from drinking a cocktail laced with methanol or some such dreadful substance. Are you aware of the case, or have you had contact, and has DFAT been asked for support?

Mr Philp: In that case we were not asked to provide consular assistance. The family of the woman involved—and it was an awful incident—made all the arrangements themselves. She was taken to hospital in Bali. Unfortunately she did not have travel insurance and they arranged and paid for a medical evacuation, first to Darwin and then, from media reports I understand, to New South Wales. We were never involved in the case itself.

Senator KROGER: So you probably read about it in the paper, as I did.

Mr Philp: Initially, yes.

Senator KROGER: Are you aware that this is a problem in Bali—spiked drinks et cetera?

Mr Philp: No, nothing like that level of severity. I think that if we had understood there was a problem like this, we would have made it very clear in the travel advices. It was an awful incident and we would not want to see it happen again.

Senator KROGER: You are pre-empting my next question as to whether that was necessary.

Mr Philp: We do try to take account of these things. I know our travel advice people are looking at whether this is something that is relatively common, and a common risk, or whether it is a very unusual event and this woman was simply incredibly unlucky. We do not know the answer to that yet.

Senator KROGER: Thank you.

Senator FAWCETT: This is our near region and the arc of instability and all those good terms so I might spend a little time here. One of the areas of our significant involvement with the near region is in disaster relief, whether it is tsunamis, droughts, terrorist acts or a range of things, I would like to know what DFAT is doing in terms of regional engagement for planning and coordinating of processes, procedures, training et cetera with our regional neighbours in the area of disaster relief.

Mr Richardson: Mr Borrowman might have more detail, but in broad it has been discussed in various regional forums and some major work is being done in the context of the forthcoming East Asia Summit, which will be held in Bali in the middle of November. That has been the focus of our work in respect of regional engagement and regional coordination in respect of disaster relief. There is a need for it, as your question implies.

Senator FAWCETT: What is the expected outcome of that kind of group? Are you expecting that countries will just recognise the problem? Are you expecting countries to commit to being able to maintain certain levels of capability or to engage at certain levels of training? What outcome are you expecting?

Mr Borrowman: The exact detail of the initiative is still under negotiation but I can assure you that it focuses very much on practical outcomes and not just on levels of general commitment. It is one of the key areas of Australia's focus in the East Asia Summit. There will, I am sure, be lots of direct agency level cooperation between Emergency Management Australia, et cetera, and its international counterparts. At DFAT's level we are working on those institutional arrangements. Mr Rudd has been working very closely with Dr Natalegawa to take this joint initiative to the EAS. I can give you broad outlines of the areas. We want to strengthen and extend our capacities within the region; build East Asian Summit support for the UN Office of the Coordination of Humanitarian Affairs; develop civil military engagement on disaster response; strengthen and extend standby emergency relief stores to all EAS members; establish a regional pooled response fund; and establish a network of Sherpas to facilitate early action and coordination of disaster management in the region.

Senator FAWCETT: To what extent was DFAT involved in the creation of the 2009 white paper with respect to shaping the military's capability and capacity to respond to disaster relief in the region?

Mr Richardson: We were certainly involved in it. The extent and precise nature of our involvement I am not sure.

Senator FAWCETT: Can you take that on notice? I would like to know who was involved and to what extent the discussions went.

Mr Richardson: To add to it, you may be interested that Chris has some information in relation to disaster relief and what is being done through APEC, which complements what we are seeking to do in the East Asia Summit.

Mr Langman: A relatively new initiative in the APEC context that we will be talking about at the ministerial meeting in Hawaii in November relates to an effort to strengthen preparation, particularly for disasters, but with the business community. The United States, in particular, is helping move this forward but we are closely engaged with them. We see it very much as a complementary effort that is about working with our business communities in ways that perhaps we have not done as much of as we might have in the past across the whole region to ensure that we have some of the basic tools in place for responding effectively when disasters happen. Of course, governments lead in these circumstances but it is extremely important to think about how this affects the whole of the economy and to have the private sector working with us closely. So we are working hard to make sure this is complementary and reinforces the work program that Mr Borrowman outlined in the EAS context.

Senator FAWCETT: This is the last question on the topic. Much of the focus is around inputs, whether it be capability or cash—for instance, the billions dollars after the tsunami went through the region. I am aware that there is an evaluation of the on-the-ground effectiveness of aid—for example, what has happened with it. But one of the broader strategic objectives of our engagement in the 'arc of instability'—for example, the RAMSI mission—or our engagement with neighbours is to try and encourage stability across the region. What

activities specifically does DFAT do? And does it have a reporting regime to track how effective these measures are and whether there are areas in which we need to have greater emphasis in terms of the interventions or the assistance missions and whether they are actually achieving objectives of greater governance and education exposure that will contribute to stability in the region?

Mr Borrowman: In the broad sense, I think the answer to that is that one of the key underpinnings of our work on disaster cooperation goes to support precisely those things. It is because of the usually heavy involvement of national defence forces that it goes to questions on mutual confidence building, of interoperability, that all those things contribute to better governance and to better outcomes and that approaching them through the mechanism of disaster relief is a good way to do it. So, in the broad, the answer is that that is one of the strategic underpinnings. In terms of evaluation specifically, AusAID will be able to give you more detail on that.

Senator FAWCETT: As I said, AusAID is one level, but strategically that is not AusAID's remit; it is your remit. What I am asking is: do you have any plan or any mechanism in place to try and identify performance indicators or some kind of measure? If you do not think it is possible, that is fine. What I am asking is: have you even considered it? Do you do it? If so, how do you report it?

Mr Borrowman: Yes, we do consider it and we have done it. We have done it recently. We commissioned the former head of the Emergency Management Institute in Attorney-General's to undertake a review of effectiveness, and that has gone into the shaping of our approach to the East Asia Summit.

Senator FAWCETT: In the terms of reference, how is that effectiveness then defined? What sorts of things were you looking at for effectiveness?

Mr Borrowman: I would have to take that on notice to give you the terms of reference. I am not certain of the exact status of the report, but if possible I will make available a copy of the report as well.

Senator FAWCETT: Thank you.

[14.18]

ACTING CHAIR: As there are no further questions on South-East Asia, let us move on. A note here says that there is a question on the Australia-Indonesia Institute. I am looking at you, Senator Rhiannon, because your name is underneath it.

Senator RHIANNON: No. It is a mistake. I did not ask for that.

ACTING CHAIR: There is no question there.

Senator EGGLESTON: I would like to ask what it is and what it does. I presume it is there to promote close relationships between Indonesia and Australia. Does it specifically have a role as a lobbyist for promoting the teaching of Bahasa Indonesia in Australian schools and maintaining Indonesian departments in Australian universities, which have been in decline?

Mr Richardson: Your observation in respect to the latter is accurate. We see the effect of that in our recruitment rounds. Obviously the teaching of foreign languages in Australian

schools is not a portfolio responsibility that we carry. We have an interest so we cannot really answer questions about it, but I understand the concern you are raising.

Senator EGGLESTON: I really asked whether in effect that was part of what the Australia-Indonesia Institute was concerned with.

Mr Richardson: Its mandate and resourcing would really not enable it to make significant inroads into that problem.

Senator EGGLESTON: Do you have any further information about its activities?

Mr Borrowman: The institute, as you know, is run by a board, which Professor Lindsey is the chair of. The board receives grant applications each year which it considers and makes determinations under. It is currently focused on six priority areas: education, arts and culture, religion and society, media, youth, and science and technology. I can run through some of those in more detail but, subject to your views of course, it is information I can easily make available to you directly if you wish.

Senator EGGLESTON: Perhaps if you did that, yes. Who funds the institute? Who is it sponsored and supported by?

Mr Borrowman: The Australia-Indonesia Institute is funded by the department. It receives a departmental allocation and an administered allocation under the International Relations Grant Program. This year its funding was \$750,000. Can I just make clear here—I think we are on the same page, but we were also advised of a question about the institute—we are talking here about the Australia-Indonesia Institute, which is part of the department. There is a separate, private institute called the Indonesia Institute, based out of Western Australia, which has nothing with the one we are talking about.

ACTING CHAIR: No, we are talking about the Australia-Indonesia Institute. Thank you, Mr Borrowman. Any other questions, Senator Eggleston?

Senator EGGLESTON: No.

ACTING CHAIR: Let's shoot off to the Americas. Are there any questions re the Americas?

Senator McEWEN: I want to ask a few questions about the Australia-US alliance, because of course we have President Obama coming soon. I understand that it is 60 years since we entered into the alliance with the United States of America. Is it still valuable to us and what is it doing to help us with regional security?

Mr Richardson: Our alliance relationship with the United States is, in our view, as equally valid and as important today as what it was 60 years ago. It certainly gives us, at a practical defence level, access to capability that we would not otherwise have. It, I think, is consistent with our regional security interests and does not cut across that. It is also worth noting that our relationship with the United States goes beyond the alliance. It is often overlooked that the United States is our third largest trading partner. The United States is the largest single investor in Australia. The United States is also a major destination for outward Australian investment and, of course, there are very financial linkages.

All up, when you put the totality of the different dimensions of our economic relationship with the United States, it is one of our very most important economic relationships and I do not think we have a bigger relationship with any other single country in the world. The

alliance is, if you like, at the centre of that relationship, but it is a relationship that goes well beyond security and defence.

Senator McEWEN: What role does DFAT have in ensuring that the alliance with the United States of America is focused on our region and particularly security issues in our region? The state of security in our region has changed in the 60 years that have lapsed since we entered into the alliance with America, I would think.

Mr Richardson: Yes, although interestingly, Senator, and this is part of the historical record, the initial driver for our wanting a formal alliance with the United States in the late forties and early fifties was in fact security considerations in the region. So it has always had that as a focus.

Senator McEWEN: I do not have anything else on that.

Senator FAWCETT: There are some media articles today talking about the defence minister being in the Northern Territory talking with the Americans about potential for great access to the Northern Territory and bases. Do you have engagement with regional countries around concerns, or indeed with people who favour greater engagement between Australia and American, in terms of basing?

Mr Richardson: We regularly talk with the regional countries about matters of that kind. I think the context of the questions put to Minister Smith was President Obama's forthcoming visit and the US global force posture review. You might recall that, following the AUSMIN meeting in Melbourne in November last year, Ministers Smith and Rudd and Secretaries Clinton and Gates announced that the two countries had established a working group to look at force posture issues. There were further discussions about that at this year's AUSMIN in September in San Francisco. Consideration of those matters is continuing. I do not think it would be proper of me to say anything beyond what Minister Smith said this morning in his interview on that matter.

Senator FAWCETT: The thrust of my question was more that most people, when it is discussed, look purely at the relationship between Australia and America, when in fact the presence of forces in our region may be of great comfort to people who are concerned about trade routes, energy security, food security. I am wondering what feedback, if anything, DFAT has had from other people who are saying, 'This is actually very good for the region.'

Mr Richardson: Always on these issues you get a mix of feedback, and sometimes the private feedback can be different to the public feedback. But I would characterise the feedback in overall terms as being positive.

Senator FAWCETT: Thank you.

ACTING CHAIR: There are no further questions on the Americans. We will now move on to Africa.

Senator RHIANNON: I want to refer to the inquiry into Australia's relationship with the countries of Africa that the Joint Standing Committee on Foreign Affairs, Defence and Trade released earlier this year. I just want to mention a couple of the recommendations and to ask what the response is.

Recommendation 7 says:

The Department of Foreign Affairs and Trade and the Department of Resources, Energy and Tourism should establish and fund a special unit tasked with establishing a regulatory framework model for the mining and resources sector which African countries could consider adopting according to their requirements.

Could you let the committee know if the unit has been formed and, if so, what its composition and funding is?

Mr Richardson: Forgive my own ignorance, but has the government responded to that inquiry?

Mr Tweddell: No, the government's response to the joint standing committee's inquiry has not yet been finalised. It is being coordinated by DFAT, and when it is endorsed by relevant ministers we will submit it.

Senator RHIANNON: Could you just explain the process, so that I could understand it? You are saying that you are coordinating the response at the present time; could you explain what the process is and the time line?

Mr Richardson: We will have the coordinating role in government for bringing together the bureaucratic advice that is provided to ministers for their decision making in respect of the committee's recommendations. I cannot give you the time line because I cannot tell you in advance with any certainty when the government will finally consider and make a decision on those recommendations.

Senator RHIANNON: My question in that second stage was not about the government, but when you will finalise the report that you present to the government. When will you hand that over?

Mr Tweddell: We are doing our best to get that later this year or early in the new year.

Senator RHIANNON: Was there any time requirement in the report on when you should report to government and when government should publicly release their response?

Mr Tweddell: To comply with the parliamentary procedures I think the response is meant to be tabled at the end of this year, and that is what we are trying to work to on our side.

Senator RHIANNON: Do you mean the government response there? The government should be responding by the end of year?

Mr Tweddell: We are hopeful of that, yes. As the secretary said, we do not have control.

Senator RHIANNON: No, it is not up to you!

Senator KROGER: I understand that there is a gentleman from West Australia being held in a jail in Eritrea at the moment—is that correct?

Mr Suckling: Are you able to provide a little bit more information, because I am not entirely sure what—

Senator KROGER: I understand that there was an Australian who either still is or who was in jail in Eritrea, and we were unaware that he was there?

Mr Suckling: There was, and he has been out for some months now—if it is the same one you are referring to.

Senator KROGER: I think it may well be. Was DFAT aware that he had been arrested and was doing time in jail?

Mr Suckling: Initially we were not, and then we became aware. In the context of becoming aware we then made all sorts of representations to see him and to provide consular support.

Senator KROGER: Do we know why he was arrested?

Mr Suckling: Not entirely, no, we do not.

Senator KROGER: Does he know why he was arrested?

Mr Suckling: Yes, I think he does, but I cannot go into those sorts of details. He has a pretty good idea of why he was being detained.

Senator KROGER: I understand. How did you ascertain he was in jail or that there was someone in jail?

Mr Philp: This is a case that was complicated by the fact that the gentleman was a dual Australian-British national. He was first detained in December 2010, but nobody outside his immediate family was aware that he was an Australian citizen as well as a British citizen. The British government was trying very hard to do something about his captivity and that of his two British colleagues. We first became aware in February this year that he also had Australian citizenship and we immediately, as Mr Suckling said, jumped in together with the British to coordinate efforts to get him out.

Senator KROGER: I will leave it there because I can see that there are sensitive issues at stake. I turn to South Africa briefly. Can you advise whether reports are correct that Australian passports have been stolen, aided and abetted by DFAT employees?

Ms Williams: This is a case that goes back to 2002 when a locally engaged employee allegedly issued nine passports on the basis of fraudulent citizenship documents. It is a case that we have investigated and we have worked very closely with the UK and the South African police and the AFP since that time.

Senator KROGER: It was a South African, I presume, employed by us who perpetrated these offences. Is that right?

Ms Williams: Yes, as I said, a locally engaged staff member who left the country and left our employ after it started to be investigated. It is a case from 2002 and there have been ongoing investigations. I think it is quite important to give assurance to the community. Our processes have changed so much since 2002 that it would be near impossible for a locally engaged staff member or, for that matter, any staff member individually to be able to be involved in the issue of a passport based on fraudulent citizenship documents.

Senator KROGER: I am asking this in a broader context. If an employee of DFAT is found to have committed an offence in another country such as South Africa, how do you pursue that in the courts?

Ms Williams: In terms of a DFAT employee more generally?

Senator KROGER: Yes.

Ms Williams: In this case, it was a matter of a police investigation by the Australian Federal Police, South African police and police in another jurisdiction. Obviously, we would pursue all legal avenues to try and reach a conviction if somebody has been involved in fraudulent behaviour, certainly from the passport perspective.

Senator KROGER: Was that person convicted?

Ms Williams: That person was not convicted. It has been an ongoing case on our part and on the part of the Australian Federal Police in being able to convict that person.

Senator ABETZ: I have two brackets of questions. One is on Libya. Thank you for the written answer I was provided to question No. 43 from last estimates. We were told that no Front representatives or agents of Colonel Gaddafi and his family have been identified within Australia. That is reassuring, but then we were then told, in the second part of the answer:

Persons holding such assets must declare this fact to the AFP.

It just seemed to me that if you were such a person you would likely be not motivated to advise the Australian Federal Police that you were holding assets. So my question is: would one expect someone holding assets on behalf of Colonel Gaddafi to make such a declaration?

Mr R Rowe: I suppose, in reality, no, but the fact is that, as reflected in the answer that was provided to you, on the basis of the examination of relevant databases and information that is available to us in Australia, we—we meaning the government, because it is not a DFAT role per se—were not able to identify any relevant assets.

Senator ABETZ: Thank you for that answer. It is refreshing to actually get a 'yes' or a 'no' at the beginning of an answer at these estimates. In relation to the searches that you have indicated you undertake, does this mean the government agencies such as ASIC simply perform searches and merely look for words like 'Gaddafi' or 'Gaddafi trust'? Or, and I do not need to know the detail of it, do we actually undertake more thorough investigations than simply doing a company search or title search and saying, 'That says Joe Bloggs owns this bit of land,' and accepting it at face value?

Mr R Rowe: As you indicated, I am not able to go into specifics of the operational activities conducted by relevant agencies, but I can assure you that the relevant authorities make comprehensive efforts to ensure that, for example, assets are not in fact being held here in contravention of UN sanctions resolutions.

Senator ABETZ: Thank you for that. For the record, I was asking these questions in relation to an article in the *Sydney Morning Herald* on 9 May this year suggesting that this sort of activity was taking place. That is reassuring. I want to move eastward now, to Egypt, and inquire as to what representations the government has made to the ruling military council regarding the completely unacceptable and continuing violence against the Coptic Christians, who number, as I understand it, roughly 10 per cent of the Egyptian population.

Mr Stuart: The government has made a number of representations over a period of time and has made representations about the particular incidents of 9 and 10 October.

Senator ABETZ: Can you tell us at what level they were? Were they from department to department? Did our ambassador or representatives seek to discuss that with, let's say, the Egyptian minister for foreign affairs?

Mr Stuart: As you are probably aware, on 10 October the Prime Minister and the Minister for Foreign Affairs released a joint statement, immediately after we became aware of the extent of these incidents, expressing the government's deep concern at the violence and loss of life and injuries. The following day I met the Egyptian ambassador to express the depth of the government's concern, to extend condolences and to discuss with him what steps the Egyptian authorities were taking. The foreign minister has since met, I think on 18

October, Ambassador Metwally of Egypt to discuss these issues. We were going to have a meeting last week with the head of the Egyptian Coptic church in Cairo, Pope Shenouda. That was postponed and will take place, we understand, on 24 October, when our ambassador will speak to him. We have had other discussions with the Egyptian authorities at officials level about the particular incidents on the ninth and 10th.

Mr Richardson: I think we also had discussion with the Egyptian ambassador here in Canberra.

Mr Stuart: Yes, I mentioned that.

Senator ABETZ: I think Mr Stuart personally spoke to him.

Mr Stuart: Yes, I spoke to him on 11 October.

Senator ABETZ: Did anybody from the government, as in a minister of the government or a parliamentary secretary, call in the ambassador or seek an audience with the Egyptian ambassador to express concerns? Without diminishing at all your very important role, Mr Stuart, was anybody from the ministerial level called in to make representations?

Mr Stuart: I was asked by the Minister for Foreign Affairs to speak to the ambassador. As I said, the foreign minister, Mr Rudd, met the Egyptian ambassador on 18 October.

Mr Richardson: The answer is yes, a member of the Cabinet has taken up these concerns.

Senator ABETZ: Thank you very much, that is reassuring. What is the department's or government's response to the head of Australia's 70,000 Coptic Christians who last week urged the government to expel the Egyptian ambassador following the recent massacre of 24 Copts in Cairo? First, are you aware of that call?

Mr Stuart: Yes.

Senator ABETZ: Being aware of that, what is your response to it? Could it be counter-productive, for example?

Mr Richardson: I am saying the obvious here, but that is a decision for government. We do not believe that would be a productive thing to do at this point. We think our efforts should be directed into making our concerns known at the right level. Indeed, I should note, the House of Representatives passed a motion on 13 October. We think our efforts should be put in that direction and in encouraging the Egyptian government to move in the right direction to give effect to their own laws in relation to religious freedom and the like.

Senator ABETZ: What degree of encouragement could we provide to Egypt to go down the track you are talking about, given the level of trade between our two countries and any assistance to Egypt that might emanate from our country in one form or another?

Mr Richardson: For a start, by reaching out to the Coptic Pope in Egypt and our ambassador hopefully being able to call on the Coptic Pope on 24 October. That makes a very strong statement about where Australia as a country and as a government stands. I think through what we are doing, both through our embassy in Cairo and here with the Egyptian authorities, we are making our views known clearly. We are working with other countries that share a similar concern. You do this in a way that you hope will produce the outcome you want. You do not do it in a way that might make a point, but that does not achieve what you are about. So we are approaching it in that context.

Senator ABETZ: That is where you and your staff have expertise; I accept that. Has the department made any assessment of the likely effect upon immigration, refugee and emergency assistance that might be needed?

Mr Stuart: I wanted to add one thing to what the secretary had to say. In addition to the quite frank discussions we have with the Egyptians here and in Cairo, the Minister for Immigration and Citizenship made a statement—I am not sure if it was the 10th or the 11th, but it was shortly after these incidents—to say that we would be as understanding as possible for Egyptian Copts who found themselves in a situation and were unsure about whether they had to return. So there would be some flexibility in implementation of our visa limits. That was a practical step. As you probably know, there are quite a lot—70,000—of Coptic Egyptians of Christian faith in Australia, and there is quite a lot of movement between the two countries and, indeed, continuing migration. So that was a practical step.

Senator ABETZ: Thank you for that. My follow-up question is: have we given any consideration to or made any assessments upon the possible immigration, refugee and emergency assistance that may be required if the situation continues or, heaven help us, even further deteriorates?

Mr Richardson: I am not sure. AusAID might have the answer—unless you do, David.

Mr Stuart: I cannot add on the humanitarian assistance. As the secretary said, we have a dialogue with the Coptic Church in Egypt and we have had for some time. The ambassador will be seeing the head of the Coptic Church, we expect, this coming week. But as for immigration rules, as I said, a practical step was taken to try to show some understanding of the situation of individual Egyptians and Australian Egyptians. I must say I am not sure what the Department of Immigration and Citizenship's current thinking is about any longer term changes, but there is a steady stream of Coptic Egyptians who migrate to Australia.

Senator ABETZ: Parliamentary Secretary, I just finish off by saying that I welcome anything the government can do—and, with respect, I think you have done a lot already. But please keep monitoring the situation. It is a matter of great concern to many Australians.

Senator Farrell: Can I indicate that you should rest assured that we will continue to closely monitor the situation. Just by way of clarification, Senator Abetz, I think you mentioned the figure of 24 people killed. My understanding is that in fact it was worse than that and that there were 27 people killed in those riots and over 300 injured.

Senator ABETZ: Yes, the injury toll was huge. If the figure is 27 and not 24, it just makes the case even stronger, and I think we are in heated agreement.

Senator Farrell: We are, and rest assured that we will continue to monitor it and that, in particular, the foreign minister will continue to follow up on this issue.

Senator FAWCETT: Mr Stuart, I am heartened that you and the foreign minister have had frank discussions with the Egyptian ambassador and those in Cairo. Are you able to be equally frank with us? Was any explanation given by the ambassador as to the social or cultural factors that have led to this persecution of this minority within Egypt?

Mr Stuart: The violence against Coptic Christians in Egypt is not a new thing, unfortunately, although this was a particularly bad incident. We have made representations over a long period. I could give you examples back over a year just from my notes today if you wished. I have to say that the Egyptian ambassador here is a very experienced diplomat

and is very serious. I saw him on the Monday after this had happened. He and his colleagues are clearly as concerned as we are. As he said, he grew up in a district where most of the population were Coptic Christians, and he counts many of them as his friends; they are just Egyptians as far as he is concerned. That is how many Egyptians see it, so they are appalled at this. On top of this, it is also a very complicating factor for their political transition. The ambassador—like, I suspect, the great majority of Egyptians—wants to see as peaceful as possible a transition to a more democratic system. So it is a matter of grave concern for him. It is not a problem to have a frank discussion and indeed he volunteered a number of steps he expected to be taken, some of which have been taken. These included new legislation to try to deal with one of the basic problems—discriminatory laws about the terms on which you can have or renovate a church. This is a frequent cause of tensions at a local level, I gather, with rioting, protests, church burnings and so on. I believe those changes have already been made in Egypt. It is not difficult to have a frank conversation with the Egyptian representative—all the more reason why it would not be a sensible thing to not be able to talk to him.

Senator FAWCETT: I fully support that concept of engaging with someone rather than expelling them. Looking to the future, I think the secretary mentioned that at the moment that you are encouraging people to apply their own law. You have also mentioned some new laws. It is widely held that the Freedom and Justice Party will win, possibly, more than 50 per cent of the available places in their new democratic government. They have already indicated that Copts and women, specifically, will not be eligible for, for example, the office of president. That appears to enshrine, at the highest level, ongoing discrimination. If that occurs, will DFAT's position change? How will you then respond to something which is enshrining more deeply the sort of discrimination we are talking about now?

Mr Richardson: I think we will await the outcome of the election. I should not say it, but I am a Catholic, so I cannot be the King of England.

Mr Stuart: I do not think that any of the public assessments—or the academic experts or the other assessments I see—rate this party, which is an offshoot of the Muslim Brotherhood, as likely to win that many seats. I do not think any party in Egypt will get more than a quarter of the seats. It is a highly complicated system. As the secretary says, we tend not to deal with hypotheticals; we are pretty busy dealing with what is actually happening.

Senator EGGLESTON: I have some questions on Foreign Affairs and Trade operations in South-West Asia and the Middle East.

ACTING CHAIR: We are actually on Africa at the moment. If there are no further questions on Africa, we will move on to Europe.

Senator KROGER: I understand a formal complaint was made to Russia about its intention to leverage Pacific Island nations in return for their support and recognition of disputed territories—I think it was Abkhazia and South Ossetia.

Mr Richardson: Yes, Georgia and the area in Georgia—

Senator KROGER: where the war was.

Mr Newman: Yes, we have had a number of discussions with the Russians, both in Canberra and in Moscow, about activity in the Pacific and on the recognition of Abkhazia. We have made them aware of our concerns, particularly on the need for activities to be

transparent. We informed them that we dislike so-called chequebook diplomacy. So we have made them clearly aware of our views.

Senator KROGER: Which nations were we talking about? Tuvalu?

Ms Rawson: The countries in the Pacific which have recognised Abkhazia and South Ossetia are Nauru and Tuvalu. At one stage it seemed that Vanuatu was going to recognise, or had recognised, but the situation at the moment is that it has not done so.

Senator KROGER: When did this take place?

Ms Rawson: I do not have the exact dates. It was either towards the end of last year or earlier this year. For Tuvalu it was in the last month.

Senator KROGER: Am I correct in saying this was in response to significant aid given by Russia to those island nations?

Ms Rawson: There has certainly been financial inducement on this, though I will have to leave it to those countries to confirm the funding that has been provided. It is certainly out in the region that that is the case.

Senator KROGER: Have we engaged in discussions with the representatives from those nations?

Ms Rawson: Yes. There were discussions at the time with Nauru and more recently with the government of Tuvalu.

Senator KROGER: Are we aware that Russia approached any other Pacific island nations seeking the same sort of—I should not suggest a deal—support?

Ms Rawson: I think it would be accurate to say that Russia has been active in the region. I am not aware of any specific approaches to other countries, but I think it is fair to say that there have been discussions with other countries in the region. What the terms of those discussions were I cannot say.

Senator KROGER: At what level was that formal complaint made?

Ms Rawson: Representations have been made to Tuvalu. The Parliamentary Secretary for Pacific Island Affairs has spoken with the Prime Minister of Tuvalu and representations have been made at officials level through our mission in Suva.

Senator KROGER: And in Russia?

Mr Newman: Our ambassador in Russia raised the issue with the Russian authorities on 6 October. We have also spoken to the Russian ambassador here in Canberra.

Senator KROGER: I understand this may well be a question better directed to AusAID, although I think you probably have a broader handle on it in some respects. Do you believe that there is a growing incidence of aid being used as a means to leverage influence in our region? Is this an example of a trend?

Ms Rawson: I do not think it is necessarily an increasing trend. Over the years concerns have been expressed about various kinds of chequebook diplomacy in the region. You will be well aware of the diplomatic rivalry there has been in the region in the past between China and Taiwan. I would not characterise it as an increasing trend but as continuing incidences of what could be characterised as chequebook diplomacy.

Senator KROGER: Have we ever had cause to either formally complain or exercise our concern with any other country in relation to their activities in the region? This might be a question more for you, Mr Richardson. In a general sense, have we ever had cause to do that? You mentioned China and Taiwan.

Mr Richardson: To back up what Jennifer just said, Russia is one case and we had another issue with Russia, or the same issue last year, in respect of another South Pacific island country.

Ms Rawson: Nauru.

Mr Richardson: Nauru. So this is the second time we have had an issue with Russia on this very matter. Historically, as Jennifer has said, it has primarily been unhelpful competitive chequebook diplomacy between China and Taiwan, even though we do not recognise Taiwan, of course. I am not aware of other cases. While it is not a trend, as Jennifer says, it is something we are concerned about. Our concerns go both to the country—whichever country—which seeks to exercise chequebook diplomacy in the Pacific islands and, second, to the preparedness of some Pacific island countries from time to time to take advantage of this crass, crude and destructive form of diplomacy.

Senator KROGER: Is there an incidence of any countries trying to influence PNG?

Mr Richardson: I am not aware of it. I do not know whether Jennifer is.

Ms Rawson: No.

Mr Richardson: The countries which are vulnerable are those which have very limited resources themselves and are therefore perhaps more tempted by the dollars which some countries are prepared to toss around.

Senator KROGER: That is very interesting. Thanks very much.

Senator McEWEN: I have a question about ratification of the new nuclear cooperation treaty: where are we with that?

Dr Floyd: The Euratom-Australia Nuclear Cooperation Agreement was signed by President Barroso and the Prime Minister on 5 September when President Barroso was visiting Australia.

Senator McEWEN: What does that mean, practically, for Australia?

Dr Floyd: The agreement now has to go through the final stages of the formal processes in both countries. We would anticipate that it would be in operation by the middle of January, which is when the current agreement would expire.

Senator McEWEN: Thank you.

ACTING CHAIR: We will move to questions on South and West Asia and the Middle East.

Senator EGGLESTON: I have a few questions under that heading, firstly on Palestinian statehood. Has the department provided advice to the Australian government regarding Australia's vote for Palestinian statehood?

Mr Richardson: We have provided advice around the issue. However, there is not yet a resolution before the United Nations to provide specific advice on.

Senator EGGLESTON: Will that resolution still be coming up in a month or so?

Mr Richardson: It could; it is not entirely clear to us at the moment as to if and when.

Senator EGGLESTON: Where have we stood in the past on this issue?

Mr Richardson: I do not believe a vote has been previously put to the United Nations—is that right, David?

Mr Stuart: That is right. What is being discussed is a possible vote on a resolution that would elevate the Palestinian delegation's status in the General Assembly. At the moment there is a discussion in the UN Security Council about its application for statehood. Until that discussion is finished and a report provided, the General Assembly will not act. As the secretary said, we do not have a proposal for the General Assembly to take a position on at this point.

Senator EGGLESTON: There have been motions on Palestine put to the UN previously, have there not, but not necessarily about statehood?

Mr Richardson: That is right, not on statehood.

Senator EGGLESTON: What has our position been?

Mr Richardson: It has varied, depending upon the actual wording of the resolution and what the resolution is specifically about.

Senator EGGLESTON: Where do we think this will go? There is kind of observer status classification for organisations like the Holy See and the ILO at the United Nations. Is that a likely possible outcome?

Mr Richardson: We are not sure where it will go.

Senator EGGLESTON: Have the United States or Canada made representations to the department regarding any possible vote by Australia?

Mr Stuart: The United States has made representations to us. I do not believe Canada has.

Senator EGGLESTON: Are we permitted to ask what the United States representation was?

Mr Stuart: No, it was a confidential diplomatic exchange.

Senator EGGLESTON: Yes, of course. Was the department involved in drafting the letter from the foreign minister to the Prime Minister recommending that Australia abstain from any vote on Palestinian statehood?

Mr Stuart: We would not comment on the existence or otherwise of correspondence between ministers.

Senator EGGLESTON: I will go on to Syria. What is the nature of Australia's assistance to be Syrian pro-democracy movement, if any, and Australia's efforts in the United Nations regarding this crisis?

Mr Stuart: The government has taken a strong and clear position on the developments in Syria this year. We have consistently called for peaceful protesters to be allowed to do that and criticised in extremely strong terms and made a number of very firm representations about the violent suppression of peaceful protest. You asked about our contacts with the opposition. Only fairly recently has any organisation claiming to represent more than particular groups within Syria emerged, and it is not absolutely clear to us if that group that

has emerged over the last several weeks will emerge as an umbrella opposition group. We have not, to my knowledge, had any formal contact with that group at this point.

Senator EGGLESTON: I understand Australia has made some contributions to Syria. I wonder if you could outline those contributions.

Mr Stuart: You are referring to the international effort to put pressure on the Syrian regime to stop the violent suppression of protest?

Senator EGGLESTON: I am.

Mr Stuart: I can certainly give you some examples of that; indeed, if it is useful, I will give you a detailed list, because there are many of them. For example, Mr Rudd made a statement on 24 March in which he urged the Syrian government to respond to the legitimate aspirations of the people of Syria. On 23 April he issued a further statement deploring violence against peaceful protests. We worked very hard with other countries to lobby successfully to have Syria withdraw its candidate for the UN Human Rights Council over the course of April. Mr Rudd wrote to the United Nations Secretary-General and separately to the President of the Security Council on the issue. He pressed the UN Secretary-General to appoint a special envoy, which is in the power of the Secretary-General to do, and he suggested to the Security Council that it consider whether we had reached the point at which the situation in Syria should be put to the International Criminal Court for consideration as to whether there were crimes against humanity. He has repeated those calls and we have lobbied the Security Council members for those actions a number of times. As I said, I could give you details should you wish.

We have introduced, I think, five different tranches of sanctions. Currently we are sanctioning, I believe, 34 individuals and 13 entities under our autonomous sanctions provisions because, unlike with Libya, there is no UN resolution at present. We have pressed very hard for a UN resolution and were openly critical, including to members of the Security Council, when it failed on a couple of occasions to take that action. We have also sponsored action in other UN bodies. We have spoken to the Syrian representation here. The chargé d'affaires has been called in a couple of times by Deputy Secretary Grigson and a couple of times by me to hear the strongest possible condemnation and appeal for them to deal more peacefully with political protest and begin a meaningful process of political reform.

Senator EGGLESTON: That sounds like quite a long list of actions. Have we provided assistance to what is known as the transitional government in Syria?

Mr Stuart: As I said, it is a very complicated situation and only recently groups which claim to be representative have emerged. We have not had much contact. It is not as advanced in my understanding as in Libya earlier in the year when a transitional committee emerged in Benghazi. We are not in that situation. I am not absolutely sure that that is the path it will take. There is a great deal of international activity, including groups like the Arab League and countries like Turkey, looking to put pressure on the regime in Damascus to undertake meaningful reform and to get, if you like, the army back in the barracks and stop the awful violence which we have all witnessed.

Senator EGGLESTON: The Prime Minister of India is not attending CHOGM in Perth next week. According to the Director of the Australia India Institute, Professor Mattoo, there is a feeling that the Australian government's decision not to supply uranium to India is

influencing Prime Minister Singh's travel plans. Can you comment on that? Do you think that was a key factor?

Mr Richardson: I think it is flatly wrong.

Senator KROGER: Why?

Mr Richardson: There is not the slightest suggestion of that by the Indian government. The decision not to attend relates to, firstly, Mr Singh's domestic preoccupations and, secondly, the G20 is right on the heels of CHOGM and Mr Singh wishes to limit his time out of the country. I am quite confident that Mr Singh's decision does not relate to the issue of uranium.

Senator EGGLESTON: He did, however, go to the last two meetings of CHOGM, at Port of Spain in 2009 and at Kampala in 2007, so it is a little unusual for him not to be coming.

Mr Richardson: They are different times and different circumstances, both in terms of what is happening in India domestically and also the coincidence of timing.

Senator ABETZ: Following up from that, does the government agree or acknowledge that the nonsupply of uranium to India has—to put it mildly—not assisted in developing our relationship with India?

ACTING CHAIR: That is an opinion that you may have.

Senator ABETZ: No, I am asking a question. It is not an opinion.

ACTING CHAIR: It is your opinion.

Senator ABETZ: Let us start at the beginning. Are we supplying uranium to India? The answer is no. Is that correct, Mr Richardson?

Mr Richardson: That is right, we are not. That is on the public record.

Senator ABETZ: Has India requested uranium from Australia? That is also on the public record. Has the government denied uranium exports to India? Yes, it has. That is also on the public record. Now, given all those factors, is it the view of the government or the department that that has enhanced our relationship with India?

Mr Richardson: Both India and Australia have worked hard to ensure that the relationship is not held hostage to one issue. It is not uncommon for countries to have a difference of view on a single issue and, at the same time, work hard to advance the overall relationship. That is the situation in respect of India.

Senator ABETZ: That is why I used the polite term of 'not enhancing' our relationship; I did not even say that it detracted from our relationship. So you would you agree that that particular issue does not enhance our relationship. I did not talk about detracting from our relationship.

Mr Richardson: No, I would use the words that I used. If you wish to use other words, so be it.

Senator ABETZ: Why would the department believe it has a better insight into matters Indian than Professor Mattoo of the Australia India Institute?

Mr Richardson: I am not saying we have a better insight. I am expressing a view.

Senator ABETZ: Yes, but you said it was dead wrong.

Mr Richardson: Yes, I do think it is dead wrong; it is our view. It does not mean I have a better insight. He might have a better insight in overall terms, but he might be wrong on this issue. He might think I am wrong on certain issues.

Senator ABETZ: Absolutely.

Senator EGGLESTON: There are difficulties in the Australia-India relationship, aren't there? The beatings of students in Melbourne were widely publicised in India and there is a general feeling in India that Australia is perhaps a racist country and that racism is directed at Indians. So there are a number of factors which might come into a decision not to attend CHOGM.

Mr Richardson: Again, I am not aware of any suggestion that the student issue has been a factor in the decision not to attend CHOGM. I think your characterisation of that issue is right; that was a setback in the relationship and that was publicly acknowledged. But, again, that is an example where both Australia and India worked hard to ensure that the rest of the relationship was not held hostage to that issue. Both the Australian and Indian governments have worked hard to get on top of that issue and to put that issue behind us, while recognising, as we do, the damage that it did to us in India and the fact that we have a lot of work ahead of us in terms of what we need to do with public diplomacy in India to restore our standing.

Senator EGGLESTON: It is fairly important that we do so, isn't it, because India is going to be the No. 2 power in the region—we are told—after China. It is said to have a spectacularly upward plan of economic growth ahead of it. It will become increasingly powerful from a military point of view in the Indian Ocean. There are a number of reasons, I would think, why we should work very hard at maintaining a good relationship with India. Would you like to make any comment on what our objectives should be?

Mr Richardson: I think that is right, Senator. In 2009 the Australia and Indian governments agreed to form a strategic partnership and to work towards enhancing the relationship. Both of us, in looking to the future, see that we are of growing importance to each other. That is reflected in the government's decision to establish consulate-generals in Mumbai and Chennai. That is reflected in government's decision to increase the resourcing of the Australian High Commission in New Delhi. It is also reflected in the growing two-way trading relationship with India, with Australian exports to India having increased enormously over the last 10 years. And it is reflected in the announcement by the Minister for Trade and his Indian counterpart earlier this year to enter into negotiations for a comprehensive economic relationship, in other words, an FTA.

Senator EGGLESTON: An FTA? That is very interesting. We seem to be doing a lot of FTAs, I must say, around the region.

Mr Richardson: We have been engaged in quite a number of these FTAs, going back to the previous decade.

Senator EGGLESTON: Yes, I understand that. That is very interesting in terms of the future relationship with India. Given that the Prime Minister is unlikely to come to CHOGM, is there any plan to invite the Prime Minister to visit Australia and perhaps include in that visit an address to a joint sitting of the parliament?

Mr Richardson: Decisions relating to inviting foreign leaders to address a joint sitting belong to the Presiding Officers. Government can suggest it, but that is above the pay grade of

officials. Mr Singh had in fact been invited both to CHOGM and to make a bilateral visit to Australia around CHOGM. Unfortunately, he has been unable to take up the invitation at this time, but the invitation to him to make a bilateral visit to Australia remains on the table and we hope that at some point he can take that up.

Senator EGGLESTON: So he was not just invited to CHOGM; he was also invited to make a state visit and perhaps address a joint sitting?

Mr Richardson: He was invited to make a full visit. However, I cannot comment on addresses to a joint sitting of parliament because that belongs to your institution, not to me.

Senator EGGLESTON: Given that he is not able to come, do you anticipate this invitation being issued for a visit sometime next year?

Mr Richardson: It remains on the table, Senator. The Indian government is aware that there is an invitation to Mr Singh to visit Australia.

ACTING CHAIR: Senator Eggleston, we will have a short suspension and you can resume questions after the break.

Senator EGGLESTON: I have finished my bracket of questions—perfect timing.

ACTING CHAIR: Well done, Senator Eggleston!

Proceedings suspended from 15:29 to 15:45

ACTING CHAIR: The committee will resume.

Senator ABETZ: Going to the Middle East, I was kindly provided with an answer to question on notice 67 from the last budget estimates. Whilst personally not wanting to read and interpret documents myself, I asked whether the power-sharing agreement between Fatah and Hamas to jointly run the Palestinian Authority requires Hamas to amend its charter. I was referred to an answer by Mr Stuart, and the suggestion was made that I might want to read the agreement. I do not want to rely on my interpretation of the agreement. I would like to know what the official view is of the agreement and therefore I ask again: is it the view of the government or the department that the power-sharing agreement between Fatah and Hamas to jointly run the Palestinian Authority requires Hamas to amend its charter?

Mr Stuart: The agreement has, in effect, not succeeded. The key piece of it was forming what they called a technocratic interim government to prepare for elections next year. Hamas and Fatah were not able to agree on the composition of that technocratic government so the previously existing situation, which is that the Palestinian Authority remains the executive in those territories, applies now.

Senator ABETZ: The actual agreement, the document, may not have come to practical fruition. I am talking about the written document. As I understand it, there was a written agreement between the two groups, Fatah and Hamas.

Mr Stuart: I am not sure that we have seen one. I am not sure, and I will take it on notice, whether there exists a written agreement. I have seen an announcement but I am not sure that an announcement is the same thing as the agreement. I will check.

Senator ABETZ: I refer you to the answer that I was provided with in writing. The last paragraph says:

The honourable Senator may also wish to refer to the Agreement between Fatah and Hamas of 3 May 2011, the text of which is available publicly.

Mr Stuart: All I am saying is that I do not know whether there is anything beyond the public document and I will have to go and check.

Senator ABETZ: What I am wanting is an interpretation of that public document to which you referred, and I want to know whether it is correct to assert, about that public document, that Hamas would need to amend its charter.

Mr Stuart: I will take that on notice, Senator.

Senator ABETZ: And we do the full circle, and I will await a further written response. Undoubtedly, events by then will have completely superseded us. But thank you.

Senator FAWCETT: In section 2 of your report of 2009-10, which talks about human rights, you make the statement, 'The promotion of human rights is an important foreign policy objective.' You go on to describe a number of activities for the United Nations and the General Assembly, and some human rights resolutions where Australia played an active role. Three countries in particular were named as specific examples: Burma, which we discussed earlier; the Democratic People's Republic of Korea; and the Islamic Republic of Iran. To come back to my earlier theme, I think the parliament should be at least as interested in outcomes as it is in aspirations and inputs. I am specifically interested, given the work you did and I assume the effort and the money expended to work on these resolutions, to read the Amnesty International 2011 report. It looks at Iran, for example, and talks about the systemic discrimination faced by women: the increase in floggings and amputations; the arrest and imprisonment; even the death penalty for people just for freedom of expression—for instance, the actress who has been in the media recently. What is DFAT's response and, from a cost-benefit perspective, is the effort going into things like the United Nations actually delivering results? If not, how can we enhance that? What other approaches can we take?

Mr Richardson: I will just speak in general terms, Senator, and Deborah might be able to provide more detail. When you talk about the United Nations, you have got the General Assembly, the UN Security Council, and a whole set of specialised agencies and the like, and I think that it is fair to say that the performance of UN agencies is variable. I think that there would be agreement on that. Some of them, such as UNICEF and UNHCR do an outstanding job.

Our effort goes in right across the board. In terms of outcomes and deliverables, I suppose one of them was the initiative that we took in April to prevent Syria getting elected to the Human Rights Commission. That is an outcome. I think there have been others such as that, but I will leave the details of Deborah.

Ms Stokes: If I understand your question correctly, I think that it is fair to say that we put our eggs in lots of baskets. We pursue all avenues in promoting human rights: by bilateral representations—and we have heard of examples of those today—also through the Human Rights Council in Geneva, and through the bilateral dialogues, our human rights dialogues that we have with three countries. I might also mention that in certain cases we have sanctions—Fiji and Burma. So they are the sorts of mechanisms we use, and we make judgments about which is the most appropriate one to use.

I might also mention that the Universal Periodic Review, which is a process carried out in Geneva in the Human Rights Council, has in recent years, I believe, taken on more significance for all countries. Every country is subject to review once every four years and

that process is a good opportunity for every country that so chooses to put on the record their concerns about a particular country or, indeed, to welcome particular developments. There is a process of follow-up and time will tell whether we can see some progress through that accountability mechanism in Geneva.

Senator FAWCETT: Your analogy is fantastic—eggs in different baskets. What metrics do you use to assess which basket should receive most eggs in a given time frame? I recognise that that may be longer than year to year but obviously there has to be a decision somewhere as to where your priority of effort goes. So I guess the thrust of my question is: what are your performance measures? How do you make those decisions? Are you able to table a report to the committee around why you are investing given amounts in those different baskets, to use your analogy?

Ms Stokes: A lot depends on judgment, in a country-by-country context, and what is likely to be the most effective approach in a particular circumstance. There was discussion early today about Egypt. That is an example of the sorts of considerations we might be thinking about in a particular case. The country-by-country assessment and judgment—what is the best way to go—is a process that we are undertaking on a daily basis in our department and in our posts.

Senator FAWCETT: Can I put two examples to you in two different countries, to get the range of responses you may have. If we take Iran again as an example, right at the moment there is a pastor there, Pastor Yousef Nadarkhani, who is on death row because purportedly he changed his religion. In a case like that where there is a clear violation of human rights, freedom of religion, what is the response of DFAT in that kind of a situation. That is the first example. The second example, where we have a lot more skin in the game, is Afghanistan, where we are heavily committed in terms of lives, dollars and effort to try to work with a country. There are civil society groups within Afghanistan, particularly women's groups, who are calling on both their government and the Western powers that are assisting them, not to trade off human rights such as equality for women in the pursuit of facilitating discussions with the Taliban. So, two quite different situations, but I would be interested to understand your thinking about which measures are effective and, particularly in Afghanistan's case, how DFAT is working with broader government policy to actually navigate our way forward there.

Ms Stokes: The cases you mention are good examples. In those particular cases we would work with the geographic division and the human rights area and work together on considering the best approach. At this point I will hand over to David to address the particular cases you have raised.

Mr Stuart: I think it is evident from what Ms Stokes has said that you have to tailor each case to what will be most effective, especially when it comes to individual cases and especially when it comes to matters of religious tolerance where, in the countries you are mentioning anyway, it is a very difficult environment to work in and you have to work with sensitivity or you could find it is very counterproductive for the individual. In the case of Pastor Nadarkhani, who was sentenced to death for apostasy in 2010, we have made representations and are continuing to take that up.

Senator FAWCETT: At what level have they been made?

Mr Stuart: At the moment we have been making them at working level and trying to do them, if you like, discreetly. Others, like the European Union and the US, have made quite high level statements. It is a question of judgment as to what will work. I understand that the Iranian Supreme Court has returned that case to a lower court in the home province of the pastor for rehearing. I cannot tell you how hopeful that might be, but that is where that case is at at present.

You mentioned cases in Afghanistan. In February this year Senator Kroger raised an apostasy case, and they are very difficult. That is a case where we and others can feel some success. The case of Said Musa was the particular one that Senator Kroger raised with us, but there was at least one other case which I am aware that we also knew about. Both those people are now free and out of prison. You cannot expect that we are going to succeed a lot of the time with such cases, but that is not a reason for not trying. But if we are going to succeed at all we have to be sensitive to and make sensible decisions about the local environment and what will work. We tend to be guided by our representatives on the ground as to how to proceed. As I say, there are a lot of different decisions, including about what to do in the public forum and what to do quietly.

Senator FAWCETT: I do not dispute at all, and I understand, the need for judgment and discernment on each case but I guess what we have seen, for example from the kidnap inquiry that has been running recently, is that in some spaces, government agencies, DFAT included, do not appear to be a learning organisation by rigorously reviewing the performance outcomes and then changing their approaches as a result of what has occurred. I am concerned that in this area, given that we are investing a fair bit of time and effort—lives in the case of Afghanistan—to achieve outcomes, each department critically analyses how it approaches things. I would still put on notice that you come back to the committee to explain how you evaluate the efficacy of your chosen approach in each situation and whether there is a learning loop in there that you learn from lessons and advise people who are making those decisions the next time around.

Mr Richardson: Okay.

ACTING CHAIR: Are there any further questions on the Middle East?

Senator KROGER: I will go to Israel for a moment. Can you confirm I am right in presuming that the Australian government condemns the Gaza aid flotillas that have tried to break the blockade on the flow of goods and aid there? Am I right in making that statement?

Mr Stuart: You are not wrong but there is more to our position than that because we also call for proper movement of humanitarian goods into the Palestinian territories and into Gaza in particular.

Senator KROGER: But we do not support the boats that have been organised by some activists that seek to breach the passage of goods through to Gaza?

Mr Stuart: That is right. We do not and we made some quiet efforts with at least one other government to try to help dissuade people organising that from proceeding last time.

Senator KROGER: Mr Stuart, can you confirm for me whether there was an Australian on board the last flotilla that I understand was stopped by the Greek authorities?

Mr Philp: Yes. That is correct. I am afraid I do not have papers on that with me but I believe there were two Australians, to whom we extended consular assistance.

Senator KROGER: We extended consular assistance to them?

Mr Philp: Yes, we did. We made representations to the Israeli authorities about proper treatment of any Australians who happened on any ships that did attempt to breach the blockade. When the Greek authorities took action against that ship we then assisted the Australians who were caught up in that.

Senator KROGER: Were they taken back to Greece to be charged?

Mr Philp: As I said, I do not have papers on this with me, Senator Kroger, so I am doing this from memory. Perhaps I should take it on notice if you would like details. If you want to set out exactly what you would like, I will take it on notice and give you a proper answer.

Senator KROGER: I would be interested to know what we know about that, what consular advice was given, what their status is currently, whether they are still there or not, whether the charges been dismissed or have they been prosecuted, and whatever we know about that. Just on that matter then, is there any advice given by DFAT to Australians about our position on being involved in any such unlawful activity because it is not the first time Australians have been on ships. I am concerned whether they understand that we consider this to be unlawful.

Mr Philp: I think I should take that on notice just to see exactly what it was we said to people. We tried to contact a number of Australians, as I recall, but whether public advice was given I do not recall.

Senator KROGER: If I could jump to India, in previous estimates we have asked questions about six Australian contractors to the Delhi Commonwealth Games who were owed \$22 million, or something to that amount. From reading the papers I understand that the chairman and senior office-bearers of the Delhi games have are on corruption charges at the moment. Do we have any update on the position of the six contractors and if there is any chance of them seeing any of their money?

Mr Richardson: We have made a lot of representations to India about it. Unfortunately, at this point they have not got their money. I do not know when it is going to be resolved. It is quite unsatisfactory where it is.

Senator KROGER: I presume that it is not just Australian contractors who have been affected by this.

Mr Richardson: That is right.

Senator KROGER: Have there been any discussions about the possibility of the Indian government actually assuming some responsibility given the nature of the event, that it was the Commonwealth Games?

Mr Richardson: I do not know if there have been any discussions on that specifically. I imagine the Indian government would be like Australian governments, and that is a bit reluctant to get involved in taking on liability as a result of a commercial issue. I will take that specific question on notice and answer it for you.

Senator KROGER: I would be interested to know if the dialogue has extended at a government level and in terms of government actually assuming some responsibility for the conduct of the games and therefore outstanding debts.

I will move now to Egypt. I am just traversing that part of the globe very quickly. Senator Abetz has touched on the terrible plight of Christians, particularly the Copts, in Egypt. I will preface my remarks by saying that I understand that reports from the Egyptian union of human rights organisations show that nearly 100,000 Christians have fled Egypt in the past six months. Are there any employees of DFAT who are of concern to us in terms of their safety and who are caught up in this?

Mr Richardson: I am not aware of any. You are talking about Australians?

Senator KROGER: Yes.

Mr Richardson: There may be some DFAT employees who have relatives. I do not know. But I am not aware of any DFAT employees per se caught up in it.

Senator KROGER: Sure. My question was in relation to whether any representations had been made, whether it is extended family or—

Mr Richardson: I am not aware of any. There are none that have come my way.

Senator KROGER: Okay. I presume we are still continuing our high-level warning—whatever the classification is—in Smartraveller in relation to this for Western visitors or Australian visitors.

Mr Richardson: Yes, we have been consistently updating our travel advisory for Egypt.

Senator KROGER: I will now move onto Iran. I am aware of two tragic instances of human rights abuses in Iran which have received significant international media. The first was against an actress who worked for a South Australia film production crew. Having participated in that production of that film, she has suffered something like 90 lashes and was incarcerated for a period of time, if she is not still. The other matter related to Yousef Nadarkhani, who is facing the death penalty for being a Christian. Do we make representations to other countries in instances like that to express our concern about the abuse of human rights?

Mr Stuart: I think you may have missed the answer to Senator Fawcett where I addressed the second of those.

Senator KROGER: I am sorry, I did. My apologies.

Mr Stuart: The answer to the first about the actress, Marzieh Vafamehr—

Senator KROGER: I am happy to read the transcript.

Mr Stuart: I had not answered on the first case you raised, so I will give you some information on that. She has been sentenced to a year in jail and 90 lashes for her role in the film—you are aware of that. But that has not taken place and we understand the matter is on appeal. It has not happened yet. We are aware and the government is very concerned by the reports about it. We are certainly seized of that. She is not an Australian, but as I think you are aware, it was an Australian backed film and one that actually premiered at the Adelaide Film Festival. We have an interest in it and we are following that. I do not want to say too much about exactly what we are doing. She has been sentenced, but that has not yet been carried out.

Senator KROGER: But without prejudicing in any approaches that you might make, can we be assured that the Australian government does actually pursue and consider?

Mr Stuart: Yes, I think I could have given Senator Fawcett a very long list of examples if we had time, but I think you were asking a general question about how we measure the effectiveness of what we are doing. I was trying to answer that. The answer to your question is that do we take up human rights issues in Iran and elsewhere vigorously. Yes, we do.

Senator KROGER: Thank you.

Senator RHIANNON: Did DFAT provide advice to the foreign minister before the appointment of the Sri Lankan High Commissioner Thisara Samarasinghe about what was known about his role in the Sri Lankan navy and the role of the navy in the Sri Lankan conflict and any other relevant information?

Mr Richardson: We did in fact provide relevant advice to the foreign minister. We saw no reason for him to be denied agreement.

Senator RHIANNON: What date was that advice provided on?

Mr Richardson: We provided initial advice on 10 February, following consultation with the post and relevant division, as is the usual practice. There was subsequent advice, the precise dates of which I do not have. The minister gave approval for the matter to go forward for formal agreement, he gave approval on 2 April.

Senator RHIANNON: Was a briefing provided to the Department of the Prime Minister and Cabinet or directly to the Prime Minister about this matter?

Mr Richardson: I cannot give you the precise date, but there was some. Normally Prime Minister and Cabinet is not involved in decisions about giving agreement to people nominated to be head of mission in Australia. Where you have higher profile issues that might surround a particular case, we would normally advise Prime Minister and Cabinet. I believe there was some advice provided to Prime Minister and Cabinet, but I do not have the details of that or what they might or might not have provided to the Prime Minister. I think there were questions of this matter put to PM&C the other day, and I have nothing to add to what they said in relation to whatever they did in respect of the PM.

Senator RHIANNON: What date was the advice from DFAT provided to the department or directly to the Prime Minister?

Mr Richardson: One, we do not provide advice directly to the Prime Minister on matters like that. I mentioned that I do not have the date on which we provided advice orally or in writing to Prime Minister and Cabinet.

Senator RHIANNON: Do you know if it was provided orally or in writing?

Mr Richardson: No, not off the top.

Senator RHIANNON: Could you take on notice what date that was provided to the Prime Minister? As it is just a date and that must be in a file somewhere, could that information be provided today to the committee?

Mr Richardson: Whether it can be provided I do not know, but I can certainly undertake to provide it quickly.

Senator RHIANNON: If you could provide that date. You also said that there was further advice that you provided to the foreign minister, so if you could provide that as well please.

Mr Richardson: Sure. The date of it?

Senator RHIANNON: The date, yes. Thank you. Has DFAT received a copy of the submission of the International Commission of Jurists Australia on the Sri Lanka war crimes?

Mr Richardson: I believe we do have a copy of that.

Senator RHIANNON: What is the role of DFAT when war crimes allegations are made against Australians or people temporarily in Australia or you receive a report such as the one from the International Commission of Jurists?

Mr Richardson: In this case we received a copy of a report that they referred to the AFP. The moment it is referred to the AFP, it becomes a police matter and it is for the AFP to determine how they take that forward. We would not seek to do anything that would cut across their proper role given that it was the AFP to whom that report was sent.

Senator RHIANNON: In these cases the AFP may seek advice from you?

Mr Richardson: That is entirely a matter for them. I cannot pre-empt what the AFP may or may not do.

Senator RHIANNON: Thank you. Are you aware of reports that in September the Australian High Commissioner to Sri Lanka, Kathy Klugman, praised the Sri Lankan security forces for their work in stopping a boat leaving Sri Lanka that was carrying asylum seekers?

Mr Richardson: Yes, I am, and I think it was entirely appropriate.

Senator RHIANNON: Did the high commissioner or other embassy officials supply information to the Sri Lankan authorities to assist in stopping this boat?

Mr Richardson: There were questions directed to the AFP commissioner the other day on that. I cannot add anything to what the AFP said in answer to questions.

Senator RHIANNON: I asked the question. My question was about people who come under AFP. This question is if the high commission or other embassy officials supplied information to assist in stopping the boat.

Mr Richardson: I am not aware of any; however, I will take that on notice because I would not want to mislead.

Senator RHIANNON: Thank you very much. What role does the Australian High Commissioner to Sri Lanka play in liaising, coordinating or assisting the work of AFP and ASIO, or representatives of other agencies, in monitoring people in Sri Lanka who are planning to leave for Australia and the departure of boats with asylum seekers?

Mr Richardson: Under a Prime Minister's directive, that relates to all Australians heads of mission overseas and goes back some decades. The head of mission overseas in any post is the senior Australian representative and, as such, is responsible for effective coordination of the mission's activities.

Senator RHIANNON: So, in this case, there are both AFP and ASIO, or some type of intelligence people, based in the high commission in Sri Lanka?

Mr Richardson: I am not prepared to comment on the presence overseas of officers from intelligence agencies.

Senator RHIANNON: Thank you.

ACTING CHAIR: Senator Ronaldson, you have some questions?

Senator RONALDSON: I do, Chair. Mr Richardson, there have been several articles, including one by Daniel Flitton in the *Age* and another by Greg Sheridan in the *Australian* on 6 October, basically about the foreign minister's comments in relation to Gilo and also—

Mr Richardson: Sorry, comments on?

Senator RONALDSON: The 1,100 new housing units in East Jerusalem, in Gilo—I think that is the right pronunciation, isn't it? I hope it is.

Mr Stuart: I think so.

Senator RONALDSON: Mr Sheridan in his article was very critical of the foreign minister's intervention. He criticised him for not issuing 'commensurate demands on the Palestinian Authority' and asked why he had not made any other comments in relation to the matter. He went on to say that the government is joining 'the club of like-minded UN types' on the Israeli-Palestinian dispute to win a temporary seat on the UN Security Council. Is it correct that the foreign minister wrote to the Prime Minister about this upcoming vote on Palestine?

Mr Richardson: We are not commenting on communication between ministers.

Senator Kroger interjecting—

Senator RONALDSON: I will ask the parliamentary secretary—you are right; thank you, Senator Kroger. Has the foreign minister written to the Prime Minister in relation to this matter?

Senator Farrell: I am sorry; I do not know the answer to that question.

Senator RONALDSON: But there has been considerable media discussion about this matter and an allegation that the foreign minister is taking one view in relation to the upcoming vote and the Prime Minister is taking another view. I would have thought that we were entitled to know what the Australian government's view is and what correspondence has passed between the foreign minister and the Prime Minister in relation to this matter.

Mr Richardson: To put it in context, there is no resolution currently before the UN General Assembly. A resolution may or may not come before the UN General Assembly. Until such time as we have the wording of a resolution before us, I am not in a position to comment on what position the Australian government may have in respect of any particular resolution.

Senator RONALDSON: I am in furious agreement with the first part of your answer; there has not been a resolution. But that is the issue. If the media reports are correct that despite there not having been a resolution and despite the text of any resolution clearly not having been made, on what basis would the foreign minister be writing to the Prime Minister suggesting that we abstain when the government has not even seen the text of any resolution? Hence my question to you to clear this matter up and to clarify whether the foreign minister has written to the Prime Minister and, if so, whether he has suggested to her that we abstain despite our not even having seen the text.

Mr Richardson: It would be inappropriate for me to comment on what the foreign minister and Prime Minister might have exchanged in respect of a matter on which the government has yet to make a decision.

Senator RONALDSON: Parliamentary Secretary Farrell, given the comments by Mr Sheridan, who believes that the foreign minister's intervention in the Gilo issue has not done our relationship any good at all, but rather has potentially damaged it, do you think it appropriate that the foreign minister be writing to the Prime Minister regarding what our vote should be before we have even seen the text of any resolution?

Senator Farrell: I am unaware of any correspondence between the foreign minister and the Prime Minister.

Senator RONALDSON: Will you take that on notice?

Senator Farrell: I can take that on notice.

ACTING CHAIR: Senator Ronaldson, do you have any other questions for the officers regarding newspaper reports or can we go to a private meeting? I know everything in the papers is true; I understand that.

Senator RONALDSON: I am sorry, but I will take issue with that comment.

ACTING CHAIR: If you have more questions about newspaper articles, fine.

Senator RONALDSON: If you like, I will table, in response to that question, a press release from the foreign minister in relation to the settlement issue. You say I am referring to newspaper reports, but I am actually referring to a press release issued by your foreign minister.

ACTING CHAIR: You have two minutes, Senator Ronaldson, and then we will go to a break.

Senator RONALDSON: I do not think that was reasonable whack, but I will table the press release from the foreign minister.

ACTING CHAIR: We will go to a break early during which we will chat to you, Mr Richardson.

Proceedings suspended from 16:28 to 16:34

ACTING CHAIR: Having resumed, are there any further questions in South and West Asia and the Middle East?

Senator FAWCETT: Yes, Acting Chair.

ACTING CHAIR: Please proceed.

Senator FAWCETT: I am following up the question asked by Senator Kroger and my own question earlier. Could you clarify, in terms of your nuanced approach to Iran over the two individuals discussed, if the Iranian representative in Canberra has been summoned to explain his country's approach to either yourselves or to the minister in Canberra.

Mr Stuart: Do you mean the Iranian ambassador?

Senator FAWCETT: Yes.

Mr Stuart: Not at this point on those two cases, certainly not to my knowledge. The case of the pastor has some history which preceded my taking on this job, so I will check that. As for the case of the actress, we have not called in the ambassador on that at this point.

Senator FAWCETT: Do you give any credence to the media reports saying that sentencing of the pastor is somewhat more potentially imminent?

Mr Stuart: As I said, the case has been turned back to a provincial court. I am not willing to seek to interpret that to you, but it is in a judicial process. That is my understanding of its status.

Senator FAWCETT: I certainly express my personal opinion, and probably that of the committee, that I would encourage you to do all that is appropriate to influence an appropriate outcome, a good outcome, for the individuals concerned. That is all, Acting Chair.

ACTING CHAIR: We will move from the Middle East to the Pacific.

Senator McEWEN: I want to ask about a couple of things in the Pacific, in the first instance about the Pacific seasonal workers program. I know a number of departments have a role in this. From DFAT's point of view, how is that going?

Ms Rawson: As you may know, the seasonal worker pilot scheme has been running for just over two years. As of 11 October there have been 652 visas issued to people from the region—from four countries in the region—for seasonal work in Australia. At the Pacific Islands Forum meeting in Auckland in September, the Prime Minister announced that the scheme would be expanded to another four countries in the region, Nauru, Samoa, Solomon Islands and Tuvalu. They join Kiribati, Papua New Guinea, Tonga and Vanuatu as participants in the pilot scheme. The arrangements for those four additional countries are being put in place at the moment. There have been some initial discussions about setting up the necessary arrangements for people to participate, but that will happen over the next couple of months we hope.

Senator McEWEN: Of those 652 visas, are any of them repeat clients?

Ms Rawson: Yes, a number of them will be people who are coming for a second and, perhaps even now I think, a third time. I think one of the outcomes of the scheme has been that as people gain experience and become used to the working environment there are productivity dividends. So people coming back to work with employers they have worked for before, in circumstances which are familiar to them, yields benefits for both the employees and the employers.

Senator McEWEN: When the program was first mooted there were concerns about people absconding and organisations in the home countries rorting the system and things like that. Have we had any evidence of those sorts of things happening?

Ms Rawson: I could not say that there have not been any cases at all, but it is certainly not widespread. The experience has been a very positive one, for both Australian employers and workers themselves.

Senator McEWEN: Is it still mainly men being employed under the scheme?

Ms Rawson: I do not have the gender breakdown here. It is certainly not exclusive. I know another 12, I think, employees from Papua New Guinea will be coming in November and I think all of those are women. So it is certainly not exclusively men.

Senator McEWEN: Excellent. That is good news. Talking about gender equality, Australia appointed an Global Ambassador for Women and Girls in September. What else has Australia been doing to promote the rights of women and girls in our region, in the Pacific, and how are we going with assisting PNG in particular to make progress with its legislation to improve the representation of women in its parliament?

Mr Richardson: Chair, if you would allow it, it might be an appropriate time to call forward the Australian Global Ambassador for Women and Girls.

Senator McEWEN: Fantastic. I did not realise you were here. Tell us what you have been doing.

Ms Williams: I was appointed to the position four weeks ago. The Pacific is a specific area that I am to focus on. I was in Vanuatu last week for three days. The real focus of the visit was on domestic violence. As you would be aware, there are real concerns about the levels of domestic violence in some of our neighbouring countries and the impact that has on our aid delivery. It has been a centrepiece of the gender elements of our aid program over the last couple of years. In that visit I visited the women's centre in Vila and also the women's centre in Sola in Torba in the Banks Islands and the Torres Islands, which is about 2 1/2 hours light plane flight from Vila. And then I spent some time with the Australian AFP and the Vanuatu police talking not only to women police officers but also to officers in their family protection unit. What was my value-add in that? I guess the role gives me the space to talk about those issues. I had a camera crew from Vanuatu television the whole time with me, and I do not think there has been that sort of coverage of the women's centre or the work the police have been doing on domestic violence. The very visit attracted that sort of attention. I should also say that in Torba I visited a very small first-aid post focused particularly on maternal health that is operated by Save the Children Fund.

The position will have all sorts of aspects to it. Obviously, in the Pacific there are issues around domestic violence, maternal health, political participation, highlighting what we are already doing in the aid program, and also providing a platform in which those issues can be raised and discussed. I will also be putting those issues in front of local officials. So I should say that as part of that visit I had discussions with Vanuatu government officials. I have been in the job for four weeks. I intend to visit Papua New Guinea very soon. Our intention is to do that in connection with White Ribbon Day. It will have a domestic violence angle. That is men who are working against violence against women, but I also hope to visit a number of the projects that are focused on women and girls that are funded by NGOs operating in Australia—Save the Children Fund, Care and World Vision have been very active. I should also say on the Pacific that the YWCA is very active in leadership projects for young women from the Pacific and I will also be involved in an event that they are holding in Perth next week.

Senator McEWEN: The new Prime Minister of Papua New Guinea has made verbal commitments to implement the legislation that secures affirmative action positions in their parliament. Are we doing anything specifically to assist him make progress there?

Ms Williams: I would not want to jump into the details, but, obviously, as part of the development assistance program, looking at political participation of women, economic and political empowerment, is a key in developing the aid program. My colleague might like to add to that.

Ms Rawson: During Prime Minister O'Neill's visit to Canberra last week, Prime Minister Gillard announced that Australia would be providing funding of \$1 million, working with ANU and the relevant PNG office for women and the United Nations development program. The purpose of that project will be to help women in Papua New Guinea develop democratic

skills. Obviously it will not be in a campaigning sense, but they will develop skills relevant to participation in politics more broadly.

Senator McEWEN: Excellent. That is good news. Thank you.

ACTING CHAIR: I have not seen you this happy for years, Senator McEwen. Are you sure you do not want to keep going?

Senator McEWEN: I could, but I will let someone else have a go.

ACTING CHAIR: Go on, I insist.

Senator McEWEN: Well, the other thing I was going to ask about was RAMSI and the Solomon Islands. How are we going there? Thank you, Ms Williams.

Senator KROGER: Will Ms Williams be here tonight during AusAID's evidence?

Mr Richardson: I cannot speak for her, but everyone in this room is at your disposal until 11 o'clock tonight. If you want anyone here at any point, we will be here.

Senator KROGER: It is just that a lot of the AusAID things cut across your role as ambassador and that is why I asked, but I would not like to take full responsibility for keeping you here till 11 pm. Maybe that is a matter for the committee.

ACTING CHAIR: What about me? It hasn't worried you about me!

Senator IAN MACDONALD: You get such a big salary compared to those at the table.

Ms Williams: It is probably worth explaining that I work very closely with AusAID. AusAID retain responsibility, obviously, for policy and program. To a certain extent, I project what they are doing out into Pacific countries. I am not trying to get out of it, but you will have those people who are responsible for gender across the programs, but, as the secretary said, if the committee wants me to be here, I will be here.

Senator McEWEN: I might come back to PNG during AusAID's evidence. How is RAMSI and the Solomon Islands going? What is that delivering for us and, more importantly, for the people of the Solomon Islands?

Ms Rawson: RAMSI has made real progress in stabilising the situation in Solomon Islands and laying the foundations for a more sustainable and prosperous Solomon Islands. As you would be aware, I think, law and order is being restored and there is now an environment that is more conducive to economic growth. There has been some progress in building capacity of the Solomon Islands institutions, particularly in terms of the budget and financial management processes. There has been work put into the accountability institutions, and that is having a good effect. RAMSI supported the training of over 2,000 public servants and, hopefully, those people are better equipped in delivering services to Solomon Islanders more broadly. There has been reform, for example, in the telecommunications sector with improved services, including in remote areas. There are gains being made on the stability side and on the economic growth side in addressing the needs of the Solomon Islands people. That said, it is still a work in progress. Particularly in building that sustainable base both in terms of security and economic growth, there is still work to be done and RAMSI is working in partnership with the Solomon Islands government to try and achieve that longer term gain.

Senator ADAMS: Thank you very much for that update.

ACTING CHAIR: Senator Macdonald, I know you have RAMSI questions, but would you mind if I went to Senator Rhiannon and then came back.

Senator RHIANNON: Thank you. I am interested in the section on international organisations and legal issues as I want to ask questions on climate change. Can I do that at this stage, or do I need to wait for the next section? I do not have anything in the Pacific, so I can wait.

ACTING CHAIR: Let us finish Pacific, if we could, Senator Rhiannon, so that we are not all over the place.

Senator IAN MACDONALD: What are the current future arrangements for RAMSI? How long is it going to go for? And, as part of RAMSI, how much is Australia's contribution for the future?

Ms Rawson: In terms of going ahead, the government's position is that RAMSI's exit from the Solomon Islands should be based on completing its tasks rather than a fixed time. So there is no date set for RAMSI to exit. That position was endorsed in a 2007 review of RAMSI.

Senator IAN MACDONALD: Just remind me of how it is funded. Is it through your department or through Defence?

Ms Rawson: A number of agencies are funded for the period 2009-10 to 2012-13. A total of \$860.3 million was allocated to Australian agencies to support RAMSI. DFAT's allocation in that was \$29 million. That is over a four-year period.

Senator IAN MACDONALD: What do you pay for? Who pays for the police and the defence forces?

Ms Rawson: Those agencies are funded separately and, in fact, Defence—

Mr Richardson: They are paid part of that \$800 million.

Ms Rawson: Yes, except Defence goes on a yearly basis for its allocation. Certainly the Australian Federal Police is part of that. There is work that AusAID does that is part of that \$800 million, as well as Customs and Border Protection.

Senator IAN MACDONALD: So, apart from Defence, it comes out of your budget?

Ms Rawson: Sorry, that \$800 million plus figure was for a range of agencies, including DFAT. So that is the Australian Federal Police, AusAID, DFAT Customs and Border Protection.

Senator IAN MACDONALD: Who coordinates the Australian involvement in RAMSI? Is it DFAT or is it Defence?

Ms Rawson: It is DFAT.

Senator IAN MACDONALD: How long are we funded to stay there currently?

Ms Rawson: Currently the funding is until 2012-13, so at a future stage the government will need to make a decision about funding for RAMSI post mid-2013.

Senator IAN MACDONALD: It will have to be in the next year's budget, will it not?

Mr Richardson: Just to contextualise, and I think you are aware of this anyway, there is nothing unusual about this funding. Most programs now are funded not beyond four years, so the fact that this funding only goes to 2012-13 does not prejudice a continuation in some form. You are right, in the context of next year's budget, new decisions will need to be made.

Senator IAN MACDONALD: With defence generally and I am not sure with the RAMSI element of defence, it is funded not out of the defence proper budget but out of contingencies that we have to keep—whether we want to or not—because we are in an operational situation. We fund it separately until the operation is finished. This is defence rather than you, but do you know if that is the case for the defence element of this?

Mr Richardson: I will stand to be corrected, but the standard framework for the funding of their operational activity overseas is on a no-win, no-loss basis.

Senator IAN MACDONALD: But this is not the same.

Mr Richardson: No, except that if it was determined at any point that ADF needed more people in the Solomon islands, or fewer people, then their funding would go up and down accordingly.

Senator IAN MACDONALD: But I understand the funding for the Federal Police comes through you.

Mr Richardson: It does not come through us—the package which Jennifer is referring to. The government approved a total funding for RAMSI of around \$833 million. Now part of that \$833 million is AusAID money, part of it is to fund the AFP presence and part of it is to fund our own coordination activity and the like. I imagine that the biggest part of the \$833 million would be AusAID plus the AFP.

Ms Rawson: The AFP is the largest part, followed by AusAID.

Senator IAN MACDONALD: Well, AusAID will continue whether RAMSI is there or not, I assume.

Mr Richardson: That is right.

Senator IAN MACDONALD: It will be decided upon irrespective of RAMSI.

Ms Rawson: With AusAID at the moment, there is the RAMSI assistance program, and there is a bilateral aid program.

Senator IAN MACDONALD: You are right. Our delegation's understanding was that none of the locals liked RAMSI there, but none of them wanted it to go. One would fear for the stability of the country if it did go. As you know, you have an excellent high commissioner there at the moment who looks after our interests in the Pacific very well. I went and saw the great work that Australian personnel are doing in unexploded ordnances. As you recall, the Solomon islands was the battle ground for World War Two, with Guadalcanal et cetera. There seemed to be some concern that Australia was pulling out. There are other international agencies coming in but there is an expertise and a knowledge and an intelligence network that would be sorely missed, I would think, by the Solomon Islands people and government if it went. Are you able to tell me whether we are going to continue Australia's expert involvement in the clearance of unexploded ordinance?

Ms Rawson: I cannot provide you with the particular details for the Solomon Islands but I can say that in the Solomons and elsewhere in the Pacific Australia has a long record of providing assistance and I have had no indication that that would cease.

Senator IAN MACDONALD: Could you take that on notice?

Ms Rawson: It is actually, I think, usually a question for Defence but we will take it on notice and come back to you.

Senator IAN MACDONALD: I am not sure that it is. There is some strange arrangement that I understood was more related to RAMSI than Defence, but could you take it on notice and give me a response?

Ms Rawson: I shall do that.

Senator IAN MACDONALD: I must say I am only a 14-day expert on both the Solomons and Samoa following the parliamentary delegation, but Australia does fantastic work in the Pacific. A lot of it is genuine work looking after, for example, the deaf and the blind. That is just one instance, and the work is across the range. Other nations, notably China, build enormous buildings with huge plaques on them and people walking around see all the aid China is giving, usually a building with not much ongoing maintenance or running costs, whereas Australia, doing the real work, does not seem to be as well recognised for the very, very substantial work we do on the Pacific islands. Is there any way that we can look at better communicating? And this government is very good at this and just a fraction of the money spent on advertising certain other policy objectives going to advertise or promote or communicate what Australia is doing in the Pacific would be useful. Is there any thought ever given to that?

Ms Rawson: As you say, Australia has a very strong and effective development assistance program in the Pacific. Around a quarter of the total aid program is spent in the Pacific. I am interested to hear you say that it is not as well recognised as the scale and effectiveness of it deserves. I think over time effort has been put into this, and you could talk about this more with AusAID colleagues this evening. Effort has been put into getting out a clearer story of what Australia is doing in partnership with countries in the region and of what the results of that are. Indeed, I think AusAID has some very good publications about that. But perhaps that advice is not getting out as strongly.

Senator IAN MACDONALD: They are doing the work. They are not there to seek glory, which is typically Australian and it is very, very good, but I wonder whether perhaps we can get more bang for our buck if people know. Those involved know it and are very, very appreciative. But I am not sure how far it goes into the wider community.

Mr Richardson: It would be, as Jennifer said, worth raising with Peter Baxter this evening. It is relevant also in terms of the aid effectiveness review that was done. The question you raise is a really good one because it is one that we have a lot of discussion about within the bureaucracy ourselves. I think you will find Peter has given a bit of thought to it.

Senator IAN MACDONALD: In the likely event that I will not be here tonight, could you take that on notice for AusAID, who might give me a response in writing?

Mr Richardson: Okay.

Senator IAN MACDONALD: Finally from me there is this, and you mentioned it, Ms Rawson. You speak about a quarter of our budget. I have a personal view that Australia is spending too much on Africa these days, a problem child that Europeans created in the last two or three centuries and in my view they should fix it up. So I know we are putting a bit of emphasis on it. I am interested to see the raw numbers of aid going into the Pacific, which you define however you define it because you are in charge of the desk. I am interested to find out the raw figure of aid over, say, the last five years that has gone into the Pacific. The other part

of the question is: what does that represent as a percentage of the total aid and consular bill that Australia pays out every year?

Ms Rawson: As I said before, this year the aid portion for the Pacific is one-quarter of Australia's overall aid budget. I do not know what percentage it has been over the last five years but we can take that on notice.

Senator IAN MACDONALD: Not only aid but also consular and diplomatic—

Mr Richardson: If we can, we can certainly do that. I have a couple of very quick comments. As Jennifer said, the Pacific is a big part of the total aid program. Africa is less than five per cent. There is an issue in the smaller South Pacific island countries of absorptive capacity and that is a big issue. On the consular front, that really depends on the presence of Australian nationals and what strife they do or do not get into, or natural events and whatever.

Senator IAN MACDONALD: Well, consular and diplomatic, if they are different and I assume they are.

Mr Richardson: On the consular side, the consular effort tends to follow disasters and the like so, quite obviously, this year for instance the requirement for our consular responses in Egypt, Libya, Bahrain, and in the Middle East generally has been much greater than the requirement for our consular response in the Pacific. However, if you go back a little bit to the tragic tsunami in Samoa then our consular response there took up a lot that year. So it varies depending on where the need is. On our diplomatic presence, we can give you a quick readout—

Senator IAN MACDONALD: I would like that but I am conscious that we are running well behind time.

Mr Richardson: We can do it very quickly. In New Zealand and the South Pacific we have 10 per cent of our aid-based presence, in the Middle East and Africa—that is, all the Middle East and all of Africa—it is 13 per cent, and I can give you other regional breakdowns but they are the two areas.

Senator IAN MACDONALD: Could you do that on notice? I would be very interested in the broader sense as well.

Mr Richardson: Sure.

Senator IAN MACDONALD: I would like to go through them in great detail but I am conscious that the committee is running well behind. Thanks for that and I will look forward to getting that information.

Senator EGGLESTON: Has there been any discussion between the Australian government and the Solomon Islands government about offshore processing of asylum seekers since the High Court decision earlier in the year?

Mr Richardson: I am not aware of any but I will see whether the Ambassador for People Smuggling is here. He can confirm.

Mr Larsen: Certainly not to my knowledge. So the answer is no.

Senator EGGLESTON: Yes, it would seem to be. Thank you. I turn now to PNG. In the May estimates you, Mr Richardson, noted a confidential MOU had been drafted and forwarded to the PNG government for consideration. At that time you declined to speculate

where that consideration might lead. Where are we with those discussions. This is in relation to detention centres, I think. What has occurred? Are you able to say?

Mr Larsen: Discussions of that MOU were completed and it was signed on 19 August 2011. As with proceeding with the Malaysia arrangement, the consequence of the High Court judgment is that the government cannot proceed with the PNG arrangement without legislative amendment. That has not proceeded at this stage.

Senator EGGLESTON: That is in relation to Manus Island?

Mr Larsen: That is correct.

Senator EGGLESTON: Do you have a feel for whether or not the government of Papua New Guinea remains open to the idea of offshore processing of asylum seekers—not necessarily now but if the matter arose again in the future?

Mr Larsen: Certainly, all of the communications with PNG government, including the Manus Island officials, have been positive and productive and they have been kept well informed of the Australian government position and the issue of the legislation in the High Court decision.

Senator EGGLESTON: There was this five for one deal with Malaysia; was PNG interested in going down the same kind of pathway?

Mr Larsen: The arrangement with PNG was simply to provide a facility on Manus Island for the holding and processing of individual asylum claimants. PNG does not have a significant body of refugees resident in PNG or asylum seekers who could possibly be covered by an arrangement similar to the Malaysia arrangement. So the PNG arrangement was quite different in that respect.

Senator EGGLESTON: Malaysia has about 90,000, I believe—or some very high figure like that. Are there any refugees currently in PNG that we are able to speak of?

Mr Larsen: There would be some. There would be a very small number of asylum claimants and refugees in PNG. But it is an exceedingly small number. This sort of arrangement that we were discussing or would have put in place with Malaysia is simply not in contemplation with PNG at all.

Senator EGGLESTON: After the High Court decision have you had any further communication with the government of PNG on this matter?

Mr Larsen: There have been communications between officials, ministers and the Prime Minister to keep the PNG government informed of Australian developments and positions.

Senator EGGLESTON: Going to Fiji, have there been any approaches by other countries to Australia to soften our stance?

CHAIR: Senator Eggleston, is it possible to put your questions on notice so we can move through the agenda?

Senator EGGLESTON: Yes, we will do that.

CHAIR: Thank you, Senator Eggleston. With the permission of the rest of the committee we will move through to national security, nuclear disarmament and non-proliferation. Senator Ludlam.

Senator LUDLAM: I thank the committee for the opportunity to not send these gentlemen home empty-handed. I want to quickly go through a couple of issues relating to uranium sales in various parts of the world, which is a big part of your mandate. Do you care to comment on recent media reports that Australia and India have begun a dialogue that is likely to include discussion over future uranium sales to India? First of all, have you taken part in that dialogue—if, indeed, it is occurring—and what part have you taken?

Dr Floyd: I have not been involved in any such dialogues.

Mr McKinnon: I am not aware of any such dialogue and I have not been involved in any such dialogue.

Senator LUDLAM: I can even tell you that it is called the resources supply security dialogue—it is not merely rumoured; it has a name. But neither of you has come across that?

Dr Floyd: I am aware of that.

Mr McKinnon: We are aware of that dialogue.

Senator LUDLAM: But there is no subtext or conversation relating to uranium sales to India?

Dr Floyd: I am not aware of any.

Mr McKinnon: My understanding is that it covered the broad gamut of all energy markets and energy developments in the normal way that an energy dialogue would.

Senator LUDLAM: Presumably that includes the nuclear fuel market. That is a part of energy dialogue.

Mr McKinnon: I would just say that I do not have specific knowledge of it, I did not see any briefing for it and I was not party to it. I was just aware that there was a broad energy dialogue.

Senator LUDLAM: I am just trying to get a sense of this. Mr Richardson, would you like to add anything?

Mr Richardson: No.

Senator LUDLAM: If this debate is going on—and perhaps the media reports are in error—it is going on without the advice of our non-proliferation and disarmament specialists. I just wanted to get that clear.

Mr Richardson: We might add a confirmation for you from Mr Stuart. He is more familiar with it.

Mr Stuart: The dialogue which I think you are referring to is a strategic discussion. It is on resource security and it has been established—it met for the first time this year—in conjunction with the longstanding joint working group on energy and resources that Australia and India conduct.

Senator LUDLAM: Thank you very much for providing that clarification. As part of those discussions and that dialogue as it is ongoing, has the issue of uranium sales to India been raised either by the Australians or by the Indians?

Mr Stuart: Not to my knowledge.

Senator LUDLAM: That is not quite unequivocal, but it is reasonable. Could I ask all four of you who have addressed that question to go back to the record and correct it on notice.

Mr Richardson: We will take it on notice and ensure that what we have provided you is in fact correct.

Senator LUDLAM: Thank you. So ASNO has not yet been asked to provide or provided advice—stepping outside the context of that bilateral dialogue—in relation to current government policy on uranium sales to India in the broader context?

Dr Floyd: That is correct. ASNO has not been asked for advice on that issue.

Senator LUDLAM: At some stage I hope they will be, because these conversations are going on somewhere and they are happening without the expert—you. I will park that there. The second issue I want to go to is around the proposed Olympic Dam expansion. I think we addressed this in May. You said at the time you did not have a trigger—you did not have anything on which to base discussions or negotiations with your counterpart in China. We now do have a proposal; the direction in which BHP Billiton is intending to head is fairly clear. Has that provided you with the trigger that you need to get started?

Dr Floyd: We have not had any approach from BHP Billiton on their plans to do with the processing of the copper ore concentrate, which would have significant amounts of uranium mixed with it. My knowledge on this issue is that they are considering a range of options and we are waiting until they have become more clear of what options they might pursue before we engage further with the Chinese officials.

Senator LUDLAM: I think that certainly would have been accurate in very early June when we spoke on this last time. There is now a single proposal on the table. We have the feedback from the environmental regulators. BHP is not looking at any alternative plant configurations there, as you have intimated, proposing to export a radioactive copper concentrate to China. There is no longer, really, a range of options. Where you said that you were advised that there were still a range of options—where is that advice coming from?

Dr Floyd: The latest discussions that I had with BHP Billiton predate 10 October and the environmental approvals which came through from the Commonwealth and from the state of South Australia. BHP Billiton have not been in touch with us since then to talk about their interests and needs.

Senator LUDLAM: What is the legislated process of cause and effect? Do you have to wait until you get a referral from them or can you initiate discussions with a company?

Dr Floyd: It is not as firm as a legislated process but our normal posture on these things is that we are approached by companies or countries which are interested in us establishing bilateral agreements or, in this case, making sure that our bilateral agreement could accommodate such a model. We do not generally go out pursuing those kinds of issues and the industry, to date, has been very happy with that approach—where they come to us as they see particular opportunity or need.

Senator LUDLAM: What I do not want to hear at one of these sessions is that suddenly the hammer has come down—the company is in a enormous rush and you have been given a very short deadline to do what is going to be complex and very important work. My fear is that, in leaving it all up to the proponent to decide these time lines—your work is going to be specialised and may take quite some time—you may find that there are unacceptable proliferation risks and have to report that back to the minister. I am just putting you on notice

that sometimes proponent driven deadlines are purely commercial, while your work is going to have to be far more nuanced.

Dr Floyd: We would strongly concur with your statements. We would not like to see something come to us—for detailed analysis and what could be difficult negotiations—with unseemly time lines either. We are certainly of one mind with you on that. The discussions with another country will take a certain amount of time and they just cannot be rushed. BHP Billiton are well aware of that.

Senator LUDLAM: Could you please take this on notice—to table a list, if there is more than one, of facilities in China which are approved by the Australian government to process Australian uranium oxide? Also, since there is no real precedent for a sale of a radioactive concentrate—we sell uranium oxide in a couple of different forms, but at no point in the past have we sold a preprocessed or smelted material to another country for them to deal with the consequential waste issues—what responsibility do you think Australian should take for the downstream waste product which would otherwise have accrued to the company here in Australia? Again, you can take that on notice.

Dr Floyd: We are happy to take your questions on notice.

Senator RHIANNON: My question is picking up on the climate change issue which I understand is listed in this session. Could you update the committee on what discussions you have held with Indonesia on climate change projects, in particular the RED—Reducing Emissions from Deforestation—scheme and forest degradation.

Ms Stokes: That question might most usefully be addressed to AusAID. It involves aid funds.

Senator RHIANNON: I realise it involves aid funds but I did have questions here with regard to the relationships with the Indonesian government, which I understand DFAT has some involvement in—particularly as I have a letter here dated 20 April 2100 from the Australian embassy in Jakarta addressed to people who have concerns about the RED scheme.

Ms Stokes: So your specific question is?

Senator RHIANNON: It was just a general question. Then I will move on to the specifics. I was interested in an update of what discussions have been held with Indonesia on climate change projects and, in particular, reducing emissions from deforestation and forest degradation.

Ms Stokes: I do not have the detail of that, Senator.

Senator RHIANNON: I will ask a more specific question and then ask if other questions could be taken on notice, please. Did Australia participate in a meeting of the Governors' Climate and Forest Taskforce, which was held in Kalimantan in September this year, that was specifically about the RED(D) scheme?

Mr Richardson: We will take that on notice.

Senator RHIANNON: So there is nobody here who can speak about the climate change talks that are going on in Indonesia and on projects such as the RED(D) scheme?

Mr Richardson: No.

Senator RHIANNON: I will put them on notice. I will get them all together. Thank you.

ACTING CHAIR: That is it, Senator Rhiannon?

Senator RHIANNON: Yes. If you can take the questions I have given you on notice and then I will supply more.

Senator KROGER: I have a number of questions that I am putting on notice but there is one that I raise every estimates. I would like to spend two minutes on it, if I may, and that is Smartraveller.

ACTING CHAIR: Yes.

Senator KROGER: Before these estimates, I was looking at various sites that have travel warnings. I raise the issue of Smartraveller because I like to advertise it. I use this forum as an opportunity to encourage all Australians to use the site before they travel because it is one they should use. The information content on the site is incredibly comprehensive. I think there is literally everything there on the site that anybody who is travelling to a particular place should have. Is money being directed towards looking at a redesign of the site so that those who are time poor or perhaps a little lazy can get the key elements of it in a way that is quicker and is more visual impacting rather than one where you have to scroll through a huge body of material.

The material is sensational. When I Google other sites it annoys the living daylights out of me when adds pop up in relation to things that I am looking at and I have to click on the cross sign to close them. Have you considered, say, when you are looking at sites on Somalia or Yemen—Senator Fawcett referred to the kidnapping inquiry that we are doing—you are using e-technology that catches the eye in a more, I guess, visually impacting way than what is currently there? I do not wish to in any way diminish the content on the site, because it really is terrific; I am thinking about one that is more compelling.

Mr Suckling: You are very correct. Smartraveller has been highly successful. It is widely used. It is greatly appreciated by many Australians and it is increasingly used. It is also a system that we have under a process of continuous improvement. We are looking at launching a Smartraveller phase 3. We are doing precisely a whole lot of things that you have just been describing so that we can improve our services to Australian citizens interested in travelling. There is going to be over the next few months a series of rollouts of precisely the sorts of things you are talking about. We are looking at ways in which we can use e-technology. We are looking at mobile websites. We are looking at Smartphone applications. Exactly the sorts of things that you have been describing are being actively considered at the moment. We are also looking at refreshing our website so that we can have better and faster connectivity so that it is easier to use. We are looking at our whole registration system with that in mind, as well. Our registration system works well and is used by a lot of people but we can improve it and simplify it and do the sorts of things that you are talking about.

Senator KROGER: What sort of budget have you allocated for phase 3?

Mr Suckling: There is a budget of about \$12.6 million over four years, so this year we are looking at about \$5 million. A lot of that will go to a new advertising campaign. As you know, the Smartraveller focus is on getting Australian citizens to register themselves so that we know about them and to subscribe to the information services that we provide so that they can get regular updates when they are travelling about what is going on, and also about

encouraging Australians to insure. This advertising campaign is going to try and reinforce that messaging over the next while and in particular over the forthcoming holiday period.

Senator KROGER: And the time line for phase 3?

Mr Suckling: It is a four-year timeline starting last year, so we are into the second year of a four-year phase.

Mr Richardson: Senator, could I just add: I understand your point about the detail in Smartraveller and accessibility et cetera, and I understand and take your point about being snappier and all of that. As to what we need to do in balancing that out, it is as comprehensive as it is at the moment because that is where we are driven. If some little thing is happening in country X and we do not put it in, people want to know why, so we are driven to put more in rather than less. In putting more in, it does make it as you note. We do seek to highlight particular things, but if we make it snappier and if, in making it snappier, it is not accurate and comprehensive then we will be answering another form of questions.

Senator KROGER: Sure. I really do want to commend the content. I think the content is fantastic and I am not suggesting we remove content, just to perhaps do it in a way in which there are three or four things that literally hit people when they open it—whether it is kidnapping, whether it is terrorists or, as in Indonesia, their laws or whatever.

Mr Suckling: Yes, Senator, you are right. We do—

Senator KROGER: There should be few key things, and those things might change on a yearly basis in terms of the country dynamics.

Mr Suckling: Yes, that is exactly our mind and that is what we are doing. Just to clarify, the amount of money is \$13.6 million, not \$12.6 million, over four years. While we are on clarifications, in terms of the detail the secretary was talking about in travel advisories and your questions earlier relating to the unfortunate instance in Bali with the woman, since 2007 there has been advice in our travel advisories about precisely that sort of thing happening. In relation to the Gaza questions you were asking, as well, there was quite comprehensive advice in our travel advisory warning Australians of the situation, advising them not to get involved and laying out the limited consular assistance we could provide in certain circumstances related to the whole Gaza flotilla.

Senator KROGER: Thanks very much.

ACTING CHAIR (Senator Sterle): I have one very quick one to take on notice, Mr Richardson. I know there are quite a few questions that have been asked to be taken on notice. Would it be possible for you to take another one on notice and come back with how many man hours that costs the department and at what cost.

Mr Richardson: Yes, we can supply that.

ACTING CHAIR: If you could, just out of curiosity.

Senator IAN MACDONALD: Gentleman, I could help you with that. If you go back to the estimates back in the Howard government days, I used to get the costing all the time and you will see that the costings are far more than they are now.

ACTING CHAIR: Because the wages have gone down—yeah, real good. Smart one! Okay, I take this opportunity, Mr Richardson, to sincerely thank on behalf of the committee the officers from the first half of the Department of Foreign Affairs and Trade, being Foreign

Affairs. They can now run away. We will and we will now go to the trade programs. Welcome back. This evening the committee will hear all DFAT trade portfolios in conjunction with Austrade and EFIC. We will begin with the supplementary budget estimates for the department's trade programs—bilateral, regional and multilateral trade negotiations, trade development policy and APEC. Then we will hear from Austrade and EFIC to conclude trade matters.

Senator EGGLESTON: I would like to ask a question about an article that appeared in the *Australian Financial Review* on 18 May and which referred to Australia shifting to emerging markets. The trade minister suggested Mongolia, Latin America, Africa and Central Asia as places that would get more attention from Australia under the changes. I wonder if you could provide the committee with some details about the significance of these markets to Australia in terms of trade benefits. Are we just exploring new fields?

Mr Grey: That is probably one for me. As a result of a review that was done over the last 12 months, a couple of things became fairly clear. One is that business needed us more and wanted our help more in the more difficult markets, which are, essentially, the growth and emerging markets. Secondly, if you looked at the allocation of our resources you see that some of those emerging and growth markets were either heavily underrepresented or not represented at all. We have been moving what is a relatively modest amount of resources into those. For example, Mongolia is a very large market for mining and mining companies, but we do not tend to help the Rios and BHPs. But associated with that are a lot of equipment suppliers, technology suppliers, vocational education people and the like. It is a very large market and there are a lot of other players in that market.

In the case of Latin America we have at this stage only one Australia based trade commissioner covering Brazil, which of course is one of the world's largest emerging markets. So we are looking at putting some modest resources into Sao Paulo. Colombia is a country of 43 million. It has great demographics for a young population. It is already a major source of students, and that is one of our roles now. Again, it has a lot of equipment supply companies, services companies and the like there. What we are proposing and one of the things that Austrade has a bit more freedom to do is to have quite small operating units in these sorts of locations. We are not talking about the Washington embassy; we are talking about three or four staff members in those locations.

Similarly, in the case of Africa, at the moment we have one trade commissioner covering the entirety of Sub-Saharan Africa, and there are quite a few countries there. We have some local staff members in Nairobi and in Accra, and we are looking to try to put at least one more senior trade commissioner into Accra at this point in time. So that is generally what we have been trying to do.

Senator EGGLESTON: So we are really trying to look for new markets and expand our coverage. I was going to ask you about the total number of Australian trade officers overseas and how that number has changed over the last five years, but obviously you have more or less answered that question: there are obviously more trade officers being established.

Mr Grey: Not really. What we have done—and this is the negative side of it—is, to fund the expansion of these new markets, reducing our resources in the established markets in the United States and Europe. Business tells us they need us there and like to have us there but need us less there than they do in these more difficult markets. So, effectively, what we are

doing is moving resources within the system overseas and in Australia to other overseas markets. You only have 73 trade commissioners overseas across 100 locations at this stage. Most of Austrade staff overseas—more than 500—are locally employed staff.

Senator EGGLESTON: That is interesting. Do you think you should have more trade officers around the world? As you say, there are emerging markets in South America, Africa and places like that. I gather we have quite a big mining company presence in West Africa at the moment.

Mr Grey: I think as CEO of Austrade, of course. I am pretty comfortable with where we are. In the big growth markets of China and India we are actually very well placed. If you look at how other countries are placed in those markets, we compete in terms of resources and certainly in terms of locations. So I think we can make some more shifts within the organisation to shift, for example, some more people out of Australia into markets. They can make a useful contribution there.

Senator EGGLESTON: I once went to Eastern Europe and was very impressed with the representation we had there at the time. Obviously China is a very important market to us, as is India, so it would seem logical to encourage you to have more presence in both of those countries, which are predicted to be the dominant economic powers of the coming years. Does Austrade have a presence in Russia and Eastern Europe in general beyond what were the satellites of Europe and into what was the old Soviet Union?

Mr Grey: We have a senior trade commissioner in Moscow overseeing some local staff there. We have someone in Vladivostok and someone in Warsaw. We have someone in Prague. It is not an extensive network, and when resources allow we will look at trying to put someone into Kazakhstan, which is somewhat different from those locations you talked about but is in the same sort of orbit.

Senator EGGLESTON: It certainly has a lot of mining in it, so there are some synergies with Australia there. That would be very interesting. What is your total budget at the moment?

Mr Grey: I think the appropriation is \$184 million, of which the operating component is \$168 million.

Senator EGGLESTON: What is your total number of staff?

Mr Grey: It varies, but it is about 1,060. I can give you the precise details if you would like.

Senator EGGLESTON: On notice if you could. This is a somewhat lighter question. In the past we were exporting a lot of kangaroo meat to Russia, and that trade was interrupted. What discussions have taken place with the Russian government on re-establishing our exports of kangaroo meat? I read an article about it being an important subject in Queensland.

Mr Grey: None involving Austrade.

Mr Gosper: Yes, that is an important issue that we are pursuing with Russia. There is currently negotiation of a protocol with the ministry of agriculture people. This is something that our agriculture department is closely involved in, of course. That has been the subject of a number of ministerial discussions. In the last month or two, for instance, Dr Emerson has taken this up directly with his trade and his agriculture counterparts in Russia. We have

attached a high priority to resolving the conditions that will facilitate better access for kangaroo from Australia into the Russian market, and that is continuing.

Senator EGGLESTON: How many tonnes of kangaroo meat were we actually selling to Russia?

Mr Gosper: I am not sure if a colleague here has the exact figures. It is not a large amount, but it is quite important to our industry. Our industry here in Australia has made it quite clear that it is a significant market for them and one they need great assurance in supply for.

Senator EGGLESTON: Thank you. I think it is an interesting mini-industry. Do we sell kangaroo meat elsewhere around the world?

Mr Gosper: Yes, we do sell kangaroo meat to a number of other markets.

Senator EGGLESTON: Can you give us any details of the countries to which it goes?

Mr Gosper: I will take that on notice and give you those facts.

Senator EGGLESTON: In general terms, are we in Australian business in general likely to be affected by what appears to be the crisis in the Euro zone? How would it affect Australian business interests in Europe if this problem with possible defaults in some countries went ahead and the Euro was undermined accordingly? Would economic restructuring in the EU impact greatly on Australia?

Mr Gosper: The European Union is a large, very important economic partner for Australia. It is a large source of investment in our market. It is a market that is of some importance to our agriculture and services industries from Australia. So of course it is not good news. The general market sentiment in Europe and the implications for economic growth in Europe are sources of substantial concern. We cannot quantify the impact at this point. More importantly, what is happening in Europe does have an effect globally, and that plays into other markets. That is seeing, for instance, lower forecasts for growth not just in the EU but also coming on top of the situation in the US and elsewhere. It is one of the key factors that is contributing to lower forecasts in international trade for the year or two ahead. All of that is an unfortunate context for our trade interests.

Of course, 75 per cent of our exports go into Asia, and there the situation is somewhat different. But it is not possible to completely untangle the effects in such large markets as the EU and the US on consequent global growth and the situation in Asia.

Mr Grey: To add one thing on investment, one of the things—though it does not offset all those negatives—which we have found, for example, in Japan after nearly two decades of low growth is that they are much more interested in investing overseas. Rather than investing in Japan they are investing offshore, and we are picking up a reasonable amount of that investment. So on the investment front there might be some more positive news, but it would not be such as to offset the more dire circumstances which Mr Gosper outlined.

Mr Gosper: To add further, it also has the impact of causing people to look more closely at their budget expenditures, including in areas such as support for agriculture. There is highly subsidised agriculture in the EU and the US which has been a long-term interest of Australia.

Senator EGGLESTON: Yes. Most of our major trading partners are in Asia and are largely mineral based. If we aggregated the EU, where would that stand in terms of percentage of our trade?

Mr Gosper: If you want a precise figure—

Senator EGGLESTON: It does not have to be precise to the last decimal point.

Mr Gosper: Bear with us a moment.

Mr Langman: If you aggregate all EU countries, you end up with a significant proportion of Australian trade. For example, in 2010-11, the EU 27 were 78\$ billion. That is the two-way trade. That is some 14 per cent of Australia's total trade.

Senator EGGLESTON: So that is very significant. Thank you. I would like to ask some questions about the World Trade Organisation and the Doha Round. There was an article in the paper on Monday that said:

TRADE Minister Craig Emerson has declared the Doha Round of global talks has hit a dead end, and says Australia will lead a breakaway free trade push sidelining the nations that cling to protectionism.

That is quite a different pathway that he is talking about taking Australia down, and I presume that that effectively means we have given up on the Doha Round. Would you like to comment on that?

Mr Gosper: Far from it. As the minister has said for some time now, it is quite clear that the Doha Round has reached an impasse. We have known that for some time. In various contexts—in G20 leaders declarations, in APEC meetings, in WTO meetings—we have sought to find a way through this impasse, but it is very clear now that we are not going to conclude the round now or in the short term and we are not going to conclude it in the form in which it was launched in 2001. We are not prepared to abandon the round. The minister has made very clear that we will continue to work on the round and achieve results with other members as far and as quickly as we can. That is very clear. At the same time, we are no longer willing to constrain ourselves to negotiating only on the Doha Round with other important trading partners. So what we propose to do and what the minister has made very clear to his counterparts through many discussions and correspondence with a wide range of his colleagues is continue to work on the Doha Round but, in parallel with that, seek other opportunities to advance trade liberalisation with those members of the international community that are willing to participate in that fashion.

So we will continue to work on the Doha Round and do our best to secure as positive and as big an outcome as we can from that; but, in parallel, we will be working in key areas of market access, whether agriculture, manufacturing, services or, indeed, rules based issues to see if we can achieve some further results.

Senator EGGLESTON: Thank you for that. I believe there were 153 nations through the World Trade Organisation who were involved in these discussions, one of the objectives of which was to give developing nations access to developed nations' markets with the philosophy that trade was better than aid in alleviating poverty. Is that still a goal that Australia believes in? Is trade better than aid? Do we seek to get these smaller, underdeveloped countries into positions where they can have the benefits of trade?

Mr Gosper: Absolutely. This is the reason why in 2003 the government decided to extend duty-free, quota-free treatment to the products of all LDCs. That was and still is the most

significant contribution made by any developed country to access for LDCs to its market. The round which we continue to work on is the Doha development agenda. A core part of it is to secure trade liberalisation to the benefit of developing countries. A core part of that remains agriculture. Here Australia has been taking a lead role, through the Cairns Group and otherwise, to argue for the most extensive possible liberalisation of the big developed country markets, the largest possible cut in subsidies, the elimination of export subsidies and provisions that enable developing countries to benefit from these sorts of changes.

Senator EGGLESTON: We are engaged in developing a lot of free trade agreements, including with China, Japan, Korea and Chile. We have them with Singapore and Thailand. We also have the ASEAN free trade agreement. Is it a policy alternative, in a general way, that is being followed by your department preceding the Doha Round that Australia will negotiate free trade agreements?

Mr Gosper: Yes, it remains very much part of government policy that where FTAs can be done in a way which is comprehensive and substantial we should pursue them. Indeed, we have been pursuing them. Most recently we were able to conclude the ASEAN-Australia-New Zealand FTA. We are working hard on a number of other FTAs. The FTA which is most likely to lead to a conclusion soon is that with Korea. Malaysia is also an agreement which is moving ahead pretty well. We will see in the next few months whether it is possible to bring that to some conclusion. In the last year we have launched FTA negotiations with India and with Indonesia, both very important bilateral partners and economic partners. We are continuing to work on FTAs with China, Japan, the Gulf Cooperation Council. It is a very busy FTA agenda. We are pursuing them to a high standard and we are pursuing them in a way which we think is consistent with the continuing core of our trade policy interest which is the multilateral system.

Senator EGGLESTON: Most of them are bilateral agreements, except for ASEAN, aren't they? Does the pursuit of free trade agreements, which has been going on for quite a while, really mean that we decided quite a while ago that the Doha Round was not going to get anywhere and so we decided to pursue free trade agreements as a more productive option? Could one draw that conclusion?

Mr Gosper: No, I would not have thought so. Australia negotiated an FTA with New Zealand a number of decades ago. We negotiated agreements in the early part of last decade with the United States. We have been negotiating these FTAs. In my experience we have always made clear that we do not negotiate FTAs at the expense of the multilateral system, but where they offer the opportunity, in a WTO consistent-way, to move trade liberalisation faster and further than is available on the multilateral system, we are prepared to do that.

Senator EGGLESTON: It is interesting that we have all these bilateral agreements. The only really multilateral one is the ASEAN agreement. Is that true?

Mr Gosper: It is the plurilateral agreements that we have, if you like, because it encompasses 12 members. It is certainly the largest of those sorts of agreements; that is true. We are also negotiating the trans-Pacific partnership which includes nine countries. With a number of those countries, in fact all but one of the participants, we already have agreements. Nevertheless we are pursuing that because we think it is an important opportunity to set the template for a region-wide economic agreement that might involve not just those nine

economies—which includes the world's largest economy, the United States—but also other very significant global economy is in due course.

Senator EGGLESTON: Thank you. That concludes my questions.

ACTING CHAIR: I want to ask you about the Trans-Pacific Partnership Agreement. Mr Gosper, you might be able to put some light on this. There are reports going around that the Trans-Pacific Partnership Agreement will give foreign firms more rights in Australia than the Australian government in disputes. Please tell me that cannot be correct.

Mr Gosper: It cannot be correct.

ACTING CHAIR: Thank you, sir. We can ignore those silly reports going around.

Mr Gosper: Can I just elaborate?

ACTING CHAIR: Yes, you can elaborate.

Mr Gosper: I understand that what you are talking about is investor state dispute settlement provisions. That is something that the United States, even though it does not have it in our bilateral FTA, has been pursuing as part of the trans-Pacific partnership. We have made clear to the United States—and all other members—that we are not interested in negotiating agreements, or including in agreements, investor state dispute settlement provisions and we will not be concluding agreements with those provisions.

ACTING CHAIR: That is wonderfully comforting. Can I talk about lobsters here?

Mr Gosper: We will try. We may need some help, but go ahead.

ACTING CHAIR: I am led to believe that at a previous estimates hearing senators raised the plight of the rock lobster fishermen in Western Australia and Tasmania and their difficulties in getting their products into China. With the fishing season about to start, what has been done to avoid the difficulties these fishermen faced last time?

Mr Gosper: We continue to be in close contact with the Australian industry and with Chinese Customs officials about the ongoing disruption. This is an important commercial issue for our industry, of course. Most recently in August, China Customs advised us that no minimum value was being set on Australian rock lobster for the purposes of valuation of imports and has provided some trade statistics to support this contention. So we are continuing to liaise with Australian industry. We have made very clear to them that we would welcome any precise information they can give us—for instance, on invoices, consignment details, particular shipment details—that indicate that there is a continuing or recurring problem. We have made quite clear that we will respond very quickly on that. Of course, we are carefully watching the situation in the Chinese market. So there is ongoing consultation with industry, some assurance from the Chinese Customs people that things are not happening that we might fear, but we are continuing to talk with industry and, as soon as any precise information is available, I am sure they will be in contact with us and we can act on that.

ACTING CHAIR: That is wonderful news not only for an industry that is extremely valuable to our state and to Tasmanians but also for an industry that is tough and an industry in which it is tough to make a living.

Mr Smith: I just add that on the ground in China three agencies are working together: the Department of Foreign Affairs and Trade, our colleagues from AQIS in Agriculture, Forestry and Fisheries and Austrade. We have quite an extensive network in China, as the CEO

mentioned earlier. We have 11 or 12 officers across China, so we are able to provide some good field support to Australian exporters as well as good feedback into the sister agencies with policy responsibilities to try to ease the challenges that our lobster exporters have faced over this past year or two.

ACTING CHAIR: That is tremendous news. You do not know how happy you have made me.

Senator FAWCETT: I touched earlier today with DFAT on opportunities for SMEs—smaller firms rather than your larger firms—to get into the export area. They referred me to your good selves. I wonder if you could touch on initiatives that you have to encourage the take-up of opportunities for smaller businesses to engage with Austrade and your programs.

Mr Grey: In effect, the whole of the Austrade business model is to assist SMEs. We do not say it that way—we talk about internationally ready businesses—but almost every company that comes to Austrade is a SME. So you could argue quite legitimately that the whole of Austrade is to assist the SMEs. We have contact with about 15,000 Australian companies, mostly SMEs, every year to assist them into the international marketplace.

In terms of some of the specifics, I will give you an example. About this time last year—and again Mr Smith was heavily involved—there was the Chinese international small and medium enterprise conference. It was a big exhibition. We took about 200 Australian companies to help them make contact with their partners in China. More recently with the China 2.0 mission, which was six cities in seven days in China, we had more than 100 businesspeople and 92 companies. I think probably all but about 10 of those would be classified as SMEs. Again we are introducing them to potential partners for them and there is a follow-up program. That sort of activity is going on around the world on a daily basis. It is the core business of Austrade and has been since its inception basically.

Mr Gosper: EFIC, the Export Finance and Insurance Corporation, also does quite a bit of work with SMEs. They have a program which is proving highly successful in encouraging support for the SME sector. Of course, that is becoming more important, given the nature of the economic situation that Australian exporters are facing nowadays.

Mr Grey: Bruce has alerted me to a couple of other things. There are 31 small TradeStart offices around the country. Again they deal almost exclusively with SMEs. At the local level they answer inquiries and are also networked into Austrade both domestically and internationally. So a small exporter in a regional location where there is no full Austrade office can go to his TradeStart adviser, get assistance and be networked into China, the United States, Brazil or wherever. In terms of the specific programs, the Export Market Development Grants Scheme again is essentially a scheme for SMEs. That is a \$150 million program. Pretty much all these programs which are administered by Austrade are devoted to SMEs.

Senator FAWCETT: To what extent do you cooperate with or indeed overlap with the defence industry initiatives to link Australian SMEs with global supply chains?

Mr Yuile: We do work with the Defence Export Unit in the Defence Materiel Organisation at fairs and exhibitions around the world. They have a specific mandate to work with those defence exporting firms. We support that in Singapore, Paris and so on. I do not have any more detail than that with me. If you want more than that, I can check if any colleagues have any further information.

Mr Richardson: There will be a bit of a boost given to that with the defence trade cooperation agreement with the United States. It has passed the US Congress of course. It now remains to go through our legislative processes. When that is done and the treaty comes into force that will assist Australian industry quite a bit.

Senator FAWCETT: When many people think of defence they tend to think of people who build widgets for tanks, planes, ships and other things. Organisations like the Defence Teaming Centre in South Australia see it having a far broader remit. They say that a company that builds buildings for a defence base is linked to the defence industry. They would not naturally be picked up in some of those programs yet, given the amount of expenditure on a worldwide basis, particularly in the US and other places, there is tremendous opportunity for many allied or even service industries that work with our defence force here to be linked into that. I am keen that there is an awareness of the fact that there is a large group out there who would not see themselves as defence industry but could well be linked through Austrade into some of those opportunities.

Mr Grey: We can have a look and see. I expect some of them are linked into Austrade. It can have some particular challenges if the contractor at the other end is another government agency or there could be some special conditions. We will often help that sort of company pick up contracts in other countries and we are happy to do so.

Senator FAWCETT: That leads me back to FTAs. Are most of the FTAs fairly standard in terms of their scope and their treatment of things like services as opposed to products, or is there a great variety? When somebody hears of an FTA being developed, can they be reasonably confident that there will be a fairly homogenous group of service and goods opportunities, or do they vary widely?

Mr Gosper: They do vary basically reflecting who we are negotiating with. Mostly with developed economies, like the United States and New Zealand, one expects that there will be an agreement which covers, in a very comprehensive way, the services sector. With developing economies, countries generally have sectors which are very underdeveloped. They often lack regulatory settings or have particular political problems. Generally the services parts of those agreements are weaker than they are in other agreements. We negotiate as best we can with our negotiating partner.

Senator FAWCETT: If an SME sees an opportunity in a country where an FTA is in process of being negotiated or is under discussion, is there an avenue for an SME to find out if its particular area of interest is in scope and to present information that may be included in Austrade's negotiations?

Mr Gosper: The department negotiates FTAs. Austrade is responsible for marketing, so has a particular role in explaining the benefits of negotiated FTAs to industries so they can better utilise them. In terms of input to the negotiating process, we have a very exhaustive process of public submissions. For instance, we had our first round with India just a few months ago. Our people will make arranged visits to state capitals and sometimes regional centres to invite businesses to talk to them and identify their particular interests. At any time any commercial party is welcome to present their priorities and their ambitions for an economic relationship with anyone. We have a resource process to enable people to do that at the beginning so we have as full an understanding as possible of where our industries' interests are.

Senator FAWCETT: Does Austrade use social media to communicate those opportunities to people?

Mr Smith: I will speak first on the general issue of communicating opportunities flowing from FTAs and then come to social media. With FTAs that have been negotiated in recent years, particularly the US FTA which was the first in the most recent wave, we have done our best to get information out in clear and comprehensible fashion to as wide an audience as possible in Australia—seminars, roadshows, briefings, information sessions and via the web and webinars. Clearly activity in-market will be reshaped to help companies to take advantage of those new opportunities in new areas that we can see flowing either directly or indirectly from an FTA. And there are linking activities such as having our senior trade commissioners and local staff in-market talking by webinars to groups of Australian exporters to communicate to them the texture of the opportunity that might go a bit beyond black-and-white listings. In terms of social media, I will just comment briefly about where we are at. We have our website, which we use to communicate with an Australian-facing mandate—so to communicate with Australian companies in particular. We also have websites that face buyers in international markets, so some will be in foreign languages and so on—Chinese, Japanese—as well as facing English-speaking international buyers. We do have a social media policy, so we have thought through the challenges and the opportunities offered to us by social media, and in a reasonably considered way we are looking to step up the work that we do to use social media. I think that as major new priorities emerge for us, such as a new FTA would be, we would obviously look to leverage new ways of doing things, or find new ways of doing things, rather than just relying on the old ways. Certainly we can see the power and the efficiency of using very interactive, very engaging tools such as social media as sometimes a more efficient way of doing our job than getting around the country to many places to see people face to face. So we try to supplement—

Senator FAWCETT: So with your existing policy on social media do you have dedicated staff within Austrade who run, for example, a LinkedIn site or something like that? I should say: do they run your content on a site?

Mr Smith: We certainly have dedicated staff, and they have different specialised responsibilities. But, for example, with the webinars that I talked about, we are trying to have our front-line staff understand policy and what good practice is and take the lead themselves in engaging with the communities that are most natural for them to engage with to do their job better to help Australian companies.

Senator FAWCETT: I take it those are dedicated staff that have delegated authority to make comment, respond to people, change content on pages et cetera.

Mr Yuile: Part of the policy is just that: that certain people need to be trained and then accredited to be able to participate. A number of our offshore posts are using LinkedIn amongst other—

Senator FAWCETT: How many dedicated staff would you have in Australia for that?

Mr Grey: We have only a few. It is not a large unit.

Senator FAWCETT: Half a dozen?

Mr Grey: Three or four, probably. I would have to check that number.

Mr Smith: Our web team would be half a dozen or so. But, for example, the US is a significant although not very large market for the Australian education sector. Most new innovation in social media has originated in the US, so it is no real surprise that our staff there have really led the way in using LinkedIn, for example, to communicate to audiences that they want to educate—excuse the pun—about opportunities related to education in Australia.

Senator FAWCETT: Do you use consultants at all in the social media space?

Mr Smith: We certainly have taken advice not necessarily on forming policy but, I think, about effective use of emerging technologies that are available on the web. Yes, we do take advice.

Mr Grey: One of the other things we are trying to do is that one of the other responsibilities we were given was the Brand Australia program, Australia Unlimited. We are moving to another stage there where we have more aggressively used technology, including social media, to get messages out. For example, rather than the traditional book of good stories about Australia—achievements and whatever—which is a valuable thing to have, we are about to produce an iPad edition of that. We want to be in a situation where, rather than producing a book which ends up in the dentist's waiting room or that type of thing, we will actually be able to have a collection of good stories about Australia which we can use various forms of social media to get out. We want to get the message across and link in with other networks out there—not so much social networks per se. I think Advance, for example, has about 30,000 people. We want to leverage the Advance network. I do not think we have agreed this with them, but that is the idea: to get across messages and stories about Australia.

Senator FAWCETT: What about relatively involved and key functions, though, like doing a market audit using social media? Is that something you do in house or do you contract that out?

Mr Yuile: No, we have not done that. We have taken some advice.

Mr Smith: It is still at a pretty early stage. We did not race to be the first, but when we moved we wanted to do it well, so we have not really got to the point, I think, of needing to audit that fairly early stage. But there is growing activity.

Mr Yuile: As one example, some of our folk in London used Twitter for a wine sale a couple of years ago, so we have tried to use that media.

ACTING CHAIR: I do not know whether to send a tweet or just interrupt! Sorry, Senator Fawcett. Have you got many more questions on this area? I do not want to cut you off, because we still have another four hours to go, but your colleague does have a question relating to a previous area. We are going to go to the dinner break at 6.30, and we might lose the officers. Is that all right, Senator Fawcett?

Senator FAWCETT: That is fine.

Senator COLBECK: I wanted to ask a couple of quick questions in relation to access in to China for rock lobster. It is something I have canvassed here before as an issue. I am quite interested to know where negotiations are in relation to ensuring access, given that the season is about to start again and any loss of access could have a significantly detrimental effect on the Australian industry?

Mr Gosper: I think I answered a question from a colleague recently. I am not sure if you heard that.

Senator COLBECK: I have had a quick chat. The response that I got was that it was all good. I just want to confirm that, bearing in mind that I have just left my office from a meeting with some rock lobster exporters and 'all good' is not the message I got. They are telling me the market was closed today.

Mr Gosper: Senator, I have not heard that.

Senator COLBECK: I assume my information is a tad more current than what you might have and I accept that.

Mr Gosper: We will follow that up. The answer I gave to the senator's question was that, firstly, we are keeping in contact with industry, maybe not in the last hour or two, but we are keeping in contact with industry on these issues. There is an important issue, of course, that has been alive for some time now about the use of minimum values for Customs' valuation purposes. We got an assurance from the Chinese customs people in August that that was not occurring. We are continuing to liaise with industry on that. We have said that, of course, if you get a sniff of things coming, then please give us the details of consignment numbers, bills of lading and the like, so that we can follow that up quickly and bring this issue to account.

Senator COLBECK: Of course the difficult issue in that particular environment is that people are very reluctant to put information on the table for concerns about other actions.

Mr Gosper: I understand that.

Senator COLBECK: This is the same answer that I have received when I have had these conversations with DAFF; they say, 'Give us the evidence.' There is an understandable reluctance to provide that sort of information. The information that I have is that the current deemed rate is \$50 a kilo. That has come down from where it was at about \$70 last time I heard, but that is the current data that I have. I understand that there is a restructuring of the entry market into China. The issue is: what we can do to work with the Chinese authorities to facilitate that infrastructure being in place as quickly as possible so that we do not end up destroying the industry that we have here.

Mr Gosper: On the issue of valuation, we will continue to put pressure on the Chinese whenever industry tells us that they are encountering the sorts of problems that, apparently, have been passed to you in the last few hours. The Chinese always say, though, 'Fine, where's the evidence?' Even though we can continue to put pressure on the Chinese, we are much better placed if we have some detail to actually help with that process. Obviously there are some sensitivities around all this.

Senator COLBECK: You would understand the concerns that people might have about providing certain information.

Mr Gosper: Yes, I think I do. But we are continuing to give it attention, we are continuing to work with industry.

Senator COLBECK: I suppose effectively that is what I am doing as well. I am sure you appreciate that.

Mr Gosper: We will follow up with industry now that you have alluded us to some possible new information.

Senator COLBECK: I want to follow up on a couple of questions that we asked this morning of the foreign affairs officials on trade into Indonesia. I asked this morning about the department seeking any legal advice in relation to the advice given to ministers in the briefing notes that you have prepared. I know that I cannot ask what was in the legal advice. I am just asking whether or not you did seek legal advice as part of the process.

Mr Gosper: On issues that relate to the WTO consistency of measures we provided advice to government.

Senator COLBECK: So you do that through your own internal channels and that would then be reflected in the advice that you give to your minister?

Mr Gosper: That is right. Also the Office of International Law through the Attorney-General's Department has a role in this regard and they also provided advice which was completely consistent with ours.

Senator COLBECK: So the Attorney-General's Department provided some advice to you as part of that input?

Mr Gosper: On such issues we usually coordinate with them.

Senator COLBECK: So that is in relation to the suite of minutes that were provided on 3, 6, 14, 27 and 30 June?

Mr Gosper: Yes, we consistently provided advice on legal obligations. Sometimes of course that advice was more developed and fuller because of the occasion.

Senator COLBECK: Thank you.

Senator RHIANNON: I would like to ask some questions about EFIC. Is your annual general report available?

Mr Pacey: It is expected to be submitted to parliament next week. It is currently at the printers.

Senator RHIANNON: But I understand that it was released briefly yesterday and then it was withdrawn—is that correct?

Mr Pacey: There was an error picked up at the last minute in a review, so we did a pull to get it corrected so that we did not submit a report with an error.

Senator RHIANNON: Does that mean you are pulping it or you are putting a correction onto each copy?

Mr Pacey: We decided to get it reprinted.

Senator RHIANNON: How many do you normally produce and what is the cost of the reprinting?

Mr Pacey: I would have to take that on notice.

Senator RHIANNON: Could you inform the committee if EFIC has supported significant financial transactions to ship cattle overseas?

Mr Pacey: Yes, we have. We have been active in that sector. In the 2011 financial year we have supported Australian cattle exporters to the tune of A\$85 million.

Senator RHIANNON: What countries have those cattle been sent to?

Mr Pacey: The bulk of those were to China in relation to dairy cattle. There were some to Russia which have been predominantly breeding cattle and there have also been two shipments to Turkey.

Senator RHIANNON: Are you saying that it is only the Turkey consignment that was for slaughter?

Mr Pacey: Yes, we had two for Turkey. One was a mixed shipment of feeder and breeding cattle and one was feeder and slaughter cattle.

Senator RHIANNON: You said in 2011 that there has been support of \$85 million. Have there been similar projects in previous years?

Mr Pacey: In the 2010 financial year we supported the industry, mainly for one exporter, which was Austrex, and it was about A\$15 million. Those shipments related to dairy cattle to China.

Senator RHIANNON: How much of the \$85 million in this year would have been for the Turkey project?

Mr Pacey: I give approximate numbers. One of those would have been \$19 million and the other one would have been a little over A\$2 million.

Senator RHIANNON: Is the correction that you had to make in the annual general report related to this issue of live exports?

Mr Pacey: It was.

Senator RHIANNON: What is the correct information that you have now put into that report?

Mr Pacey: We have corrected a table to make clear the breakdown of the composition of those exports.

ACTING CHAIR: I am going to have to ask you to put the rest on notice, Senator Rhiannon, because we are so far behind, and after we come back from the dinner break at 7.30 we are in a brand new area.

Senator RHIANNON: Okay. Can I just finish off that point then, please.

ACTING CHAIR: Sure.

Senator RHIANNON: So the annual general report is corrected on this issue of live exports to Turkey or the live exports overall. Did you say you have provided more detailed information, or was there a mistake?

Mr Pacey: No, we have detected a mistake, so we have provided more detailed information so it would not mislead.

Senator RHIANNON: Is the \$19 million for the slaughter of the cattle that go to Turkey?

Mr Pacey: Yes.

Senator RHIANNON: Is that with the company Wellard Rural Exports?

Mr Pacey: That is correct.

Senator RHIANNON: Thank you.

ACTING CHAIR: Mr Richardson, we now have it all worked out perfectly. I am going to thank you very much. That is it for the Department of Foreign Affairs and Trade, Austrade and EFIC. Goodnight.

Proceedings suspended from 18:32 to 19:30

Australian Centre for International Agricultural Research

ACTING CHAIR: The committee welcomes Dr Nick Austin, Chief Executive Officer of the Australian Centre for International Agricultural Research.

Senator COLBECK: I want to talk broadly about your programs. I am looking at your overview and it states you research agricultural productivity growth in smallholder systems, developing market integration for smallholder livelihoods to enable market participation and capacity building and that sort of thing. You work in safeguarding food security in rice based farming systems; adaptation to climate change for rice based systems; developing high-value agriculture, forestry and fishery products in the Pacific; and sustainable intensification of maize legume cropping systems. Most of those systems are focused very much around Western-style agriculture. Is any work being done around the Indigenous food species that might be available in a lot of those countries?

Dr Austin: There is. I think it is fair to say that our program is predominantly focused on major staples because we work in response to the priorities identified by the partner countries. We certainly have not insignificant investment in more of the indigenous vegetables and indigenous crops, particularly in the Pacific but more broadly.

Senator COLBECK: So how do you engage in that? How does that investment show up and how do you engage with various parties that might be involved in or want to promote the use of indigenous food species?

Dr Austin: We set up a work program essentially based on consultations with partner countries. In many of our countries the effort is around both intensification and diversification, so the focus of your question with indigenous crops and vegetables often relates to the diversification aspects. We work with institutions able to provide those capabilities to address the research questions whether they are Australian research institutions or international centres, such as the World Vegetable Centre, the AVRDC that is headquartered in Taiwan. We have projects, for example, with AVRDC based in the Pacific. From the World Vegetable Centre's germplasm collection we select varieties of indigenous crops, including from the countries where we are working, and assess their suitability as an input into a more diverse, more productive and more profitable farming system.

Senator COLBECK: So again that is based on a consultation process with the local country?

Dr Austin: It is based with the local country and it involves consultations formally and informally. We have a program of formal consultations every four or five years. They are reasonably extensive. They are principally focused on the research institutions and questions and the relevant arms of government in countries where we are working, so typically the ministries of agriculture, the ministries of land and water resources and the like. We endeavour to get as clear a picture of the priorities, then assess which of those are amenable to research solution and then assemble teams to address those research questions.

Senator COLBECK: How do you select the species that you might be going to work with? What is the process for doing that?

Dr Austin: It varies project by project. Again, we rely reasonably heavily on international collections. Australia has collections of relevant species but in many cases a subset of what is available internationally. We work with the germplasm collections. If I take rice, for example, the International Rice Research Institute in the Philippines has thousands of accessions—different lines collected globally—and they have information systems to enable us to screen out the ones that are going to have the most likely success. Then our projects trial those with the partner country researchers to identify which are the most promising. We have had great success in East Timor, for example, bringing international varieties but also selecting local varieties to identify the best performing of local varieties of sweet potato, maize, staple crops and indigenous vegetables.

Senator COLBECK: Can you give me a sense of the range of vegetables that you might be looking at?

Dr Austin: It is very broad. It includes tree crops. We are working in Pakistan, for example, on citrus and mangoes, which are significant for export and significant for smallholders in that country. We work on root crops like cassava, taro, sweet potato and the like. It essentially is a case of horses for courses; the programs evolve quite differently in each country. And it is broader than just the plant side; we also work with the animal side as well, looking for better performing animals in the system.

Senator COLBECK: So what about the circumstance where local knowledge of particular indigenous food plants is limited, there are no databases or communities have become so used to eating the introduced Western-style crops? How do you start working that back towards something that might be an indigenous species but knowledge of that has been lost from the system? How do you identify those sorts of things? Where do you go to work that out?

Dr Austin: We do not come with an agenda as to which are going to be the best types of crops for a community or for a country. We very much work with their priorities. In the first instance, a lot of the focus is on food security and smallholder productivity. Increasingly it is nutritional security—not just calories but the type of calories that people are consuming. The diversity of their diets, micronutrients particularly, is an increasingly important aspect of the work. We have a situation where we have both food insecurity and obesity in increasing proportions in many countries, and both are related to poor diets or poor access to suitable foods. We do not predetermine what should be grown; we work with the communities to identify how to increase the productivity of the crops and the animals that they are producing.

Senator COLBECK: Have you come across an organisation called Learn Grow?

Dr Austin: That is not an organisation familiar to me.

Senator COLBECK: I suppose it is a program more than an organisation. It is managed through Rotary International. It is very much based on what I have been leading you towards. It is a collection of an edible plant database of 23,700 species. Basically, it has information on their localisation and also their food values. In that context, I think it has some real capacity to be of assistance. For example, I am aware of a pilot program that has been conducted in the Solomon Islands over the last 18 months or so. There has been some work done in PNG as

well in the past. It is about reacquainting local communities with their local foods that, because of the introduction of Western varieties or food products, they have moved off of and onto Western diets. I wondered whether or not you had had any interaction with that organisation. It has registrations of interest from over 50 countries through the Rotary movement. I would have thought it would be something that might be of value in the sort of work that you are doing given the base of information it has in it. When you talked about the germplasm collections you then went on to talk about what we would consider to be traditional types of rices and things of that nature. I wondered whether you had come across it or not.

Dr Austin: As I said, it is not a program that I am familiar with. The program in the Solomon Islands that I referred to which worked with the World Vegetable Centre, I expect, would be aware of a program such as the one you described. The databases that the World Vegetable Centre has access to likewise are extensive, and our program certainly looks more broadly than the staples that form the bulk of human nutrition around the world.

Senator COLBECK: I might flick some references to you on this.

Dr Austin: Thank you.

Senator COLBECK: It has some successes under its belt already, and I think there are some real opportunities for it.

I want to go on to some of the work that you are doing in forestry—particularly the sustainability of forestry. I was at a forest conference in New Zealand back in May, and the forester from the Solomon Islands who was present there said they had about four years of their forest supply left, which leads to an obvious sustainability question. I think the comment was made at that point that about 70 per cent of their government's income came from forestry royalties, so there is an obvious cliff in the offing. What sort of work are we doing in those sorts of countries to assist them with the sustainability of their forests?

Dr Austin: We have a reasonably extensive program in Forestry, including in the Pacific Islands, and the sustainability aspect that you allude to is central to that. Our program looks from seedling selection and quality of seedlings through to the management in a smallholder context right through the value chain to ensure that the benefits of that production accrue to the extent they can to the smallholder producers. We work with both native species and introduced species like teak and mahogany that are typically higher value, but also the more traditional native species that have a role in building houses and small structures. Our program focuses heavily on management aspects of the production, but there are certainly considerations around sustainability, land tenure and ownership of the resource.

Senator COLBECK: Is there any measurement of the pressure of the global market on the sustainability of those local suppliers? There are some really difficult elements in, for example, the Solomons, where you have so much dependence of government on income from royalties but so little supply is left. On the other side of the equation you have countries like Australia who are making decisions to exit their native forest, which is putting more pressure on those regional countries that perhaps have issues around governance of their forests. What are we doing to try to balance that? The local decisions are difficult enough as it is here, where we are losing access to our resource in a sustainable manner. Are you seeing any demonstration of the pressure it is applying on those other nations?

Dr Austin: We have a relatively small program in agricultural development policy which goes to some of the questions that you are asking. It endeavours to look at some of the broader marketing dimensions. Very much a consideration with any of the programs that we invest in is understanding the value chains and the way in which the projects or the interventions can influence those value chains or at least take those into consideration. We are very focused on achieving impact and understanding how the marketing systems currently work and might change as a result of policy decisions. Resource availability is an important consideration for us. I think it is fair to say that focus is predominantly at the farmer end rather than further down the value chain, but our value chain program has been expanding over time in recognition of the sort of the questions that you are posing around the level of influence of those broad policy dimensions.

Senator COLBECK: Do you have a data on that at this point in time or is it still in its earlier stages?

Dr Austin: We have a significant new program in the Pacific, the Pacific Agribusiness Research and Development Initiative, which works in tandem with a broader aid program, PHAMA, which is the Pacific Horticultural and Agricultural Market Access program. Both of those programs are collecting the sort of data that you are referring to for the Pacific. We have similar, but not as large, exercises underway in different where we work.

Senator COLBECK: Predominantly your work is around how a farmer might manage what species they are growing, in what configurations, whether it is in a plantation-style process, or a mixed garden-style formulation or something of that nature.

Dr Austin: An example is that one of the challenges in getting quality timber is the way it is thinned and managed as it is growing. There is a reluctance by small holders to cut out the trees in the expectation that they will have an income further down the track.

Senator COLBECK: The million dollar tree culture.

Dr Austin: A project has been looking at, for example, how we value add with the thinning. A veneering project is looking at what market there is for, and what are the technical constraints to, setting up small veneering plants to use the product before it is a millable grade so as to earn income for the small holders and encourage better management of the stand so that they meet market specifications for high quality and income. That is one example. There is a range and, again, that is very much a case of developing the program around the needs identified.

Australian Agency for International Development

[19:49]

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

Mr Baxter: I do.

CHAIR: Please proceed.

Mr Baxter: Since AusAID's last appearance before this committee the government has released the report of the *Independent review of aid effectiveness* and the government's response to that review in the form of a new aid policy *An effective aid program for Australia: making a real difference—delivering real results*. As the committee would be aware in November last year the foreign minister commissioned a five-person panel led by Mr

Sandy Hollway to conduct an independent review. In announcing the review the minister said its purpose was to examine the effectiveness and efficiency of Australia's aid and guide the strategic direction of the Australian aid program. The terms of reference for the independent review were broad and the recommendations made by the panel cover the appropriate geographic and sectoral focus of Australian aid and the importance of achieving value for money in delivering Australian aid on the ground.

Importantly, the terms of reference included examination of AusAID's fraud and risk management systems. The *Independent review of aid effectiveness* was the first independent review of the aid program since 1996. The review and the government's response to its recommendations will shape the future direction of Australia's aid program and have major implications for the way in which AusAID carries out its work. In conducting the review the independent panel consulted widely including through public submissions, public discussion forums and extensive overseas travel to view our programs and hold discussions with our bilateral and multilateral partners.

In terms of the outcomes of the review, the review concluded that, by the standards of donors generally, Australia is an effective partner and has a good aid program—improvable but good. It recommended that Australia remain a donor focused on the Asia-Pacific region where it would rely on bilateral programs to deliver the bulk of our assistance. The review recommended we continue to increase the program in Africa and South Asia based on the enormous poverty in those two regions, but that the majority of our growth is leveraged through partners, multilaterals, non-government organisations and other like minded donors

The review identified ways to make Australia's aid program more transparent, more accountable and more focused on results. The review panel found that AusAID was alert to the challenges and opportunities of an expanding aid program. The panel recognised that AusAID was already implementing a comprehensive reform program at the time the review commenced and endorsed this program and recommended it be driven harder. Importantly, the review found that AusAID has a serious and systematic approach to fraud management and that the incidence of fraud within the aid program appears to be very low, lower than in many comparable agencies.

The government agreed or agreed in principle to 38 of the 39 recommendations of the review with one recommendation noted. The government's response *An effective aid program for Australia: making a real difference—delivering real results* was launched by the foreign minister in early July this year and it sets out the government's new aid policy. It details the why, what, where and how we will deliver the Australian aid program. The government's new aid strategy establishes a new fundamental purpose for the aid program to help people overcome poverty. It outlines the criteria on which the government will base its aid policy decisions. We will focus our efforts in areas where Australia can make a difference, where our resources can most effectively and efficiently be deployed and our national interests.

The new policy identifies five strategic goals for the aid program. These are: saving lives; promoting opportunities for all; sustainable economic development; effective governance; and humanitarian and disaster response. We have identified 10 individual development objectives to achieve those strategic goals. In line with the government's criteria for allocating aid, our nearest neighbours will continue to receive the highest levels of Australian assistance meaning that the geographic focus of the Australian aid program will remain in the Asia-

Pacific region. This is where we have strong ties and experience and where our economic and security interests are most closely engaged. Indonesia and PNG will continue to be our largest programs, and we will continue our efforts to achieve better results in the Pacific region through the Pacific Partnerships for Development. Our aid to Pakistan and Afghanistan will increase and be targeted to a limited number of sectors where we can make the biggest difference.

Outside of the Asia-Pacific regions, our programs will grow largely through partnerships with multilateral and regional organisations, and partnerships with non-government organisations and like-minded bilateral donors. We will increase our assistance to Africa, South Asia and the Middle East. Africa has the highest portion of people living in extreme poverty in the world and is expected to make up 40 per cent of the world's extreme poor by 2015. Any future increases in aid to Latin America and the Caribbean will be modest and delivered primarily through regional and global programs. In line with the review panel's recommendation, we will phase out our bilateral aid programs in India and in China. We will increase our contributions to effective multilateral organisations, but decisions on the level of funding for particular organisations will be based on the outcome of the Australian multilateral assessment that is currently examining the effectiveness of 42 international organisations and will report to the government by the end of this year. And we will continue to increase our funding for effective non-government organisations.

Improving effectiveness will be the cornerstone of the Australian aid program. We will drive value for money, building on the commitment to reduce the number of technical advisers by 25 per cent over the next two years and reduce the levels at which they are paid. We will develop a four-year whole-of-government aid strategy covering, for the first time, the aid efforts of all relevant government agencies under one coherent plan. We will analyse annually our progress against the results outlined in the four-year budget strategy to show what is working and what is not, and we will abolish any programs that are not producing the results we expect or reform them to make sure they do. We will issue a transparency charter before the end of this year to provide more accessible information on what we fund, how we do our work and what we achieve. We will strengthen further our existing robust fraud and risk management systems and capabilities, and we will involve more Australians in the aid program, including by increasing the number of volunteers and improving links with Australian business.

The task for AusAID is to implement the changes outlined in the government's new policy. We have made a very good start, and I am confident that we have the leadership and skills to do so effectively.

ACTING CHAIR: Thank you, Mr Baxter. I know the rest of the committee will not challenge me here: you and your staff do a wonderful job, therefore they think that you should have a lot more quality time at home with your family, you and your officers, and they will probably put all their questions on notice! Right, Senator Eggleston?

Mr Baxter: Much appreciated!

ACTING CHAIR: No? No sense of humour up here. Senator Kroger.

Senator KROGER: I am here for the duration, but Senator Abetz actually has a couple of quick ones, so perhaps if we could—

ACTING CHAIR: Senator Abetz has a couple of quick ones—right! No worries. Senator Abetz.

Senator ABETZ: First of all, how much money do we give to the Australian Red Cross via AusAID?

Mr Baxter: I will ask one of my colleagues to come up and answer that question, Catherine Walker. We did sign a partnership worth about \$120 million over four years—

Senator ABETZ: Sorry, \$120 million?

Mr Baxter: about \$120 million over four years, I think, but Ms Walker will provide accurate information—

Senator ABETZ: Look, take it on notice. That gives me the ball park figure, so please take the more accurate figure on notice.

Mr Baxter: Sure.

Senator ABETZ: The next question, then, is: how closely do we monitor or audit that money to ensure that it is used for proper purposes? I happened to note a media release from the Australian Red Cross—in fact, issued today—where they are encouraging people to have a flash mob, as they call them, a public demonstration where a crowd congregates suddenly in a prominent public place, perform a brief, attention-grabbing stunt and then disappear back into the crowd as fast as they came. Now, I would just hate to think that a taxpayer's money might be being used for these sorts of purposes, which will be of great inconvenience to people in Sydney, Adelaide, Brisbane, Canberra and Melbourne.

Mr Baxter: We have a specific funding agreement that underpins our partnership with the Red Cross that sets out very specifically what they can spend public funds on, and it does not include flash mob demonstrations.

Senator ABETZ: Good. But do you audit them?

Mr Baxter: We do. We audit all of the organisations that we fund on a rolling basis—so NGOs, managing contractors, universities. We have a rolling program. We will not do every single partner each year, but we do them every few years as part of a rolling program.

Senator ABETZ: I move to a document produced by Micah Challenge, *Halve poverty by 2015*. I think they knocked on all of our doors and they do an effective job. I promised them that I would raise the document at estimates. I do not know if you have seen 'WASHing away poverty'?

Mr Baxter: I am aware of it, yes.

Senator ABETZ: The document contains a graph, 6.2, which suggests that projected health spending as a proportion of the aid budget is going to go from 14 per cent down to 10 per cent. They express concern about that and, before I express concern, I would like to get an explanation for that.

Mr Baxter: Thank you for the question. I agree, the Micah Challenge people do a terrific job in raising community awareness about poverty and development issues. There was a slight reduction in the health budget this year that was primarily caused by the cessation of a water-and-sanitation program that was announced three or four years ago. That is only a temporary dip and it is very small. It is about \$50 million and that is a very small proportion of the overall health budget. The government announced in the budget in May this year a major new

initiative on water and sanitation. Once that starts to come into operation, you will see those health figures go back up. The figure of 10 per cent is not accurate in terms of where we see the health budget going. It will be a much more significant proportion of the budget. I ask my colleague Mr Proctor to make some comments.

Mr Proctor: I cannot add a lot more to the Director-General's comments. There is a very large new initiative in water and sanitation which commences now but triples in size in three years time. That is the only reason the total figure appears to drop.

Senator ABETZ: Please explain that to me again. The reason for the drop is that we are reclassifying some moneys to another area that will have health benefits?

Mr Proctor: What happened in this year's budget was that in addition to the moneys always reported for health, HIV et cetera, which are going up consistently—in fact, that figure goes up by \$10 million this year from last—it was thought to better ascribe the water-and-sanitation expenditures as part of health.

Mr Baxter: Our projection is that the health spending under the aid program, subject to government decisions on the budget, will reach over \$1 billion by 2013-14. It is 17 per cent of the aid budget now. It is the second largest sector in the aid program and there has been a 37 per cent increase in funding for health since 2008-09. It has been one of the biggest areas of growth in the program.

Senator ABETZ: I invite you, as you are aware of the Micah document I am referring to, to look at figure 6.2—they do not number their pages, so I cannot help you with that—and take on notice to provide a written explanation as to whether that figure is correct. If not, why not? If it does contain some correct information, please provide us with an explanation of that which is correct. That would be very helpful.

Mr Baxter: Absolutely.

Mr Proctor: What is happening is that for one year there is a reduction in the total water-and-sanitation spend of about \$50 million, but then it goes up very strongly and more than doubles over the following three years. That is why you are seeing a dip for just one year.

Senator ABETZ: It is the short term that these representatives were concerned about. I take you to question No. 23 that was taken on notice last time. Thank you for the answers. In relation to (a), could you please take on notice to update the 2010-11 figure. Are the funds in answer (b) like the funds of the Red Cross and audited?

Ms Walker: In relation to the audit of funding which goes through APHEDA to the MA'AN Development Centre, it is APHEDA that AusAID has the contractual relationship with and it is APHEDA whose funds we audit on a regular basis. However, we have in the past 12 months had a look at the financial reporting of the MA'AN Development Centre. I can say that we are satisfied with it and have found no irregularities in that financial reporting.

Senator ABETZ: So do they make their books available to AusAID for that purpose? Do we send somebody over there to go through their books and accounts? How do we satisfy ourselves?

Ms Walker: We are interested only in the project funds that we provide to APHEDA that are then provided to the MA'AN Development Centre. I will have to take that on notice to give you the specific detail of the way in which the examination of the financial reporting was

undertaken. I am not completely clear whether we were involved in it directly or not, so I would prefer to take that on notice.

Senator ABETZ: My concern is that these organisations may well tell you that they are sending the money across or working in partnership and the money is being spent only in this particular area. But we then have problems such as a report by the Taxpayers Alliance in the United Kingdom that has a number of parliamentarians on it. They may say, for example, 'We are spending money on education and buying textbooks,' but a lot of these textbooks are in fact filled with absolute indoctrination and hate material. Just in case somebody thinks it is a conservative senator saying that, Hillary Clinton, US Secretary of State, has said:

These textbooks do not give Palestinian children an education; they give them an indoctrination.

I just want to make sure that, if APHEDA is saying this money is going for education and then the MA'AN Development Centre says, 'Yes, and here is our receipt for textbooks,' we actually know—in the words of Hillary Clinton—that they are not textbooks filling young children's minds with hatred and indoctrination. You could take that on notice.

Ms Walker: I can be reasonably certain that the funding we provide for the MA'AN Development Centre's activities through APHEDA are not directed to education. I can also say that the funding that we provide to all the partners under our NGO program in the Palestinian territories is paid on an annual basis and we have to be satisfied with the progress of implementation. We examine their reporting after six months. We received the last acquittal from APHEDA in July this year, so we will be expecting another report from them in December. We are also conducting our own regular monitoring of all the programs that we are engaged with in the Palestinian territories through this Middle East NGO cooperation program.

Senator ABETZ: But, unfortunately, as Hillary Clinton and UK parliamentarians—and I would like to put myself in that category as well, albeit at a lot lower level—have stated, there is a lot of concern that taxpayers' money that is given in a well-meaning manner is being diverted for purposes that chances are none of us would agree with but it is covered up substantially by some of these organisations.

Mr Baxter: If we did find that our funds were being used to support activities outside of the scope of the agreed program that we fund then we would obviously reconsider that funding.

Senator ABETZ: Yes, but the point is that it can sound very good on the face of it. I only used education as an example. When you are buying textbooks—this is motherhood stuff—there cannot be a worthier cause until you actually open the textbooks and realise what has been purchased. That is why I am wondering how far we actually audit the moneys that we give. Mr Baxter, can you give us a kung fu demonstration?

Mr Baxter: I am glad you raised that.

Senator ABETZ: I thought I should give AusAID the opportunity to explain. You will give us a verbal kung fu demonstration, by the sounds of it.

Mr Baxter: I will. It is not a subject that I take lightly—the safety and security of AusAID staff working in difficult and dangerous circumstances overseas. As we sit here tonight in the comfort of Parliament House we have AusAID officers in Afghanistan living in containers in Tarin Kowt, we have AusAID officers working out of forward operating bases in Afghanistan

and we have AusAID officers who are making regular visits to the Kenya-Somalia border as part of our leading role in dealing with the food crisis in the Horn of Africa.

I was appalled by the article today because we spent \$31,000 this financial year training our staff in personal security. Is that a good use of taxpayers' money? That was the question that was raised by the article. Since July this year 19 AusAID officers have been subjected to criminal attacks or attempted—

Senator ABETZ: From what date?

Mr Baxter: July this year. There have been 19 officers in 10 different countries.

Senator ABETZ: So in three months?

Mr Baxter: Yes. By definition the countries that we work in are often very difficult and often do not have good security. I take great offence, frankly, to any suggestion that looking after our staff and providing them, their spouses and their family members with appropriate training is somehow not a good use of public money. You will see my response to the article in the *Daily Telegraph* tomorrow if they are a reputable newspaper.

It is a serious issue. We have a security section in AusAID now of 16 people, given the locations that we work in around the world. We conduct very serious security assessments before we allow people to travel to difficult areas. I am sure you are aware that last week two foreign aid workers were kidnapped from the Dadaab camp in northern Kenya where many of the Somali refugees have come out from. I was in that camp three weeks ago and my staff visit it very regularly because we are the third largest donor to those countries that are suffering in the food crisis. Thank you for raising it.

Senator ABETZ: Are your staff members individually trained in relation to the task that they are assigned? So this is not just a frolic that anybody who wants to be trained in kung fu can go along at taxpayers' expense but you hand-pick those who you believe might need the benefit of self-defence training because of the mission that they are undertaking on behalf of AusAID?

Mr Baxter: The first point is that no-one in AusAID gets trained in martial arts.

Senator ABETZ: All right then, in self-defence or whatever you call it.

Mr Baxter: There is a difference.

Senator ABETZ: I accept that. I withdraw the term 'martial arts' and then call it self-defence. If you can answer it on that basis—

Mr Baxter: They are trained in personal security. They are trained in how to deal with a situation like a carjacking.

Senator ABETZ: My question is: is this something that anybody can volunteer for within AusAID or is it specifically suggested to particular staff because of the missions to which they are going to be assigned?

Mr Baxter: It is our staff that are sent overseas. For AusAID staff that are sent overseas, even if they are working in a relatively safe environment, we may deploy them at short notice if there is a crisis, or a conflict of a natural disaster. AusAID staff routinely get this training as a matter of course before they are posted overseas, as do other government agencies posting their staff overseas. They all have similar types of programs.

Senator ABETZ: That is interesting. Can you nominate them or do I have to wait for the *Daily Telegraph* tomorrow morning to read?

Mr Baxter: You will have to ask those particular agencies. Whether it is DFAT or DIAC, all of them have officers who work in very difficult locations and they provide personal security training.

Senator ABETZ: If I might say, with that explanation, it all makes good sense and for about \$31,000 it does not seem a substantial impost on the taxpayer for the benefits and personal security that it undoubtedly provides. Thank you for that explanation.

CHAIR: Mr Baxter, I think I can, on behalf of the Senate, pass on congratulations for that fine initiative, and our best wishes to your staff who are working in those difficult circumstances.

Senator McEWEN: I want to follow up a question. I understand Senator Abetz was asking questions about APHEDA, which is also known as Union Aid Abroad. Is that correct?

Mr Baxter: That is right.

Senator McEWEN: I take it from your answers to the many questions that Senator Abetz put trying to slur the integrity of APHEDA that there is in fact no evidence that APHEDA uses the funds that it administers on behalf of AusAID in any way other than in compliance with AusAID guidelines?

Mr Baxter: We are not aware of any inappropriate use of AusAID funds by APHEDA.

Senator McEWEN: So, APHEDA's use of funds is contiguous with AusAID guidelines and goes to things—as I have just read on the website—for example, in Cambodia which is a very poor country. It says that APHEDA works:

... in partnership with government agencies—

including AusAID—

... to develop opportunities for the unemployed, poor farmers, and workers, to gain the education and skills needed to improve low living standards. ... APHEDA has supported programs in technical/vocational teacher training, agricultural and aquaculture technical training, employment and agricultural skills training, environmental awareness, labour rights training, and HIV/AIDS & reproductive health.

Those objectives are broadly in compliance with what the whole of Australia's aid program is about. Is that right?

Mr Baxter: That is correct, Senator.

Senator McEWEN: Thank you.

ACTING CHAIR: Mr Baxter, could you please explain to us the vigorous fraud and audit process that AusAID undertakes?

Mr Baxter: I am happy to, Senator. I mentioned in my opening remarks that this was an issue that was specifically referred to the independent panel that conducted the independent review of aid effectiveness. It was in their terms of reference. I will start off by saying that the finding of the independent panel was that we did have a serious and systematic approach to dealing with fraud within the aid program, that the incidence of fraud within the aid program appeared low to the panel members and that it was comparable with similar agencies in Australia and internationally.

We have made enormous efforts to try and limit the amount of aid that is subjected to allegations of fraud. I must emphasise allegations of fraud because it sometimes takes quite a period of time, as you would imagine, to conduct an investigation to determine whether fraud has actually taken place. The level of fraud in the aid program at the moment is around 0.02 per cent. About 99.8 per cent of the program ends up at the targets that we are trying actually to deliver aid to.

We know that we have to continue to try and improve our systems and we have been doing that. Over the last year we have created a new position within the organisation of chief auditor, and under the chief auditor we have established a new fraud section and a new risk management section. We have appointed an independent chair of our audit committee and the independent chair of our audit committee is the former deputy national auditor and the former deputy national ombudsman. We also have a total of four independent members on our audit committee, and I think you will find it is best practice in the Public Service to have so many independent members scrutinising our operations. We are increasing both the frequency and the professionalism of the work that we do. We have concluded agreements with multilateral organisations such as the World Bank to ensure we share information on organisations that might be suspect in their use of aid funding, and we have a very firm zero tolerance policy. For instance, when any company is listed by the World Bank or the Asian Development Bank as being in breach of the fraud control guidelines of those organisations, we will immediately prevent those companies from bidding in AusAID tender processes.

ACTING CHAIR: Forever?

Mr Baxter: If they are suspended for a time by the World Bank, it is for whatever the length of the suspension is. Obviously, if it is a serious infraction their suspension will be much longer than if it is a more minor or less serious occurrence. We audit our posts and, as I mentioned in response to a previous question, we audit NGOs, universities and all of the institutions that receive our funding. We do not audit every single one of them every year, because we would need an army of auditors, frankly, to do that, but we do so on a rolling basis and also based on a judgment about the risks involved in particular programs. Obviously, some programs are more high risk than others. Where we do detect fraud and there is criminality involved we refer those matters to the police. We vigorously pursue the matters and we will do so sometimes for years to try to recover the taxpayers' funds that might have been involved. Our record for the period from 2004 to the current year shows that about \$4 million is under investigation for alleged fraud out of a total expenditure of around \$25 billion.

ACTING CHAIR: Over what period?

Mr Baxter: From 2004 to 2011. It is a serious issue and we take it very seriously. I should also point out that we operate under the Commonwealth guidelines, like any other public sector agency, and their definition of fraud. So if somebody nicks a laptop from a car parked in Port Moresby it is reported as a fraud because it is obviously a loss to the Commonwealth. A significant amount of our fraud comes from petty theft, but there are more serious cases. The most serious case in recent years happened five or six years ago when the Eritrean government, through its military, stole from the World Food Program a food shipment that we had partly funded, and that was worth A\$1.25 million. That single incident is about a third of

all recorded fraud that we are currently investigating. It is obviously pretty difficult for us to get the Eritrean military to give it back to us some years later, but we are still pursuing it.

ACTING CHAIR: Of the incidence of fraud, you said 0.02 per cent. Has that been a steadily declining figure or has it come down rapidly over the last few years?

Mr Baxter: It was one of the findings of the independent review that the proportion of the aid program had stayed fairly constant even though the aid program had grown markedly. It goes around 0.02—sometimes it has gone down to 0.01 and sometimes it has gone up to 0.025—but we have never got to even 0.1 per cent of the program.

ACTING CHAIR: Thank you. That is as clear as anything.

Senator KROGER: On the fraud issue, there was a report not so long ago of an Australian contractor who had been convicted of defrauding USAID of \$190,000 through kickbacks. What sorts of safeguards do we have in place in relation to contractors to ensure that they are not doubling whatever the effective price is and then pocketing some part of that?

Mr Baxter: We audit our contractors very closely, and it is part of our normal aid audit program. It is a condition of signing a contract with AusAID that our contractors allow themselves to be audited by us using our own methodology.

Senator KROGER: Okay. If I could turn to the Hollway review—which will not surprise you—in your opening statement, you outlined that 38 of the 39 recommendations were being supported.

Mr Baxter: No, I said 30 of the recommendations had been agreed to by government and eight had been agreed in principle—so 38 agreed or agreed in principle—and one had been noted.

Senator KROGER: And the one that has been 'noted' is because, I presume, it is not supported?

Mr Baxter: No, it is because it is the prerogative of the Prime Minister to determine the title of the portfolios of ministers.

Senator KROGER: So that was the one in relation to having a minister for foreign affairs and international development, adding 'international development' to—

Mr Baxter: That is right—to the foreign minister's title.

Senator KROGER: Thank you. The eight that were agreed to in principle: which ones were they?

Mr Baxter: They were the recommendations that related to the budget. As you would understand, governments make financial decisions in the context of budget deliberations, not outside them, so the government is taking those recommendations forward in the budget process.

Senator KROGER: Okay. Thank you. I would like to put on the record that I think this is a great advance, having a review of this nature and substance, and one that I think we would all benefit from having. I read somewhere that there was a recommendation to have a review on a regular, four-year basis—

Mr Baxter: That is right.

Senator KROGER: and I do think that would be a good thing. What was the cost of the review?

Mr Baxter: I can tell you that the fees that were paid to panel members ranged between \$22,000 and \$170,000 each. I do not have a total figure for the whole exercise. I am happy to take that on notice and provide it to you.

Senator KROGER: If you could. I am interested in the total cost of the review. Notwithstanding that, in view of the size of our aid budget, I think it was a very worthwhile investment. The individual panel members travelled to the regions that they were reviewing, didn't they? They went and had a bird's eye look at what was going on and visited—

Mr Baxter: Yes. They literally went from Afghanistan to Zimbabwe. They visited a wide variety of countries, including Papua New Guinea and Indonesia, our major development partners, as well some of the headquarters of the main multilateral organisations—so, obviously, the World Bank in Washington and the UN organisations in New York. And they conducted discussions with some of our partner governments themselves as well, to get, if you like, a recipient's view of the Australian aid program.

Senator KROGER: But not travelling all together?

Mr Baxter: No, they travelled in—

Senator KROGER: They carved off—

Mr Baxter: Yes, they carved up the world between them.

Senator KROGER: Very good. If I could just go to a few elements of the review, with your indulgence, Chair; it does cover a few areas but it is still an overview. You mentioned in your opening statement, Mr Baxter, the priority that should be given to various regions. In chapter 12, the aid allocations, on page 234, there is a simple chart of the case for expansion of aid and low, medium and high ratings. In the case of PNG, Solomon Islands and East Timor—and I would like to take them separately from those at the bottom of the chart—have we spoken to those nations in relation to these recommendations and got some feedback from them?

Mr Baxter: We talk to them all the time in terms of the relationship we have with them through our development assistance cooperation. The Papua New Guinea Prime Minister was here last week with a number of his ministers for the annual Australia-Papua New Guinea Ministerial Forum. There were quite lengthy discussions about the future of our development assistance cooperation with PNG. Similarly, we have had discussions with the government of East Timor. These are the recommendations of the panel to the government, rather than from the panel directly to those countries. The government will decide in the budget process how to apply these in terms of the actual dollars that will be allocated to each program. We are going through that process as part of the normal budget deliberations.

Senator KROGER: My understanding from reading the report is this was based on an analysis of the effectiveness of the aid programs in the various countries and whether it was considered that a modest expansion or a significant expansion would make a significant difference to the aid that we direct to these individual countries. Has that overall recommendation been supported by the government?

Mr Baxter: The government has agreed in principle. If you look at the government's response in our new aid policy—for which I will get a plug in—it says the government:

Agree in principle and that specific geographic allocations will be decided by the Government in the 2012–13 budget process. Geographic allocations will be based on an assessment of poverty, national interest, capacity to make a difference, and current scale and effectiveness.

In line with the Government's commitment to deliver 0.5 of GNI on overseas aid by 2015–16, agree in principle that:

- aid to Pacific island countries, South East Asia, Afghanistan and Pakistan, and Africa and the Middle East be increased
- bilateral aid to China and India be phased out with future assistance to be delivered through regional and global programs
- any future increase in aid to Latin America and the Caribbean be modest, with any increases to be delivered through regional and global programs.

It is a general endorsement in principle, but the actual numbers will be decided by the government using the criteria I read out.

Senator KROGER: With great respect, don't you give a recommendation to the government as to what you believe AusAID should be doing?

Mr Baxter: That is right, but we do that in the context of the budget process and we will provide that advice.

Senator KROGER: Hasn't the government already indicated where it wants the aid budget to go over the next couple of years? It has indicated that the budget is essentially to be doubled. What you are telling me is that that is open for review and that that may not happen.

Mr Baxter: No, I am saying that the government has made clear in its response to the aid review that it agrees in principle with the recommendations that were made, but the actual geographic allocation of budget funds will be determined by the government using the allocation criteria that were recommended in the review itself. It is always for governments to decide ultimately how to use public funds.

I mentioned in my opening remarks that one of the recommendations the government accepts was the development of a four-year strategy for the whole of the official development assistance budget. AusAID is coordinating that process across government, and when that four-year budget strategy is released after the budget deliberations it will set out on a multiyear basis what the levels of funding will be for particular countries in particular regions.

We have made clear in our response to the aid review that it is individual countries' circumstances and priorities that will determine the nature of our programs, rather than the previous approach which was to say, 'We are going to spend this much on health and this much on education,' and, in a sense, try to shoehorn it into country programs regardless of whether that was the highest priority of the national government we were working with.

Senator KROGER: Which sounds eminently sensible. From reading this, my overall sense was that we should be doing fewer things but doing them better, as opposed to spreading ourselves as thinly as possible across a broad geography or geographical regions. Do you think it is quite plausible that we would reduce the number of partner countries that we would be involved with in an endeavour to have a more effective aid outcome?

Mr Baxter: You are right that one of the key risks to the effectiveness of the programme is fragmentation. That was identified in the review and endorsed in the government's response in our new policy. In the government's new policy on Australian aid it talks about Australia continuing to consolidate the aid program with fewer larger programs in fewer sectors.

We are doing that. Papua and New Guinea is our second largest program in the world and last week we reached agreement with Papua and New Guinea to reduce the focus of our program from eight sectors to four. So in Papua and New Guinea we are going to focus on education, health, law and justice and road maintenance. We are not going to do things outside of those areas. That will allow us to put larger volumes of funding and greater concentration of effort, obviously, into those key sectors to achieve better results. The review of the PNG program that was conducted in 2009 and delivered in early 2010 found that fundamentally our PNG program was spread too thinly and to the extent that it was limiting its effectiveness.

In Indonesia, which is our largest program, we focus really on three core sectors. So you find that selectivity is part of the development of larger programs.

Senator KROGER: One of the things I found particularly interesting—I think it was on page 196—was in table 10.2. It has printed there the findings of the United Kingdom multilateral aid review of the different organisations. I do not think I have ever seen anything like that that we have done. Have we ever undertaken a ranking system of organisations like that?

Mr Baxter: No, we have not undertaken a ranking system like this. We have, of course, been involved in the assessment of multilateral organisations in the past on our own account and also working with other donors as part of a group of donors that actually monitor and make judgements about the effectiveness of multilateral organisations. One of the recommendations that the government has agreed to from the review is that we will conduct our own multilateral assessment. The government has agreed that 42 international organisations will be subject to that assessment and we are looking at it very much from an effectiveness point of view—how do they achieve results, do they do that with value for money, how do they align in terms of their capabilities in regions that are important to Australia? That exercise started last month. The review team has already visited and spoken to 38 of the 42 institutions so it is well underway.

I suspect that there will be some differences between our results and the UK's results, not in any way criticising the UK methodology, as we are a donor that is largely focused on the Asia-Pacific region, so organisations that work in our part of the world and are effective in our part of the world may be different from some that the UK has focused on that might have, for instance, predominantly an African or a Middle East focus where we are not as engaged as they are. We are committed to publishing our ratings once we have finished this exercise, so I suspect early next year we will be friendly with some heads of multilateral organisations and perhaps not on the Christmas card list of some others. But we will use our rating system to inform the government's funding decisions on how increases in funding to multilateral organisations are allocated.

Senator KROGER: I would have thought that it would be through you Mr Baxter, that it would be part of the process in determining whether any of those 42 organisations—I

presume a lot of them are partner organisations now—remain or become partner organisations in the delivery of aid wherever that may be.

Mr Baxter: I am not sure I understand your question.

Senator KROGER: For instance, looking at the UK review here, they would partner and I presume direct funds through the World Health Organisation in relation to a particular project. Presumably, that feeds into the deliberations of which partner they choose in the delivery of a program.

Mr Baxter: Absolutely, and it is no different for us. We look at the capabilities of organisations and their capacity to deliver results and we make decisions based on those capacities.

Senator KROGER: I think in an area like this the more transparent we are, the better it is for you guys because it is a very good thing to do. If I could move on, I have a few things from the last estimates that I want to follow up but I will put them on notice. I have a question in relation to the Human Rights Grants Scheme and I note a communication from a group called OII. They were advising those who were on their distribution list that the Australian federal government agency, AusAID, is offering a number of human rights grants under its Human Rights Grants Scheme 2011-12 and they went through it. It said that funding is available in amounts between \$20,000 and \$100,000 inclusive with the expected duration of most projects being one year. It then said:

OII Australia particularly encourages our fellow OII affiliates to apply for grant funding under this scheme. One project funded previously under this scheme tackled discrimination against gay, bisexual and transgender communities in Peru.

Given the work OII Australia has been doing with the Australian federal government on intersex issues, we are sure that AusAID will be interested in receiving applications for intersex-related human rights projects.

Then on its website it goes on to advertise that money might be available under the Human Rights Grants Scheme for persons to undergo gender reassignment. Prior to that, it goes through the countries which are eligible for these grants. Are you aware of this website?

Mr Baxter: I am not aware of the website.

Senator KROGER: Perhaps I could ask you to have a look at it, because there is no question that it encourages people to access these grants for what they called 'gender reassignment'. I am not sure that is what the grants program was established to do in support.

Mr Baxter: No. The grants are awarded to help projects that help prevent or end human rights violations, promote positive change in government policies, monitor and report on human rights violations, educate human rights victims, workers or defenders, promote implementation of international human rights standards and strengthen human rights institutions and mechanisms. The awarding of funding under this scheme is governed by an expert panel, and this panel has a number of members: Chris Sidoti, the international human rights expert; Andrew Hewett, Executive Director of Oxfam; Simon McKeon, Executive Chairman of Macquarie Bank and an Australian of the Year; Phil Lynch, Director of the Human Rights Law Centre; and a number of others, including representatives from AusAID and DFAT. I can say without any fear of contradiction that we do not fund gender reassignment through that program.

Senator KROGER: I am very pleased to hear it. Do we fund a centre in Vientiane, Laos, called the Somsanga Treatment and Rehabilitation Centre? Do we direct moneys to that centre?

Mr Baxter: I will ask my colleagues Mr Davies and Mr Moore. We are not sure if we do or not. Certainly I do not have any information that we have provided a recent grant to them under the Human Rights Grants Scheme, but it would be best for us to take that on notice.

Senator KROGER: I understand it is a drugs rehabilitation centre that is home to a number of children and people with mental disabilities. It is in a very impoverished area, so there is a diaspora of people there.

Mr Baxter: The reason I am not sure whether we have provided funding is that the Department of Foreign Affairs and Trade has a small grants program called the Direct Assistance Program, and it may have been funding that came from DFAT. We will check with them when we respond to your question.

Senator KROGER: That is fine. Do we fund detention centres in Vietnam through AusAID?

Mr Baxter: I will ask Richard Moore, the head of our Asia Division, to answer that question.

Mr Moore: With regard to your first question, I can confirm that AusAID has not directly funded the Somsanga drug treatment centre, but I do understand that the centre has received some small funding to improve the welfare of its inmates through the Direct Aid Program, which is administered by the embassy and from which allocations are made by the head of mission.

Senator KROGER: Can you take me through how that works? I had this notion that all aid was directed and managed under the umbrella of AusAID. Can you take me through this as an example?

Mr Moore: I will leave it to colleagues talk about the broader architecture because, indeed, a significant minority of Australia's overall aid effort is administered by other government departments, maybe by the Australian Federal Police or other entities. There is a program called the Direct Aid Program, which provides small grant funding for heads of mission for direct poverty alleviation programs. In this case I understand the money was made available to construct a library so that inmates had some means of bettering themselves and preparing for their release.

Senator KROGER: So the money is part of the AusAID budget but you are telling me that it is managed through the embassy.

Mr Baxter: We are responsible for about 86 per cent of the total expenditure of funding that is classified as official development assistance. I think the review counted 92 different government agencies at state and federal levels that had some role in delivering Australia's aid program. There is an allocation made to the Department of Foreign Affairs and Trade for the small grants that Mr Moore mentioned. The way that they usually operate is that members of the local community will apply to the embassy for small grant funding, though sometimes the head of mission will see a particularly worthy cause and decide to allocate some funding to that particular cause.

It is subject to the same guidelines that control AusAID funding. It must be for activities that are eligible to be considered as official development assistance, so you cannot go and buy something that would not demonstrably be considered aid. Helping a library in a poor area, helping a local community develop some sort of income-generating project—there are a whole range of things that are funded under the Direct Aid Program.

Senator KROGER: Using the Somsanga Treatment and Rehabilitation Centre as the example, there was a report by Human Rights Watch that there was alleged abuse in that centre. I am wondered who would oversee that. From what I am hearing from you, the embassy would actually pursue that—is that right?

Mr Moore: Correct.

Senator KROGER: Would they determine whether or not that was credible and whether or not they would pursue any further funding? What is the process?

Mr Batley: These funds are administered entirely at the post. What normally happens is the ambassador or high commissioner would ask three members of staff—the Australian based staff or a combination with some local staff—to act as a committee, which goes through a short-listing process because in some of our posts you get a lot of these small requests for funding. This committee would sit, do a short-listing and submit recommendations to the head of mission, who would agree to fund certain projects. They are generally in the range of \$5,000 to maybe \$20,000 maximum. That is the end of the story. There is an annual reporting back to DFAT from each post at the end of the year, but it is a program that is administered entirely at the post.

Senator KROGER: That would be one that I would think would require quite vigorous scrutiny. If you have locals who are DFAT employees, and Vientiane being a small posting where everybody knows everybody else, you would want a fairly rigorous approach to be taken to those, as you put it, small allocations. Aid grants of \$5,000 to \$20,000 would make a huge difference in places like that. My question was, in effect, what sort of oversight these sorts of areas are given, because they could be exploited as much as your bigger aid donations.

Mr Batley: We cannot really speak on behalf of DFAT on that.

Senator KROGER: My second question was in relation to detention centres. We do that?

Mr Moore: It is a similar story but on a bigger scale. Under our regional HIV reduction and prevention program we have made allocations to a total value of \$90,000 over three years not to the centres themselves but to assist the inmates of the centres with meeting their basic human needs and educating them in harm reduction so that the prospects of spreading HIV in the centres themselves are reduced. Basic welfare items are supplied to them. That has not in any way stopped us from criticising these centres. We have publicly and privately advocated for their closure. We consistently take to the government of Vietnam the argument that these centres are not actually helping and that there are better ways of achieving their objectives of reduced drug usage and, particularly, reduced harm from drug usage.

Senator KROGER: The reports of what happens in the detention centres are really quite horrific: ingestion of glass, hanging, the general state of desperation—

Mr Moore: Which is why we are trying to assist the welfare of the inmates.

Senator KROGER: I wonder whether we are furthering the problem as opposed to trying to encourage closure of the centres in other ways.

Mr Baxter: It was interesting. The CEO of CARE Australia recently made some comments about the people in the centre and described them as some of the most vulnerable people in the Vietnamese community. As Mr Moore said, our assistance is to help the people who are in the centres. Unfortunately, it is a reality that they are there. We have made a decision that providing them with some small level of assistance is appropriate.

Senator KROGER: I will ask one further question and then pass to some colleagues. You mention in your opening statement the situation in Afghanistan and how, when that changes, there has to be a changing approach in terms of our consideration of aid in that area. That was my quick analysis of your overall summation. Could you give us a bit of an idea of where you think AusAID will have to go in relation to Afghanistan as we start to withdraw troops from there?

Mr Baxter: As you know, there is a process of transition underway in Afghanistan. Some of the provinces in the northern area have already transitioned to Afghan security lead—relatively successfully as well, I think. The government still is yet to make decisions on the actual details of the process of transition. The government has said we have a mission that will run two to four years, up to 2014. The government has also made clear that beyond 2014 Australia has a long-term commitment to Afghanistan and that that commitment will include ongoing development assistance. Based on those announcements by the government, we are planning a long-term AusAID presence in Afghanistan. How that presence will be configured will depend on the nature of the transition process that applies to Oruzgan Province, the province where we work alongside our ADF colleagues.

Senator KROGER: Do we still have nine AusAID personnel there?

Mr Baxter: We have put two more in recently, so we now have 11. They are rotated through, so we basically have 22 officers on posting in Afghanistan at any time, rotating in and out for decompression leave.

Mr Baxter: We have put two more in recently, so we now have 11. They are rotated. We basically have 22 officers on posting in Afghanistan at any time rotating in and out for decompression leave.

Afghanistan is going to face enormous challenges as the foreign military presence draws down because the economic impact of that drawdown is likely to be very significant, to put it mildly. About 90 per cent of Afghanistan's GDP at the moment is generated by foreign government spending, whether that be military or aid, so you are going to see a very significant decline in the economy in Afghanistan unless it is managed carefully in the post-2014 period. There are potential sources of revenue that we can assist with, but they will take some time. Mining is the one people talk about. So there is a lot of work being done amongst donors internationally working with the Afghanistan government to work out a strategy to make sure that any economic shock that comes after transition is reduced to the extent that that is possible.

Proceedings suspended from 21:01 to 21:15

ACTING CHAIR: Welcome back everybody.

Senator FAWCETT: Recommendation 19 out of your study into aid effectiveness says:

AusAID's existing accreditation system should be used as a basis for Australian NGOs to access increased funding. AusAID should consider further means to improve the accreditation process for small NGOs.

The feedback I have received from small NGOs is that many of them see the current accreditation process as being a significant barrier to working with AusAID, yet many of them go off to be incredibly effective in their field of endeavour, some would argue because they do not have the strings of AusAID funding. Obviously there is a clear synergy to be developed if the report is recommending we engage with more NGOs, but we need to find a way to facilitate that. Could you let the committee know how you are planning to implement recommendation 19 and what role you are affording to either existing peak bodies, the small NGOs, or small NGOs themselves to engage with you and help develop that process of engagement?

Mr Baxter: It is an issue that we take very seriously and we value very highly our relationship with NGOs, large and small. As you so accurately said, they have particular capabilities, especially at the community level to get in and get things moving, whereas we are working with governments a lot of the time and sometimes that makes the processes a little more complicated and perhaps even slower. The issue for us is to get the balance right between our responsibility to safeguard taxpayers' money by only giving it to organisations that have systems and processes sound enough to spend that money properly and to ensure that none of it is used for purposes that are inappropriate. We have committed to having a look at our accreditation system to see if there is anything we can do to make it easier for the smaller NGOs. For the larger NGOs certainly it is my view that we will continue to have a very rigorous set of processes. We give them a lot of money. We are spending about 12 per cent of the total aid program now through NGOs, which is well over \$400 million a year, so it is a large amount of taxpayers' funds. I will ask my colleague Mr Davies to talk about the specifics of how we might take forward the implementation of that recommendation.

Mr Davies: Broadly speaking the intention is that we will work with the NGO sector as part of the process of addressing a larger recommendation that was agreed to by the government, which includes working on this particular issue. That larger recommendation relates to the development of a civil society engagement framework. That framework will have a number of aspects to it and one of those aspects will be how we can work with the NGO sector to maintain the existing high standards that we apply in frontend risk management while not disadvantaging bona fide organisations who have the will and the capacity over time to gain accreditation and to achieve real development impacts.

We are already taking a number of steps in this regard. We do not think about the accreditation process as a barrier. It is certainly in some sense a hurdle, but it is a hurdle that we want good organisations to get over. In the last two years we have begun to provide technical assistance to those organisations to help them understand the requirements of the existing accreditation system and to help them meet those requirements, so that by the time they apply for accreditation they have a very good understanding of what is required and in general they will have very good prospects of being successful. There are not that many organisations that fail in the accreditation process because usually we have worked with them very closely to ensure that either they step back and wait a bit longer or they are ready to succeed.

A second point I would add is that in some cases the issue is not so much that an organisation cannot comply with our existing accreditation process; it is that the organisation really is of a very different character from the vast majority of Australian international development NGOs. There are a number of Australian community organisations that conduct small-scale activities overseas that are well regarded, but they are not long-term activities and these organisations are primarily working in a domestic context. The review took note of that fact and recommended that the government consider establishing a community grants scheme that would accommodate the interests of those organisations. That is a separate, distinct aspect of the civil society engagement framework process that we will work on as we go forward.

Senator FAWCETT: With either of those, what I am hearing at the moment is that it is still a very top-down approach, with AusAID deciding how you will do that upfront risk management. Have you actually provided some forums or some ability for NGOs, whether peak body or individual, to come to you and say, 'Here is an alternative model for your consideration'? There are many people out there with many years of experience and an equal dedication to both effective spend and ethical spend of taxpayers' money, because most of them at the moment are working with donors' money—whether it be individual or quite a bit from the corporate sector—who in some senses actually have a higher expectation for effective spend. Have you have provided those mechanisms to capture what is quite often a very effective system governance and accountability that exists within some small NGOs?

Mr Davies: I make two points. One is that we have had a forum in place for many years, the Committee for Development Cooperation, which brings together AusAID personnel with representatives of the NGO sector. Two members of the committee are elected by the NGO sector; two members of the committee are appointed by the Australian Council for International Development. It is the fundamental purpose of that committee to advise us on issues relating to the accreditation system and to advise us on individual accreditation processes. So that exists.

Secondly, we have a partnership in place with the Australian Council for International Development where we meet at head of agency level twice a year to review precisely these kinds of issues. I should say that ACFID highly values the concept and the process of accreditation because it adds to the reputation of the sector and it gives assurance to private donors, who provide some \$800 million a year to the Australian NGO sector, that their funds will be well utilised.

Senator FAWCETT: Continuing with the small NGO sector, ABC News reported in September about potential new laws in Cambodia which will allow the government there to shut down small NGOs at will. That is obviously generating quite a bit of nervousness amongst small NGOs who are working there. They have been appealing for DFAT and AusAID assistance in terms of engaging with the Cambodian government. Assuming you are aware of it, I wonder if you could comment on it and on what steps you are taking to work with both parties to reach an agreement where there is some certainty on both sides.

Mr Baxter: Thanks for the question. Yes, we are of course aware of it and it has been a subject of discussion between Australian representatives in Phnom Penh and the Cambodian government. I will get my colleague Mr Moore, who is the head of our Asia division, to give you a more detailed answer.

Mr Moore: The law is now in its third draft form and has recently been sent back again to the parliament for reconsideration. We have argued consistently, as have others, that, whilst government has a legitimate interest in having a regulatory regime that governs the work of NGOs, it must simultaneously recognise the very important role that they play both in service delivery for people in Cambodia and in allowing them to have a voice in national affairs. We have shared some of the concerns that perhaps the regulatory requirements being proposed are too onerous and may be detrimental to the work of NGOs both as agents that we cooperate with in carrying forward our own Australian development efforts and as those that are sponsored domestically. We have consistently taken those views to government at the most senior levels, including the ministries.

Mr Baxter: Senator, if I could just add that the ambassador and officials from the embassy in Phnom Penh have made representations to the Cambodian government on this issue on at least 12 occasions, so it is a consistent message that we are giving.

Senator FAWCETT: Sure. I am always interested in outcomes as opposed to just activity. Is the fact that it has gone back for a third draft an indication that those activities have borne fruit, or do you still basically feel that they are going down a path that you think would be detrimental to AusAID and other programs through NGOs?

Mr Baxter: Certainly, we are encouraged by the fact that the draft law had been sent back to the Ministry of Interior for further consideration, and we are pleased that the Cambodian government is indicating some willingness to consider carefully the implications of the draft law. At the end of the day, obviously, it is a matter for the Cambodian government to establish its own laws; but, as I said, we have not been backward in letting them know what our views are, as Mr Moore said, both on the law and on the legitimate role of NGOs in Cambodian society.

Senator FAWCETT: Could you outline which programs AusAID is currently funding through NGOs that could be affected by this?

Mr Baxter: I will ask Mr Moore to respond.

Mr Moore: We work with NGOs both directly and indirectly across most of our programs, so we are a very major player in the health area—and, clearly, NGOs are a pivotal part of getting health services to people, particularly in remote areas—but really in all facets of our work. In rural development, again, we need to be partnering with local authorities and commune-level government but also with farmer organisations and the like, and we are concerned that the draft legislation is so broad in its coverage and scope that it may unintentionally make it very difficult to these community based organisations to form and do their work. If that were the case, it would certainly undermine our efforts but also the efforts of the Cambodian government itself. So we are very keen to make sure that registration in particular is less onerous and is indeed voluntary, and that there are decent appeal mechanisms so that, if registration is declined, reasons are given for that and the NGOs concerned are able to appeal that process and have a fair hearing. Those are our principal concerns at the moment.

Senator FAWCETT: Feel free to not answer this, if it is not appropriate, but is part of the concern about that registration progress that it could open up avenues of corruption in terms

of requiring certain spin-offs from funding that is coming into an NGO, to keep that registration valid? Is that part of the concern?

Mr Moore: I would only say that I think best practice internationally is to minimise the number of transactions and to reduce the number of steps in government processes, partly for that reason.

Senator FAWCETT: Speaking of law there is an article, again in September, talking about scholarships that have been given to 50 students from Palestine to come here to study systems of law potentially to take back to their own country. What is the total value of the scholarships that have been awarded?

Mr Baxter: I will ask my colleague Ms Catherine Walker to answer that but it is, I think, 50 scholarships over five years.

Ms Walker: Yes, it is indeed 50 scholarships over five years, so there are 10 students heading to Australia shortly to commence their studies. Five of the students will come from the various law faculties in the Palestinian territories and the other five students are coming from ministries within the Palestinian authority. Those students have been selected, so they will be commencing their studies soon. I am just going to try to find you the details of the budget for the 50 scholarships—

Senator FAWCETT: Perhaps while you are looking for that, when you say Palestinian authority are you talking about the West Bank?

Ms Walker: The Palestinian authority based in Ramallah.

Senator FAWCETT: How were the people selected? Was that a joint process?

Ms Walker: Yes, it was a joint selection process that AusAID and DFAT head of post were engaged in of course with our colleagues from the Planning Ministry of the Palestinian National Authority.

Senator FAWCETT: Is this going to be an ongoing program such that there will be further scholarships announced?

Ms Walker: At this stage we have committed to provide 50 scholarships over five years that will roughly translate to 10 a year.

Senator FAWCETT: Is this a continuation of an existing concept or program or is this a new thing that has been set up for an emerging legal system?

Ms Walker: This is a new program. We have not previously had a scholarship program with the Palestinian territories. The reason that we chose to provide scholarships to the legal area was due to a request that we had from Palestinians that this was an area where they saw that Australia could offer a comparative advantage in—an area of need. It is outside government. It is open to candidates who are already in lecturer positions or to master's degree students who show a particular aptitude for having an ongoing legal career. Really the objective is to help the Palestinian universities, which provide studies in law, to improve the standard of their teaching.

Senator KROGER: What were the selection criteria?

Ms Walker: The program of 10 scholarships is divided into two. We are offering five scholarships to candidates who are engaged in legal education to further their studies in that

area and five scholarships for essentially public servants who are employed by Palestinian authority line ministries.

Senator KROGER: I understand that but I was just wondering what the selection criteria were in choosing the individuals who were the successful candidates.

Ms Walker: I will take that on notice. I do not have that information with me. There is a detailed selection process that was gone through. It is very similar to the processes that we apply for scholarship selection in other countries, but I do not have the specific detail of the process and how people were nominated and assessed. What I can say is that it was advertised widely, there were discussions with a number of universities that offer legal education and of course there were discussions with the Planning Ministry of the Palestinian authority who are the principal counterpart for our aid program.

Senator KROGER: I am presuming that the candidates also went through a rigorous visa application process.

Ms Walker: Yes, that is a standard practice.

CHAIR: Senator Fawcett, do you have many more questions?

Senator FAWCETT: I do, but I am quite happy to pass it around.

Senator RHIANNON: I would like to join with my colleagues in thanking AusAID for one of those government projects that we all get good feedback on. There are many challenges within that and I would just like to explore some of those tonight. Firstly, I want to take up the issue of women in agriculture. It is something that is coming through very strongly with various multinational organisations. You would probably be aware that the Food and Agricultural Organisation recently produced a report subtitled *Women in agriculture*, and the World Bank's *World development report* for next year makes a strong case of linking improved gender equality and development. I am interested to see how this is impacting on our own programs. When determining the sectoral focus of country programs how will AusAID determine the needs of vulnerable groups such as women smallholder farmers?

Mr Baxter: Thank you for your question. One of the key elements of the Australian government's new aid policy is the recognition that the empowerment of women and girls is fundamental to all of the strategic goals that the government has set. In my opening remarks I outlined what those five strategic goals are. Beyond these goals, the main, crosscutting theme in our program will be gender. It will focus not just on mainstreaming gender in our programs but also on doing more, specifically, to foster the empowerment of women and girls. We have a large number of programs, in a large number of countries, that are focused on exactly that objective, including in agriculture. My colleagues Mr Moore and Mr Proctor can give you some of the details, but I am aware that in places like Bangladesh we are doing some very interesting things to promote stronger growth in the incomes of female-led households in rural areas.

Senator RHIANNON: That is precisely what I am after. It is not just the policy—I think excellent policies are in place everywhere now—but also how it is working and whether women are involved in determining and taking this forward.

Mr Proctor: We are also very keen to shine a light on the success stories so we can produce more of them. To pick up the point that Mr Baxter made, in Bangladesh, which you

would know is an incubator of very innovative practice in terms of poverty reduction, we have been working for some years with the NGO BRAC, which has an extraordinarily successful program aimed at the poorest women and giving them a full package of assistance, including household assets, chickens, goats, training, access to finance, counselling and support, that lasts several years. Through that intense process of empowering women they have a success rate of 98 per cent of people who graduate and who, several years later, have not relapsed into poverty. Through our support for that program we have directly assisted nearly 70,000 women to make that graduation out of poverty.

Other programs where I think we have done some very interesting things include a land management program in the Philippines, where it was apparent that women's names were not being sufficiently recorded on the land certificates. We were able to rectify that such that, in the target areas where we were working, now 75 per cent of the land purchased by couples has the spouse's name on it. That obviously gives them much greater economic security and enables them to use that as collateral, and in the event of a marriage breakdown gives them some greater rights.

Likewise, in Fiji, a very interesting program and a public-private partnership with Westpac has seen for the first time cash transfers going directly into women's bank accounts, so it is not mediated by the men, who may well confiscate a large proportion of it. Again, this is an innovative way of empowering women. We want to capture these stories, share them and replicate them.

Mr Baxter: I can add another really good example of some of the programs that we are doing. A few weeks ago I was in one of the remote areas of Kenya that has been affected by the worst drought in 60 years. We are co-funding a program with the UK to provide poor women with access to finance. As most of the women are illiterate, the way the system runs is that they are issued with a smartcard that has their fingerprint on the smartcard. They take that smartcard to a local trader who has the equivalent of an EFTPOS machine with a thumbprint reader on the side of it. The woman puts her thumb on the machine, the smartcard goes in and it verifies her identity. A receipt is then produced which tells the trader the woman's entitlement and she can take it in small sums or in a lump sum. She is then given that money. This basically corruption-proofs the distribution of cash to people who are in really desperate circumstances. These are women who come from families that have lost the whole of their herds as a result of the drought, so they have no assets. They use the funding to get their kids school uniforms, to get health care and to buy food.

Senator RHIANNON: Would you describe the programs—which sound really excellent, but we know in the long term, when we talk about empowerment we are really talking about involving people—as having been largely devised in consultation and collaboration with women or are they still fairly top-down?

Mr Moore: Different partners have different records in this regard. Whilst a partner like BRAC is very good, at the grassroots level, at empowering and involving women, not all partners have that same orientation. It is really learning from best practice and trying to make sure that we incorporate that into our own processes. We would be the first to admit that we have a way to go in that as well. As Mr Baxter said, the challenge for us is to do better not just in a funding sense but by making sure we are bringing gender perspectives to all of our strategising and programming. You asked about that at the beginning: we are currently

working through our new gender policy. It will articulate not only new areas for investment and for focusing particularly on women's economic empowerment and leadership but also how we as an agency need to be thinking through those issues in a practical sense and building them into our responses. It will be an increased requirement for programs to do serious analytical diagnostics around gender to bring out the consequences. A part of that has to involve deeper collaboration with women and women's groups in the countries that we work in.

Senator RHIANNON: I turn to experiences in Spain which appear to be helping to drive what you have just described because it is not always easy. Has there been any consideration of introducing a quota to ensure minimum direct investments in gender as the Spanish overseas development program has adopted? I think they are doing that for both gender and agriculture. Has any consideration been given to that?

Mr Baxter: We ensure that our programs are equally accessible to people regardless of gender. We have just had a discussion about our scholarship program. Our scholarship program is very much on the basis that there is an equal allocation of scholarships to men and women. We provide an increasing amount of funding to organisations that are run by women and are developing policies for women in development, whether that be UN Women where we were one of the first contributors of core funding or Women's World Banking which we have recently started supporting. Through that organisation we can provide microfinance opportunities to people in more countries. We do not have an overt policy that says 50 per cent of everything we spend should be spent on activities that benefit women, but we do design our programs so that they have that impact.

Senator RHIANNON: No, I was not suggesting 50 per cent. It is getting down to line items and I think there have been some interesting developments in Ghana too where they are actually requesting the details when you get down to how the projects are taken forward. I did want to come to CHOGM. I understand that they will be discussing food security issues and that there could be some proposal about Commonwealth research with regard to food security. Has AusAID had an input into this and, if so, will it target women farmers?

Mr Baxter: CHOGM is next week and it is not my role to speculate what the Prime Minister may or may not announce.

Senator RHIANNON: I was not asking for any speculation. I was just asking if AusAID had given any input into possible discussions at CHOGM about food security.

Mr Baxter: I am not trying to be coy. Certainly, food security will be a huge issue on the agenda, as it should be, given the current situation with global food prices and food stocks, but beyond that the government will make announcements at an appropriate time.

Senator RHIANNON: According to Australia's International Aid Transparency Initiative implementation schedule, the data only covers AusAID. Are there plans to include information regarding ODA eligible activities implemented by other government agencies and, if so, when will these be published?

Mr Baxter: That is, first and foremost, a matter for those other agencies who receive official development assistance. We have made the decision, as you have commented, as the principal agency delivering Australian aid to be part of IATI. I mentioned in my opening remarks that we are also publicly committed to releasing a transparency charter by the end of

this year, which will mean that we will publish a lot more information on our website about where and how we spend our money and what results we achieve.

We have this year for the first time in AusAID's budget documents and the ministerial statement on the aid program included details of the expenditure of each of the Australian government agencies that receive official development assistance. So we are, as AusAID, putting out more information about what other agencies and departments are being allocated from the total official development assistance budget. We are in discussions with other agencies who receive ODA about how they might come on board with us with the transparency charter.

Senator RHIANNON: That is really excellent because I do find people are quite surprised how much aid money does not go through AusAID—what the AFP receives. At the recent meeting of the OECD's working party on aid effectiveness in Paris, Publish What You Fund reported that Australia was calling for the removal of time bound commitments regarding the IATI from the draft outcomes document. Can you confirm that Australia has been calling for the removal of time bound commitments and, if so, what is your reasoning for this?

Mr Baxter: I am not aware of us making that call.

Senator RHIANNON: Is there anybody here who would have been at that meeting .

Mr Baxter: Not at that meeting. I follow this process very closely, as you know. It is the lead in to the major meeting on aid effectiveness in Korea later this year. We are working hard to comply with IATI and we are hoping that our transparency charter will make us IATI-plus.

Senator RHIANNON: But who would have represented Australia at that? A reliable source gave me this material.

Mr Baxter: The officer was the Assistant Director-General responsible for the executive branch in AusAID.

Senator RHIANNON: Could you take on notice to check that?

Mr Baxter: Sure. I would be happy to.

Senator RHIANNON: Following the aid review, the government committed to issuing a transparency charter by the end of this year, following wide consultation. Could you give us an update? Will we get it by the end of the year?

Mr Baxter: You certainly will get it by the end of the year. Obviously, given that it is the second part of October, we are not too far away. There is a lot of work being done within the agency to identify not only how we can put more information out in the public domain but also how we can make that information more accessible. We have been working on the redevelopment of our website as part of the transparency charter initiative. But we are not waiting for the transparency charter to be, if you like, a sort of start point. We have been progressively putting more and more information into our publications and onto our website over the last 18 months to two years. As an example, this year in the ministerial statement on the aid program we outlined more than 200 results that we were seeking to achieve through the funding we had received. The previous year the number was 17, so there was a very big increase. So we are well on track to put the transparency charter out. Our ambition—and it

will take us some time to fully implement our ambition—is to put that information out not only in Australia but on websites in local languages in the countries where we operate so that people who are the recipients of Australian assistance can see what their governments are getting in terms of their partnership with us on development assistance activities.

Senator RHIANNON: That would be very impressive. Has there been consultation in terms of how you are devising that charter and how it will work et cetera? Has that been part of the process?

Mr Baxter: Yes, we have spoken extensively to our colleagues in the non-government sector, particularly to ACFID, and we have also had some discussions with the media.

Senator RHIANNON: Will the transparency charter be applied to ODA-eligible activities, including those delivered by other government departments?

Mr Baxter: As I said, we are in discussions with those other departments. I obviously have authority only over the activities and expenditure of AusAID, but I think we are going to set a pretty high standard that others, hopefully, will follow.

Senator RHIANNON: So, with regard to the other agencies and the charter, all you can do is encourage them? Is that the case?

Mr Baxter: That is right.

Senator RHIANNON: Thank you. I wanted to move back to Cambodia and the very sad case of the two young children who drowned. Did any representatives of DFAT or AusAID contact the family after these two young people, who had been forcibly resettled as part of the Railway Rehabilitation Project, drowned?

Mr Moore: Yes. In November of last year, an AusAID officer from the post in Phnom Penh visited Battambang and the community affected as part of a wider mission reviewing the project, and as part of that he conveyed the sympathy and condolences of the Australian government. Indeed—unbeknown to me at the time—AusAID and ADB staff collected money from their own resources and helped to pay for funeral costs.

Senator RHIANNON: Thank you very much. Cambodia is ranked by Transparency International as one of the most corrupt countries in the world. It is wonderful to hear what the staff and the workers engaged by the ADB and AusAID provided to the family, but considering where Cambodia is at with regard to the levels of corruption and also the level of forced evictions, which I am sure you are aware of, do DFAT and AusAID accept that they really cannot rely on Cambodian standards, whatever they are, to be fair to people who are faced with eviction because of these projects?

Mr Moore: I will augment my earlier answer by saying that we followed up on that early contact with the family and had a senior officer from Canberra likewise go to Battambang in December last year, and he also met with members of the family and checked firsthand on the circumstances at the site and progress to ensure that essential services were being provided. In answer to your most recent question, this project relies on national execution, as most bank projects do, and indeed many UN projects. I think that has highlighted the flaw in the model—and we have made this case to the Asian Development Bank and indeed to the World Bank in the Mekong—that national execution in countries where there is very weak capacity requires a greater investment of resources and oversight and direct management. Consequently, the Asian Development Bank has now recruited more local consultants to help

with the resettlement processes and an international consultant who will be on the case full-time, and there is more intensive work with the government both to assist it directly and to oversight what it is doing. So I think everybody has learnt from this experience.

Senator RHIANNON: Thank you. Just to go to some specifics about the project itself, how does AusAID ensure that the privatisation of developing-country assets, such as the Cambodian railways project, benefit ordinary people and not just the elite? Because there is clearly an elite in this society that you hear do quite well out of these projects. So how do you do that?

Mr Moore: In this case, the railway was benefiting almost nobody.

Senator RHIANNON: Do you mean prior to your project?

Mr Moore: Prior to this refurbishment and modernisation project, the railway was in almost complete disrepair. It was barely able to transport any goods or passengers. In fact, I think I am right in saying passenger traffic had completely ceased, and it was barely able to carry a small number of goods from the port in Sihanoukville to the capital, Phnom Penh. So the whole aim of restoring the railway is to create a viable alternative to road transport able to take some of the dangerous freight off the roads and able to transport people and goods economically. One of things it will be able to do is help Cambodia get more of its garments onto world markets—and, as you know, the garment industry is a very major employer of women. There are a lot of issues around the regulation of the industry so that it benefits the workforce, but it is a huge employer and, obviously, its ability to compete with other garment manufacturers is very significant for ensuring continued poverty reduction. The whole aim of the modernisation program is to produce an efficient, reliable transport system that gives people, and produces better access to, services and markets.

Senator RHIANNON: The two companies taking the project forward, Toll Holdings and an Australian-Khmer company, the Royal Group, are Australian, I understand. How influential was it that the prime beneficiaries of the project were these two companies and that they were Australian? What impact did the fact that they were Australian companies have on AusAID making its determination?

Mr Moore: I can be quite categorical about that. Firstly, I would say that the beneficiaries are not the companies. The companies are providing the services for the construction of the railway and then its operation. Toll is the concession holder once the railway is actually in a form that it can be effectively managed, and regrettably we are not at that stage yet. I personally made a decision about recommending this project to the government, and I gave very clear instructions to staff that we had to do our own due diligence: we had to be satisfied that the economic benefits stacked up, that we could value-add to the work of ADB and that, overall, this would be a development project in the interests of the people of Cambodia. That due diligence was done, and that was the basis on which we made the recommendation.

We knew, when we went into this, that there would be big problems resettling people who had settled along the railway track. These are people with no legal claims to decent land—otherwise, obviously, they would not have settled right on top of railway line—in many cases, in situations with very poor drainage, in shanties. We know that resettlement is very tough, even when there is a lot of capacity. It was partly because we thought we could help to get

better outcomes that we went into this project, but we knew we were buying more than a few headaches along the way.

Senator RHIANNON: Thank you.

Senator EGGLESTON: I was in Cambodia a couple of weeks ago and saw a couple of AusAID supported programs. One of them was a prosthesis-making place, which was very impressive because they were training people from Afghanistan to Papua New Guinea in making prostheses. The other one was a Hagar program for children who had been sexually abused. They are very good programs, I must say. You are certainly an organisation that does a lot of good in the world.

I would like to ask how involved you are in obstetric fistulae. There is a United Nations program to try and reduce the incidence of obstetric fistulae in Third World countries. Are you involved in that program?

Mr Baxter: We are certainly involved in the issue. Firstly, thank you for your remarks about your visit to Cambodia; it is always good to get feedback from people who see what we do. I often point out that one of the harder tasks we have is that most Australians do not see our work.

Senator EGGLESTON: That is true.

Mr Baxter: We have been a long-term supporter of the fistula hospital in Addis Ababa, which is run by a wonderful Australian, Catherine Hamlin. As you are probably aware, the Hamlins have been involved in that enterprise since the late 1950s. We have only very recently, in the last 12 months, recommitted ourselves not only to the work that they are doing in the hospital itself but to extending the hospital with a new training facility so that they can train more midwives to go out into the rural areas of Ethiopia. It is very much a 'train the trainer' type of program, so they can do the health work themselves as qualified midwives but they can train local health workers in the community and thus get a multiplier effect. I will ask my colleague Mr Proctor if he has anything else to add.

Mr Proctor: Just in a general sense, Senator. Whilst you will not necessarily see a lot of projects that are termed fistula, some 40-odd per cent of our spending on health is on improving health systems and there is within that a very strong focus, as well as midwives, on broader reproductive health care. In that regard, across a range of countries undoubtedly we will be helping address this issue but within a much broader context.

Senator EGGLESTON: The UN has quite a big program. I presume you do work with them.

Mr Proctor: Yes.

Senator EGGLESTON: It is very important to have at least somebody partially trained or with somebody who has some training in these Third World situations where women are having babies.

I understand that during the recent visit to Australia by the President of the European Commission an agreement was signed between Australia and the EU regarding (a) the channelling of Australia's funding to Africa through EU channels and (b) the distributing of selected EU funding to the Pacific through Australia's channels. What will that mean in practice?

Mr Baxter: We have been working with the EU for a bit over a year now to conclude an agreement which is known as delegated cooperation. It is basically a division of labour. We run our ruler over the EU's financial management systems and assure ourselves that they meet our standards and they do likewise with ours. We have gone through that process, which is a very thorough one. Then we are in a position to basically spend each other's money in areas where one may have more capability and experience than the other, so you get the multiplier effect and the division of labour effect. We are obviously the lead donor in the Pacific region; we have a lot of infrastructure, posts, expertise and experience. The Europeans have that capability in regions such as Africa where we do not. It is looking to find where we have the best comparative advantage and then using that. We have similar agreements with the United Kingdom. We have started to do some things with the United States and also with Germany.

Senator EGGLESTON: Whereabouts are those programs?

Mr Baxter: In a whole variety of areas. We work very closely with the British aid organisation, the Department for International Development, in places like Zimbabwe and Pakistan. We work with the Germans in quite a number of places. Vietnam is one example. The United States has recently invested in some very interesting work we are doing on providing access to clean water and sanitation for poor families in Indonesia.

Senator EGGLESTON: I believe there is the South Asian Association for Regional Cooperation to which Australia became an observer in 2010. Could you tell us how Australia contributes to this forum?

Mr Baxter: We are an observer. If my memory serves me correctly, last year was the first time we attended the meeting as an observer. A former member of parliament, Mr McMullan, represented Australia at that meeting. I am dredging through my memory here. We made a small contribution I think to some of the regional activities that SAARC conducts. I will ask Mr Moore to give more detail.

Mr Moore: We actually are very interested in working more with SAARC. As you probably know, the south Asian region is the least integrated region in the world, so if incipient regional governance can grow and facilitate cooperation, that will be very helpful not only for boosting economic growth but also for broader relations. We have seen that pattern in the Mekong. We would love to see it also in south Asia. Obviously, we have to take our cue from the members and go at the pace that they are willing to go at. They do not have a long and deep history of large cooperation projects, so they are fairly small and their processes for approval obviously leave the decision making with the members. Thus far it has been pretty small, but we are certainly interested in working with them on greater trade facilitation and on disaster management in particular, which is probably one of the less controversial areas of cooperation that they might be able to build up a pattern of cooperation in. Science and technology too offers some opportunities.

In the future when we are thinking about south Asian cooperation, Australia is particularly interested in the intersection between food production, patterns of rainfall and precipitation and climate change. We are anticipating that the countries of the region are going to have to work together very closely because there is such a concentration of population in small areas that even relatively modest variations in climate will have very big implications. We are in a dialogue with SAARC and other regional bodies to that end.

Senator EGGLESTON: That is very interesting. I see also that you have the Africa-Australia Food Security Initiative. I wonder what Australia is doing there, particularly in terms of advising on dry land farming.

Mr Baxter: The government announced I think two years ago now a major global initiative on food security, which I think is worth \$464 million, \$100 million of that funding has been allocated to Africa. Some of the funding has been allocated to the ACIAR, the Australian Centre for International Agricultural Research. They have a program which is trying to develop drought resistant forms of maize and legumes, working with agricultural scientific organisations in East Africa and focused on six East African countries. Given the current issues with food security in East Africa, particularly the Horn, it is obviously the right thing for us to be doing. I will ask my colleague Ms Rauter if she has any more details she can provide to you.

Ms Rauter: Our program with ACIAR is worth \$22.4 million. As the director-general mentioned, the developing farming techniques are for maize and legume farming, particularly focusing on drought resistant varieties. The program is targeting a 30 per cent increase in maize and legume productivity, and hoping to reach 500,000 smallholder farms in Ethiopia and the east of Africa.

To date, they have undertaken 215 exploratory and 13 on station trials in order to improve those varieties. They are also conducting short-course training in agriculture and plant breeding and analysis. That training has been provided to 150 scientists and technicians to date.

Senator EGGLESTON: How does that translate into assistance to the local communities? How does it work in practice on the ground? Do you have groups of local people observing what you are offering or teaching?

Mr Baxter: There are a number of field trials that are being conducted and they are actually producing very good results. This is focused on distributing the seeds from this breeding program directly to the small farmers so that they can increase their yields. The target with maize is that the increase in yields will be 30 per cent a year and, obviously, that makes a huge difference to people who are smallholders. One example I know of is a woman in Kenya who was getting one bag from her quarter-hectare block—she is now getting five. She can sell some of the surplus and have a buffer for her own personal food stocks.

We are also investing in some long-term programs to try and strengthen the resilience of farmers in East Africa in particular. We have just announced some funding to the Food and Agricultural Organisation to assist farmers in dry areas with particularly important initiatives like improving the water catchment areas. The dams and irrigation systems they have are pretty run down and they need rehabilitation. This is in Ethiopia, Kenya and those parts of Somalia that the international organisations can get access to.

Senator EGGLESTON: That sounds very good. I would like to turn to Libya now. Could you please advise the senators on what money AusAID has specifically given to Libya to date since 2007, by financial year?

Mr Baxter: I am not aware of us giving any money to Libya in any development assistance prior to this year—certainly, in any bilateral assistance program. We have been a major contributor to the humanitarian relief effort that has been underway in Libya since the

conflict broke out between the Gadaffi regime and the rebel groups. I will ask my colleague Ms Walker to give you the details of who we have funded and for what.

Ms Walker: We have provided humanitarian assistance of \$41.1 million since the humanitarian crisis began in February of this year. That expenditure has been over two financial years, but in fact only in this calendar year.

The organisations which have received that funding are largely the UN agencies and large international NGOs who have had access to the areas that have experienced conflict and where the humanitarian need has been greatest. For example, we have provided funding to UNHCR of \$9 million, and that was to support shelter, protection and emergency assistance for people who were displaced within Libya and also on the border with Tunisia. We provided \$8.1 million to the International Committee of the Red Cross and that was to provide, in particular, urgent medical care for people wounded and to distribute humanitarian supplies both inside Libya and at the border camps, and to provide water and food into Tripoli. They were one of the few agencies that were able to gain access there for a period time. Also \$6.5 million was provided to the International Organisation for Migration and that was largely to support the evacuation of the very large number of foreign workers who were trying to leave Libya when the conflict started.

With other donor partners we supported IOM to move wounded people from Misrata, via ship, to Benghazi so that they could receive treatment. We also provided \$6 million to the World Food Program for the provision of food aid both in Libya and at the border camps, and \$3 million to UNICEF specifically directed at the needs of women and children. There was \$2.5 million provided to the World Health Organisation for urgently needed medical supplies and medical equipment and another \$2.5 million to the International Medical Corps, a very large international NGO, helping with the evacuation of injured people and with medical supplies and medical personnel. A further \$1.5 million was provided to the United Nations Mine Action Service to support mine action activities in Libya, in particular, the mapping, marking and clearing of mine affected areas and mine risk education. We have also, through our partnership with RedR Australia, deployed a number of Australians to help the UN agencies with humanitarian assistance on the ground.

Senator EGGLESTON: That is very comprehensive. Has that gone towards the Libyan National Transitional Council aid fund? They were apparently seeking \$2.5 billion in aid by the end of August 2011.

Ms Walker: Senator, none of that assistance has gone directly to the NTC's fund. All of the assistance, as I have described, has been provided to the UN agencies or international organisations like the Red Cross or to international NGOs.

Senator EGGLESTON: I understand that the foreign minister, Mr Rudd, met the Transitional Council interim Prime Minister, Dr Jibril, in Abu Dhabi in April and June of this year. Was there any discussion with the minister's office following these meetings regarding AusAID's spending in Libya?

Mr Baxter: Senator, the minister actually met Dr Jibril most recently in September at the UN General Assembly. There was a major meeting on Libya which was attended by heads of government including President Obama and foreign ministers from around the world. The focus of our dialogue and the broader international community's dialogue with Libya now is

on unfreezing the assets that Libya has. Libya had made it clear at the meeting in New York that they were not seeking any more aid assistance from countries. What they really wanted was expertise to help them rebuild the country in areas like education, health and agriculture, which had all been either rundown or run in a particularly unsatisfactory way by the Gaddafi regime. You have probably seen some of the press reports about actions by the UN Security Council to remove sanctions from Libya to allow those funds that they have held in offshore bank accounts to flow back into Libya.

Senator KROGER: That is a significant slice of aid, \$41.1 million in a matter of months. How do we rank with other countries in terms of the size of our donation?

Ms Walker: We are the third largest country donor to the humanitarian effort in Libya, according to the UN's financial tracking service.

Senator KROGER: Do you know what the other two countries were? Was one of them France?

Ms Walker: The United States and the European Union.

Senator EGGLESTON: That is a very good effort on our part. Is there a particular reason we have become so involved with the Libyan situation?

Mr Baxter: As you know, as the so-called Arab spring started to occur, the Australian government took the decision that it was in our broader interest to do what we could to assist those people who were seeking to overthrow what was a pretty dreadful regime. We were not participants, of course, in the military action that took place under the UN Security Council resolution. Our contribution to the broader international effort to assist Libya in gaining its freedom and in rebuilding what we hope will be a democratic Libya was through humanitarian assistance for those innocent civilians, women and children who had been caught up in the fighting.

Senator KROGER: There is no question that the plight of those on the ground is immense, but it does strike at the very heart of the question you face, under the direction of the foreign minister, in terms of what the strategic focus of our aid program should be—whether we spread ourselves thinly across all the continents or focus on our region and on strengthening our position within our own region. It begs the question, given the immediacy of this situation and the quantum of support we have given in a short amount of time, whether we provided such support to Thailand, for instance, where they have been in huge strife with floods in which thousands upon thousands of people have been displaced and many have been killed or washed away. Have we given immediate support to Thailand, which is in our region?

Mr Baxter: I have two comments on that. Firstly, this was humanitarian assistance, and it is exactly in line with our new policy, which as I mentioned in my opening remarks has been to expand our humanitarian program. These are not long-term multiyear commitments. As you said, it is to meet an immediate need that has been caused by a conflict. We also made the judgment, in line with our aid allocation criteria, that we could make a difference and that we were meeting a need. On all of those bases, the government made the decision to allocate the funding. Yes, we have provided assistance to Thailand. One of the differences between the situation in Thailand and the situation in Libya is that the Thai government has not issued an international appeal for assistance, whereas the Libyan government did. Even though the Thai

government did not issue an appeal, as a friend and as a country in the region we offered that assistance and they have accepted it. So we do both.

Senator EGGLESTON: I understand we provide about \$25.2 million in aid to China, and I wondered if you could provide details of that.

Mr Baxter: I will ask my colleague Mr Moore to provide those details, but I preface his remarks by saying that one of the recommendations of the Independent Review of Aid Effectiveness was that we phase out our program in China, and the government has announced that we are going to phase out our bilateral program in China.

Mr Moore: Our efforts in China are concentrated on helping the Chinese government deal with some major issues that are impacting on its domestic population but also on other countries in the region. So there is a major emphasis on the environment, particularly, to date, on integrated river basin management, and also on health provision. We have worked with the government of China to try to extend health insurance models to make sure there is much better coverage of the Chinese population, better safety nets the people, so that not only do they have more security in getting access to health cover but also, in turn, they may then need to save less to provision for health emergencies, as part of international rebalancing efforts. So it is a small contribution to not only helping China but helping the globe deal with some major economic imbalances.

We currently also have a human rights training program which is attached to our human rights dialogue with China, and that has sponsored a significant number of small activities that have included running UN processes with students to enable them to better understand international negotiations and the like, and pioneering better quality of care and voluntary processes in family planning—which we have been very keen to promote—that are consistent with the Cairo program of action on family planning. But all of our efforts are really designed to present new ways of working that the Chinese government itself will pick up. Many of them are implemented by other government departments, such as the Treasury, which has a program of economic dialogue, capacity-building and research. Many of them are very partnership based. But, as Mr Baxter has said, in future we will not have a bilateral program; anything that we do with China will be based on regional cooperation and on working with it to improve the effectiveness of its own growing international development efforts.

Senator EGGLESTON: Thank you very much.

ACTING CHAIR: Senator Fawcett.

Senator FAWCETT: I want to go somewhat closer to home, to East Timor. I am a member of the Joint Standing Committee on Foreign Affairs, Defence and Trade, and we had a brief recently from the UN representative in East Timor. She was talking about a number of the programs that are running there, and one of the questions that I put to her was: with Australia's investment through ACIAR, looking at agriculture, why is there still 40 per cent malnutrition in the country? Her response was that, while there is suitable land, there is a workforce and there is know-how, issues around legal ownership of land that have stemmed from various colonisations, occupations and subsequent liberations have led to a situation where people do not feel as though they own the land and do not want to work it, and so they are not actually getting the nutrition and the food they need. Is AusAID aware of those issues? Do you have any programs? As we have these scholarships for Palestine, do we have

programs far closer to home to help people accelerate their systems of law such that they can get that certainty and get food production up and running in their own country?

Mr Baxter: I will just make some brief remarks. Our program in East Timor is one of our largest in the world and, certainly, it is one that we expect to continue to grow. As you know, the development needs in East Timor are still enormous and the issue is: where do we focus our efforts so that we do not end up with a fragmented program? We do a lot of, I think, terrific work in the agricultural sector through the Seeds of Life program. I have seen for myself the difference it is making to smallholder farmers and the like. We have made some terrific gains over the last decade in reducing the deaths of women in childbirth through the training of health workers and through the establishment of mobile health clinics. But I will ask Mr Moore to talk about the food security situation.

Mr Moore: Picking up from the program that the Director-General has mentioned, Seeds of Life, that program is a cooperative endeavour with ACR. It is endeavouring both to develop and particularly to propagate new technologies that can boost farmer incomes. We estimate that to date about 25,000 farming families have benefited from better varieties of maize, peanuts, rice and sweet potatoes. The potential yield increases that we have been delivering through the program are in the order of 160 per cent. There has been a particular effort to make sure that women benefit from the program.

You are quite right in saying it is not enough just to have some good technology and to have good extension. The infrastructure needs to be conducive to getting goods to market and the incentives need to be right too. As you said, land ownership is critical. We cannot fix everything at once, but through our efforts and our investments we can build that knowledge and make sure that we are using it to have informed policy dialogue with the government so that it can prioritise the things that need to be fixed. We are currently working on a new rural development strategy. It will be targeted on where we think we can make the biggest difference. Just because we are working on one part of the picture does not stop us from having a conversation with government about what else needs to be done. That is a critical part of our work.

Senator FAWCETT: In your assessment, is it because of a lack of confidence or capacity within their current government structures that this land-ownership issue has not yet been sorted out?

Mr Moore: As the Director-General said, Timor has come a long way in a short time. Many of us get frustrated, including in the country and the government, but when you look at what it has achieved in less than a decade it is actually quite remarkable.

Senator FAWCETT: I do not deny that at all. Where I am coming from is looking for lateral thinking in how to help this community move forward. I know from engagement with a range of people—for example, in the legal sector, the engineering sector and universities—there are a number of firms and institutions in Australia which look for opportunities to contribute in a pro bono fashion or in partnership. There is a raft of capacity if that is the issue. Is it a capacity issue? Are there other ways that we could expedite this program to get people self-sustaining in at least food security?

Mr Moore: I think capacity has been a critical constraint, but that is changing. We are playing our part in skilling up public servants. We are also promoting private sector

development. We have a scholarship program where we have doubled the number of scholarships. We are investing in English language training so that we can get more people through that pipeline. Just the very fact of practising government is giving the Timorese officials more experience and more confidence.

Senator FAWCETT: I understand and applaud all of that. In Maslow's hierarchy of needs, food is pretty much at the bottom. If people are malnourished, learning English and other things takes a lower priority. Amidst all of those things, are you prioritising your effort or looking for other ways to get capacity to put a focus on getting, as a starting block, food security so that 44 per cent of the population are no longer considered malnourished?

Mr Baxter: When we decide what to allocate funding to in any country, we do so in cooperation and dialogue with the country concerned. We are talking with the government of East Timor and taking our aid relationship to a different level. Recognising that the UN mission is going to wind down and Australia is a long-term partner of East Timor, the donor ranks are probably going to thin over the coming years and so it is important to have the right structure for the relationship. We do not conduct any activities that are not prioritised by the government. In terms of the political issues that you mentioned, Deputy Director-General Batley was actually Australia's first head of mission in East Timor at the time of independence and probably knows more than the rest of us on this side of the table about the country. I will ask him to make a couple of comments.

Mr Batley: I think this issue of land is not just an issue of capacity. It is not just a technical issue, although that is part of it. I think it is also a very political issue. You have a situation where for 25 years a lot of people left the country, a lot of land changed hands, and all of a sudden it had people coming back so there are overlapping and disputed claims to land. All of that also plays into traditional cultural aspects of land ownership as well. So, yes, there may be a technical gap, but I think it is also a very politicised issue. That may explain why the government of that country itself is not directly grappling with the problem and why it finds it difficult to grapple with the problem.

Senator FAWCETT: I hear that. I also know that in many situations you can just accept the fact that time will eventually sort things out. But, given that this is directly leading to potential lack of employment, food issues et cetera, the other approach is mediation, whether that is international or local mediation et cetera. There are many ways in which you could attack it. All I am asking is: have you turned your minds to lateral ways to help attack the problem?

Mr Baxter: We are always lateral when we can be, but we have a country strategy that was put in place with East Timor, with their agreement, that prioritises the things that we will actually do. We have a finite amount of funding and obviously within that if the priority of the government in East Timor for Australian assistance is to deal with issues of maternal and child mortality, roads and strengthening the capacity of the public sector then that is what we will do. It is not to say we are ignoring those other issues, but it is a question of focus and what the national government in the country wants us to do.

Senator FAWCETT: Sure. Coming back again to the *Independent Review of Aid Effectiveness*, recommendation 39 refers to the scale-up to 0.5 of GNI, which I think all of us welcome. It says it:

... should be subject to the progressive achievement of predetermined hurdles.

What work have you done to identify what these hurdles should be, how have they been approved and verified by government and by yourselves? Where are you at in that process?

Mr Baxter: This is one of the eight recommendations that were agreed in principle by the government. The government has agreed that the performance of the aid program—that is, the whole-of-government aid program, not just the major components that AusAID is responsible for—would be assessed through an annual review of the aid program. That annual review will be against a results framework that government will approve as part of the budget process. The government has agreed in principle to the idea that we will take forward a four-year budget strategy. As part of that four-year budget strategy, we will also have to articulate the results that we expect to achieve with that four-year strategy. The government will review our performance and the performance of other agencies and departments against those results on an annual basis as part of the budget process. That will be the annual reckoning as to whether or not we are achieving what we said we were going to achieve. Obviously, our results will influence the way in which the government will allocate funds.

Senator FAWCETT: I notice that the increase to 0.5 of GNI is a large amount of money in the time frame. Chapter 7 also recommends expansion of aid to regions or countries only where existing programs are performing strongly or where there is a credible path to high performance. Have you identified those already? Do you have parameters around—

Mr Baxter: Is that from the aid review that you were quoting?

Senator FAWCETT: Yes. It is from chapter 7 of the review.

Mr Baxter: The review was an input into government for the development of the new aid policy. And the new aid policy is guiding our work, not the review itself. The government, at cabinet level, considered the review, they made their decisions on the recommendations and now those recommendations have informed a new policy. I mentioned earlier that the criteria for the allocation of Australian aid will be first and foremost the poverty need, where we are able to effectively and efficiently use our resources, where we can make a difference and our national interest. They will be the criteria that will guide the allocation of aid.

Senator KROGER: I noted earlier in the year—I think it was in February or March—the answer by the foreign minister about a remuneration review of overseas aid advisers. This has been a subject of much discussion at various estimates. Where are we with that review, and who is conducting it?

Mr Baxter: Firstly, can I just take the opportunity to fill you in on another question that you asked me earlier? You asked me about the total cost of the review.

Senator KROGER: Yes. This is the Hollway review?

Mr Baxter: This is the Hollway review. It was \$976,744.

Senator KROGER: A very good investment, may I say.

Mr Baxter: Now I have lost my train of thought.

Senator KROGER: That was another review. The remuneration review?

Mr Baxter: The minister commissioned the review in February this year. The review was conducted by AusAID in cooperation with other government departments. Just to make clear what it focused on and why it was different from the other adviser review that we undertook last year, this was specifically looking at Australian government employees who had been

deployed overseas under funding provided by the aid program. It was not about AusAID staff. It was about staff from agencies outside of the Foreign Affairs and Trade portfolio who are deployed overseas under the aid program.

In Papua New Guinea, as an example, we have a program called the Strong in Government program where officials from agencies like Treasury, the Department of Finance and Deregulation and the Attorney-General's Department are deployed to work in government departments of that government—in this case, the PNG government. They work in the treasury of PNG, or in the department of transport of PNG. There are other countries where we do that as well: Indonesia and the Solomon Islands are two that come to mind.

The purpose of the review was to make sure that the salaries and conditions of those officers were appropriate. That review has now finished, and is now being considered by the government.

Senator KROGER: With that explanation, I presume that the actual package side of it would be a big component of that; the add-ons as opposed to the straight salary? That would be a significant part of that?

Mr Baxter: That is certainly accurate.

Senator KROGER: That is with government for ticking off, or approval or disagreeing with?

Mr Baxter: That is right. It has been submitted to the foreign minister and he is considering his reaction to the outcomes of the review.

Senator KROGER: And that will then be made publicly available?

Mr Baxter: I am pretty confident that that would be the case. I would have to check first with the minister. But this is very much the follow-on to the review we did of advisers that we engage commercially, as AusAID, to work on our programs. We are very much on track with that review to meet the target of reducing advisers by 25 per cent within two years.

I will give you an example: in Papua New Guinea we have committed to phasing out 181 adviser positions. As of 30 September we have already phased out 121 of that 181.

Senator KROGER: And what is your target date for—

Mr Baxter: February 2013, and I think we will come in in advance of that. Of the 181 original adviser positions that we had agreed with PNG that we would phase out there are only 60 left now.

Senator KROGER: Are a number of those voluntary with the change in remuneration arrangements for advisers?

Mr Baxter: No, because what we did was to rate the advisers as high, medium or low priority. If you were in the low priority category, we made a decision with the Papua New Guinea government that that position would be phased out. If you were in the medium, we argued the toss. If you were in the high, we retained it. But in addition to that you might recall, Senator, that we have also brought in a new remuneration framework to drive down the costs. The evidence is that we are actually achieving cost reductions with new advisers that we are engaging. We think we are going to save, by the reductions alone, \$62 million a year by the end of next year, so it is a significant saving.

Senator KROGER: This is my final question: in relation to those 181 advisers, out of what number of advisers in PNG is that? What ratio are we talking about? What percentage of advisers are we phasing out?

Mr Batley: It was about 487 altogether, I think.

Mr Baxter: Yes. It was about a third of all advisers.

Senator KROGER: It is late to do the maths. I was going to say about 40 per cent, but it is about a third. Thank you.

Senator RHIANNON: I would like to move over to the Mekong. I understand that there is a recommendation of the strategic environmental assessment for a 10-year deferment of decisions on the mainstream dams. At the upcoming ministerial meeting of the Mekong River Commission council, will Australia join with other governments such as Vietnam and the USA in publicly supporting this recommendation?

Mr Moore: We have been working consistently with the MRC—the Mekong River Commission—and its member states to ensure that they consider all of the information and evidence about the potential impact of dams on the Mekong mainstream. We have been at pains to make sure that impacts on fish and agriculture through the deposits of sediment are sufficiently understood before decisions are made on damming the Mekong mainstream. It has been our position that there is not sufficient evidence at the moment to reach well-considered conclusions on those topics and that therefore we have respectfully encouraged the member states to continue to amass that evidence and to deliberate upon it. We recognised that these decisions are ones for the countries concerned. We do not even think at this stage that it is possible to tell when there will be sufficient evidence, particularly about the cumulative impacts of planned dams, to make a well-founded decision on whether any of those dams should proceed.

On the question specifically about what position the Australian government will take going into what we expect to be the final meeting considering the Xayaburi dam, the first proposed dam on the Mekong mainstream, that decision is one for the Australian government to make closer to the time. That meeting may now not happen until early next year. As I say, though, we have been consistently funding research and urging that the evidence base be built for a considered decision to be taken.

Senator RHIANNON: My question was specifically about that recommendation, so I conclude from your answer that we are not supporting that recommendation.

Mr Moore: To date we have not joined calls for a 10-year moratorium. It has been our judgment that it is better to work through the existing processes and to encourage people to build the evidence base. There is a lot of sensitivity, of course, about these issues and we have not wanted to be a distraction, having an outside party seemingly tell the countries of the region what to do.

Senator RHIANNON: Do you think the USA is telling those countries what to do? They have taken a position.

Mr Moore: Every government must come to its own decision and make a judgment about that.

Senator RHIANNON: Okay. You have talked about the importance of the evidence, so will Australia commit to fund or has it committed to fund any further studies as outlined in the SEA recommendations? I am not asking if you are backing the recommendations. Will you fund what they are talking about?

Mr Moore: To date we have been the primary funder of the work undertaken by the MRC, including the independent review of the proposal and its impacts. At each stage we have offered to finance, through the MRC or bilaterally, additional work that would help the member states fill the information gaps. We are ready, willing and able to do that.

Senator RHIANNON: Thank you. You may have answered this question, but it is a bit more specific so I will ask it. It is about the Xayaburi Dam and the Mekong River Commission's Procedures for Notification, Prior Consultation and Agreement. Has the Australian government made commitments to fund further studies or processes regarding the PNPCA?

Mr Moore: We have certainly made offers and we continue to extend—

Senator RHIANNON: You mean you have offered money?

Mr Moore: We have offered to finance or undertake or otherwise support work through any credible channel that will assist that process.

Senator RHIANNON: How much money has been offered and what do we hope to achieve in our ongoing support for the PNPCA on the Xayaburi?

Mr Moore: I will take the second part of that first. What we hope to achieve is a credible process that allows the member states to make the best decision. This is the first time these processes have ever been used since the Mekong River Commission was created in 1995. It is fair to say that the processes have not been as thorough or as well conducted as we would have liked. That is why we are there, trying to improve those processes. We will continue to do that.

We have not put any explicit figure on the table saying, 'There is this much available,' to one of the countries. We have a certain amount of money. We have said, 'Tell us what you think would be useful and we are ready to assist you with that.'

Senator RHIANNON: I want to move on to Afghanistan.

Mr Baxter: Senator, could I just come back to you first on one question you asked earlier, so we do not have to take it on notice and you do not have to read out our response on notice. You asked about Australia's position on the IATI and a recent meeting of the OECD Working Party on Aid Effectiveness. We did attend that meeting. I think the information you were given was a misunderstanding. What we actually advocated at that meeting was that commitments be moved from one document to an attachment to the document, rather than the commitment be removed altogether. The chair of the meeting actually asked us to clarify our position: whether we were asking for the removal of the time-bound deadlines or whether we were just asking for a drafting change. It was the latter, not the former.

Senator RHIANNON: Thank you very much for clarifying that. Turning to Afghanistan, I have read that one of our projects there is the fourth largest program in the world. Considering the lateness of the hour, I would just like to gain an understanding of the responsibility for the projects and aspects to do with how they are perceived. I understand that

AusAID works as part of the provincial reconstruction team led by the US military and Australian civilians. What is the chain of responsibility and command there? Are AusAID people coming under the US military? How does that work?

Mr Baxter: Australia does lead on the civilian side of the provincial reconstruction team and that lead position is held by a DFAT officer. The deputy civilian head of the provincial reconstruction team responsible for development is an AusAID officer and he reports to the DFAT officer who runs the civilian side of the PRT. The civilian lead on the PRT liaises, obviously, very closely with the US military lead, but the AusAID officer is the senior civilian responsible for development in the PRT.

Senator RHIANNON: In liaising with the US military is that in working out where the coalition military forces or just the US military forces on their own have determined where the aid projects should go and aspects of the aid?

Mr Baxter: No, it is not. They are decisions that are made by the deputy head of the PRT responsible for development—the senior AusAID officer on the ground. The liaison with the military is required because of the insecure situation that still applies in Afghanistan. Our officers, when they travel outside of the main military base, require force protection. To receive that force protection they need to liaise with the military and they are able to tell us whether it is possible for us to travel to certain locations to do our work and to do that safely with the right security protection.

Senator RHIANNON: Is it true that the military—I think in this case it is the Australian military—built or are building a school with AusAID money?

Mr Baxter: It is with, I think, official development assistance funds. It is not AusAID money.

Senator RHIANNON: Right, but it is what people would call aid money.

Mr Baxter: It is what people would call aid money. It comes from the same bucket as our funding but it has been given directly to the ADF.

Senator RHIANNON: In that case, as the military are building it do they determine where the school is situated? I think there might have also been a hospital that they built as well.

Mr Baxter: They do.

Senator RHIANNON: This is where the term that these projects are being used as 'hearts and minds projects' arises. Therefore there is a question mark over what degree they benefit the Afghani people. How do you ensure that such projects if they are being determined by the military who do not have experience in delivering overseas aid—

Mr Baxter: I think there are two things here. The first is that AusAID officers were only deployed to Oruzgan province in reasonable numbers in August last year. We have only been working in the province since then. We took over as the lead development agency from the Dutch, who had previously been the lead on development, in August last year. Questions about projects that have been undertaken by the military are best given to the Department of Defence, not to us.

Senator RHIANNON: I will go back to what happened before but with what is happening now in that the military are delivering aid projects with civilian money that people think will be spent for civilians. What interaction does AusAID have with that?

Mr Baxter: We are the main deliverers now of development in Oruzgan province. The ADF very much facilitated our arrival in Tarin Kowt, we decide what the priorities are and we provide the advice now as the lead agency on development as to what particular activities should be conducted and which ones will have the most impact. Over this year we expect to spend about \$30 million. The main program we have is with Save the Children and it is a program of building schools and health clinics.

Senator RHIANNON: So you are saying that AusAID makes decisions now?

Mr Baxter: Absolutely.

Senator RHIANNON: And the military just build it?

Mr Baxter: No, we contract it out to NGOs and other partners that we work with in the province.

Senator RHIANNON: I was talking about the aid projects that the military build. What is your interaction with those?

Mr Baxter: We provided some furniture for the school that you mentioned to help furnish the school.

Senator RHIANNON: But I mean even determining if that project goes ahead—are you there on the ground when the decision is made?

Mr Baxter: No, the vast bulk of the development work that is being done in Oruzgan province is done and directed by AusAID and its partners not by the military.

Senator RHIANNON: Thank you very much.

CHAIR: Mr Baxter to you and all your staff and the officers of Austrade, thank you very much. I take this opportunity on behalf of Senator Eggleston, the Deputy Chair, and the committee to sincerely thank Dr Dermody and Alpana for their fantastic efforts over the last two days. To Hansard and Broadcasting, as usual the unsung heroes, thank you very much. Minister, thank you. That concludes today's hearing.

Committee adjourned at 11:00