



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION
COMMITTEE

Consideration of Additional Estimates

THURSDAY, 22 FEBRUARY 2001

CANBERRA

BY AUTHORITY OF THE SENATE

SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE

Thursday, 22 February 2001

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

Senators in attendance: Senators Calvert, Cook, Faulkner, Harradine, Hogg, Sandy Macdonald, Mason, O'Brien and Schacht

Committee met at 9.04 a.m.

FOREIGN AFFAIRS AND TRADE PORTFOLIO

Consideration resumed from 23 November 2000.

In Attendance

Senator Hill, Minister for the Environment and Heritage

Portfolio Overview

Alan Thomas, Deputy Secretary

Output 1.1 – Protection and advancement of Australia's International interests through the diplomatic network and Canberra-based diplomatic activity

Output 1.2 – Provision of policy advice and analysis to portfolio ministers

Outputs 1.1.1 and 1.2.1 – North Asia (including Australia-Japan Foundation)

Colin Heseltine, First Assistant Secretary, North Asia Division

Glenda Gauci, Assistant Secretary, North East Asia Branch

Gayle Milnes, Director, Japan Section

John Tilemann, Director, Korea Section

David O'Leary, Assistant Secretary, East Asia Branch

Kyle Wilson, Director, China Political and External Section

Kevin Magee, Director, China Economic and Trade Section

Mark Napier, Executive Officer, China Political and External Section

Frances Perkins, Executive Director, East Asia Analytical Unit

Terry White, Director, Australia-Japan Foundation

Outputs 1.1.2 and 1.2.2 – South and South East Asia

Gillian Bird, First Assistant Secretary, South and South-East Asia Division

Stephen Deady, Assistant Secretary, Mainland South-East Asia and South Asia Branch

Graeme Lade, Director, India and South Asia Section

Miles Armitage, Director, ASEAN, Burma and Cambodia Section

Jurek Juszczak, Director, Thailand, Vietnam, Laos Section

Paul Grigson, Assistant Secretary, Maritime South-East Asia Branch

Bassim Blazey, Director, Indonesia Section

Michelle Chan, Director, East Timor Section

Zuli Chudori, Acting Director, Philippines, Malaysia, Singapore, Brunei Section

Outputs 1.1.3 and 1.2.3 – Americas and Europe

Gary Quinlan, First Assistant Secretary, Americas and Europe Division
Peter Shannon, Assistant Secretary, Americas Branch
Lee Kerr, Director, Canada, Latin America and Caribbean Section
Philip Lowday, Executive Officer, Trade
Sue Tanner, Assistant Secretary, Europe Branch
Richard Ryan, Director, European Union Section

Outputs 1.1.4 and 1.2.4 – South Pacific, Africa and the Middle East

Greg Urwin, First Assistant Secretary, South Pacific, Africa and Middle East Division
George Atkin, Assistant Secretary, Middle East and Africa Branch
Brendan Doran, Director, Africa Section
Bill Richardson, Acting Director, Middle East Section
Don Cuddihy, Executive Officer, Iran and Iraq
John Oliver, Assistant Secretary, New Zealand and Papua New Guinea Branch
Bruce Hunt, Director, Papua New Guinea Section
Anne Plunkett, Director, New Zealand Section
Graham Fletcher, Assistant Secretary, Pacific Islands Branch
John Pilbeam, Director, Pacific Bilateral Section
Rick Nimmo, Director, Pacific Regional Section

Outputs 1.1.5 and 1.2.5 – Multilateral trade negotiations

Bruce Gosper, First Assistant Secretary, Trade Negotiations Division
David Morgan, Acting Assistant Secretary, Agriculture Branch
John Larkin, Assistant Secretary, Services and Intellectual Property Branch
Tim Yeend, Assistant Secretary, Trade Policy Issues and Industrials Branch
Justin Brown, Assistant Secretary, Trade World Organisation Branch
Mr Graham Thomson, Principal Adviser, Trade Negotiations Division

Outputs 1.1.6 and 1.2.6 – Trade development/coordination and APEC

Peter Baxter, First Assistant Secretary, Market Development Division
Hamish McCormick, Assistant Secretary, APEC and Regional Trade Policy Branch
Ruth Adler, Director, AFTA-CER and Ecotech Section
Paul Tighe, Assistant Secretary, Trade and Economic Analysis Branch
Mike Roberts, Director, Export Credit Policy Section
Patrick Suckling, Executive Officer, Export Credit Policy Section
Lorraine Barker, Acting Assistant Secretary, Trade Development Branch

Outputs 1.1.7 and 1.2.7 – International organisations, legal and environment

David Ritchie, First Assistant Secretary, International Organisations and Legal Division
Joe Thwaites, First Assistant Secretary, CHOGM Taskforce, International Organisation and Legal Division
Ralph Hillman, Ambassador for the Environment
Steve Moran, Director, Climate Change Section
Rhonda Piggott, Director, Environment Strategies Section
Rod Smith, Assistant Secretary, International Organisations Branch
Richard Rowe, Assistant Secretary, Legal Branch
Eric Van der Wal, Director, Human Rights and Indigenous Issues Section

Outputs 1.1.8 and 1.2.8 – Security, nuclear disarmament and non-proliferation

Bill Paterson, First Assistant Secretary, International Security Division
Peter Tesch, Assistant Secretary, Armes Control and Disarmament Branch
Bruce Miller, Assistant Secretary, Strategic Policy and Intelligence Branch
Garth Hunt, Acting Assistant Secretary, Nuclear Policy Branch
Terry Beven, Director, Nuclear Trade and Security Section
John Carlson, Director-General, Australian Safeguards and Non-Proliferation Office
Andrew Leask, Assistant Secretary, Australian Safeguards and Non-Proliferation Office

Output 1.3 – Secure government communications and security of overseas missions

Neil Mules, First Assistant Secretary, Diplomatic Security, Property and Information Management Division
Peter Davin, Assistant Secretary, Diplomatic Security and Property Branch
Paul Foley, Assistant Secretary, Information Management Branch

Output 1.4 – International services to other agencies in Australia and overseas (including parliament, state representatives, business and other organisations)**Output 1.4.1 – Parliament in Australia****Output 1.4.2 – Services to attached agencies overseas****Output 1.4.3 – Services to business****Output 1.4.4 – Services to state governments and other agencies overseas and in Australia**

Ian Wilcock, First Assistant Secretary, Public Diplomacy, Consular and Passports Division
Paul Robilliard, Assistant Secretary, Parliamentary and Media Branch
Jim Meszes, Director, Management Administrative Coordination Section

Output 1.5 – Services to diplomatic and consular representatives in Australia**Output 1.5.1 – Services to the diplomatic and consular representatives in Australia****Output 1.5.2 – Provision of protection advice through liaison with the Protective Security Coordination Committee****Output 2.1 – Consular and passport services****Output 2.1.1 – 24-hour consular services****Output 2.1.2 – Passport services**

Ian Wilcock, First Assistant Secretary, public diplomacy, consular and passports division
Ian Kemish, Assistant Secretary, Consular Branch
Derek Tucker, Assistant Secretary, Passports Branch

Output 3.1 – Public information services and public diplomacy**Output 3.1.1 – Provision of public information and media services****Output 3.1.2 – Cultural relations****Output 3.1.3 – Olympics****Output 3.1.4 – Freedom of information and archival research and clearance****Output 3.1.5 – Publications**

Ian Wilcock, First Assistant Secretary, Public Diplomacy, Consular and Passports Division
Chris Decure, former Assistant Secretary, Images of Australia Branch
Simeon Gilding, Assistant Secretary, Images of Australia Branch

Enabling services**Item 1 – General corporate support****Item 2 – Human resource management and overseas conditions of service****Item 3 – Financial and budget management****Item 4 – National non-secure (communication system) information technology and information management****Item 5 – Records management (includes work done by the archives unit and by Historical Documents Unit)****Item 6 – Property Management****Item 7 – Executive Support****Item 8 – Training and development****Item 9 – Evaluation and audit****Item 10 – Internal legal and statistical services****Item 11 – Security services**

Doug Chester, First Assistant Secretary, Corporate Management Division

Anne Hazell, Chief Finance Officer

Chris Moraitis, Assistant Secretary, Staffing Branch

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

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

David Hennessy, Director, Corporate Planning Section

Nicola Watts, Director, Ministerial and Executive Liaison Section

Chris Marchant, Director, Evaluation and Audit Section

Tanya Smith, Director, Management, Strategy, Recruitment and Coordination Section

Richard Andrews, Director, Budget and Asset Management Section

Kerry Durrand, Finance Management Branch

Darren Yelds, Finance Management Branch

Graham Hayden, Finance Management Branch

Khadija Haq, Finance Management Branch

Barbara Muzic, Finance Management Branch

Jenny Lindsay, Finance Management Branch

Zoe Isaacs, Finance Management Branch

Gail Banks, Finance Management Branch

AusAID**Outcome 1 – (Output 1 Policy and Output 2 Program Management)**

Ian Anderson, Assistant Director General, Contract Services Group

Scott Dawson, Assistant Director General, East Asia Branch

Michael Dillon, Assistant Director General, Papua New Guinea Branch

Mark Fleeton, Assistant Director General, Resources Branch

Aly Gillies, Assistant Director General, International Programs Branch

Robert Glasser, Assistant Director General, Executive Branch

Colin Lonergan, Assistant Director General, Sectoral Advice and Analysis Group

Peter McCawley, Deputy Director General, Program Quality Group

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

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

Jennifer Wilson, Deputy Director General, Asia and Corporate Division
Ellen Shipley, Acting Assistant Director General, Humanitarian and Community Branch
Charles Tapp, Deputy Director General, Humanitarian and International Division

Austrade

Portfolio overview

Outcome 1 – Public understanding of Australia’s trade and investment direction, government export programs and promotion of Australia’s image internationally

Outcome 2 – Contribution to Australia’s export trade performance by facilitating and encouraging trade and investment between Australia and foreign countries

Outcome 3 – Australians informed about and provided access to consular, passport and immigration services in specific locations overseas

Peter Langhorne, Deputy Managing Director

Ian Chesterfield, General Manager, Corporate Finance and Assets

Craig Symon, General Manager, Export Finance Assistance Programs

Terry O’Connor, Corporate Manager, Government, Policy and Communications

Les Boag, Corporate Manager Information Technology

Michael Crawford, General Manager, International Business Services

Michael Vickers, Group Manager, Client Development and Ally Liaison

Peter Amey, Manager, Europe Regional Office

Brendan Dyson, Manager, Japan Government Relations, North East Asia Regional Office

Alex Olah, Manager, Americas Regional Office

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

Pat Stortz, Manager, South Pacific Regional Office

Geoff McKie, Project Manager, South East Asia Regional Office

Outcome 4 – Contribution to Australia’s export trade performance by providing financial and other assistance to eligible Australian organisations through export market development schemes.

Peter Langhorne, Deputy Managing Director

Craig Symon, General Manager, Export Finance Assistance Programs

Lindsay Collins, National Manager Grants

Michael Plummer, National Manager, Export Finance Assistance Program Development

Australian Trade Commission (Austrade)

CHAIR—I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I welcome Senator Hill, Mr Peter Langhorne and officers of Austrade. The committee will first consider particulars of proposed additional expenditure for Austrade, then the Department of Foreign Affairs and Trade and then AusAID.

The committee will first put questions of a general nature under the portfolio overview. We will then consider the particulars of proposed expenditure on an outcomes basis. The committee has before it the particulars of proposed additional expenditure for the year ending 30 June 2001, documents A and B, the Portfolio Additional Estimates Statements for Foreign Affairs and Trade, the statement of savings and the annual reports of Austrade. As the committee considers each outcome and output, questions may be asked about any of these documents. The committee has resolved that answers to questions on notice are to be lodged

with the committee by Thursday, 22 March 2001. Minister, do you wish to make an opening statement?

Senator Hill—No.

CHAIR—I have a question of a general nature to Mr Peter Amey. Mr Amey, with respect to the problems of mad cow disease in Europe and the potential for lifting Australian beef exports, I understand that the restrictive quotas mean that it is difficult to develop the European market as such. In reference to those traditional European markets that have been the destination of dumped EU beef, what potential is there for Australian beef exporters to take up the slack in those markets?

Mr Amey—The answer to your question, Senator, is that the potential is considerable. In the last month, and certainly in the last six weeks, our offices in Central Europe, which is the target of the meat that you mentioned earlier, have received a considerably increased number of inquiries from importers in those countries. We have secured already an order for Croatia and there are two more on the way for Romania. Last week, for example, we received an inquiry from the Poles, who regularly import about 10,000 head of dairy cattle from Western Europe but refuse to touch them now, as to whether Australia could supply those animals. This is typical of the inquiries that we are getting. What they will come to is another matter, but certainly the interest is very strong. I also add that we are working very closely with MLA to take advantage of the situation. In fact, our people in Central Europe and the MLA have a meeting in Budapest next week to hammer out the details of who is going to do what to exploit the situation.

CHAIR—Because of the unique opportunity that has arisen, would Austrade consider the generic advertising of Australian beef into those markets?

Mr Amey—That will depend on the discussions we have next week with MLA. I cannot answer for the guys on the ground; they know the market best and can answer that question for you better after the meeting.

Mr Langhorne—In regard to other markets, there are indications, for example, that there may be opportunities arising in markets in North Africa and the Middle East that have refused to accept beef from the EU at this point in time. Also, while we already have a large market share in the Japanese beef market, and it is unlikely that there will be a short-term lift in sales, there may be opportunities in that other market as well. In the North-East Asian markets, like Korea, the consumer reaction to the situation is still being assessed. Again, it is something that we and other agencies, particularly the MLA, are watching very closely at this time. It may be that the unfortunate circumstances in Europe at this time do, in fact, provide some opportunities for Australia in the short to medium term.

Senator COOK—On the question of beef to Europe, Europe controls access to its own domestic market for agricultural products by providing quotas, does it not, to countries that wish to export to it? You are nodding the affirmative, Mr Langhorne. Has the European Union increased the quota for Australian beef to Europe as a consequence of mad cow disease?

Mr Amey—No.

Mr Langhorne—My understanding is that it still remains at about 7,000 tonnes.

Senator COOK—So what we are talking about is simply picking up the quota, not picking up any new market opportunity. Is that right?

Mr Langhorne—In the EU countries, yes.

Senator COOK—The government recently announced—I think during the presence of Mike Moore here in Australia—the initiative of Exporting for the Future. Are you familiar with that?

Mr Langhorne—Yes.

Senator COOK—What is Austrade's role in Exporting for the Future?

Mr Langhorne—We are playing a major role. I will ask Mr Vickers to join us to give the details of that. Exporting for the Future is basically divided into three components. The first component is raising community awareness, generally, about the benefits of trade. The second component is getting a message across to Australian businesses about the export assistance programs and other assistance programs that are available to them to help them get into export markets. The third component, which basically is offshore and is a small component of it, is raising awareness of Australia's capability in international markets, which is of course one of the major roles that Austrade has generally, and that is done through trade fairs, attendance at events such as expos, cultural events and so on.

The role of Austrade in this process is really in partnership with the Department of Foreign Affairs and Trade. We hope to involve a number of other agencies in the process, but I guess it falls into the categories of secondary school education, particularly years 10 and 12, and providing materials to schools and providing speakers and so on to talk about issues associated with so-called globalisation, capital and trade flows, and the fact that you just cannot have your markets closed and other markets opened and so on.

The other components include the regional business development seminars program to make sure that, outside the metropolitan areas, people in regional and rural Australia have the opportunity to get the benefit of hearing from senior trade commissioners, ambassadors and other officials, and from people in business who have been successful in the export markets about what the opportunities are, what trade means for their local community and so on. There are regional shows and field days. Austrade is already involved in some of these activities at the moment—so it is attendance at field days and local agricultural shows with appropriate displays. Also there is the regional radio campaign which, again, is covering those two areas that I mentioned specifically. Then there is what we call an outreach program, which basically is designed around getting people from Australian business who have been successful in the export market, including those who have won export awards, and getting, as I said, our trade officials to actually visit communities to get into the media and to demonstrate the benefits that trade has to this country.

Senator COOK—How much funding has been set aside by Austrade for this program?

Mr Langhorne—The first thing to say is that this program brings together a number of programs within Austrade. It is primarily under outcome 1, which is raising awareness for our particular organisation. In terms of resources specifically dedicated to the program over and above what our normal resources were, we are putting about \$500,000 into it over two years, I think.

On top of that, it really is the use of our resources in a smarter way, if you like, to get the message out there into the community and into Australian business. That includes things like making sure that our export market development grants advertising is better targeted, that people understand the grants that are available from the Commonwealth but also the fact that there are schemes available through the state governments that can assist them, and, of course, that there are other agencies apart from Austrade.

Senator COOK—Since you have mentioned export market development grants, is there a budget for EMDG beyond this financial year at the present time; do you have funds allocated for that program beyond the end of this financial year?

Mr Langhorne—If you are referring to the Exporting for the Future program, not beyond the normal money that we would put into raising awareness of the EMDG program. Our view would be that, if we can better target it, get the message better out to the community, more people will take advantage of it.

Senator COOK—What I was asking really was not about the Exporting for the Future program. I apologise that I jumped to another one—that is, the EMDG program. But, since you mentioned the EMDG program as one of the keynote programs that the government has to encourage small exporters, I was simply asking: are there funds allocated to that program beyond the end of this financial year?

Mr Langhorne—No, there are not. This year is the last grant year that we have, and they would be paid in the following year. At the conclusion of that, at this point in time, the funds would terminate, but the government have already made it clear that they intend to continue the program for another five years beyond its present finish date and that they will make announcements in this budget of the parameters of the program and any changes that they wish to make to it following on from the EMDG review.

Senator COOK—So, in your \$500,000 over two years in promotion of Australia's Exporting for the Future, you are able say that the EMDG program, for example, will continue for five years, according to this government, although you are not able to say how much funding will be allocated to it or what the new conditions will be in applying for it?

Mr Langhorne—Yes. That situation really is one for the government to decide in the context of this budget.

Senator COOK—Of course.

Mr Langhorne—I think when the minister announced the continuation of the program last year he made that point.

Senator COOK—Yes. But, coming back to your Exporting for the Future program, under point 2 of that program, a message to Australian business for what programs are available, the key program which is available is the export market development grants scheme program. All I am doing is seeking confirmation that, at this point, the best you could tell an interlocutor with one of your speakers would be that there are no funds beyond the end of this financial year; that this government has given a five-year guarantee to the program but the conditions of application and the amount of funding are, at this stage, dependent on the budget? That would be correct, wouldn't it?

Mr Langhorne—Yes. There are two points, Senator. One is that EMDG is one program and Austrade is another program in its own right, and there are a number of—

Senator COOK—Yes, I am going to come to your program in a minute. But, as far as the EMDG program is concerned?

Mr Langhorne—With EMDG, yes, we would be saying to people that the government has given a commitment that the program will continue for a further five years and that the parameters of that program will be determined in the context of the 2001-02 budget. That is exactly as the government has said.

Senator COOK—This half million dollars over two years that has been allocated by Austrade for the Exporting for the Future program: you say that part of the Exporting for the Future Program will involve regional radio. Has it been determined which regions, how much radio and what the budget for that element of this program will be?

Mr Langhorne—Senator, I would first of all like to make a correction. In fact, it is \$500,000 over the first year of the program.

Senator COOK—What is it over two years, or is there not a two-year allocation?

Mr Vickers—I will go to the first part of your question. The budget for the radio program is \$100,000 and it will be allocated over approximately six of the larger regional shows. That list of regional shows is still under development, as are the details of the radio campaign.

Senator COOK—Does ‘regional’ shows mean country shows?

Mr Vickers—Yes.

Senator COOK—Concurrently with a regional show, \$100,000 will be spent on radio in those centres that are yet to be determined?

Mr Vickers—Yes, over the six shows. Six to seven is the target.

Senator COOK—When will you have completed designating which shows are to receive this financial support?

Mr Vickers—I would think sometime in the next six or seven weeks.

Senator COOK—What do you have in mind to do on radio in conjunction with these six shows?

Mr Vickers—The purpose of the radio campaign is to reinforce, and to draw an audience for, the display and the seminars which are to be held at the show. It advertises the fact that Austrade will be present at the show and that there will be an Exporting for the Future display and that, where we have seminars, they are part of it. It also promotes the concept of exporting and the value of exporting for the community, and will possibly feature local exporters who have succeeded, as examples.

Senator COOK—Will these be in agricultural regions?

Mr Vickers—They are generally in regional and rural areas, so agricultural regions are not particularly the goal, but they are in rural and regional areas and, therefore, I am sure agriculture will be a significant part of it.

Senator COOK—Has the content of these radio programs promoting your seminars been decided yet?

Mr Vickers—No, we have only just received the initial estimates from the company to do it. That content has yet to be decided on and, therefore, where we are going to allocate the money.

Senator COOK—Will it promote the name of Austrade?

Mr Vickers—Yes.

Senator COOK—Will it promote the minister?

Mr Vickers—Not specifically, no.

Senator COOK—But will it?

Mr Langhorne—I would expect that there would be certain occasions when the minister's name would be mentioned in the context of some of these programs.

Senator COOK—A taxpayer paid political advertisement.

Mr Langhorne—Only in the context of promoting the program. There would be situations and circumstances where the trade minister's name may be mentioned. We have not put the content together, but Exporting for the Future is a federal government initiative.

Senator COOK—And the selection of which marginal seats you will run these programs in, is your initiative.

Mr Langhorne—The selection and location of shows that we target, as Mr Vickers has said, will be where we can get the most effective returns on our investment—it will be just towards that; it will not be towards marginal electorates or anything else. It is targeted around Australian business.

Senator COOK—Can you let me know when you have determined in six to seven weeks which shows and at what times you will be advertising on radio, where you may promote the name of the minister, not the name of Austrade the agency that is bringing these programs forward?

Mr Langhorne—Yes, Senator, we will do that.

Senator COOK—You say as well that this program involves an outreach to schoolchildren. At what age level are you pitching it at for the schoolkids?

Mr Langhorne—If I am right, the pilots that have been looked at to date—and I will let Mr Vickers answer this—are from years nine to 12. In the ACT it would basically be the upper levels of high school and the two college levels.

Mr Vickers—The program for schools has three components basically, or two primary components and a supporting component. Years 9 and 10 receive a curriculum development program which provides curriculum materials for teachers to supply to their students and years 11 and 12 receive a different set of curriculum materials for teachers to use with their students. There will be some school visits to support those curriculum materials, but the curriculum materials are the primary means of communicating with the schools.

Senator COOK—Have you worked out, say, for the balance of this year, which schools you will target and what regions?

Mr Vickers—The program will not start in schools, apart from a trial before the end of the financial year, until July. The curriculum materials are designed for all 2,500 secondary schools in Australia.

Senator COOK—Where is the trial going to be conducted?

Mr Vickers—We have not determined that yet.

Senator COOK—When will you determine that?

Mr Vickers—I would think probably by the end of March. We have yet to let the contract for the development of the curriculum materials. After we get the curriculum materials developed, we will be approaching a small number of schools to trial them, before it is finalised.

Senator COOK—How will those schools be selected?

Mr Vickers—The schools that are selected will be based on the way the education system is run in each state. There are certain approval processes for curricula in each of the states, and we will be selecting schools which are recognised as having high quality teachers by those curriculum approval authorities so that we can use the approval of the teachers in the trial to assist us in getting the word out that they are high quality materials, and to ensure that we comply with all the curriculum requirements of each state.

Senator COOK—Do you have a notional private versus public sector mix in the number of schools you are targeting?

Mr Vickers—No.

Senator COOK—When you emphasise ‘high quality schools’ for your trial, what do you have in mind in terms of the public-private sector mix there?

Mr Vickers—None. We are selecting them based on the peer recognition of the teachers at those schools. So we are not looking at the schools per se; we are looking at the quality of the teachers and the expertise they have not just in the subject matter but in the needs and requirements of the curriculum and development authorities in each state.

Senator COOK—How will you make a selection about the quality of teachers in the Australian school system on your own? You will have to do it in conjunction with the state education systems, won’t you?

Mr Vickers—Indeed, we will. Throughout this program, we have been in close consultation with the major teaching associations, the major curriculum development organisations and the curriculum approval authorities in each state.

Senator COOK—Going back to the half a million dollars we are spending on the Exporting for the Future program, \$100,000 is going in radio advertising at six to seven shows during this year. That leaves \$400,000. How will that be spent?

Mr Vickers—The curriculum development will consume about \$190,000. We have a presence at agricultural field days, and the development of display materials and messages for the public will consume about \$120,000. I am just doing some quick additions, if I may.

Senator COOK—You are up to \$310,000. What happens to the other \$80,000?

Mr Vickers—With the other \$80,000, we have employed a professional teacher who is a specialist from one of the curriculum development authorities to help us prepare the educational materials, and that additional amount of money accounts for her salary.

Senator COOK—So at the agricultural field days we are going to spend \$120,000 promoting the minister, are we?

Mr Vickers—No, Senator. The purpose of Exporting for the Future is to promote the value of exporting and the contribution that exporting makes to the local economy. The minister does not feature prominently in any of the display or promotional material for the field days.

Senator COOK—You are not saying he does not feature at all?

Mr Langhorne—The minister is Australia’s key trade figure and I think it makes sense to promote the Minister for Trade, or use the Minister for Trade, to get some of the messages across. It is not a matter of promoting the minister directly. It is a matter of trying to promote awareness in the community about the benefits of trade—what is happening with capital flows and so on. The minister is out there internationally doing that and if we can use the minister to advantage to get the message across to the community I think it makes common-

sense to do so, just as we use prominent businesspeople, local businesspeople and officials that are involved to do the same thing. We used Mr Moore when he was here to help launch the program. If we are going to get the message out there we have to use the right people with the right profiles.

Senator COOK—That is an interesting explanation. Why then, according to my sums, is at least \$220,000 of your \$500,000 modest annual budget being spent in rural Australia when a lot of the exporters, and the growth in exports, are in the services sector, the manufacturing sector and the non-agricultural sector? Why have you selected a heavy emphasis on National Party interests rather than national interests?

Senator Hill—Fair go!

Senator COOK—It is a fair go. If you want to have these shonky little programs promoting government policy—

Senator Hill—Mr Chairman, I thought we were going to lift the standards—

Senator COOK—and government ministers rather than the issues of national interest, you can expect this sort of comeback.

Senator Hill—You do not have to answer nonsense questions.

Senator COOK—Will you answer the question: how is it that you have selected agricultural field days and radio advertising in regional shows as your focus rather than have a program that promotes Exporting for the Future in urban Australia where services exports, manufacturing exports and other exports are the growth areas?

Mr Langhorne—There are a number of programs that we use across the whole of Australia. For example, when our senior trade commissioners are here the upcoming Latin American promotion program will run in the major capital cities. The export awards events are in the major capital cities. We have an extensive office presence in the major capital cities. We are selecting some schools to test this curriculum material in the major capital cities and metropolitan areas.

Our view is that there is a market gap and a market failure in regional and rural Australia about getting some of the message across. Our surveying is showing that. It is not only the message to the general community; it is encouraging small exporters and other exporters—or small businesses, I should say—in regional and rural Australia to look at export markets, to take up the challenge and have a go, because people are succeeding. The whole TradeStart program is based on that. We are not in the business of raising awareness only in regional and rural Australia. It is also in the major metropolitan areas. This program extends into those areas.

This morning we have been focusing on the allocation of funds to certain regional and rural activities where there is a specific market failure, in our view, at this point in regard to getting information to those people. This program extends across the whole of Australia. It will extend into schools both in regional and rural Australia and in metropolitan Australia. Effectively no-one is missing out, but we are trying to close the gap.

Senator COOK—Let me hear what you have said on the point that no-one is missing out. Do you have the press release announcing this program to hand?

Mr Langhorne—Do I have it here?

Senator COOK—Yes. If you go to the press release on this program, I think you will see it is confirmed there that it is a program aimed at explaining to the Australian community the

importance of export and to counter the pervasive propaganda of what might be called anti-globalisation argument. It is to put the counter case for trade. That is the key point of it, isn't it? That is why Mike Moore was associated with its launch. It is consistent with things the WTO has been calling for at international level and APEC has been emphasising at regional level. It is a program aimed at explaining the importance of trade.

Mr Langhorne—One component of the program is the community awareness component and the school component. The other component, as I said, is the process of letting businesses know what is available to them to help them get into the marketplace. That is the business awareness raising component. Yes, you are right, it is about raising awareness of the benefits of trade, but it is also about getting some sensible debate going as well.

Senator COOK—Sensible debate meaning to balance the ledger regarding public debate in terms of fear of open markets and things of that nature?

Mr Langhorne—In the case of schools, one would expect that students would want to debate these issues. The important thing is that they have both sides of the argument; that they do not just take into account what they might read in the press. The issue is to be able to give them the information and tell them where to go to get the information to get that debate going so that they can work through the issues. Our view would be that at the end of the day they would come out saying that there are real benefits in trade liberalisation and globalisation. That is just one component of it.

Senator COOK—You must think all the S11 demonstrators come from regional Australia.

Mr Langhorne—No, we do not think that way at all.

Senator COOK—Or that they attend country shows where they had come across a radio advertisement directing them to a minister's seminar.

Mr Langhorne—You are focusing on only one component of this program—

Senator COOK—With due respect, Mr Langhorne, you say one of the other elements of this program, \$500,000 a year, is to promote the message of what programs are available from Austrade. The fundamental purpose of Austrade is not to have a program, Exporting for the Future, to promote what programs are available from Austrade; a fundamental purpose of Austrade is to promote that anyway, isn't it?

Mr Langhorne—You have used the term 'Austrade'. I used the term assistance programs that are available to business. I did not specifically mention in isolation Austrade. It is to provide information to raise awareness among the Australian business community also on the programs that are available to them. That is one component of the program. But it is not just limited to regional and rural Australia. As I said before, and I will keep saying it, there is, however, an information gap in that particular area and we are looking to close it through the use of on-site events such as the Outreach Program, through the use of video streaming into those areas, through e-commerce seminars and so on. We have been doing that for some time and I believe we would be negligent not to do it.

Senator COOK—Is it intended to use local members at the shows working with Austrade in relation to this program?

Mr Langhorne—We will, if the opportunity arises and there is benefit in doing so, use local members of parliament—

Senator COOK—I am sure the opportunity will arise. I am sure the local members will knock on your door offering their services.

Mr Langhorne—I think if you looked at the enthusiasm and willingness of local members, both state and federal, to give their time already to these sorts of activities then we would expect that that would continue.

Senator COOK—What opportunity will city based members have to promote these laudable objectives, do you think?

Mr Langhorne—City based members would be included. In fact, a couple of years ago we ran a number of programs—

Senator COOK—If I rounded up all my backbenchers and took them out to a regional show, they would all be there featured by Austrade promoting these goals, just like the local National Party member would be?

Mr Langhorne—It depends on the nature of the activity. We have used local members of parliament, we have used prominent business people from outside the region, we have used successful business people from within the region to get the message across, and we have used officials and ambassadors to do exactly the same thing.

Senator COOK—Is Austrade worried that it might get an image that it is a party political outfit?

Senator Hill—Mr Chair, we are becoming very repetitive. Senator Cook made his political point half an hour ago.

Senator COOK—You might not like the point, Minister, but it is a fair question.

Senator Hill—But you are not going to get any more coverage simply by repeating it a dozen times.

Senator COOK—That is your judgment. If you do not mind, I would rather stick by mine.

Senator Hill—Then call a press conference.

Senator COOK—Are you debating with me, Minister? I just asked a question.

Senator Hill—Sorry, this is an estimates committee.

Senator COOK—Yes; and, at an estimates committee, you are accountable for the expenditure of public funds. What we are hearing now is that public funds for Austrade—Australia's trade promotion organisation—are being diverted to regional Australia, to country shows and radio programs associated with it, featuring trade promotion in those areas to debate the nebulous advantages of it against the globalisation debate. That is what we are hearing. We know how slippery your lot are in terms of manipulating advertising.

Senator Hill—That is your political spin, which you have spun. Why can't we move on?

Senator COOK—Mr Langhorne, are you worried that Austrade can be seen as a party political organisation in this context?

Senator Hill—This is boring me all day.

Senator COOK—It might be boring, but let us hope we have a boring answer.

Senator Hill—You have had an answer to that question.

Senator COOK—No, we have not.

Senator Hill—Yes, you have.

Senator COOK—I have not asked it before.

Senator Hill—The official has explained the purpose of this campaign.

Senator COOK—Are you declining to answer it?

Senator Hill—You are worried, you said, that Austrade is being politically used? That is what your question was.

Senator COOK—Yes.

Senator Hill—The official has told you the purpose of the campaign, which is clearly not for political advantage. So you have had an answer to the question.

Senator COOK—I see. In the seminars that are to be held under this program—to be advertised at the cost of \$100,000 at six regional shows yet to be selected—what will be the nature of the presentation? What is the content?

Mr Vickers—The content has two different streams. The first is to explain the potential for exporting to make a difference to the local community in terms of employment generation, and the second is to take those businesses that have a deeper interest and give them an outline of the process of exporting, how feasible it is, the steps they should go through and the sources of assistance available.

Senator COOK—A straight presentation?

Mr Vickers—Yes.

Senator COOK—Is that going to be conducted by Austrade officers?

Mr Vickers—Yes, it is intended to be conducted by Austrade officers.

Senator COOK—That is a technical presentation that you are talking about, Mr Vickers.

Mr Vickers—Technical in the sense that it is—

Senator COOK—That these are the services available, this is how you access them, this is the purpose of those services—that sort of presentation.

Mr Vickers—Yes. But it is wider than just Austrade's services. We will be inviting state governments to participate, as well as local and regional development commissions, et cetera, so that we take a whole of community view of the export services available in that community.

Senator COOK—State governments are to participate from the point of view of what services they might provide?

Mr Vickers—Yes.

Senator COOK—Regional development organisations are to participate for what purpose?

Mr Vickers—A number of the regional development corporations are partners with us in TradeStart and provide significant local business assistance.

Senator COOK—The Department of Foreign Affairs and Trade had a program to deal with Pauline Hanson's One Nation—they had an information unit. When we come to their estimates, I intend to talk to them about whether they have revived that and are going to proceed with that. Do you have any intention of explaining the general myths that are being perpetrated in regional Australia about trade, market access, opening markets and trade liberalisation in your presentations?

Mr Vickers—I do not know if I can provide you with a very specific answer because the details of those presentations have not been developed yet, but the purpose of them and the content will go to the contribution that trade makes to local employment and, if you like, the

trend which shows that markets are becoming freer. As the markets become freer, so Australia gains advantages from that.

Senator COOK—Thank you. Has Austrade issued any guidelines to any of its posts on how it might respond to questions from the markets in which it deals about the apparent rise of One Nation in Australia?

Mr Langhorne—Not to my knowledge. Not at this point in time. The Austrade posts are working in the marketplace on a regular basis. They understand the trading situation and, if they did get any questions, I am sure they would be capable of answering them in terms of the commission's view on the way that trade should be conducted. But we have not issued any specific guidelines at this point in time. And we are not getting any feedback, by the way, that there is even an issue.

Senator COOK—Back in 1998 when, for want of a better way of describing it, the Hanson phenomenon last rode around regional Australia, it got extensive coverage in Asian newspapers and media.

Mr Langhorne—That is correct, but I think at that point in time, if my memory serves me correctly, that particular party was picking up seats, not losing them.

Senator COOK—I thought it just picked up quite a few seats, that particular party—referring to One Nation—in my own state.

Senator Hill—Anyway, isn't the answer no, you do not have a campaign?

Mr Langhorne—No.

Senator COOK—You do not have any guidelines and you do not have any intention of issuing guidelines. Is that what I understand you are saying?

Mr Langhorne—The feedback that we are getting is that there is not an issue at this point in time.

Senator COOK—Do you wait for the issues to arise and then respond, or do you anticipate and pre-arm?

Mr Langhorne—I guess what I am saying is that we believe our people at posts are quite capable of addressing the issues if they arise.

Senator COOK—Austrade Online is, I understand from your annual report, receiving over two million hits a month. Do you have any information about who is accessing your site?

Mr Crawford—I cannot give you a detailed breakdown here and now, although I could provide it for you. However, the audience mirrors the sorts of inquiries we get to our advisory service in Melbourne, the 13 number, so it varies from general inquiries to students to potential exporters to existing exporters, plus there are obviously offshore hits from potential customers. But a detailed breakdown we could provide. But, more importantly, there is the number of user sessions, rather than just hits.

Senator COOK—What I am most interested in is what the ratio of hits to follow-on business might be. Do you have any of that sort of analysis?

Mr Crawford—Conversion? I would have to look into that and get back to you. One thing that I think you should note is that we currently are substantially rebuilding the entire web site presence which will give it increased functionality, useability, and we are building into the systems the capacity to possibly get conversion rates on business.

Senator COOK—Do you know whether the hits are predominantly city or regional based?

Mr Crawford—No, I could not tell you. Nobody could tell that, to be honest. I would hope, to be frank, that hits outside the urban areas are increasing. One of the great things about the web site obviously is that it does allow us to extend our services cost effectively throughout the country.

Senator COOK—I think from what you have said that the answer to this is probably no, but let me ask the specific question. Do you know whether or not any of these hits are just scanning for information about trade as a subject or whether they are related to particular products in markets—that is, the activities of Trade?

Mr Crawford—Both, definitely. There is an audience that scans for general information and there are also people making specific inquiries whether they be as to the potential for their product in offshore markets or to look for specific services that we provide.

Senator COOK—But do you have any way of differentiating those?

Mr Crawford—Yes, because on the existing scale they go to different—

Senator COOK—Okay, I would be interested in that analysis.

Mr Crawford—Yes.

Senator COOK—Finally, as to Olympic business, has Austrade played a role in securing any business opportunities for the Athens games?

Mr Crawford—There have been a number of issues with Athens which have been subject to government to government negotiations over the last few months, particularly the Government Procurement Agreement that Greece is party to. But the Greeks have made it very clear that it is not their intention to exclude Australia from opportunities. In fact, I understand that one Australian company has already won work as a special consultant to the project. But the issue is that there are ongoing discussions at a government level about Australian access to opportunities.

Senator COOK—The government procurement agreement that you are referring to in that reply—and correct me if I am wrong—is the WTO agreement on government procurement to which Greece is a signatory, along with other European countries and North American countries, but Australia is not. Because we are not, we are excluded—aren't we?—from applying for contracts on government procurement in certain areas in Greece.

Mr Crawford—Our legal advice is that the terms of the agreement, the GPA, do not preclude Greece from accepting Australian bids. That is the legal advice we have. Greek government representatives have indicated that it is definitely not their intention that Australia should be precluded from preparations.

Senator COOK—How have they indicated that?

Mr Crawford—At the level of officials and at ministerial level. I suppose that this is predominantly the issue of market access and probably should be pursued with DFAT officials more appropriately.

Senator COOK—That is right but, as far as Austrade is concerned, there are some elements of it that can be appropriately pursued here. One of those is that you are advising your clients that, in the opinion of the Greek government or of Greek officials, the existence of the Government Procurement Agreement does not prevent them from or will not be held against them in applying law contracts. That is the advice you are giving to your clients. My question to you is: what is the formal basis of that information? Do you have a document from the Greek government assuring you of that?

Mr Crawford—I do not. I would have to read my background notes and do a bit more research, but I could certainly follow that up for you.

Mr Langhorne—The other point that I would make is that, in providing advice to Australian business, Austrade is putting a caveat on that advice that there are issues at this point in time and that we are working our way through those, so we are not just going out there and blandly saying that there are enormous opportunities for the Olympics at this point in time. We are working through that process. We can probably provide you with further information on this later but, to my knowledge, some Australian companies are making some inroads into the market by using subcontracting techniques and so on. But we are cautioning Australian companies to the effect that there is an issue at the present time.

I might also add that we believe there are opportunities there and we are backing that belief by proceeding with the proposal to put a senior trade commissioner into Athens to work with Australian business and our embassy there to capitalise on the opportunities as they arise. As Mr Crawford said, the legal advice we have is that the GPA should not preclude Greece from accepting Australian bids. We are pushing ahead with that and we believe there is some sympathy there from those involved in the Olympic process in Greece. But to say it is an easy road would be understating the issue; it is something we have to keep working on.

Senator COOK—Australia has just held the best games ever, according to the International Olympic Committee. The state minister in charge of the games and part of his organising committee have been to Athens to provide assistance to the Greeks in the mounting of their games. There is some controversy in Europe as to whether or not the games will be ready on time, even now. It would seem logical, if you are running late for a contract, to just reach back to the last people who did a similar contract and who have proven efficiency and quality in outcomes and to bring them in and get it done. But the government procurement agreement may well be militating against that. Your answer suggests that it is not an easy road—I think they were your very words. It is interesting that we have our own legal advice, but what is the formal advice the Greeks have given to us about the eligibility of Australian contractors to apply, given the Australian government has not signed the procurement agreement?

Mr Langhorne—I would have to check on the exact words that have come back through the process both to our officers, at the present time, through the Austrade operations run out of Milan and to the embassy in Athens. My understanding is that we are getting—for want of a better term—a sympathetic hearing. What we want to see is that sympathetic hearing translated into some firm action so that Australian businesses do have the opportunity to participate in the construction process and the other services associated with the games themselves. Your logic I cannot fault.

Mr Crawford—I would provide a couple of clarifying points. There has been formal correspondence from the minister and other senior ministers to the Greek government and various Greek ministers—because it is an internal government issue. Advice has been received from the EU saying that Greece has discretion in this matter. We have not yet, as far as I am aware, received formal responses to those letters, so we are awaiting those. I also clarify that the agreement relates to public works tenders for design and construction, not for the procurement of goods. So there is a significant market there which is not hindered by this agreement. But, as you say, the company that won consultancy work recently is a major Australian construction, design and engineering firm and obviously the Greeks believe there is significant expertise here that should be tapped. We will provide you with further advice on the formal response, but I do not think we have received a formal reply yet from the Greeks.

Senator COOK—How do we make the assumption that they are operating sympathetically with us?

Mr Crawford—For a number of reasons. Firstly, a company has just won work, subject to the agreement.

Senator COOK—What company was that?

Mr Crawford—Commercial-in-confidence, obviously, but it is Bligh Voller Nield.

Senator COOK—I do not know that company.

Mr Crawford—It was substantially involved in the construction of the Sydney stadium, I think engineering and designing. Let me read from the brief: ‘Recent tenders have allowed non-GPA companies from countries to be included in consortia as special consultants up to a value of between five and 20 per cent of the total value of the tender.’ That sort of decision by the Greeks reflects the EU’s Mr Lamy’s view that the Greeks do have discretion in this matter. We are not operating in a perfect world, but I suspect it is the case in a lot of markets that we never do. We have to do the best we can under the market access regime, basically.

Senator COOK—Yes. Alternatively, the Australian government could sign the procurement agreement and remove the obstacle.

Mr Crawford—I will leave that to my DFAT colleagues.

Senator COOK—That is not for you; thanks very much.

Senator O’BRIEN—I want to follow up on the matter you touched upon in relation to the Latin American promotion. Can you give us an update on what has happened there? You started some capital city seminars in the first half of last year.

Mr Olah—You will be aware that we started a series of seminars on Latin America last year with the object of raising awareness of opportunities in Latin America within the Australian business community. That is a three-year program. The next session will be held this year, commencing in Perth on 26 March and then going to Adelaide, Melbourne, Sydney and Brisbane.

Senator O’BRIEN—Have any outcomes sprung from the program to date?

Mr Olah—The attendance last year was better than we expected. We had over 400 companies attend the seminars around Australia and there has been substantial follow-up work with our officers in Latin America—inquiries and research and visits to the market arising, we believe, directly from those seminars.

Senator O’BRIEN—What, if any, effect on our marketability in South America does our currency fluctuation have?

Mr Olah—Our dollar relative to the US dollar has fluctuated quite considerably, and that gets the most press. I am not aware of exactly how we have gone relative to South American currencies. We would have to check that.

Senator O’BRIEN—Has there been any progress on the double taxation agreements?

Mr Olah—There was the one signed with Argentina at the end of 1999 which came into force last year. We are negotiating, I understand, with a number of other countries, including Mexico.

Senator O’BRIEN—No further advances?

Mr Olah—No further advances at this stage.

CHAIR—I thank you, Mr Langhorne, and the officers of your department. We look forward to seeing you in 2½ months time.

Proceedings suspended from 10.05 a.m. to 10.14 a.m.
Department of Foreign Affairs and Trade

CHAIR—I again welcome you, Senator Hill, representing the Minister for Foreign Affairs and the Minister for Trade, and officers of the Department of Foreign Affairs and Trade. The committee will consider particulars of proposed additional expenditure for the Department of Foreign Affairs and Trade. The committee will first put questions of a general nature under the portfolio overview. We will then consider the particulars of proposed expenditure on an output basis. The committee has before it the particulars of proposed additional expenditure for the service for the year ending 30 June 2001, documents A and B, the Portfolio Additional Estimates Statements of Foreign Affairs and Trade, the statement of savings and the annual report of the Department of Foreign Affairs and Trade. As the committee considers each output, questions may be asked about any of these documents. The committee has resolved that answers to questions on notice are to be lodged with the committee by Thursday, 22 March 2001. Minister, do you wish to make an opening statement?

Senator Hill—No.

CHAIR—We will move first to questions of a general nature.

Senator HOGG—Just as a general question, where is Mr Dauth?

Dr Thomas—He is in the department.

Senator HOGG—It is just that we have not seen him for the last two estimates.

Senator Hill—You frightened him off.

Senator HOGG—Don't say that, Minister. We are just curious as to where he was.

Dr Thomas—He is preparing for his new appointment.

Senator Hill—You frightened him to New York.

Senator FAULKNER—I have got a question I would like to ask of the department, or of the minister if he could help me on this. I would just like to know how many DLOs there are working in Parliament House at the moment and how many there have been over the past 12 months.

Senator Hill—I do not know the answer to that.

Senator FAULKNER—I did not think you would, but I knew you would want me to give you a go at it first.

Senator Hill—Foreign Affairs and Trade DLOs up here: what is the answer?

Dr Thomas—We certainly have a departmental liaison officer in each of our portfolio ministers' offices, Mr Vaile and Mr Downer's offices.

Senator Hill—Only one?

Dr Thomas—No, I think there are a couple in Mr Downer's office.

Senator Hill—He wants to know how many.

Dr Thomas—I would have to check in the exact number that are actually designated as departmental liaison officers. There are not many.

Senator Hill—They do not know.

Senator FAULKNER—I gathered that.

Senator Hill—They will find out and let us know in a few minutes.

Senator FAULKNER—If it is a few minutes, I will wait.

Senator Hill—I am surprised they do not know.

Senator FAULKNER—I am never surprised at these sorts of things, Senator Hill.

Senator Hill—So now we could move on.

CHAIR—Do you have further general questions?

Senator FAULKNER—No, my general questions are in relation to departmental liaison officers.

CHAIR—We can come back to that when the information is provided.

Dr Thomas—I have just had confirmed there is one in Mr Vaile's office, and there is certainly one in Mr Downer's office. We are just checking to see whether there is an assistant DLO.

Senator FAULKNER—Just so I have this clear, have you got a first assistant secretary corporate or something like that who would be able to—that is you, is it, Mr Chester?

Mr Chester—Yes.

Dr Thomas—That is Mr Chester on my right.

Senator FAULKNER—I thought you would know then.

Mr Chester—No, I do not know precisely.

Senator FAULKNER—What level of departmental officer is responsible for coordinating this? Have you got an assistant secretary dealing with staffing?

Dr Thomas—Yes, we have a branch head assistant secretary of a staffing branch. There is also a director of staffing under that.

Senator FAULKNER—Would either of those officers be here to help us?

Dr Thomas—They are not here at the moment, but we can certainly call them and they can find that information.

Senator FAULKNER—This should not take very long, so what's say I come back in a short while.

CHAIR—In the meantime I understand that Senator O'Brien has got some general questions too, Senator Faulkner, so would you like to hold on or come back?

Senator FAULKNER—I do not want to be unreasonable about this—I never am of course—but when do you think I should come back, Mr Chairman?

Senator Hill—Half an hour.

Senator FAULKNER—I will see you then, Senator Hill. In fact, I will look forward to it.

Senator O'BRIEN—I want to ask you a few questions on the approach to farm subsidies likely to be taken by the new Bush administration. Given that Mr Stallman, the chair of the American Farm Bureau Federation, has called on Mr Bush to lift subsidies to \$A32.6 million and given the close relationship between Mr Stallman and Mr George W. Bush, is there a view in the department as to the possibility of a permanent return to a high level of farm subsidies? I understand that there were temporary measures put in place at the beginning of

last year by the Clinton administration. As I understand it, what Mr Stallman is calling on the Bush administration to do is to fix those subsidies at those temporary levels on an ongoing basis. What is the department's view on the matter?

Mr Quinlan—At this stage it really is too early to say anything definite about what the likely policy of the Bush administration in this area will be. Obviously, the level of farm assistance and subsidy provided by the Clinton administration is of serious concern to us and we would be putting views, and indeed we have already, to the new administration, at officials level, strongly indicating our opposition to either an increase or indeed to making permanent the existing levels, which we consider already to be substantially too high. The policy in these areas, of course, is going to speed up over the next couple of months, first of all, as the administration settles down and, secondly, as Congress, business and the administration in the US start focusing on the likely shape and content of the next US farm bill, which is due next year. Our activities on the Hill and with the administration in the United States in lobbying our interest in respect of that will be a priority for us over the coming year. Basically, it is too early to say. We do not like the current level; we will be opposing higher levels. We have already indicated those sorts of feelings at officials level contact, both to the initial transition team for the Bush administration and progressively to those on the Hill and to officials as they come into their new positions.

Senator O'BRIEN—Given the former relationship between Mr Stallman and Mr Bush, and also given the support that Mr Bush received from the farm states, which effectively got him elected, what are the prospects for a return to the levels of trade subsidy that existed before the temporary measures were put in by the Clinton administration.

Mr Quinlan—Senator, in answering that I would be speculating on internal aspects of US policy that we do not yet have an indication about. In terms of his record and what statements he has publicly made over the years, President Bush is a free trader and, secondly, he has indicated consistently that his approach to farming industry interests in the United States is one reflecting the market. He does want to see a basic market orientation in the sector. What that will translate to in terms of actual policy, we do not know. What I can say, again, is that we do not want to see a high level of farm subsidy: we want to see the current level reduced and we want to see this given a priority in an early launch of a new WTO round. We will be pursuing those interests very actively. I know what you are saying, but I do not think it is very helpful for me to speculate on what the prospects of that are, beyond what I have already said. I think I have indicated what the prospects are.

Senator O'BRIEN—So there is no indication at this stage where the administration will go on the issue?

Mr Quinlan—No.

Senator O'BRIEN—What needs to happen in terms of the temporary measures that the US have put in place? When do they expire?

Mr Quinlan—I might ask Bruce Gosper, who is the head of our Trade Negotiations Division, to answer that.

Mr Gosper—If I could just go back one moment and endorse what Mr Quinlan has said about some of the statements that President Bush made about trade and agriculture prior to being elected. He has certainly made a point, when talking about assistance to agriculture, to give a good balance to the interests of the US agricultural industry in the further opening of world markets and the further reform of world trade. The process that we are engaged in now—I think this is the context in which you may have heard comments from Mr Stallman—is, of course, preparations for the review of the FAIR Act, the farm bill as it was previously

s, of course, preparations for the review of the FAIR Act, the farm bill as it was previously called, which has to take place by the end of 2002. The process has already begun in the US Congress which talks about what changes members or various sectors of industry might like to see made to that basic underpinning for agricultural support and assistance through the US economy.

There will no doubt be, over the remainder of this year and into next year, a lot of positioning by various interests on what changes should be made to the FAIR Act. We can expect, for instance, there to be some examination of whether the current act is sufficient. There are some industry sectors who feel that they do not get the support of other industry sectors. Equally, there are many who view the current arrangements as very inefficient and economically undesirable, particularly in the grain and livestock sectors. There will be a big push to examine whether rural development issues should be reflected more completely in the farm bill mechanisms. So there is going to be a lot of debate and there are going to be a lot of proposals that will be put on the table for various changes to the act and for, in some instances, increases of expenditure of one sort or another. Our objective at the moment, of course, is to send a very clear signal to the new administration that it is very important that the US sets a leadership role by not only talking about its ambitions in the international arena but also sending the right signals about what needs to be done domestically. We will be working—

Senator Hill—We do not want a speech. A succinct answer!

Mr Gosper—I might leave it there, Senator.

Senator O'BRIEN—You do not want him to put that position to us, Minister?

Senator Hill—I beg your pardon?

Senator O'BRIEN—You do not want him to be fulsome?

Senator Hill—No, I want you to ask questions and get answers. I do not want speeches from the table.

Senator O'BRIEN—I did ask a question and he was answering it. You have effectively told him not to answer.

Senator Hill—I did not.

Senator O'BRIEN—Yes, you did.

Senator Hill—Next question.

CHAIR—Yes, ask away, Senator.

Senator O'BRIEN—Given the timetable that you are talking about—the end of next year—for the review of these measures, what impact is the lobbying position within the United States likely to have on the United States' position in the WTO negotiations? Isn't that going to be a brake on the negotiations in the next round of those negotiations?

Mr Gosper—The US put a negotiating proposal on the table towards the end of last year which was quite an ambitious proposal. We think that that sets a benchmark and we are now looking to see that extended into its application to the domestic reform process.

Senator O'BRIEN—You just told us that there is going to be extensive lobbying and positioning over the next 18 months or so about what the US position on their own legislation is. How can they possibly come to a position in the WTO until that is sorted out, given the magnitude of subsidies in this area?

Mr Gosper—Indeed, Senator. What we will have over the next year or two is a parallel process of debate about the new structure of domestic assistance in the US and the mandated negotiations and hopefully, from the end of this year, a new round of negotiations on agriculture. They will run in parallel and hopefully be mutually reinforcing.

Senator O'BRIEN—Realistically, the WTO negotiations, from the United States point of view, will be unable to be progressed until this matter is resolved?

Mr Gosper—This issue applies to the EU as well, of course, which is looking at enlargement and changes to its regime.

Senator O'BRIEN—Let's forget the EU at the moment. There are enough problems in the EU, I know; but, if we are talking about one of the major players, the United States, being effectively caught up in domestic lobbying about a major farm subsidy bill that is going to take them to the end of next year, the position I am putting to you is that we cannot expect any progress on WTO negotiations from them until that is resolved. That is correct, isn't it?

Mr Gosper—What I am saying is that the US have already put a very ambitious proposal on the table and are actively engaged in the negotiations. We hope that, over the next year and a half, as they debate their farm bill, they give greater effect to the need for changes domestically to their regime.

Senator O'BRIEN—So the proposal that has been put on the table by the Clinton administration presumably has not been revised by the Bush administration?

Mr Gosper—No, it has not.

Senator O'BRIEN—At this stage, it is Clinton administration's proposal, and the Bush administration has not put any stamp on the United States' WTO position?

Mr Gosper—I would just add that the proposal was one that was worked through very carefully with industry groups and with members of Congress from both parties. I think it has a large degree of support from the agricultural community and from members of Congress.

Senator O'BRIEN—How will this impact on the potential for bilateral negotiations with the United States from various countries' points of view—free trade agreements, for example?

Mr Gosper—The US is engaged in a number of free trade negotiations now, most particularly with the free trade area of the Americas, where there will be a summit meeting in April, but also negotiations with the Singaporeans and with the Chileans, many of whom have key agricultural interests.

Senator O'BRIEN—So those bilateral negotiations can proceed regardless of the farm subsidy bill?

Mr Gosper—Absolutely.

Senator O'BRIEN—That is what I thought. I wanted to ask one other question that goes to another area. The officers may not be here, Mr Chairman, but I wanted to find out what discussions have been held with the New Zealand government about the protocols for the importation of pome fruit.

Senator Hill—Do we have people to answer those questions?

Mr Gosper—Senator, you referred to discussions with the New Zealand government on the importation of apples?

Senator O'BRIEN—Yes, pome fruit—apples.

Mr Gosper—I am not aware of any such discussions. That may be a question best referred to Biosecurity Australia.

Senator O'BRIEN—I am asking whether DFAT has had any discussions.

Senator Hill—You do not know of any discussions by the department?

Mr Gosper—No, I know of no such discussions.

Senator O'BRIEN—Can you take that question on notice?

Mr Gosper—Yes.

Senator O'BRIEN—Given the protocols that are being discussed by the other department, I am interested to know what discussions have been held between the trade arms of government of both Australia and New Zealand with regard to the importation barriers that we impose on New Zealand fruit. You will take that on notice?

Senator Hill—We will provide what we can.

Senator O'BRIEN—I would like to know if discussions have taken place and when they have taken place and, to the extent possible, what has been discussed. What you are saying is that you may have some problems with that?

Senator Hill—Yes. We will provide what we can.

Senator HOGG—I refer to the Alastair Gaisford case. I do not want to go to the merits of the litigation. I want to ask a number of general questions in respect of Mr Gaisford. Is Mr Gaisford still suspended from his duties with the department?

Mr Rowe—Yes, Senator.

Senator HOGG—When was Mr Gaisford suspended?

Mr Thomas—On 1 March 1996.

Senator HOGG—For how long has he remained as an officer of the department on leave with pay?

Mr Thomas—He is not on leave with pay. He is suspended on pay as a result of a court order. He was in fact dismissed by the department, but he challenged that decision in the court and, pending the outcome of further litigation on that, the court ordered that he be paid his salary.

Senator HOGG—So he is not on leave. He was dismissed. When was he dismissed?

Mr Rowe—He was dismissed in 1999.

Senator HOGG—When in 1999?

Mr Rowe—He was dismissed in August 1999.

Senator HOGG—Was he paid a salary for the period between 1 March 1996 and August 1999? Was he on leave with pay?

Mr Rowe—He was suspended from the department in March 1996 and he was receiving salary over that period.

Senator HOGG—I am not trying to be pedantic with the words: I am just trying to get his actual position straight. He was not on leave with pay during that period. He was suspended from his office in the department but with pay.

Mr Rowe—He was suspended with pay.

Senator HOGG—And that was between 1 March 1996 and August 1999, when you dismissed him?

Mr Rowe—That is correct.

Senator HOGG—Can I assume then, from what you have said, that legal proceedings were instituted and Mr Gaisford was placed back on the books of the department in a suspended position within the department? Is that how you would describe his current status?

Mr Rowe—He has remained as suspended status since 1996.

Senator HOGG—But once you dismissed him in 1999 he would technically have been no longer an employee of the department; is that correct?

Mr Thomas—He has challenged that dismissal.

Senator HOGG—I am just trying to get this correct. When he was dismissed he ceased to be an employee of the department.

Senator Hill—That would be correct.

Senator HOGG—He then took legal proceedings which had his position, as a result of that case, reinstated.

Senator Hill—Is that right, Mr Rowe? What was the order?

Senator HOGG—He was reinstated—

Mr Rowe—In fact the court ordered in August 1999 that Mr Gaisford would remain on suspension but that the department would continue to pay his salary pending the outcome of the court proceedings.

Senator HOGG—Of the legal process.

Mr Rowe—Yes, of the legal process.

Senator HOGG—Was there a period, in the view of the department, when Mr Gaisford ceased to be an employee? In other words, he did not enjoy the status of being a suspended employee but it was the result of the court proceedings that reinstated him to the suspended position. Is that a correct interpretation?

Senator Hill—That sounds right, on the basis of what I have heard.

Mr Rowe—My understanding is that he was suspended, then he was dismissed. He instituted proceedings challenging that dismissal and so, in effect, the court ordered that he remain an employee, but suspended, pending the hearing of those court proceedings.

Senator HOGG—In the period from when he was dismissed until the court ordered that he be suspended, you would have had to make up to him any remuneration that was owing to him for that period of time.

Mr Rowe—As I said, he has been receiving salary continuously since 1996.

Senator HOGG—But once he was dismissed you would have ceased to continue to pay him salary. It is only as a result of the court action: the court deemed that he should not have been dismissed and that he should have remained a suspended employee. I am just trying to get the internal workings of your organisation.

Mr Rowe—My understanding from the legal perspective is that he has remained on salary as a suspended employee throughout that period.

Senator HOGG—Yes, I accept that. But there would have been a period of time, and I am not trying to work out whether it was a week, two weeks or a month, until the court order came into effect.

Senator Hill—I think that is right. That is as I have heard it this morning.

Senator HOGG—Yes, I think the minister and I agree.

Senator Hill—I am not sure where it gets you.

Senator HOGG—This is an issue that has been hanging around for some period of time, Minister.

Senator Hill—No, I agree with that, but the court intervened and I assume that that litigation is still progressing.

Mr Rowe—Absolutely.

Senator HOGG—Do we know how much the department has paid in legal and administrative costs in relation to Mr Gaisford's suspension since 1 March 1996?

Mr Rowe—Yes, Senator. The legal costs that have been incurred to date amount to \$524,000.

Senator HOGG—To whom has that \$524,000 been paid by the department? Has it been to the Australian Government Solicitor or private legal practitioners?

Mr Rowe—Essentially to the Australian Government Solicitor.

Senator HOGG—If you are able to give me the break-up of that, I would be interested. Perhaps you could take that on notice. Are you able to tell me how many legal actions there have been concerning Mr Gaisford, and what have been the outcomes of those legal actions so far, that is, the concluded ones? Obviously there are still matters pending.

Mr Rowe—There have been several actions. If it is acceptable to you, I would like to take that on notice and provide you with a very accurate time line of each of the court actions. There have been several and I think it would assist the committee if I could provide that in a very detailed way.

Senator HOGG—If you can do that reasonably quickly without putting yourself under too much pressure. How much is the department budgeting for the three legal cases under way this financial year, including the proceedings set down for the three weeks in April?

Mr Rowe—We have a legal services allocation of funds. We have not in fact specifically provided for a particular amount of money for the hearings that will occur in April-May, but there is provision in our general legal services funds to cover those costs.

Senator HOGG—There is no specific allocation.

Mr Rowe—Not a specific amount allocated, because there is a general fund out of which we cover legal costs that the department incurs.

Senator HOGG—Has the fact that this matter has dragged on for some period of time placed undue pressure on the legal budget of the department?

Mr Rowe—As I indicated, we have a particular fund for legal actions of this type, or for any matter really, and the costs associated with these actions are covered under that fund. Some of these actions can cost a lot of money; others may not. So it is really very hard to say if the particular costs over that period of years will amount to a particular onerous burden on the department's budget because of the nature of the cost of litigation whatever it is.

Senator HOGG—When does the department expect these matters to be concluded?

Mr Rowe—The Federal Court hearing of Mr Gaisford's application is set down to commence on 18 April, and a period up to 4 May has been allocated by the Federal Court for the hearing of the matter.

Senator HOGG—So we can only await the decisions that arise out of that hearing. In light of the very considerable legal complications and expense associated with this case, does the department consider that there are any lessons to be learnt from this matter in the way these matters could be handled? If so, what are those lessons?

Mr Rowe—I would just comment that the department is defending the action which has been instituted by Mr Gaisford, and the department considers that its case is very well founded and that the actions it has taken are similarly well founded.

Senator HOGG—I am not trying to go to the merits of the case but the processes that have evolved over time. There have been complications and it has been dragged out for a period of time. I am trying to get a feel as to whether or not the department feels that there are other processes that could have been put in place which may well have more readily resolved the matter.

Dr Thomas—I think it is very hard for us to get into that without speculating about the actual merits and content of the case which is before the court. We would prefer really not to comment further at this stage.

Senator HOGG—I said I did not want to do that, Dr Thomas, so I will leave that. Does the department concede, though, in the broad sense that this matter could have been handled more effectively, without going to the matters that are before the court?

Dr Thomas—Again, that really goes to the heart of the case. I really do not think I can add anything else.

Senator HOGG—All right. I will leave my questions there.

CHAIR—Dr Thomas, are you briefed to take Senator Faulkner's questions now?

Dr Thomas—I am afraid that the officer responsible is en route and we cannot find them. But I can tell you the definite figures we have at the moment. DFAT has one DLO in Mr Vaile's office. It has one DLO and one assistant DLO in Mr Downer's office. Within the portfolio—and I really cannot speak for AusAID and Austrade—Austrade also has a liaison officer in Mr Downer's office and one in Senator Patterson's office. The DFAT positions are three altogether. Those officers are responsible for largely coordinating much of the paper flow between the department—

CHAIR—What about the parliamentary secretary for foreign affairs? Isn't there a DLO in her office as well?

Senator FAULKNER—He just said it was an Austrade—

Dr Thomas—It is an AusAID person.

Senator FAULKNER—So from the portfolio, as far as you know, it is a total of five?

Dr Thomas—That is correct.

Senator FAULKNER—I think you had said—my office informed me, because I was en route back to my own office—that there were three DLOs in Mr Downer's office and two in Mr Vaile's office. That is the same total, but in fact it is two in total in Mr Downer's office,

two in Mr Vaile's office and one in Senator Patterson's office. Is that a more accurate description?

Dr Thomas—That is my understanding, yes.

Senator Hill—Did you say three in Downer's office?

Senator FAULKNER—I was informed that Mr Thomas had informed the committee earlier today that there had been three in Mr Downer's office and two in Mr Vaile's office.

Dr Thomas—There is only one in Mr Vaile's office.

Senator FAULKNER—No, in total. What you are now saying is that there are two from the portfolio in Mr Downer's office, two in Mr Vaile's office and one in Senator Patterson's office.

Senator Hill—The latest and most authoritative advice is three in Downer's office, one in Vaile's office and one in Patterson's office.

Dr Thomas—But of those only three are DFAT officers.

Senator FAULKNER—So the assistant DLO is the DLO in Senator Patterson's office. Is that right?

Dr Thomas—No, the assistant DLO is in Mr Downer's office.

Senator FAULKNER—That is as clear as mud. What are the levels of the DLOs in these respective offices? You may not know the AusAID DLOs—we can ask them. You might take that on notice if you do not know. Let us just start with Mr Downer's office: is there one DLO from the department?

Dr Thomas—Yes, and that is what we call a broadband 4 officer—it is a director level officer.

Senator FAULKNER—I do not want to know the names; I just want to know the bands.

Dr Thomas—The Assistant DLO from DFAT in Mr Downer's office is what we call a broadband 1 officer.

Senator FAULKNER—As well as that, there is an AusAID DLO in Mr Downer's office. Is that right?

Dr Thomas—Yes, there is an Executive Level 1 officer.

Senator FAULKNER—That is helpful. That is it for Mr Downer's office?

Dr Thomas—Yes.

Senator FAULKNER—As you would be aware from my earlier question, I was interested in the pattern over the last 12 months. Has that been a consistent pattern? Perhaps the personnel might have changed, but have there been those three DLOs in Mr Downer's office?

Dr Thomas—The only real change over the last few years was the addition of the Assistant DLO BB1 position in Mr Downer's office. That was established about 2½ years ago. That is an IT admin support position which services all three offices. So it is based in Mr Downer's office but it does the IT and other administrative work related to Mr Downer's, Mr Vaile's and Senator Patterson's offices.

Senator FAULKNER—Why is there an AusAID DLO in Mr Downer's office?

Dr Thomas—That is an outposted officer from AusAID because of Mr Downer being the minister responsible for AusAID. He handles all the submissions and paperwork that come from AusAID.

Senator FAULKNER—Was that in Senator Patterson's office?

Dr Thomas—Yes, because her responsibilities largely cover aid related matters.

Senator FAULKNER—I thought originally it was suggested that it was in Mr Vaile's office. So that is Mr Downer's DLO establishment. What about Mr Vaile's?

Dr Thomas—With regard to Mr Vaile's office, it is usually filled by an officer in the EO1 or EO2 range—that is, either director level or one level below that.

Senator FAULKNER—It is a DFAT officer?

Dr Thomas—Yes. I am also informed Austrade has an officer there, but I do not know the level of that officer. I have the exact level of Mr Vaile's DFAT DLO: it is an APS6. I am sorry about all the complicated grading; DFAT has a very complicated classification system.

Senator FAULKNER—I am trying to get it to add up. We are now up to six. It was five.

Dr Thomas—The DFAT numbers have never changed. The answer I am not able to give with confidence is about the DLO officers from other departments or agencies, because we have no control over those staff.

Senator FAULKNER—I appreciate that; I am just trying to get an understanding of the general picture. So it is three in total in Mr Downer's office. But if there is an additional one in Mr Downer's office, you would let me know, anyway, wouldn't you?

Dr Thomas—Yes.

Senator FAULKNER—There are two in Mr Vaile's office now?

Dr Thomas—Yes, one from DFAT; one from Austrade, I am told.

Senator FAULKNER—I think you have managed to achieve a world record. There is one from AusAID in Senator Patterson's office?

Dr Thomas—Yes, there is one from AusAID, not from DFAT.

Senator FAULKNER—But no departmental officer?

Dr Thomas—No.

Senator FAULKNER—So there is a total number of six for the minister and parliamentary secretary. I think we are at a historical high, aren't we?

Dr Thomas—Not to my knowledge. Certainly, those numbers have been stable for some years.

Senator FAULKNER—Have those numbers been stable for the last 12 months?

Dr Thomas—Yes, to my knowledge. As I say, the only addition was the Assistant DLO position in Mr Downer's office, and that position was established 2½ years ago.

Senator FAULKNER—So the establishment went from five to six at that time, did it?

Dr Thomas—I cannot answer for the AusAID and Austrade positions, but certainly that is the only change to the DFAT DLO positions.

Senator FAULKNER—That was increased by 50 per cent. It went from two to three. Is that what you are saying?

Dr Thomas—Yes.

Senator FAULKNER—Thank you for that. Has the department paid, or contributed to paying, the salary of any other staff based in Parliament House over the past year, apart from departmental liaison officers?

Dr Thomas—Not that I am aware of.

Senator FAULKNER—You would be aware of it.

Dr Thomas—Yes, it would be unusual. I do not think so.

Senator FAULKNER—Yes, it would be unusual. If I can receive your categorical assurance on that, I would be pleased.

Dr Thomas—I am not aware of any.

Senator Hill—He is not aware of any, and we will check.

Dr Thomas—I will advise you if it is any different from that, but I am quite sure there is not.

Senator FAULKNER—Appreciating, Senator Hill, that we do not have all the agencies at the table, could I ask—and I do not expect Dr Thomas to know this—that you take on notice that question for the portfolio as a whole. In other words, pick up AusAID, Austrade and the other agencies in that question, too. I do accept that Dr Thomas has made the point to us on more than one occasion in the last few minutes that he cannot answer necessarily for other agencies, but I would like that question to be a portfolio-wide question, if it could.

Senator Hill—We can do that.

Senator FAULKNER—It might be simpler to handle it that way than to waste an enormous amount of time backfilling on this. I am interested in knowing if the Department of Foreign Affairs and Trade or any of its agencies paid the salary, or contributed to the payment of salary, for any staff in Parliament House over the past year, apart from the six DLOs that you have provided evidence to the committee about. Minister, I accept Dr Thomas's assurance that it is not the case in DFAT; but, if it is found to be the case, could the committee be provided with the details?

Senator Hill—Yes, certainly.

Senator FAULKNER—The details, of course, would include the time of the appointment, the level of the appointment and the reasons for it, and so forth.

Senator Hill—Yes.

Senator HOGG—Before I get into the outputs, could I ask some questions specifically relating to Fiji. Mr Urwin, you seem to be the expert here. I have about five or six questions. Does the government still adhere to the view expressed by the Commonwealth ministerial action group meeting held last September that the present interim administration in Fiji is the product of the unconstitutional overthrow of an elected government and that its actions, therefore, lack both legitimacy and credibility?

Mr Urwin—The answer to that is yes.

Senator HOGG—What steps has our High Commission in Fiji taken to monitor the Fiji Court of Appeal proceedings on the status of Fiji's 1997 constitution?

Mr Urwin—An officer is present in the court throughout the court proceedings.

Senator HOGG—What representations has the High Commissioner made to the Fiji military about the desirability that they respect the outcome of the Court of Appeal proceedings?

Mr Urwin—Those representations have been made on a number of occasions by the High Commission to the military directly. I personally spoke with the commander of the RFMF last week when he was passing through Australia and, of course, we have done it on a number of occasions at ministerial level.

Senator HOGG—I think you have covered the level at which the representations were made. You said ‘ministerial, officer and high commissioner level’?

Mr Urwin—Yes.

Senator HOGG—Is it not the case that Fiji’s military commander has refused to commit the armed forces to uphold judicial rulings?

Mr Urwin—I think that is a little obscure. Frankly, the commander has said a number of things. In the comments that were reported this week, he was essentially trying to reserve his position and make the point that the military would need to make an assessment on the basis of the reaction to whatever the court’s judgment may be.

Senator HOGG—So there has been no clear view expressed in the way the department sees it?

Mr Urwin—I think the signals are a little mixed.

Senator HOGG—Can you confirm that, in an affidavit tendered to the court yesterday, the military commander said it would be ‘wrong and contrary to my duty to commit myself’ to defending a court ruling against the legality of Fiji’s interim administration? Are you aware of that?

Mr Urwin—I am aware of it. The military’s classical position, if I can put it that way, has been that its loyalty is to the president of the nation. I am speculating, but I think what he is saying there is that the military would take its lead from the president’s reaction to a court ruling.

Senator HOGG—Will our High Commission be making any representations to urge the Fiji military to support a ruling by the Court of Appeal, specifically a ruling upholding the validity of the 1977 constitution?

Mr Urwin—They have done so this week—reaffirmed that, Senator, both with the commander and with the interim Prime Minister.

Senator HOGG—Thanks very much, Mr Irwin. What is the department’s assessment of the likelihood of unrest and civil conflict in Fiji following the Court of Appeal proceedings?

Mr Urwin—It obviously depends on the result.

Senator HOGG—I accept that.

Mr Urwin—I think that, in the event of the original judgment being upheld, there is significant risk of some disturbance from three areas, in particular, on the main island of Fiji—areas that are known for their support of Speight.

Senator HOGG—Lastly, when was the department’s travel advice concerning Fiji last updated?

Mr Urwin—13 February, 2001.

Senator HOGG—I presume travel advices now contain the date on which they are issued so that when people look at those travel advices they know when the advice was issued as against what the current date might be. Both are on the advices these days, I understand.

Mr Urwin—Yes. At the top it states when the advice was previously updated and then the date of the current notice.

Senator HOGG—I made that suggestion some time ago and I think it is very helpful. Thanks very much.

[11.07 a.m.]

Senator HOGG—I turn to outputs 1.1.1 and 1.2.1.

CHAIR—North Asia, including the Australia Japan Foundation.

Senator HOGG—I start with appendix 14 in the annual report. There is no need to refer to it, but it is at page 359. It is headed, 'Advertising and market research'. It lists among the market research commissioned by the department a study of attitudes of Japanese towards foreign countries by the Nippon Research Centre. This study was fairly modest in its expenditure—\$12,870—and is associated with the output 1.1.1. Earlier annual reports indicate that the Nippon Research Centre has been providing market research services to DFAT for a number of years. For example, in 1995-96 there was a project, but the specific nature of the project cannot be tracked down. That cost \$9,052. In 1996-97 there was a poll of Japanese attitudes costing \$7,438. In 1997-98 there was a study of Japanese attitudes costing \$9,157, and in 1998-99 a study of Japanese attitudes costing \$9,687. So it seems as if a pattern has been established through the Nippon Research Centre. What is the Nippon Research Centre?

Mr Heseltine—I am not familiar with the nature of that organisation. Perhaps we could take that one on notice.

Senator HOGG—When you are taking that on notice, would you find out, because I want to get some feeling as to the nature of the organisation, if it is something associated with major polling organisations? Is it something associated with the likes of Gallop International? I am just trying to give you a little bit more detail so I can get a feeling for this. It is not a huge expense, but it is interesting because, as you know, the mirror of this committee, the references committee, did a major inquiry into Japan. I think at that stage of that inquiry we were not aware of the survey of Japanese attitudes. The nature of the beast would be nice to know.

Mr Heseltine—I think these activities are mostly carried out on behalf of the Australia Japan Foundation. In fact, we do have in Canberra at the moment the head of that organisation, who is based in Tokyo. If you would like, we could get him along later in the morning and perhaps he could answer those questions.

Senator Hill—Or at a subsequent briefing perhaps.

Senator HOGG—How long would it take?

Mr Heseltine—We could get him up here quite quickly.

Senator Hill—It is all right for you but not necessarily for us. We prefer to answer the questions now.

Mr Heseltine—We could get him up here quite quickly.

Senator HOGG—All right, I will delay those questions on relations with Japan. They do go to the second of the market research projects there—Professor Ando's, and I presume they are done in Japan—which is a survey of perceptions of Australian culture in Japan. I will defer those until the appropriate officer arrives.

Senator Hill—I am surprised that senior officers of the department cannot answer those questions.

Dr Thomas—These things are listed in this appendix, but the Australian Japan Foundation operates as an autonomous foundation and board. The director is actually based in Tokyo and expenditure positions on projects such as those listed are taken by the board, which is headed by a businessman, Mr Jeremy Ellis, and representatives from academia, cultural areas, business and what have you. The department does not get directly involved in the expenditure of these funds.

Senator HOGG—I accept that and, as I said, I am quite prepared to wait until the appropriate officer gets here. I will move to North Korea. Can the department provide the committee with an update on the development of our bilateral relations with North Korea?

Mr Heseltine—There have been a number of quite significant developments in the past year or so. We re-established diplomatic relations with North Korea in May last year. That was on the basis of non-resident ambassadors. Our ambassador in Beijing was accredited to North Korea and the North Korean ambassador in Jakarta was accredited here. Later in the year, in November, Mr Downer made an official visit to Pyongyang. We have also had a number of trade missions that have been organised by Austrade, most notably at the end of last year a mining-energy related mission, and this week we have had a visit by a delegation from North Korea headed by a vice-minister for trade for further discussions particularly on trade related matters.

Senator HOGG—So there has been an opening-up of the relationship there, as you have outlined. We have had the visit by Minister Downer and you have outlined contact by Austrade. Has there been any other contact by the department?

Mr Heseltine—Obviously the contact this week with the delegation—

Senator HOGG—Yes, I accept that, but in travelling to North Korea?

Ms Gauci—A DFAT officer on posting in Seoul actually accompanied the Austrade energy mining mission in December.

Senator HOGG—Are there any plans for any further ministerial or senior official visits between our countries in the course of this year?

Mr Heseltine—When Mr Downer visited North Korea in November he extended an invitation to his counterpart, Foreign Minister Paek, who accepted in principle. There is a strong possibility that that visit might take place around the middle of this year.

Senator HOGG—But there is no confirmation that that visit will take place at this stage?

Mr Heseltine—There is no detail, but a very strong indication on their part that they want to make the visit. That was conveyed this week by their delegation.

Senator HOGG—Are there any further plans for visits by ministerial or senior officials from outside to visit here?

Mr Heseltine—Not at this stage.

Senator HOGG—Not during this financial year?

Mr Heseltine—No.

Senator HOGG—What about during the calendar year, or is that too far out?

Mr Heseltine—I think we will wait to see how the visit of the foreign minister goes and then make plans accordingly.

Senator HOGG—It has been reported that Mr Downer raised the issue of ballistic missile proliferation when he visited North Korea. What representations has Australia made concerning North Korea's ballistic missiles?

Mr Heseltine—In addition to Mr Downer's representations—and there were quite detailed discussions with his counterpart and also with the President of the Supreme Presidium in Pyongyang—we have raised these issues this week with the visiting delegation. I should mention that the delegation this week was led by a vice-minister for trade, but it also had on it a senior foreign ministry official, so we made the same sorts of representations again.

Senator HOGG—When you say a senior foreign ministry official, what level?

Mr Heseltine—He is a director-general. He was my counterpart in earlier discussions that we had in 1999 in Bangkok and then in February last year in Pyongyang, which paved the way for the establishment of diplomatic relations; so he is quite well known to us.

Senator HOGG—One would presume, therefore, from what you have said that, during those discussions, we would have urged North Korea to desist from any further ballistic missile tests?

Mr Heseltine—That is right.

Senator HOGG—Would we have urged them to desist from exports of ballistic missile technology as well?

Mr Heseltine—Yes, indeed. We made those two very important aspects clear to them. Another important part of it, of course, is continuing to engage with the United States on these issues, because that is really the key negotiation on missile issues.

Senator HOGG—What has been their response to our representations?

Mr Heseltine—To be frank, they would prefer that they discuss these issues just with the Americans but, certainly when Mr Downer was there last November, they showed quite a ready willingness to reassure us that they were continuing their negotiations with the United States in a constructive and positive way. They have, as you might know, made an offer that they would desist from so-called missile launches—they do not accept that they are missiles—

Senator HOGG—What are they?

Mr Heseltine—Communications satellites. They made that offer in return for third countries assisting them with satellite launches. We have said that we welcome that approach.

Senator HOGG—The impression you have conveyed is that there are undertakings there to suspend ballistic missile testing—or have they not gone that far?

Mr Heseltine—No, they have not gone that far. They have declared a moratorium on long-range missile testing while the negotiations with the United States are under way. We have, on a number of occasions, told them that we welcome that and we would want them to turn that into a permanent arrangement, not just a moratorium.

Senator HOGG—Have they given any indication of what would be required for them to consider the abandonment of their long-range ballistic missile programs?

Mr Heseltine—Putting it as simply as I can, it basically comes down to guarantees on their security. That is really what they are looking for.

Senator HOGG—Do they make that clear in their discussions with us?

Mr Heseltine—Absolutely.

Senator HOGG—Has Australia engaged in any discussions with North Korea concerning chemical and biological weapons proliferation?

Mr Heseltine—Yes, certainly, as part of our continuing discussions with them, we raise a range of international disarmament type agreements that we want them to adhere to and certainly that is one of them. We have also urged them to regularise their situation with the NPT and to observe the requirements of the International Atomic Energy Agency. So there is quite a wide range of—

Senator HOGG—What is their response to our raising these issues?

Mr Heseltine—Again, they tie it very much to their security situation. Basically, they are saying that, if they can be satisfied that their security is assured and that they no longer feel threatened, they are prepared to look at these things.

Senator HOGG—Given that South Korea has signed the chemicals weapons convention and moved to dismantle its chemical weapons facilities, have we raised the question of North Korea's future adherence to the chemical weapons convention?

Mr Heseltine—With?

Senator HOGG—With North Korea.

Mr Heseltine—Yes, the issue of chemical weapons has come up in our discussions.

Senator HOGG—Given the South Korean position where, as I understand it, they have signed the chemical weapons convention and moved to dismantle their chemical weapons facilities, has the question been raised with the North Koreans as to what their response might be? Will they sign the same convention?

Mr Heseltine—We have not got into that degree of specificity.

Senator HOGG—Not to that degree, at this stage?

Mr Heseltine—No.

Senator HOGG—Would it be fair to assume that this sort of thing will be on future agendas?

Mr Heseltine—Absolutely. We have made it very clear that the progression in the development of our bilateral relations is very much linked to North Korea moving forward on all of these sorts of disarmament and security issues and, of course, importantly, their dialogue and relationship with South Korea.

Senator HOGG—Thank you. Can I now move on to China and, in particular, the relationship between China and the United States.

CHAIR—Just before you do, Senator Calvert has a question on Taiwan.

Senator CALVERT—Mr Heseltine, has the memorandum of understanding that we signed with Taiwan in 1999 over LNG gas sales progressed any further?

Mr Heseltine—This is obviously a matter for the companies that were involved in the signing, but our understanding is that that MOU is no longer extant.

CHAIR—For what reason?

Mr Heseltine—Commercial considerations. I think that the company that was involved on the Taiwan side has subsequently entered into an arrangement with another foreign company.

Senator CALVERT—That sourced it supplies from the Middle East, no doubt?

Mr Heseltine—That is right.

Senator HOGG—On what basis was that done?

Mr Heseltine—I do not know. Obviously, it would be commercial considerations that we are not privy to.

Senator HOGG—Yes, I accept that.

CHAIR—But it was entered into with such fanfare at the time.

Mr Heseltine—It was regarded as a step forward. The question of LNG supply to Taiwan is one that is very much on the companies' minds at the moment. The situation in Taiwan is a little bit confused at the moment: the tendering process which began last year did not attract a sufficient number of bidders for it to proceed. They are now revising the tender conditions and then that will be relet. On the basis of that, international companies, including ones that Australian LNG would be linked in with, will make a decision whether to put in a bid.

Senator CALVERT—Would the fact that they have decided not to proceed with their nuclear power station have some effect?

Mr Heseltine—They actually last week did make a decision to resume work on the fourth nuclear power plant. It is an on again, off again situation. But it is on at the moment. Clearly, the question of energy policy is very much on the minds of the authorities there.

Senator Hill—Perhaps we could sell some more uranium.

CHAIR—We would like to sell them that; we cannot. What matters were raised by Mr Vaile in his visit last week?

Mr Heseltine—Mr Vaile had a business delegation of some 23 companies across a very wide range of sectors. He had meetings with a number of key economic decision makers, including the minister for economic affairs, who he has met a number of times through APEC and elsewhere. He also had a number of commercial meetings. This was an opportunity for the companies to give presentations and to promote their activities. Australian LNG, which had a representative there, was quite a prominent part of all of those discussions.

Dr Thomas—An officer has arrived from the department who could speak about those Japan related research projects in which Senator Hogg had an interest. Mr Terry White is actually director of the Australia-Japan Foundation, based in Tokyo. But he wears two hats. He is also our cultural counsellor at the embassy. I am informed that this project in fact was conducted last year by the embassy, but he is able to speak about it to you, if that is agreeable.

CHAIR—We might call Mr White to the table then.

Senator HOGG—Thank you for coming at such short notice. The mirror committee of this committee, the references committee, as you probably are aware, did a major inquiry into Japan, and I was asking questions about the part of the annual report under advertising and marketing research where there are a couple pieces of research—not that they are big items—

one done by the Nippon Research Centre about attitudes of Japanese towards foreign countries. Going back it seems that this survey has taken place over a number of years. I have got figures for 1996-97, 1997-98 and 1998-99. It is not a huge survey but I would imagine, nonetheless, that it has some importance. There is one for 1995-96. There is no description as to what the survey was about, but I presume it was the exact same thing. What is the Nippon Research Centre?

Mr White—The Nippon Research Centre is a private sector polling organisation based in Tokyo. The embassy has been, along with a number of other countries, engaged in research for nearly 20 years with this organisation. It is an annual omnibus poll that tracks attitudes towards Australia and a number of other countries held by the Japanese people. The polling is done randomly both by interview and by telephone.

Senator HOGG—Given the small cost of the survey, how wide and extensive is it? Is it done in conjunction with other surveying done by that organisation?

Mr White—It is. As I have mentioned, it is an omnibus survey, and funds are contributed by a number of different agencies. To the best of my knowledge there is also some other research done at the same time at the same group. It is an extensive survey in terms of the polling base, and for the embassy it is an important tracking measure given the extent of time over which we have been getting results out of that organisation.

Senator HOGG—What is the purpose of these studies and the surveys, and have they been of assistance?

Mr White—The purpose of the research is to track attitudes of the Japanese population towards Australia in terms of popularity, trustworthiness, potential to visit Australia, generic attitudes towards Australia and images of Australia. The research has been highly useful in letting us form an opinion of basically where Australia sits in a generic sense with the bulk of the Japanese population. Given we have been engaged in it for some 20 years we are now able to draw some reasonable conclusions about how that has changed and gone up and down, how Australia's stocks in Japan have changed.

Australia continues to be amongst the most popular countries and continues to be the country most trusted by most Japanese. It vies with Hawaii and the United States for the area they would most like to visit. People's attitudes towards Australia and their images of it have gradually shifted from big and brown, nature and koalas and kangaroos to including issues like multiculturalism, fairness and cooperation. In summary, I think it is a valuable survey and, for the amount of money that is involved, I think it is a good indication of how our fortunes have changed in Japan.

Senator HOGG—That is pleasing to hear, indeed. As part of the omnibus survey, do you get a comparison as to how the Japanese perceive Australia vis-à-vis England, the United States or somewhere else?

Mr White—Yes, we do. We track those results quite closely.

Senator HOGG—I think you have answered this: are there any noticeable changes in the general perception of Australia that have taken place in the last, say, five years?

Mr White—I think I referred earlier in one of my responses to the fact that the general images that people hold towards Australia are beginning to change. What indicates that more strongly than anything else are the verbatim reports that come out of certain response groups. Particularly in this year—the results have yet to be finally tabulated—there is a very pleasing set of results about the impact of the Olympics and the television images associated with the

opening and closing ceremonies. Most pleasing to the foundation and to the embassy is the fact that—in terms of the source of information—there are more and more people referring to what they have been taught at school and to, if you like, the impact of our programs in the education system.

Senator HOGG—One of the things we heard about at that inquiry was the role of the foundation in providing educational material within the Japanese education system. Are you able to get any direct evidence out of the surveys as to the impact of that material? If so, what evidence?

Mr White—As I said, the final data has not been tabulated. The results of this year's survey would indicate that the products that we have been providing to the Japanese education system are having a marked effect on attitudes and indicate the efficacy of that program. We will be reporting on this as soon as the final tabulated data is available, and I will make sure you get a copy, Senator.

Senator HOGG—One of the things I was going to request is copies of the studies and surveys carried out by the Nippon Research Centre for the department over the period of years—not if they are voluminous. Are the results available to the committee?

Mr White—Absolutely.

Senator HOGG—I would be interested; I think it is very important. The other question goes to another piece of market research that is done by Professor Ando—the survey of perceptions of Australian culture in Japan. It only costs \$2,383. What is the purpose of that study and what is the outcome, given that it does not seem to have a high price attached to it?

Mr White—Professor Ando is obviously a professor at a Japanese university based in Nagoya. As part of his ongoing research towards the impact of foreign cultures in Japan, we have been assisting him for a number of years in a research program. In the first year, with his assistance, we put together a survey instrument that asked a broad variety of Japanese, but particularly those in decision making positions, about their attitudes towards Australian cultural product. The survey went to the extent of examining, for example, how effective programs of direct mail, Internet and promotional campaigns were and how they all worked.

We were pleasantly surprised by the results of the survey in its first year, particularly in the visual and performing arts venues. The recognition of the quality of Australian cultural product was high. There were obvious gaps identified and, again, hints came out of that survey that suggested different approaches to us. We have prepared a report on the initial survey, and I am happy to make that available to the committee. Another one is going on at the present point in time—a second element of that.

Senator HOGG—Good. When the other one becomes available, I would be interested in it as well.

Mr White—Certainly.

Senator HOGG—Thank you, Mr White. I appreciate the fact that you have been around to answer these questions and to enlighten us on that part of the annual report.

Senator HOGG—I have some questions on China and US relations. Does the government share the perception of the new administration in Washington that China is a strategic competitor to the United States?

Mr Heseltine—That is not the terminology we use; that is their characterisation.

Senator HOGG—That is a fair enough answer. I accept your answer that that is their terminology. You do not accept that view?

Mr Heseltine—We have never used terminology like that.

Senator HOGG—How do you believe China perceives Australia's alliance relationship with the United States?

Mr Heseltine—China is obviously aware that we have a longstanding relationship with the United States. I do not think they see anything particularly unusual about that. I think, as a matter of policy principle, they do not like alliances, they do not think alliances serve Chinese interests. But, that said, they understand Australian interests.

Senator HOGG—Is the department concerned that strategic and political tensions between China and the United States over issues like national missile defence will cause complications in the bilateral relationship between Australia and China?

Mr Heseltine—The first point to make is that deployment of missile defence systems is a very long way off. This is essentially an issue between the United States and countries like China. We do not see it as an issue in our relationship. We have a good overall relationship with China. We have dialogue with them right across the board, including in security issues. We talk to them about these things. They are obviously interested in the issue—and we do talk to them about it—but we do not believe this is going to have an impact on the bilateral relationship.

Senator HOGG—So they do not necessarily see any support that might be voiced by Australia for a national missile defence system causing any difficulty?

Mr Heseltine—As I said, this is such a long way off that there is no specificity about it. I do not think it has got to that point. It is an issue they are interested in, there is no doubt about that—and we would hope that the United States would consult closely on the issue—but it is essentially one between those two countries.

Senator HOGG—And they have not expressed a view on our support for the national missile defence system in any contacts we have had with them?

Mr Heseltine—In the context of the ongoing dialogue that we have with them on these issues, obviously they voice views on how they see NMD and TMD. There are no surprises in that.

Senator HOGG—But nothing that would affect our relationship with them?

Mr Heseltine—Not at all, no.

Senator HOGG—Thank you very much, Mr Heseltine.

[11.39 a.m.]

CHAIR—We will now move to output 1.1.2 and 1.2.2, South and South-East Asia.

Senator HOGG—On Indonesia, can the department provide any advice concerning President Wahid's proposed visit to Australia?

Ms Bird—Discussions are continuing on a possible date for the visit in April, but it is not finalised yet.

Senator HOGG—When is it likely that that matter will be concluded? Is there an expectation of an early settlement as to a date?

Ms Bird—Discussions are continuing. I would anticipate that once the date and program arrangements are finalised an announcement will be made.

Senator HOGG—Can you confirm that the Indonesian government has made a formal proposal for the visit to proceed on specific dates?

Ms Bird—We are discussing specific dates, yes, Senator.

Senator HOGG—Is it possible to say when those specific dates will be at this stage?

Ms Bird—Not at this stage. There will be a formal announcement in due course.

Senator HOGG—If and when President Wahid visits Australia, is there any idea where he will be visiting?

Ms Bird—Again, those program arrangements are being discussed at the moment.

Senator HOGG—Without trying to ask you the detail, is it likely to be just a national capital type of visit or is it something on a broader basis that we are looking at?

Ms Bird—Obviously he will be coming to Canberra, but he is looking at a number of other possible stops in his itinerary.

Senator HOGG—Is there any suggestion that, if April is not satisfactory, there is an alternative down the track? It is important that this visit proceed and proceed this year, obviously.

Ms Bird—We have made clear that President Wahid will be welcomed when he comes and warmly received, and we are looking at those dates in April.

Senator HOGG—So, without the department being aggressive about it, it is the intention to make that visit happen?

Ms Bird—As I said, we are looking at those dates in April and there will be an announcement in due course once they are finalised.

Senator HOGG—Thank you. I move to East Timor. Can you provide the committee with the department's current assessment of the security situation in East Timor?

Ms Bird—The security situation in East Timor overall is good. Apart from the immediate border area, the security situation is stable. There have not been any incidents on the border since early December.

Senator HOGG—No problems in border areas?

Ms Bird—There have not been any clashes since early December, but that is obviously the area of most concern.

Senator HOGG—And the assessment for the future: remaining stability?

Ms Bird—The security situation through most of East Timor is good. The border area is where the security is most heightened, and the peacekeeping operation remains vigilant. But, as I said, it has been stable since early December.

Senator HOGG—But this is probably the most difficult time of the year for movement around, with the monsoons and so on, one would suspect. Is there any projection as to what might happen in the dry months in activity across the border?

Ms Bird—Militia activity has been pretty quiet for the last few months. There has been a steady return of people out of the camps in west Timor, but the situation in the camps in west

Timor does remain a concern because there are a number of militia operating out of those camps.

Senator HOGG—Are pro-Indonesian militia still coming across the border?

Ms Bird— There are certainly militia in the west Timor camps, and the peacekeeping operation on the border keeps a close watch on that activity.

Senator HOGG—But there is no real evidence of militia coming across?

Ms Bird—As I said, the last clash was back in early December.

Senator HOGG—What potential threat, if any, do these militia forces pose for the security in East Timor, especially the western districts of the territory?

Ms Bird—As I said, the area along the border is the area of most concern from a security point of view, which is why the peacekeeping operation continues to be particularly vigilant in that area. What we would like to see with the camps on East Timor is the militia being disbanded and disarmed, because unless and until that is done they will continue to pose a threat.

Senator HOGG—And what is the likelihood that the militia will be disarmed?

Ms Bird—Some steps have been taken to that end, but more needs to be done. We are continually urging the Indonesian government to take the necessary steps to fully disarm and disband the militia.

Senator HOGG—Are you able to give the committee an update on the political developments in East Timor, please.

Ms Bird—East Timor is moving now towards independence. It is looking likely that they will have elections for a constituent assembly in August of this year, and that would be a lead-up to full independence to follow before the end of the year.

Senator HOGG—What specific help are we giving in that election process? Any? Because, again, the mirror committee of this, the references committee, as you are aware, conducted a quite extensive inquiry, and the role of the AEC in the ballot for independence was greatly praised, particularly the integrity of the AEC. Can you give us any insight as to what role we might be playing in that constituent assembly election?

Ms Bird—Yes, sure. The AEC is indeed closely involved again in this process. They are playing a quite integral role in setting up the elections which will take place later in the year. They had a team up in East Timor late last year to finalise plans for electoral assistance, so they will play a role in those elections in August this year.

Senator HOGG—Who is funding the involvement of the AEC? Is it something that is being funded through DFAT?

Ms Bird— I suspect some of the funding would come from the allocation we have made available for East Timor. Yes, it is through the AusAID allocation for East Timor.

Senator HOGG—And has there been any additional allocation made to that budget as a result of the involvement of the AEC? Was this predicted at the time that the budget was put down?

Ms Bird—I think it has been incorporated into our planning. We have quite a generous, broad ranging aid program in place for East Timor to the amount of \$150 million over four years, and it would be one of the components of that aid.

Senator HOGG—If these elections proceed in August this year, are there likely to be any extra security difficulties associated with those elections, do you think? Or will they be held in a reasonably peaceful environment?

Ms Bird—We would certainly hope and anticipate—

Senator HOGG— I know we would hope—

Ms Bird—they will be held in a reasonably peaceful environment, and the UN now has in place with the East Timorese a police force which is becoming more and more staffed by the East Timorese themselves. They are very conscious of the need to put in place arrangements for free, fair elections—the environment surrounding those—so I suspect they will be working towards that.

Senator HOGG—Given that the elections will take place for the constituent assembly this year, in August, when do you see East Timor moving to formal independence? How long?

Ms Bird—The expectation is that they will be declared formally independent before the end of the year.

Senator HOGG—Before the end of this year?

Ms Bird—Yes, that is right.

Senator HOGG—Thanks very much for those answers. I have finished on East Timor.

CHAIR—I have got a couple of questions on East Timor. Have you got any advice on the form of parliamentary make-up that they will have?

Ms Bird—No, they are still looking. They have just passed a regulation which governs the make-up of political parties, and the expectation is that the various elements of the CNRT, which has been the umbrella grouping, will start to separate out. But the precise form of parliamentary government in East Timor is still being discussed—the constitutional arrangements are still being discussed.

CHAIR—Getting back to the security position in East and west Timor: is it your view that the militia are no longer ideologically driven—they would be more interested in the development of criminal activities? I ask the question in terms of the election. What role would they like to play in the election, or would they play none, except they are interested in running illicit activities in East Timor?

Ms Bird—It is rather hard to tell what is motivating the remaining militia in those camps. There are certainly criminal elements and criminal activities taking place in west Timor. But, as I said, the extent to which they would become involved for the rest of the year is unclear.

CHAIR—How many camps are there now? How many people have returned and what is the expectation of further returns?

Ms Bird—The UN estimates that there are still about up to 100,000 remaining in the camps. Slightly over 175,000 have returned to East Timor and that includes over 1,000 this year. The estimates are that there are still up to about 100,000 in those camps.

CHAIR—Why have so few returned this year—1,000 in two months? Surely the intention, the expectation and the hope is that a greater number will continue to come.

Ms Bird—Obviously that is the hope and expectation. One of the problems has been that the UNHCR is no longer operating in west Timor since the killing of their staff members in Atambua. They have not assessed the security situation to be safe enough to return, so obviously that has had an impact on those returns. There is a complex series of reasons why

refugees are not returning. Militia intimidation is clearly one of them. There are a number of other issues to do with pensions and remuneration.

Senator HOGG—What internal tensions are there within East Timor itself, putting the militia and that issue to one side for the moment? Evidence was taken at the references committee hearing that there was a fair bit of internal rivalry, if we can call it that. Is that a problem and, if so, how is it manifesting itself?

Ms Bird—In the lead-up to the elections in August what we expect to happen is that there will be a number of political parties emerging, obviously to contest those elections. Up until now the umbrella organisation, CNRT, has in a sense encompassed most of those groups. It is a normal and natural part of political life in East Timor that there will be parties and they will contest those elections. Obviously the important thing is that that be done in a democratic framework and in the normal processes of elections.

Senator HOGG—I am thinking more in terms of the evidence that we heard that there were almost clan based rivalries. Is that likely to surface?

Ms Bird—There are a number of different splits in East Timorese society and no doubt those will continue to be evident for some time to come. What the UN is working on with the East Timorese is to put in place a framework so that we can have regular and normal party political activity leading up to free and fair elections.

Senator HOGG—I turn to the annual report. I am referring to page 309, appendix 14. There is mention there of A. C. Nielsen Research, Singapore—a research project into Australia's image in Singapore. The cost was a modest one of \$11,006. Can you tell me why this study was commissioned and the sorts of conclusions that came out of the study, or the perceptions?

Ms Bird—I apologise, Senator. I do not have that information at my fingertips. I will try to get it to you as soon as I can.

Senator HOGG—Can you also find out when it was commissioned, why it was commissioned and the results of the survey? Can we be provided with a copy of the study, or the findings? We do not want the full volume, just an executive type summary so that I can get some appreciation of what that means for us. Also, can you tell us how the department uses the results of the information that is gained from these surveys? Is it of value to the department? I am sure it is, but it would be helpful to know that.

CHAIR—We move now to outputs 1.1.3, and 1.2.3, the Americas and Europe.

Senator HOGG—The questions that I did have for you, you will be pleased to hear, I do not need to ask.

[11.55 a.m.]

CHAIR—I turn to outputs 1.1.4 and 1.2.4—South Pacific, Africa and the Middle East.

Senator HOGG—I have dealt with the issues I needed to raise on Fiji up-front. I have some questions about Iraq and the air strikes and sanctions.

CHAIR—I have a question on Africa, too. Mr Doran, can you succinctly give a brief as to the current position on Zimbabwe?

Mr Doran—In what respect, Senator?

CHAIR—The political situation, the operations of the new parliament, the lead-up to the presidential elections and when they are, the current crisis within the judiciary, the state of the economy—but very briefly.

Mr Doran—That is a very extensive list. Perhaps we could offer to give you a private briefing at some stage, as we have done in the past on those matters.

CHAIR—That might be the answer.

Senator HOGG—I think it would be useful for the committee if they could put a few of the markers down because I think it is an important issue. I was not going to ask questions about it.

CHAIR—I understand that, Senator Hogg, and I do not want to waste the time of the committee, but I do have one particular question—you direct me, Mr Doran—about the AusAID budget in Zimbabwe. It is more than just AusAid. It is difficult, I know, to find legitimate projects there, for of a number of reasons, but one of the things that was very clear from the election which took place in June last year was the operation of the election apparatus. Senator Hogg mentioned the AEC's operation in Indonesia. I wondered whether the department was considering whether AEC assistance to future elections could be considered.

Mr Doran—The matter is under consideration. The AusAid budget remains at about \$4.9 million per year. At the moment there is no direct assistance from that to the Electoral Commission as such. There is, however, a special fund for Africa, known as the African Governance Fund, which amounts to about \$3 million over three years for the whole of Africa. Under a recent allocation from that fund, there is an amount of money—I think it is about \$100,000—going into electoral education, into voter education. But at the moment there is no AEC assistance foreshadowed.

You asked earlier about the presidential elections. They are scheduled for early next year—for 2002—but we have noticed recent press speculation that Mr Mugabe might be considering going early. Dates that have been suggested have been around August-September, but we have no confirmation of that.

CHAIR—Thank you.

Senator HOGG—On Iraq, the air strikes and the sanctions, has the department and our missions overseas been monitoring international reactions to the US and UK air strikes against Iraq last weekend?

Mr Urwin—The general answer to that is yes.

Senator HOGG—What has been the reaction of Arab states in the Arab League?

Mr Urwin—A mixture; but, if I may, I will ask our assistant secretary to give you some specifics on that.

Mr Atkin—As Mr Urwin has said, the reactions have been mixed. Broadly, across the range of Arab opinion, there has been opposition and condemnation, though with some nuances and notable silence so far from a couple of major interested parties in Kuwait and Saudi Arabia.

Senator HOGG—I suppose the Kuwait response is not unexpected, given the previous history there. You said that there were some interesting nuances. What were they?

Mr Atkin—For instance, the Jordanian reaction, though negative, was done at a relatively low level. There has not been a statement at the head of government level.

Senator HOGG—Any other interesting nuances? What about the reaction of Egypt and Syria?

Mr Atkin—Egypt has issued a very standard statement of condemnation and opposition. I am not aware of a Syrian reaction.

Senator HOGG—Would you expect a reaction from Syria?

Mr Atkin—We would expect so in some way at some point, I guess.

Senator HOGG—But there has not been one to date?

Mr Atkin—Not that I am aware of.

Senator HOGG—What is your comment on the noticeable silence that you referred to from Kuwait and Saudi Arabia?

Mr Atkin—You would be aware that the operations were conducted from bases in Saudi Arabia and Kuwait, and generally those two countries have been most supportive of the maintenance of the sanctions regimes and the policies for the containment of Iraq. So it is not surprising that they would hold back from an explicit negative reaction.

Senator HOGG—What has been the reaction of the Gulf States?

Mr Atkin—They are the two principal Gulf States affected. Other Gulf States—United Arab Emirates and Qatar—have issued statements of opposition, negative, on the attacks. Amman has not issued any statement of which I am aware, nor has Bahrain.

Senator HOGG—What about the reaction of Russia?

Mr Atkin—The reaction from Russia has been negative.

Senator HOGG—And China?

Mr Atkin—Likewise.

Senator HOGG—France?

Mr Atkin—The reaction from France has been more ambiguous—ambivalent.

Senator HOGG—Did you say ‘ambiguous’ or ‘ambivalent’?

Mr Atkin—Ambivalent rather than ambiguous. I should correct that.

Senator HOGG—I thought that was what you meant, I just wanted to make sure that I had heard you correctly. What about the reaction from Indonesia and Malaysia?

Mr Atkin—I am not aware of explicit government reactions from either of those countries at this stage.

Senator HOGG—The United Kingdom supported the strikes, of course, being part of them, but have any other countries voiced open support for the strikes?

Mr Atkin—Australia.

Senator HOGG—Are there any others?

Mr Atkin—Canada and Poland. You mentioned negative reactions. Iran has condemned the attacks.

Senator HOGG—Overall, how would the department characterise the international response to the air strikes?

Senator Hill—Is that a fair question to ask—the reactions of particular countries?

Senator HOGG—I am just asking for an overall—

Senator Hill—I do not know that the department could do that any better than you could. You have the reaction of individual states to it and you draw your conclusions from that.

Senator HOGG—I am just trying to see whether there is within the department a broad view as to how the department would characterise the international response.

Senator Hill—If they are enthusiastic and want to answer it, I guess they can, but it does not strike me as a particularly helpful exercise.

Senator HOGG—All right. We have the response, as you have said, of the departmental officers and I am trying to see whether there is a broad view. If there is no broad view that the departmental officers are prepared to express or think should be expressed, then I will not pursue it.

Senator Hill—What do you reckon? Do you want to get into it?

Mr Urwin—Not really; just to say that, on the whole, the reactions are what you would expect.

Senator HOGG—Thank you.

Senator Hill—I am now more confused!

Senator HOGG—Thanks for your help, Minister. That was very good of you. Have the strikes helped or hindered international efforts to build international support for the maintenance of broad economic sanctions against Iraq?

Mr Atkin—That is obviously a question of assessment and is a continuing issue. The test of it will, I suggest, lie in the United Nations Security Council debate on the maintenance of the sanctions and of the various resolutions that support them.

Senator HOGG—I accept that. Does the department have a view as to whether the strikes have helped the maintenance of broader economic sanctions or has it hindered the process?

Mr Urwin—I do not think you can be categorical about that at the moment. As Mr Atkin has said, a good deal sits with what now happens in United Nations and what, I think, happens with the evolving US policy, and that really is still, as I say, evolving. We do not have a view on that.

Senator HOGG—Prime Minister Howard and Minister Downer have expressed understanding for the decision to carry out the strikes—I think that is the term used. Can you just clarify what understanding means or what the department believes understanding means?

Mr Urwin—I do not think there are any hidden dimensions in it. It simply means we, of course, have been supportive of the sanctions regime for a long time. We understand the specific reasons for the strikes taking place when they did. I think it generally reflects that, while we are not, as it were, a party principal in that matter, we understand the need that existed for that action at that time.

Senator HOGG—Does the department have a view about the legality of any strikes?

Mr Urwin—In broad terms, we believe it is covered by the relevant UN resolutions.

Senator HOGG—Does the department have a view of the response to the criticism of the French foreign minister that the US had ‘no legal basis for this kind of bombardment’?

Mr Urwin—I think that gets back to some of the ambivalence in the French position, which Mr Atkin described earlier.

Mr Atkin—This has been an issue of debate amongst Security Council members because it relates to the imposition of the no-fly zones and the enforcement of them. There are no UN Security Council resolutions specifically sanctioning the no-fly zones as such, but the United States, Britain and a number of other countries, including Australia, have taken the view that the ensemble of UN Security Council resolutions adopted in the wake of the Gulf War do legally underpin the establishment and maintenance of those zones. In particular, UN Security Council resolutions 678 and 688 taken together are understood to authorise the use by coalition members of all necessary means to restore international peace and security, including with respect to regions of Iraq where Iraq has repressed Kurds and other elements of its civilian population.

Senator HOGG—Is there a view in the department that the air strikes were justified as an act of self-defence? Is that a reasonable view?

Mr Urwin—In general, it is accepted that operationally the US and the UK had to take this action in order to continue to safeguard their operations in respect of the no-fly zone.

Senator HOGG—Does the government as such continue to support the present economic sanctions against Iraq?

Mr Urwin—The answer to that is yes.

Senator HOGG—Does the government consider that the present economic sanctions regime applied to Iraq is having an unacceptable humanitarian consequence for the Iraqi people? Is there any evidence of that?

Mr Urwin—We certainly have evidence of a good deal of suffering in Iraq. But our view is that that lies within the power of Saddam Hussein to do something about.

Senator HOGG—So we do not believe in any way that that is part and parcel of the sanctions that apply? As you and I know, part of the argument that is floating around out there in the ether is that the sanctions are hurting those who are least able to protect themselves, feed themselves or defend themselves, and so on.

Mr Urwin—Certainly, that is partly the reason for the existence of the Oil for Food program, in which we take part. But, in general, the sanctions have been eased in a number of ways since the end of 1999. That is another factor. I think you would be aware too that there is increasing discussion internationally, particularly in the wake of the US election, of re-examining the nature of the sanctions and seeing whether the focus is correct.

Senator HOGG—In what way have they been eased such that they will assist those people who seem to be suffering at the lower end of the food chain?

Mr Cuddihy—The key change in sanctions occurred in December 1999, when the Security Council passed resolution 1284. Prior to that, there was a ceiling on the amount of oil Iraq could export in each six-month phase of the program. It was a fairly low ceiling and that did obviously impose a ceiling on the amount of money they had to spend on humanitarian imports. That ceiling was abolished in December 1999 and, as a result of that and an increase in oil prices, in the year 2000, for example, Iraq’s total oil revenues were about \$18 billion as opposed to \$4 billion two years earlier. The UN has also, in resolutions, made reference to

targeting that money towards the most disadvantaged sections of the Iraqi population, which in many cases are the minorities such as the Kurds and the Marsh Arabs in the south.

Senator HOGG—Has that targeting been successful or has it been waylaid?

Mr Cuddihy—There is evidence that it has been waylaid by the Iraqi government. The UN itself is responsible for the distribution of humanitarian supplies in the northern part of the country in what is known as the Northern Emirates, and the humanitarian situation, the UN agrees, is much better in those parts of the country than it is in the southern part where the Iraqi government is responsible. The UN basically hands over the money and supplies to Iraq and relies on the Iraqi government to distribute them equitably and reasonably, although it does exhort the government to target the more disadvantaged groups.

Senator HOGG—Is it the government's view that the UN Oil for Food program is providing Iraq with ample revenue to purchase essential food and medical supplies?

Mr Cuddihy—I think you can make a good case for that. As I mentioned earlier, Iraq had revenues of \$18 billion from oil sales last year and their total oil productive capacity is now back to pre-Gulf War levels. That \$18 billion is certainly more than ample to provide food and medicines. I think the big problem at the moment in Iraq is the destruction to the civilian infrastructure which has come about not only during the current war but in the previous wars that there have been between Iran and Iraq. So there is a big emphasis there. The Oil for Food program has been expanded well beyond its original focus, which was basically just food and medicine. It now includes things such as housing, transport infrastructure, water and sanitation, and to really move on with the humanitarian situation from here it is important to rebuild those sectors. There is a problem in that it is hard to distribute a lot of the humanitarian supplies to more outlying areas because of the poor state of the transport infrastructure.

Senator HOGG—What measures do we have on the ground to look at the impact of what is happening in Iraq?

Mr Atkin—Our embassy in Amman has responsibility for reporting on the situation in Iraq and, of course, other posts do too as they have opportunity to access information and contacts in the monitoring of the situation.

Senator HOGG—But we have no direct means?

Mr Atkin—Our embassy officials in Amman make periodic visits to Baghdad and parts of Iraq.

Senator HOGG—Apart from those reports, how often would they visit?

Mr Atkin—Once or twice a year, depending on circumstances or particular needs. Sometimes there will be needs in terms of—

Senator HOGG—What level of officer would visit?

Mr Atkin—First secretary or second secretary.

Senator HOGG—To what extent has the effectiveness of sanctions and the Oil For Food program been undermined by Iraq's success in smuggling oil through Syria?

Mr Atkin—I think the point has already been made that Iraq has more than ample income from oil exported—whether it is exported legitimately under the Oil for Food program or illegitimately—so illegal exports of oil are not materially affecting the situation.

Senator HOGG—Does the department have a view on proposals in the United States to destabilise the Iraqi government through increased support for Iraqi opposition groups? Has this been canvassed?

Mr Atkin—We are aware of United States congressional funding for Iraqi opposition groups, but the Australian government has not taken a position on this, as such.

Senator HOGG—Is the removal of Saddam Hussein an objective that the Australian government supports?

Mr Atkin—No. The Australian government's objective is the Iraqi government's compliance with the requirements of the UN Security Council resolutions. That does not necessarily mean the removal of the regime.

Senator HOGG—So you are saying that our support is for the measures confined to the objectives set out in the relevant UN Security Council resolutions?

Mr Atkin—Precisely, Senator.

Senator HOGG—And basically maintaining regional security and eliminating Iraq's weapons of mass destruction program. Is that correct?

Mr Atkin—And settlement of the outstanding issues from the occupation of Kuwait, including issues of prisoners of war unaccounted for, compensation and so on, and adequate assurance of respect for Kuwait's sovereignty.

Senator HOGG—I thank the officers for their cooperation in that matter.

Proceedings suspended from 12.23 p.m. to 1.29 p.m.

CHAIR—We will now deal with outputs 1.1.5 and 1.2.5, multilateral trade negotiations; outputs 1.1.6 and 1.2.6, trade development/coordination and APEC; and, to oblige Senator Cook, output 3, public information services and public diplomacy. Senator Cook, would you like to commence with outputs 1.1.5 and 1.2.5, multilateral trade negotiations.

Senator COOK—My first questions are about China's WTO accession. What is the expected time line for the completion of this process?

Mr Gosper—There have been six working party meetings since mid last year. The last one was early in January, which achieved a good deal of progress. There is some uncertainty about the timing of the next working party meeting. We hope that it will be held at the end of March or early April and we hope that that will be if not the final meeting then certainly a very significant meeting in moving China towards its accession.

Senator COOK—There has been a fair bit of commentary about this recently and some of it has said that the Chinese are proving difficult to tie down on the fine print of their agricultural commitments. Others point to European and American pressure for more financial service licences. Are these factors or issues?

Mr Gosper—Certainly in respect of the first issue—that is, the nature of agricultural commitment made by China—that is an ongoing issue for discussion in the working group. In relation to financial service commitments, there have been, of course, a series of bilateral discussions about how China implements commitments it makes in that area as well.

Senator COOK—Are we party to those discussions on the financial sector?

Mr Gosper—In respect of those discussions, we are party, yes. We have specifically taken up, for instance, concerns about insurance licences in December, early January and in February.

Senator COOK—Are we in hope or expectation of getting some extra insurance or banking licences for China?

Mr Gosper—The Chinese are still giving us an answer that refers to the commitment they made to look at provisions of further licences on insurance. They tie it to the timing of their accession. We would like them to be more specific and are continuing to push the issue.

Senator COOK—China is the chair of APEC this year. Has a ‘Friends of the chair’ been established or is Australia in any dialogue with China about what the goals for APEC this year might be?

Mr Gosper—My APEC colleagues, who will follow this particular item, can talk to this in more detail. There was a SOM meeting—a meeting of senior officials—held in Beijing in the last few weeks and that did traverse the core policy objectives for APEC for this year.

Senator COOK—I will hold then, Mr Gosper, because you have indicated that you have colleagues that are specialists in this area who will come forward. At Chiang Mai last year, Australia participated in the initiative to bring AFTA and CER closer together and it was put on hold in a quite nebulous way. What has been done to follow up on the Chiang Mai meeting since?

Mr Gosper—There is an active work program that we are taking forward in the context of the CEP discussion following Chiang Mai. Perhaps one of my colleagues has details of the meetings that have been held but, in general, we continue to think that that is an issue on which we need to press and move forward as quickly as possible.

Senator COOK—Have we had discussions with the Malaysian and Indonesian governments about this issue?

Mr Baxter—Yes, we had discussions with all of the ASEAN countries through our missions in the period after Chang Mai, and we are also proposing a visit to the region in the next few weeks to continue that dialogue.

Senator COOK—How do we view progress here—as something we can move more quickly on, or are we in a position of being almost permanently stalled?

Mr Baxter—Certainly not permanently stalled. As you know, the agreement reached after the Chang Mai meeting was to work towards the development of a closer economic partnership, and we are pursuing that vigorously. The ASEAN senior officials dealing with this issue met in Hanoi on 30 January. We understand there was some discussion at that meeting about an ASEAN position but nothing was finalised. The ASEAN countries themselves are undergoing their national consultations at the moment to feed into the ASEAN secretariat on their views for the first round of meetings, which will probably take place in late March or April.

Senator COOK—It seemed to me, as an observer of the developments at Chang Mai last year, that a lot of very good work had been done at official level—and a lot of progress had been made at that level—and that a lot of good work had been done at business level but that the whole thing broke down at a political level. Have we taken any overt minister to minister approaches to try to break through that deadlock?

Mr Baxter—The minister has made a number of visits to the region where he has discussed this issue, the most recent being in the last week. The minister was in Indonesia and met with his counterpart there. He also visited Malaysia in December and met with other members of ASEAN countries.

Senator COOK—How do we assess the outcome of all that—that we are closer to getting a political accord?

Mr Baxter—We have made it very clear to the ASEAN countries that we want to see a balanced agenda for the meetings that will take place this year in the lead-up to the ministerial meeting in October. We are working with the ASEAN countries to develop that agenda at the moment.

Senator COOK—How have they responded?

Mr Baxter—Certainly they are very aware of the views of Australia and New Zealand of having a comprehensive agenda which also focuses on trade liberalisation and trade facilitation, as well as capacity building and assistance to ASEAN countries.

Senator COOK—How do you rate that as a chance of making real progress?

Mr Baxter—It is a bit early to say because, as I said, we are in the process now of preparing for the first of what will no doubt be a series of meetings.

Senator COOK—Is this the right division where I can ask you about approaches to the new US administration as a consequence of the US presidential election?

Mr Gosper—Yes, we can address those questions.

Senator COOK—Have any approaches been made, after the confirmation of USTR Zoellick, to intervene on the question of Australian and New Zealand lamb exports to the United States?

Mr Gosper—Yes, Mr Vaile has spoken and written to Mr Zoellick

Senator COOK—What is the American response?

Mr Gosper—There has been no direct response to date, although the US is continuing with its appeal against the WTO panel decision.

Senator COOK—Their International Trade Commission was conducting a periodic review of its earlier recommendation to clamp down on Australian and New Zealand lamb exports. In the wake of that, have we been in a position to make any recommendations as to what the President's office should do about Australian and New Zealand lamb exports?

Mr Gosper—Yes, the review was to look at the adjustment undertaken by the domestic industry with the benefit of the safeguard measure. We made submissions and appeared at hearings before the ITC. We noted that there was no case for the ITC to take into account the representations made by the US domestic industry to in some way extend or amend the safeguard measure, and we pointed out to the commission that the work undertaken by the ITC secretariat demonstrated fully our concern that, unless imports were allowed unfettered access, the domestic industry was in no position to safeguard its own interests.

Senator COOK—How would you summarise it? Are we hopeful that the new administration will relax the restrictions on exports of Australian and New Zealand lamb to the United States or are we not?

Mr Gosper—We are hopeful it will, but there is obviously a process under way whereby the ITC has put a report to the President and there is a WTO process under way with an appellate body here later in March that will seek to confirm the panel findings on the WTO inconsistency of the lamb safeguard measure. We hope that, when those things run through, the US will accept the economic logic and the case for WTO consistency and remove the measure forthwith.

Senator COOK—So we are not in any expectation that the United States, the appellant in the WTO action, will not proceed; we expect them to proceed with their appeal?

Mr Gosper—They have proceeded to lodge their appeal against the panel decision, and we expect to appear before the appellate body in late March.

Senator COOK—Thank you. I have some general trade questions. Is this the division that has responsibility for promoting the Exporting for the Future program for the department?

Mr Gosper—No, it is not. I am not sure which division that is.

Mr Baxter—It is the Market Development Division. I can help you.

Senator COOK—Thank you. Can you define what you see as the Exporting for the Future program's goals?

Mr Baxter—Yes. The Exporting for the Future program was jointly developed between Austrade and DFAT. Austrade, it is probably fair to say, had the main running. DFAT's role was to provide input in the trade policy areas. The objective of the program is to make school students more aware of the benefits of trade to Australia in terms of job creation, wealth creation and the general economic prosperity of Australia.

Senator COOK—That is the key purpose of it?

Mr Baxter—Yes. It also has aspects which point out the benefits to Australia of a multilateral rules based trading system, the fundamental aspects of the trading system that are to Australia's advantage.

Senator COOK—To what extent is the department involved in this program?

Mr Baxter—As I said, we provided a significant amount of the intellectual content for the curriculum. There is a series of activities planned for the implementation of the program which includes talking to students and producing some more curriculum material, and we will be engaged with Austrade in that process.

Senator COOK—Do you provide speakers, for example?

Mr Baxter—We have not yet, but that is something that is envisaged in the future.

Senator COOK—Do you have any input into where the priorities of effort go in this—to the regions or to the cities, to which export niches or to what schools, public or private? Do you have any say over that, or is that all Austrade?

Mr Baxter—Austrade, as I understand, have employed an educational specialist who is dealing with those aspects of the program.

Senator COOK—So the answer, as far as DFAT is concerned, is no, you do not have any input into that?

Mr Baxter—No.

Senator COOK—You get called up for the intellectual content?

Mr Baxter—Yes—and, as I said, to help with the activities associated with implementing the program.

Senator COOK—Does it require any special apportionment of funds for the department?

Mr Baxter—No, it is a normal part of my division's work program.

Senator COOK—Thank you very much, Mr Baxter. This may not be a question for you; it may be for Mr Gosper—I do not know. How would the department rate its main trade policy priorities for this coming year?

Mr Gosper—We have an integrated trade policy framework at both the multilateral regional and bilateral levels. Of course, the launch of a new round this year is the main priority on the trade front for Australia. We are hopeful that in the meeting in Qatar in November we will see the launch of a round of negotiations covering agricultural services, industrials and other products.

Senator COOK—That is your priority?

Mr Gosper—Indeed.

Senator COOK—Where does APEC fit into that?

Mr Gosper—As I said, we have an integrated trade policy framework. APEC and other regional efforts are an important contribution to our overall trade objectives. We see APEC as having a particularly important role this year in reinforcing the need for the resumption of negotiations for the launch of a new round of negotiations this year, 2001.

Senator COOK—What about the initiatives being taken for free trade agreements? How do you rank them as priority items for the department?

Mr Gosper—We have a range of discussions under way, particularly with countries in the region. I mention in particular free trade agreement—FTA—negotiations with Singapore. We view them as important in their own context but also because they are complementary and they act as a spur to multilateral negotiations. In entering into those negotiations, of course, we seek to produce outcomes that are significant but also to do that in a way that will provide an impetus to the overall negotiating priorities of Australia to have a sound multilateral trading system.

Senator COOK—You say they act as a spur for multilateral negotiations. Could you just instruct me on how a free trade agreement with Singapore, the example you have used, is a spur to bringing forward the possibility of a new round at Qatar?

Mr Gosper—We see negotiations with countries such as Singapore as being important in developing building blocks for multilateral negotiations that can set high standards that will then be incorporated into multilateral negotiations. We see them in due course, hopefully, providing standards that will be incorporated into the multilateral system. So they are building blocks that we think are quite important.

Senator COOK—How do you view the Prime Minister's initiative in seeking a free trade agreement with the United States? Is that a building block?

Mr Gosper—I would not express a view on that. But, if I could just talk about our objectives in respect of a US FTA, we have indicated that we are open to free trade agreements where they can provide market access gains that are not available in time frames through other mechanisms.

Senator COOK—Sorry, Mr Gosper, I did not catch the first part of that. Would you repeat that?

Mr Gosper—What I said was that I did not think I should comment on the Prime Minister's view on this issue.

Senator COOK—Yes, I heard that bit.

Mr Gosper—I am just referring to our general position, and that is that, in respect of FTAs, we are open to negotiation and discussion of such arrangements where we believe they can deliver market access gains in a good time frame. So we are certainly open to the thought that we could do that with the United States.

Senator COOK—What do you regard as a good time frame?

Mr Gosper—If there were to be such a negotiation, one would assume it would take some time, but certainly we are not talking about something that will take many years to do. We think it would be shorter than that. It is a very hypothetical question, if I can say that, because we have no such commitment at this stage from the US to enter into such a negotiation.

Senator COOK—But we have a commitment from the Australian side to pursue it, don't we?

Mr Gosper—To indicate that we are open to discussion of the prospects for the negotiation of an FTA, yes.

Senator COOK—Just to indicate that we are open?

Mr Gosper—We are having discussions and we are seeking expressions of interest, so to speak, from the US administration.

Senator COOK—I understood that it was more positive than that we were open and seeking discussion. I understood that we had positively made an initiative which sought agreement from the US side that we commence negotiations on such a free trade agreement. Is that a wrong understanding on my part?

Mr Gosper—No, it is not. We have indicated to the administration that we would like to talk with them about the negotiation of an FTA. We do not yet have a definitive response from the US side. That was the question I was trying to convey.

Senator COOK—When do we expect to get a response?

Mr Gosper—We hope soon. There will be a series of opportunities other than the ones we have already had to do that, to talk to the US about its trade policy priorities and about this issue in particular. The Minister for Foreign Affairs and the Minister for Trade both intend travelling to the US in the next few months, and that will be a key opportunity.

Senator COOK—One of the distinctive features in the Australia-US relationship is that we are both members of APEC. One of the principles of APEC is open regionalism. Is it part of our approach to the United States to do an FTA with them on the basis of open regionalism?

Mr Gosper—We continue to support open regionalism. In respect of all FTAs, our basic position is that they would be open for other parties to join.

Senator COOK—They are closed between the partners but if someone wants to come along and accept those terms they are open to those new partners?

Mr Gosper—Indeed.

Senator COOK—But that is not MFN, is it?

Mr Gosper—No, but that is building a coalition of members who are participating in the agreement.

Senator COOK—It is building a trade bloc.

Mr Gosper—No, we do not see it as building a trade bloc; we see it as building the capacity for APEC members and countries within the region to participate in trade liberalising arrangements.

Senator COOK—There is no point our having a debate about semantics. It looks awfully like a trade bloc to me. If we are not insisting on the issue of open regionalism for APEC, which is one of the founding principles that Australia pushed for in APEC, how then would such an agreement, were it to occur, serve the purposes of opening trade barriers in our wider region or globally?

Mr Gosper—Because it sets an example and provides an opportunity for other countries to participate in a mechanism that would liberalise trade.

Senator COOK—An example like the European Union sets for the rest of the world.

Mr Gosper—I do not think I would use the European Union as an example in this area.

Senator COOK—Or NAFTA sets—you can join on those terms.

Mr Gosper—Perhaps the CER arrangement is an example of the sort that we would like to see taken up elsewhere.

Senator COOK—What has become of the P5 concept? Has that been renounced specifically by us?

Mr Gosper—No, it has not. It is a little bit academic in the sense that we do not quite understand what the US position on that would be. But we still have an open mind on that concept. I would point out, of course, that Singapore and Chile have each initiated a bilateral negotiation process with the US. They are two potential participants in the P5 arrangement.

Senator COOK—Yes, they are two of the five. Since they have initiated that, have we had overtures to Singapore or Chile to join together and make it at least a P4, or if we could include New Zealand a P5?

Mr Gosper—I do not think we would have made such overtures because, as I said, we do not quite know where the US stands on this. We have certainly had a dialogue with them about the sorts of free trade arrangements that are being discussed in the region generally and in which we are involved.

Senator COOK—One of the purposes that you say a treaty with the United States would serve is as a building block to broaden freer trade within the terms of the agreement reached. Had we knitted together this building block in advance—given that two of those countries, Singapore and Chile, are actively pursuing the same thing as we are—we would at least have developed a bigger building block to begin with, wouldn't we?

Mr Gosper—As I said, we have an open mind on this. We do not know what the US position on this will be. In any event, on FTAs we are open to the inclusion of others in those negotiations.

Senator COOK—One of the distinctive features of the P5 approach is that it includes New Zealand, and with Chile, New Zealand and Australia three members of the five are members of the Cairns Group. Have we passed up the opportunity for a P5 entirely and thus relegated our position to negotiate as a Cairns Group within the US-Australia relationship?

Mr Gosper—No, I do not think there is any relationship to the Cairns Group process. The discussions we would have had with these countries are in a different context.

Senator COOK—If we are sitting at a joint negotiating table and three of the voices are Cairns Group members pushing for agricultural reform, which is a fundamental issue for Australia and the United States in any bilateral agreement, wouldn't our hand be strengthened?

Mr Gosper—There are indeed, if you look at the P5 construct, a number of countries that will obviously have very big ambitions with respect to agriculture with the US. There are two processes already going on which I have referred to that are engaged in that process with the US already. We are open to the concept, but it is rather an academic one that the moment.

Senator COOK—We are open to the concept but we have not proposed the concept, have we?

Mr Gosper— The P5 concept was not an Australian proposal originally. It goes back several years.

Senator COOK—One of the issues in an Australia-US free trade agreement is agriculture. Do you share the view that the US has that agricultural subsidies to the farm sector in the United States are not a matter for such an agreement?

Mr Gosper—I do not think we can be so definite at this point about what our negotiating mandate would be. We would certainly be looking for much greater access to some key agricultural commodity markets in the US. I mention cotton, sugar, peanuts and dairy products in particular. Some of them are effectively restrained now because of market access restrictions, some by domestic subsidies, but all of them are issues of key priority to us.

Senator COOK—That is the access issue, which I fully understand. The other part of this is the billion dollar subsidies US Congress gives to farmers which distort international agricultural markets and distort fair competition for Australian producers. Do we see targeting those subsidies and their removal as part of our initiative here?

Mr Gosper—I would not want to be too definite about our negotiating objectives other than to say that of course continuing restraint, and hopefully elimination, of export subsidies by the US, as it has offered in its negotiating proposal in the WTO, and reduction in domestic subsidies are overall priorities for Australia. Of course we would be looking to use the opportunity of any trade negotiations with the US to pursue those objectives.

Senator COOK—You do not want to pursue the issue of what priorities we see in a bilateral free trade agreement with the US. Why not?

Mr Gosper—I do not think I said that, Senator.

Senator COOK—If I misunderstood you, please correct me, but I understood you to say that we do not want to nominate what our priorities are in a bilateral free trade agreement with the United States at this point. Is that a correct understanding, or what do you mean?

Mr Gosper—Determining our exact negotiating mandate is something we will come to when we have a commitment from the US to engage in the negotiation.

Senator COOK—I understand that as far as the negotiating mandate is concerned. But, in proposing a bilateral free trade agreement with the leading economy in the world, we obviously formed a view as to what value it would be to us. One of the distinctive features of the American market is lack of access to agricultural exports from Australia—and you have referred to that. One of the other distinctive features of the US market is billion dollar farm subsidies to US farmers which distort international trade and leave our farmers at a

competitive disadvantage. All I am asking is whether, in conceiving of a free trade agreement, the removal of those subsidies is one of the reasons why we want such an agreement.

Mr Gosper—Further access to the US market and much less damage from the US agricultural support regime is a key objective for us in entering into any negotiations with the US, whether it is bilateral or otherwise.

Senator COOK—Therefore, such an agreement would not founder, in our mind, on whether or not we succeeded in removing the subsidies or succeeded in getting absolute access; it is a question of how much access we get or whether there is any movement on the subsidies. These are relative issues; they are not absolute issues. Is that what you are saying?

Mr Gosper—I think there is not much more I can say about the extent of our ambition in each particular area, other than that agriculture, whether it is access to the market or US subsidy practices, will be a very key priority for us in the negotiations.

Senator COOK—But not goals.

Mr Gosper—Priorities; goals—I am not sure of the difference.

Senator COOK—You would emphasise one; you would want to achieve the other.

Mr Gosper—We have high ambitions.

Senator COOK—Is the removal of the Jones act one of your high ambitions?

Mr Gosper—I think access to the US maritime market will be a key ambition. Of course, the maritime legislation is an extremely complex and convoluted piece of legislation. Not all of it relates to our interests. But we do have some specific interest in relation to, for instance, access for fast ferries, and we will certainly be looking at ways we can take up particular interests in the context of the overall maritime legislation.

Senator COOK—Why do we have an interest in access to fast ferries? The fast ferry manufacturers have all now been forced to form partnerships or buy companies in the United States and produce their product from within the US.

Mr Gosper—I understand that one such company has done that. I am not sure whether more than one company has entered into such a licensing arrangement.

Senator COOK—It is my understanding that both the major producers have.

Mr Gosper—That may be so, but in any event we continue to see overall access to the maritime market as being a key market access issue.

Senator COOK—It ranks as a stunning example of technological transfer from Australia to the United States.

Mr Gosper—Caused by a US trade measure that has been in place for many years.

Senator COOK—Yes; and, having succeeding in leveraging it, you would wonder why Congress would assent to its removal. It has proved just now that it works.

Mr Gosper—I am not sure whether you want to go into the Jones act in detail—

Senator COOK—Not particularly. I just wanted to know what your priority was with respect to it.

Mr Gosper—It is a priority.

Senator COOK—Looking at the NAFTA agreement and at the areas of reservation in NAFTA—issues that are reserved and therefore not subject to market opening—there is a

range of issues related to telecommunications and telecoms. Do we accept those reservations in advance or do we assign a priority to penetration of our telecommunications companies into the United States?

Mr Gosper—No. We accept no reservations. As I said, we have not yet had a commitment from the US or the opportunity to talk about negotiating mandates. But, certainly at this point, we would accept no reservations.

Senator COOK—One of the other major concerns in the bilateral relationship is intellectual property protection. It is frequently argued by industry that you cannot get a fair deal if you are an Australian trying to protect your intellectual property in a US court where the other party wraps themselves in a flag before the US jury. Are we, in these bilateral negotiations, seeking to try to get a more effective form of protection of our own intellectual property?

Mr Gosper—I think intellectual property will be a subject for any negotiations that may emerge. The US has identified some issues with us over the last few years, which we have rebutted, and I expect that our services sector and other sectors will wish to identify the scope for better advancement of their interests in the US market. You might remember that we had a WTO case that reflected the interests of royalty payments for musicians as one such issue that we have taken up recently.

Senator COOK—That is the other major issue from the American side in the bilateral relationship—cultural protection in Australia. Is there any suggestion that they will want to water that down?

Mr Gosper—It is very difficult to speculate about that. The only basis on which we can see the bilateral issues they have raised with us over the last few years. Such cultural exemptions do not seem to have been a strong part of their portfolio, but there is a general interest in those issues. Until the US commits to some discussions on an FTA and indicates to us what its priorities will be, I am only speculating.

Senator COOK—When last November's decision by the Australian cabinet to seek a bilateral FTA with the United States seeped out, one of the areas of considerable public comment has been the importance of a trade relationship from a strategic and defence point of view—a regional security point of view. What is the department's view? Is this an issue that should be driven by those concerns or is it an issue that should be driven by economic concerns?

Mr Gosper—We see an FTA as being important because it does of course link us to the most dynamic country in the world. An FTA is an important prospect with the US because it will give us an opportunity to engage in a much higher level of dialogue with a country whose leadership in the international trade regime is quite important. Of course there would be some strategic angles to the agreement but, from my perspective, it is certainly one that is a significant development from the trade policy perspective.

Senator COOK—From an economic perspective?

Mr Gosper—Yes.

Senator COOK—One of the other general comments that have been made—

Senator Hill—Mr Chairman, I hesitate to interrupt because this is an interesting debate that we are witnessing. I have not interrupted previously because of the principle of a 'fair go', but this is not what estimates is about. The parliament, through its various committees, is well able to call these witnesses before it and have a debate of the nature that is taking place.

It now having gone on for 35 minutes, I wonder if we might come back to some questions on the estimates.

Senator COOK—Mr Chairman, if I might address that point, I am almost completed, so if the ‘fair go’ principle could be stretched a little longer that would be nice. But, on the substantive proposition, having taken the time over Christmas to read some of the *Hansards* of when Senator Hill was in opposition—

Senator Hill—I would hope you had better things to do over Christmas.

Senator COOK—I did, but I forced myself. The view that he is putting now is not one he held then—that is the kindest way of putting it.

Senator Hill—I certainly did not read *Hansards* over Christmas.

Senator COOK—This may just be a view of the minister since going into government; it was certainly not a view of the minister when he was a shadow minister in opposition. It is churlish of me to point that out, but the thing is that I—

CHAIR—You were always an instructor of officials not to answer, too, Minister.

Senator Hill—That is not in my nature.

CHAIR—I know that. But you stated the obvious; so did I.

Senator COOK—One of the other comments that have been strongly made by a number of commentators is that Australia should do this deal with the US almost no matter what, it is of such importance. Some of them have been unkind enough to say, ‘Irrespective of the agricultural issues, put them aside, do the deal.’ I do not expect that is the department’s view; I am sure a more responsible view is taken.

Senator Hill—It is certainly not the government’s view.

Senator COOK—I thank you for your reassurance. Given that we have sharply increased prospects of a trade round—although it is by no means yet certain, but certainly there has been a sea change in expectations over the last several months—a bilateral with the United States in which agriculture will have to be a key issue runs the risk, does it not, of setting the bar too low and having the rest of the world hold us to that bar in a WTO round?

Mr Gosper—Australia is certainly looking for a high quality, comprehensive agreement that would meet all our obligations under the WTO, including under article 24 that covers substantially all trade. We see agriculture as an integral part of that. We are looking for a very high quality, comprehensive agreement that will help set a benchmark for the international community.

Senator COOK—So you see the US bilateral as setting the bar as high as it could be achieved or higher than you might achieve it in the WTO?

Mr Gosper—That would be our hope, Senator, yes.

Senator COOK—I hope you succeed. Regarding the bilateral trade talks with Singapore, have we approached those talks in the same way as we have approached the US ones—that is, with a series of ideas in our head but no firm priority—or have we now got a priority and a negotiating mandate in place?

Mr Gosper—We have a commitment with both countries in that event to negotiate an FTA, so we have had the opportunity to refine our negotiating mandate and to enter into discussions with Singapore. Negotiators are in Singapore this week for the initial round of consultations with the Singaporeans. After that process is complete—it is more or less a first

meeting and has the nature of a scoping exercise to determine the key issues for negotiation over the balance of this year—we will be in a much better position to refine further our negotiating mandate for Singapore.

Senator COOK—The allure of Singapore is that it does not have an agricultural sector that we need to negotiate access to. However, the Singaporean side, in bilateral talks with other nations, has placed considerable emphasis on the rules of origin percentages. Are we committed, come hell or high water, to protecting the current level of rules of origin in these negotiations, or is it a negotiable element of the talks?

Mr Gosper—We are interested in negotiation with Singapore because we see that as creating something that might be a quality FTA. We have some key objectives—even though we do not have many objectives in agriculture—in areas like the services sector, the processed food area and other areas. As to rules of origin, it is true that the Singaporeans are likely to seek some diminution of our current arrangement. We have had very good discussions with industry and other groups which have confirmed that we attach a high priority to retaining our current arrangement.

Senator COOK—In our bilateral relationship on trade with the Republic of Korea, has that whole thing just died in the tracks?

Mr Gosper—I cannot comment in detail on that. I understand that there are still studies going on. It is a different sort of discussion, of course, but I understand that that is still alive.

Senator COOK—It is a discussion based on the principles of open regionalism for APEC, isn't it?

Mr Gosper—As I understand it, it is a discussion—as I recall it from the last estimates hearing—between academic institutes about prospects for some change.

Senator COOK—That is where it has been delegated. As far as the government to government relationship is concerned, are you saying it is still alive—it is not off the stage?

Mr Gosper—We have a dialogue and that is the important thing about ways to improve the trade relationship.

Senator COOK—And you can confirm for me again, since the last time we got confirmation on this point, that those talks are committed to the principle of open regionalism?

Mr Gosper—I believe so, Senator, but I will check and let you know.

Senator COOK—That has not changed. Thank you. As I said earlier, the prospects of a new round seem to me at least to have improved substantially over the last months, although they are still beyond reach. Last year the minister announced that he was going to bring together a group of middle size economies to push for such a round, to build momentum for a round. What has happened? Do we have such a group? Is it still in prospect or has it been put aside?

Mr Gosper—I think that last year the minister was particularly taken by the absence of leadership from the quad countries—the US, the EU and Japan in particular—and the need to invigorate discussions amongst others, including middle size countries with an interest in the system. Since the resumption of this year, as you have noted, the climate seems a little improved. Although we are waiting for clear signals from the US, the EU has been active in putting forward the concept of flexibility in its position and the Japanese have convened a number of meetings. We are keeping all that in view. The minister is still keen on dialogue

amongst middle level countries, but we will need to consider the prospect of meetings and how they might fit in the calendar of events over the next few months as events unfold.

Senator COOK—Which countries do we regard as the middle size countries with whom we would find common cause?

Mr Gosper—There are a range of countries, both developed and developing, with which we have had dialogue of one sort or another on the prospects for a round, including, for instance, countries like Korea, Egypt, India and Pakistan.

Senator COOK—Have we got a group together?

Mr Gosper—We have a dialogue. It is not a group as, for instance, the Cairns Group is a group.

Senator COOK—But at the World Economic Forum meeting in Melbourne last September the minister announced that it was his objective to bring together such a group. Has that objective changed so that we need now a substitute group for dialogue or are we still pursuing a group idea?

Mr Gosper—Since the beginning of the year, there have been a number of opportunities for dialogue amongst such countries. For instance, the Japanese and the Europeans have convened meetings in Frankfurt and Japan which have drawn such a group together, including Australia, for discussions. The important thing is that we do have such a dialogue. We are not fussed who does it, but the fact is that there needs to be such a dialogue and that is emerging.

Senator COOK—I look forward to seeing how it emerges further. In terms of Australia-US, Australia-Singapore and Australia-Korea bilaterals, what consultation have we undertaken with Australian industry about those approaches? Did we undertake any consultation with them in advance or did we announce it and then proceed to talk to them?

Mr Gosper—We, of course, have widespread consultations with industry and state groups about our trade policy objectives. That is an ongoing process. We have a high degree of support for the government playing an active role in the multilateral and regional sphere. In respect of the Singapore negotiations, we have had a very good process with business groups and the state governments over the last few months about our key objectives.

Senator COOK—By singling out Singapore, you have isolated the United States and Korea. What about them?

Mr Gosper—Korea, as I said before, is not an FTA negotiation. The US is a prospective negotiation, but we do not have a clear indication yet from the administration as to its intentions.

Senator COOK—So we consult after we get such an indication from the United States?

Mr Gosper—There will, of course, be a full process of consultation with industry groups as we seek to refine the negotiating mandates for any such negotiations.

Senator COOK—Do you know, for example, whether Australian industry prefers a bilateral FTA or a P5 arrangement, in the case of the US?

Mr Gosper—I am not aware of any preference being expressed.

Senator COOK—Have you talked to them about it?

Mr Gosper—We will in due course. We are open to either possibility.

Senator COOK—The department's answers to my questions on notice in November about the WTO disputes investigation and enforcement mechanism indicated that the department has not received any formal requests for it to take WTO action. Is that still the case?

Mr Gosper—I believe that is still the case, although of course the investigation and enforcement mechanism is something that we have continued to work at so that we can consult with industry and other groups. We have a web site which relates to this mechanism. There are issues, of course, that we are investigating in terms of possible appeals.

Senator COOK—I would like to take you through some questions—which I think will conclude my trade questions—about the rice industry. What progress has been made in dealing with the United States' subsidisation of its rice into the Japanese market?

Mr Gosper—Mr Vaile wrote to Secretary Glickman last year about this issue when concerns were raised by our industry about the prospect of subsidised US rice lowering prices in tenders in Japan. The US responded—and the response was not from Secretary Glickman; it was from the transition team that was basically in place after November—to say that they believed that any lower prices being offered by the US were the result of increased production in the US and, hence, were simply a market factor and that, in respect of whatever increased subsidies might have been applied to the US rice industry, they were all consistent with the US's WTO obligations.

We have continued the dialogue with them because we think it is quite important that we not see a competition, particularly in the sort of regime that exists in Japan, which simply drives prices down. As of the end of last year, our rice industry had put about 4,000 tonnes more into the Japanese market than in the previous year but at lower prices. That is not something that is in our interests.

Senator COOK—What have we done since the transition team has replied? What do we do now?

Mr Gosper—We are seeking opportunities to raise it with the administration as appointments are made and congressional people are available.

Senator COOK—Is this a high priority for us or not?

Mr Gosper—The rice industry has a number of market access issues it is pursuing with us at the moment. It is a high priority in terms of our agricultural trade, yes.

Senator COOK—On wheat, the justification for subsidies to US wheat exporters has always been that the international market is distorted by the Europeans and that the subsidies are not aimed at Australia, that we are an innocent third party. The US has been cooperative in finding ways not to injure our wheat exporters. In the case of Japan, Europe is not a factor, is it?

Mr Gosper—No, it is not. If I can go back to an agreement made by a former Minister for Trade—Senator McMullan—in 1994, the US undertook a commitment made by then Secretary of Agriculture Espy not to apply export subsidies in regard to rice exported to Japan. That is an important assurance, of which we remind the US.

Senator COOK—But there are still—

Mr Gosper—Domestic subsidies applied to the US rice industry, yes.

Senator COOK—Has DFAT discussed with AusAID ways to ensure that Australian rice can be part of international aid programs?

Mr Gosper—There has been such a proposal from the rice industry for the provision of rice through our aid program. I cannot give you any detail about that. Perhaps our AusAID people, who will I think be up later in the program, can comment on how that issue is being addressed.

Senator COOK—Let me ask you this question, which may evoke the same answer. If it does, I understand and I will pursue it with AusAID. Have you discussed with AusAID why it is not sourcing more food products—rice is the obvious example—from Australia?

Mr Gosper—I have not been part of any such discussions. Sourcing of commodities for the aid program is determined in the context of our aid policy parameters. So I think that question is best addressed to them.

Senator COOK—It is not an easy question and it is determined on our aid policy parameters, but if the international market is being distorted by external subsidies, or domestic subsidies in this case, the question is what weight we give that as opposed to the competitive disadvantage it places our own producers in when it is our money going to those programs.

Mr Gosper—I can say only that our first best response is to increase access and reduce subsidies applied to the rice industry.

Senator COOK—Thank you.

CHAIR—Senator Cook, have you finished multilateral trade negotiations and trade development and coordination with APEC?

Senator COOK—Yes.

CHAIR—The other output I understand you were interested in is secure government communications and security of overseas missions, output 1.3. Would you like to proceed to that?

Senator COOK—I am interested in that, of course, but I am not specifically interested in it today.

CHAIR—I am sure you are interested in it, Senator Cook. Output 3.1—public information and services and public diplomacy.

[2.25 p.m.]

Senator COOK—Is this the area where I take up the question of Exporting for the Future? Mr Baxter gave some fairly straightforward and cogent answers to my questions.

Senator Hill—I thought they were comprehensive.

Senator COOK—They were, Minister.

Senator Hill—Sufficiently comprehensive.

Senator COOK—I do have some questions for this section. Back in 1998, the department established a unit which drew on the existing sections of the department to combat the negative image of Australia created by, for want of a better description, the rise of ‘Hansonism’ in Australia. I am sure officers will recall back then that media in South-East Asia, East Asia and, indeed, in North Asia reported pretty fully on the events that have occurred in Australia and on the negative perceptions that ‘Hansonism’ created for Australia in its attitude to the region and to Asian people in general. Does that unit still function?

Mr Wilcock—The unit to which you refer eventually became the Images of Australia Branch, which still exists and which has been until recently headed by Mr Chris Decure and which is now headed by Mr Simeon Gilding. It has a range of functions. Interest in the way Australia is reported overseas is a critical part of our function with that branch.

Senator COOK—So it exists, but in a slightly different guise, that guise incorporating the previous functions with other functions?

Mr Wilcock—I think that would be fair to say, Senator.

Senator COOK—Does that unit monitor media reports in other countries about negative images of Australia?

Mr Wilcock—Yes, it does.

Senator COOK—And does it seek to counter those?

Mr Wilcock—If we see the emergence of a pattern that requires some kind of action on our part—extra advice to posts, extra kinds of material—then that is undertaken.

Senator COOK—How would you characterise it—as proactive or reactive?

Mr Wilcock—I think it has been both. I would like to invite Mr Decure to say something. We have prepared a great range of material which I would describe as proactive, but if we see the emergence of a particular problem we will engage in reactive responses.

Mr Decure—As Mr Wilcock mentioned, I have been head of the branch until fairly recently. I am about to take up a new assignment and Mr Gilding is replacing me. The branch's work has essentially been largely responsible for projecting images of Australia internationally. That includes reactive stuff—so responding to issues that may arise. A significant part of the agenda is actually identifying opportunities to project Australia in a positive way. In recent times we have been particularly focused on exploiting the opportunities the Olympics provided to project Australia as sophisticated and capable and so forth.

Senator COOK—Does your material or publicity relate to any explanation about how the Australian voting system operates and the relationship of state elections to Commonwealth elections, that sort of thing?

Mr Decure—As part of the material that we produce, we have a series of what we call fact sheets. There are quite a number of those. One of those deals with Australia's system of government, including the relationship between the Commonwealth and the states and so forth.

Senator COOK—So that would put into context for any foreign interlocutor that came across your program the electoral phenomena we have seen in Australia over the past couple of weeks under the heading of 'Hansonism', would it?

Mr Decure—If people are interested in understanding the political process in Australia, then the fact sheets provide a starting point. We generally use those as a kick-off point. If people want to develop a better understanding of an issue, then there are reference points in those fact sheets, web sites, people to contact and so forth who can provide a fuller explanation—and that applies to any issue.

Senator COOK—In 1998, we talked directly to influential journalists, commentators or opinion leaders in countries where there had been a great deal of coverage of Australian domestic issues of this nature.

Mr Decure—That is right. In fact, that program proved very successful and is a model that we have used since then. We continue to bring foreign journalists to Australia under various programs to deal with a range of issues. Sometimes they have quite a specific target. For instance, last year we had groups here looking at the Australian economy. We explained the strength and diversity of the economy. We bring people from nearly all over the world. A group of 14 or 16 came on that occasion. Sometimes we will do individual visits, particularly with commentators. We have a number planned later this year dealing with the strength and diversity of the Australian economy, environmental issues and so forth. We essentially identify those sorts of issues that we believe provide opportunities for us to push our credentials. On occasions, if there is a negative issue we need to deal with, we might also use that mechanism. But it is just one of the tools that we use in that regard.

Senator COOK—Since the recent rekindling of all the publicity about Ms Hanson, have we spoken to any foreign journalists in our key markets to put that into some context so that they can understand what in fact is happening as opposed to what occurred in some of the more dramatic reports in 1998?

Mr Gilding—Over the past two weeks, since the Western Australian election, we have been monitoring the reports from our posts overseas. The trend we have noticed is of largely factual accounts and most of them drawn from international wire services rather than sourced domestically. Articles have focused on analysis of the perceived domestic political implications of One Nation's results in Western Australia and Queensland. In fact, over the past few days, since the Queensland result, international and regional coverage of One Nation has significantly diminished.

Senator COOK—No doubt to rise again, unfortunately. Thank you very much for that. I am not sure how you will explain the Corowa National Party decision about preferences, but you will have to cross that bridge when you come to it.

Senator HOGG—Do you have any guidelines by which you and the posts operate?

Mr Wilcock—We have general policies and guidance and expectations of posts in terms of their public diplomacy role. We have some training elements for people going on posting.

Senator HOGG—But there is no specific check list or set of points which guides the posts as to what they should or should not report on?

Mr Wilcock—We make clear to the posts from time to time what our expectations at that time are, and very often posts will seek our guidance on particular issues. Of course, it is a wide field of potential issues in a very diverse series of locations that we are interested in, so nothing like a formula stick set of guidelines will work.

Dr Thomas—We make a very large point of the fact that heads of mission proceeding on postings these days are expected to take a very proactive role in our public diplomacy—giving presentation speeches, press conferences and what have you—and we invest a fair bit in training our heads of mission on media presentation skills and in briefing them in the sorts of areas that they might be expected to speak about in relation to their country. There has been a fairly major stepping up of that role of heads of mission compared with previous years.

Senator HOGG—What role would your unit play in the sort of thing that happened in late 1999, where the regional media reported the Prime Minister's bullet in a magazine interview concerning Australia's role as that of deputy sheriff to the United States? What would the department be obliged to do to develop a strategy there to react in that environment?

Mr Decure—I think in that case there was a situation where we went out to posts clarifying and explaining the Prime Minister's comments and the government's policy in relation to that issue.

Senator COOK—How did you explain it—that we were or we were not a deputy sheriff?

Mr Decure—I think the Prime Minister has made his position fairly clear on that.

Senator COOK—Has he?

Senator HOGG—I think the question Senator Cook asks is the very question that I wanted to ask: how did you go? What strategy did you evolve? How did the posts respond to that strategy and how was the strategy received in the various areas?

Mr Decure—In those situations the first objective, no matter whether you are dealing with the public or government or business, is to make sure the government's position is understood, and that was the objective of the strategy, to get the message out very quickly to explain to those who may have misinterpreted the comments and attempt to deal with it. Essentially, a significant part of the work of branches and posts out there is to explain Australia's position on a whole range of issues.

Senator HOGG—Just coming back to the Hanson matter, do you get any guidance about how to handle those sorts of issues, the racist issues and those general types of issues and, if so, who provides the guidance? Is that an internal departmental decision?

Mr Decure—I think our job essentially is to explain Australia. Mr Gilding can talk about the case at the moment but I seem to recall that some time ago, when this issue first arose, the issue we were most concerned about was this perception in the region that Australia was a racist country. That was a separate issue to One Nation. I think we always made the point quite strongly that we were not dealing in politics. That is your job; our job is to explain Australia.

Senator HOGG—I accept that.

Mr Decure—Mr Gilding can probably tell you better but my sense is that that has not been an issue on this occasion, but he can probably provide further information.

Mr Wilcock—I might pick up that question. It is true that we do not see the emergence of a problem at present. As Mr Gilding mentioned, the reporting from around the region—and posts have been conscientious in advising us of that—has been generally low-key, factual and drawn from newsagency reports. We see no reason to overreact and develop a strategy where the need does not yet exist.

Senator COOK—Does the department still maintain its speechwriting unit?

Mr Wilcock—Yes, it does.

Senator COOK—Is it active?

Mr Wilcock—Yes, very active.

Senator COOK—According to Mr Vaile's web site, he has not made a speech since October.

Senator Hill—Now, wait a moment.

Senator COOK—Or is that just because nothing has been posted on his web site?

Senator Hill—That is better.

Senator COOK—I am trying to be fair to him, Minister.

Senator Hill—I am not sure that you were, but you are now being fair to him in saying that.

Senator COOK—I will be very hard on him when fairly he has traversed the line. But I'll be fair to him now. Is that because he has not made a speech since October or because his web site has not been updated since October?

Mr Wilcock—I am not sure of the answer to that.

Senator COOK—Do you update it?

Mr Wilcock—The Minister's web site is maintained separately from the departmental web site. They have separate livery and separate identification.

Senator COOK—Do you keep his speeches on your web site, selectively—speeches that you regard as important, or not?

Mr Decure—They are kept on a separate site which is linked to the department's web site. We need to distinguish between speeches made by ministers and departmental activities.

Senator COOK—According to my check today he has not made a speech since October, in which case maybe there is someone here who can advise him to update his web site. I would be interested in seeing what he has been saying lately. I have no further questions on this. Mr Chairman, I may have omitted to ask a question earlier on the sugar industry. I wonder, through you, if those officers are still available, whether I could ask it now?

Senator Hill—We might have to take it on notice.

Senator COOK—That is fine. I will put it on notice, and I will put on notice a question about the government procurement agreement as it applies to the Athens Olympic Games.

CHAIR—Thank you, Senator Cook. Senator Hogg, do you want to go back to output 1.1.7 and output 1.2.7, international organisations, legal and environment?

Senator HOGG—I want to go back to the running order. Just before we do, Senator Cook has some issues that he needs to raise with AusAID. If AusAID are here, we can deal with those few issues now.

Senator COOK—I am happy to leave them in your care.

CHAIR—Are you happy with that, Senator Cook?

Senator COOK—I am always happy if my issues are being attended to by Senator Hogg. I know they will be done thoroughly.

Senator Hill—Give them to me, Senator Cook, and I will see if I can help.

Senator HOGG—We would never get an answer.

Senator COOK—Senator Hogg can handle them or they can go straight on notice. There are only two of them.

[2.42 p.m.]

CHAIR—We will now return to output 1.1.7 and output 1.2.7, international organisations, legal and environment.

Senator HOGG—The Timor Gap is my first interest. Can the department give the committee an update on the government's approach to the Timor Gap negotiations?

Mr Ritchie—The government is still in the process of finalising its position in regard to the Timor Gap negotiations. We have had one formal round of discussions with the Timorese,

we have had a series of information discussions with them and we expect that the next round of formal negotiations with the East Timor side will take place quite soon.

Senator HOGG—When was the formal round and when was the informal round?

Mr Rowe—The formal round was held in Dili from 9 to 12 October last year, and there have been some informal meetings. The first was held in Singapore from 23 to 24 November last year, and the second was held in Cairns from 10 to 12 December.

Senator HOGG—So there has been no meeting, in effect, since 10 to 12 December on any level, whether it be formal or informal; and the next round, which will be a formal round, will be held very shortly?

Mr Ritchie—Yes.

Senator HOGG—What is the obstacle to the negotiations proceeding? Is it just that different parties have to go back and assess their position?

Mr Ritchie—I think that that is very much the situation. As you can appreciate, it is a very complex issue and involves not just complex matters regarding revenue sharing but also some very intricate international legal issues which we each have to consider. There are obviously a lot of interests at stake on both sides as well. So it is more a question of—as we do with international negotiations—sounding each other out, thinking about our positions, consulting the stakeholders, developing a whole of government negotiating mandate and coming back for another round of talks. That is basically what we have been doing.

Senator HOGG—Have there been any significant developments since this was last discussed at estimates last November?

Mr Ritchie—I am relatively new in the job, but I have read my predecessor's testimony at estimates last year and that is pretty much the situation. We have obviously had a lot of further consultations on the Australian side and we have been working hard to develop some proposals for a negotiating mandate for ministers to consider. That is basically where we are up to at the moment.

Senator HOGG—I think at estimates last year there was an indication that the government might be prepared to move away from the current 50-50 revenue split. There have been press reports floating around that there could be a 60-40 split or an 80-20 split. Is there any firm position there as to what split might be entertained?

Mr Ritchie—Not at this stage. Indeed, I think you can appreciate two things: firstly, our ministers are yet to consider and sign off on the negotiating position so it is difficult to say anything in advance of that; and secondly, it is a negotiation—we do not necessarily wish to be flagging at this point our proposals to the other side.

Senator HOGG—All right, but that is one of the major issues of concern?

Mr Ritchie—It is one of the major issues. There is a whole string of issues involved in the negotiation. Revenue sharing is one of the issues. I guess about all I could say on that is that the government—the Prime Minister and others—has consistently said publicly that we will be generous on the subject. Defining 'generous' is where we are at the moment.

Senator HOGG—With regard to the possibility of a seabed boundary demarcation, can you confirm that Australia's formal position remains unchanged? That is to say, that we maintain a claim to the entire continental shelf up to the deepest part of the Timor trough?

Mr Ritchie—Yes, the answer we gave last November at the estimates hearing remains our position.

Senator HOGG—Did you give me a date for the next round of negotiations?

Mr Ritchie—We are still in the process of setting the dates.

Senator HOGG—But it is fairly imminent?

Mr Ritchie—I am hopeful that it will be soon, yes.

Senator HOGG—Where will those negotiations take place?

Mr Ritchie—Again, that is yet to be settled, but probably in Australia.

Senator HOGG—Thank you. I would like to ask a couple of questions about the treaty making process. Following the 1999 review of Australia's treaty making process, has the government given any further consideration to the question of whether parliamentary aspects of the treaty making process, such as the Joint Standing Committee on Treaties, and the requirement to table treaties in the national interest analyses, should be given a legislative basis?

Mr Ritchie—I am not aware of any, but I will defer to my colleague here. I have only been in the job for a week. I am not aware of any.

Mr Rowe—I would just add that, as you are aware, the 1996 reforms were reviewed last year. The government's review contained a number of measures which I would call a 'fine tuning' of the 1996 reforms. I think it is very important that the review also concluded that the 1996 reforms had been well-established and seem to be working well. In terms of the proposals that you have mentioned, I would endorse what Mr Ritchie has said: there is no formal proposal that I am aware of related to that review.

Senator HOGG—Has the department been engaged in any consideration of possible legislation for the treaty making process at all?

Mr Rowe—No.

Senator HOGG—On how many occasions since the introduction of the present treaty making process has the government taken binding treaty action before the expiry of the 15 sitting day minimum time frame? You may need to take that on notice.

Mr Rowe—Yes, I would like to take that on notice. But I would just comment that I am not aware of any such case having occurred.

Senator HOGG—I accept that answer, but I also accept that you will take it on notice and make sure that that is correct. Thank you for the answers on that. Has the government made any representations to the new administration in Washington concerning the desirability of US ratification of the statute of the International Criminal Court?

Mr Rowe—No, it has not.

Senator HOGG—Is it the intention to make any representations, and if so when do you expect those representations will be made?

Mr Rowe—I am not aware of any short-term intention. But I would add that the government attaches very strong interest to seeing the United States continue to be very involved in and supportive of the International Criminal Court. And I would mention that the United States, of course, has signed the statute and remains actively engaged in the work of

the preparatory commission, which is focusing on ways and means to actually set up the court.

Senator HOGG—So as far as the current situation goes you know of no short-term or medium-term approaches that are going to be made on this issue.

Mr Rowe—As of now, no. But could I add that the Australian and United States delegations work very closely, as they have throughout the whole process of negotiating the statute and in the preparatory commission which I referred to, and that cooperation and close liaison would continue in future meetings which are scheduled this year.

Senator HOGG—What will be the result of non-ratification by the US of the statute? Will it diminish the standing of the court and the preparedness of other countries to ratify the statute?

Mr Rowe—Obviously, given its position in the world, it would be very advantageous to have the United States become a full party to the International Criminal Court statute. As I mentioned, it has signed, which is a significant act in itself. But in terms of non-ratification by the United States and what impact that will have on the actual establishment of the court I would say that the international momentum for the establishment of the court is overwhelming and we are in no doubt that the court will be set up. There are currently 139 signatories to the statute. There are 28 countries that have ratified, and many countries—including, as I am sure you are aware, Australia—actively have ratification under consideration. And 60 ratifications are required for the court to actually come into existence.

Senator HOGG—What is the likelihood of US ratification in the longer term?

Mr Rowe—The only answer I can give to that is to refer to the fact that testimony was given by the US Secretary of State in his confirmation hearings to the effect that the current United States administration has reservations about ratification of the statute.

Senator HOGG—Does that send a signal that there should be effort on our part with the United States on this issue, given our commitment to it?

Mr Rowe—As I said earlier, we will be maintaining the very close contacts that we have with the United States on this issue, and that aspect may well become a subject of that dialogue.

Senator HOGG—Thank you. That is the end of 1.1.7 and 1.2.7.

[2.55 p.m.]

CHAIR—We now move to output 1.1.8 and 1.2.8, which is security, nuclear disarmament and non-proliferation.

Senator HOGG—Can the department provide the committee with an update on Australia's involvement in negotiations to strengthen the biological weapons convention?

Mr Paterson—It is our judgment that the rather long-running biological weapons convention negotiations to develop an additional protocol, or verification protocol, are now reaching a critical juncture. The negotiating countries have agreed that the date for conclusion of this is November this year when there will be a review conference of the biological weapons convention. A further negotiating session has just been completed in Geneva. I think we feel it has achieved some progress, but we see some pretty big difficulties remaining between now and the end of the year.

It remains quite uncertain, I think, whether we can achieve a robust and cost-effective protocol by November. I think it is fair to say that there is some uncertainty about the approach of the new Bush administration in the United States. They are about to embark on a review of their attitude towards the negotiations of this protocol, which will mean that not a lot of forward movement will take place in the negotiations in Geneva until that review is completed.

Senator HOGG—When is that Bush review expected to be completed by?

Mr Paterson—We do not know. It is not likely to be a long review, but it could be of the order of three months—something like that.

Senator HOGG—It is not in any way likely to scuttle the proposed conference in November this year?

Mr Paterson—That is not clear at this point, Senator.

Senator HOGG—You said there were some major obstacles. What are the major obstacles that you are still confronted with?

Mr Paterson—There are probably two sets of obstacles. One is the approach of some of the developing country participants in this negotiation who are resistant to the idea of an intrusive verification regime and are also resistant to the idea of strong export controls on the export of material which would be relevant to a BW program. The other set of issues is one we see in some sections of the United States—the United States biotechnology industry—where there are concerns, again, about intrusive verification for the reason of commercial confidentiality.

Senator HOGG—Whilst those obstacles appear quite large, you say progress has been made in moving towards some sort of verification protocol, as I understand it, in November?

Mr Paterson—A very large amount of work has been done on developing a text over the year. This is a very detailed exercise, requiring a lot of technical input. I think we are well on track towards completing a text. The problem is that it is not clear that that text will be acceptable to the parties involved in the negotiation.

Senator HOGG—On Australia's role, the annual report states that Australia led efforts to convene a ministerial meeting to provide the impetus to conclude negotiations on a verification protocol in 2000 but too many issues remained unresolved for the meeting to go ahead. That is in the department's annual report. What are the outstanding issues that need to be resolved in the negotiations? Are they only those that you have outlined or are there more that are bedevilling the negotiations?

Mr Paterson—I think it is fair to say that they are the issues I outlined.

Senator HOGG—Those are the major sticking points. All right. I presume there would have been disappointment at the outcome of Australia's initiative in this area.

Mr Paterson—Certainly there was disappointment by Mr Downer. There was disappointment amongst us and in Australia amongst parties generally interested in taking this forward in Australia, both within government and outside it, and there was disappointment on the part of other countries who are as committed as we are to getting an effective and useful verification protocol up and running.

Senator HOGG—Given that you say that things moved on in Geneva towards the end of last year, are we advocating a ministerial meeting to try and solidify the result out of Geneva and move towards a successful conclusion towards the end of the year?

Mr Paterson—At this point we have no plans to reconvene a high-level meeting, but in terms of the advice we would put to the minister we are keeping this very much under review. Clearly if the momentum picked up and there were an opportunity and it required a high-level political push, then that will be one of the options we would consider putting to the minister and to the government.

Senator HOGG—How are we viewed by the other players in this arena on this issue?

Mr Paterson—It depends which ones you are talking to. To the extent that we are pushing for an effective and intrusive verification regime, clearly there are differences between us and some other countries at the table. In terms of our commitment to getting an effective regime in place, I think we are viewed extremely highly. I think we are very much on the front foot on this one. Might I just say that one of the reasons we are is that the government decided a couple of years ago to develop a national consultative group which advises government on its negotiating position on this. This brings together people from government and industry and representatives from a range of biotech companies in Australia, academia, et cetera who advise us in developing our negotiating position. They have helped us remain at the forefront of the negotiations, and I think we are widely seen as one of the most constructive players and one of the most active players in the negotiation.

Senator HOGG—Given that the United States are still to consider their position or are reviewing their position and given the difficulties that I think you said US industry perceive in this process, what is the likelihood that US industry may well get their way? Or at the end of the day will US industry realise that time is up and the Bush administration will therefore proceed down the path of agreeing to the protocol?

Mr Paterson—That is a fine point of judgment. All I can say from my own experience is that I think the industry voice is likely to be a pretty strong one as the US reviews its position.

Senator HOGG—I just try to think of how US politics works. Looking at the voice in terms of the agricultural area, they seem to be very aggressive and very strong and to have great sway. I am wondering if it is the same in this area, that the US industry lobby is as aggressive, as strong and as potent.

Mr Paterson—It is our judgment that it is a strong industry voice and that it will have a significant impact on the US position. The point that we and others will be making, I think, to the United States administration and relevant members of Congress is that we see strong security interests for the United States in getting a verification protocol in place and that the administration and Congress need to take that case to industry.

Senator HOGG—If representations are going to be made to the US, who will be making those representations on our behalf? Will it be at a low level or a higher level?

Mr Paterson—We will be consulting the minister on that in the days and weeks ahead because this rather decisive session was just completed in Geneva in the last few days. But I think you could expect that we would make representations at a range of levels, probably from ministerial down to senior official level and obviously through the embassy in Washington.

Senator HOGG—Does the department have an assessment of the prospects of bringing the negotiations to a successful conclusion? Is it fairly likely or unlikely?

Mr Paterson—Members of our delegation have just arrived back in Canberra from the last session and we are consulting with them now as to where we are at. I think you would have to

say that it is going to be tough to bring it off, but we think the battle is worth fighting and that there is still a chance we can do that within the time frame.

Senator HOGG—In his January report on the Comprehensive Nuclear Test Ban Treaty, the former chairman of the US Joint Chiefs of Staff, General John Shalikashvili, observed:

All of our allies and Russia have ratified the Test Ban Treaty, but by its own terms, the Treaty cannot enter into force without US ratification. Until we take this step, US leadership of international efforts to block nuclear proliferation will be seriously weakened.

Does the department concur that US non-ratification of the CTBT seriously weakens US and international efforts to block nuclear proliferation?

Mr Paterson—I think the government was quite deeply disappointed when the US Senate rejected ratification of the CTBT in October 1999. We think it is an important step. If the US moved to ratification, the treaty would be rapidly brought into force, I think. A lot of other countries would follow suit and a significant barrier to further nuclear testing would therefore be put in place. So we are disappointed by it. We are also disappointed by reports that the Bush administration does not plan to ask Congress to ratify it in the next session. So it seems to be some way off. I think it is fair to say that we will be looking for opportunities to argue with the new administration that it is in their interests and the broader international security interests to push ahead with this.

Senator Hill—Mr Chair, are we going to get some questions on the estimates soon?

Senator HOGG—This is estimates, Minister.

Senator Hill—No, it is not. If you are asking what resources Australia is putting into it, that is a question on the estimates?

Senator HOGG—I have just referred to the annual report. This is part of the estimates process.

Senator Hill—No, it is not. This is a policy committee discussion.

Senator HOGG—I disagree.

CHAIR—The annual report is part of the estimates, Minister. Any questions based on the annual report are something covered by these additional estimates. I made that clear in my opening statement.

Senator HOGG—These matters are canvassed in the annual report, Minister, if you would like to take time to read it. I only have a couple more questions on this issue, one of which now arises out of your answer, Mr Paterson. Given Australia's leading role in this area, what does Australia need to do to try to convince the new administration in the United States of the value of ratifying the CTBT?

Mr Paterson—It is pretty much the same answer I gave you on the biological weapons treaty negotiations. I think we will continue to take all opportunities at a range of levels to seek to encourage the United States to review its policy approach on that and to move towards taking ratification of the treaty to Congress. One of the other things we have done is to make representations to a whole range of other countries whose ratification is required to bring the convention into force to encourage them to move in advance of the US, not least because this, we hope, would seek to ratchet up some of the pressure on the United States to move to bring it into place itself. That has had some success and a few ratifications have followed these rounds of representations we and other countries have made.

Senator HOGG—Thank you. Chair, I am still on the same output and I have just a couple of questions about national missile defence in Russia. What is the department's response to the Russian foreign ministry statement on 16 February expressing regret and concern about reports of the Australian government's support for the proposed US national missile defence system?

Senator Hill—Mr Chairman, this is foreign policy debate. That is not what the estimates are about. It is true that the annual report is referred to the committee and is to be discussed in terms of this government's public administration. These questions do not relate to the departmental administration at all. That is why you have references committees. That is why you have the joint foreign affairs and trade committee in order that you can have these public debates.

CHAIR—Point taken, Minister, but you can respond to Senator Hogg's question equally as well. The departmental officers do not have to answer the question. Senator Hogg can hear what you say to me. Proceed, Senator Hogg.

Senator HOGG—Thank you. Chair, I think it is worthwhile responding to that. Maybe the minister should take some time to read the various pages that cover this in the annual report, from page 92 onwards.

Senator Hill—But with respect, Mr Chairman, that is not the correct way to look at it. The purpose of these estimates is an examination of public administration. The annual report is provided to the committee to facilitate the examination of public administration. It is not an invitation for a general policy discussion. It has been practice within reason to allow questions and answers that extend beyond what might be called strictly public administration but not to sit here for hour after hour to debate issues of policy on every subject that comes to Senator Hogg's or his advisers' minds.

Senator HOGG—With the greatest of respect, Chair, if I can intervene there. 'Hour upon hour'? I have been going for the sum total of about 10 minutes at most on the previous particular issue. I am canvassing a range of issues which do get to the very heart of expenditure by the government.

Senator Hill—What has the Russian missile defence system got to do with public administration in Australia?

Senator HOGG—It has very much to do with the operation of the department, the officers of the department, expenditure by the department and the use of departmental time.

Senator Hill—It has been 5¼ hours so far and there has hardly been a question on public expenditure at all.

CHAIR—Let us not prolong this debate any longer.

Senator HOGG—We have had this debate at previous estimates.

CHAIR—We have had this debate not only in this estimates but in every estimates. I do ask you, Senator Hogg, to keep your emphasis on questions of public administration and to try not to discuss areas of policy. Let us proceed.

Senator HOGG—I must say, if this is the path we are going to go down, there is a simple way: we deal with the issues in the Committee of the Whole. That might be the preferred way for the government to deal with the issues. I cannot see that this, in any way, is not in keeping with either the letter or spirit of what estimates is about.

Senator Hill—Equally, it is not relevant to the Committee of the Whole.

Senator HOGG—That may well be another discussion.

Senator Hill—That is why you have a joint committee on foreign affairs and defence; that is why you have a Senate foreign affairs committee.

Senator HOGG—I disagree, Minister. These are issues that are appropriately before this committee.

Senator Hill—The proposed Russian missile defence system is not an issue before this committee.

Senator HOGG—Minister, I beg to differ. This is an issue. If it is your wish that this committee not proceed to consider the matters, obviously we will take this and consider it elsewhere. It is up to you.

Senator Hill—I feel really threatened.

Senator HOGG—I am not threatening you. It is just that you close the options off and there is nowhere else to go.

Senator Hill—There are plenty of places to go—start with the appropriate places.

Senator HOGG—This is the appropriate place and, as you and I know, we have had this debate not once, not twice, but on numerous occasions.

CHAIR—Please proceed, Senator Hogg.

Senator HOGG—I was asking a question about whether the department had a view in respect of the Russian foreign ministry's statement on 16 February expressing regret about reports of the Australian government's support for proposed US national missile defence systems.

Mr Paterson—Of course, we are aware of the Russian foreign ministry's statement. The text that we have seen essentially restates Russia's familiar position on NMD. We do not consider that in any way threatening to Australia. It simply, I think, highlights again the global threat posed by missile proliferation. Australia's approach to NMD is certainly not determined by our geographic location. I might use your question to make the point that Australia is not directly involved in any US decision to develop or deploy a missile defence system. This is a sovereign US decision in which our approach is not pivotal or decisive. We do however understand why the US has reached the point that it has and we share the United States's concerns about the potentially destabilising proliferation of ballistic missiles capable of delivering weapons of mass destruction over long distances.

Senator HOGG—I would like to clarify that position. The government's view in respect of the 1972 antiballistic missile treaty still holds and you have outlined for us that you see the sovereign position of the United States in this as being paramount.

Senator Hill—He just answered that question.

Senator HOGG—That is correct, isn't it?

Mr Paterson—It is not a question of whether we see it as being paramount. It is the sovereign right of any country, I guess, to take whatever measures it sees fit to secure its own defence.

Senator HOGG—Has this been an issue, therefore, in our bilateral relations with the likes of China?

Mr Paterson—I think that question was directly addressed and answered this morning by Mr Heseltine.

Senator HOGG—Is the department aware of any indications from the Chinese government that China will reconsider its longstanding, no first use nuclear doctrine in the event that the US proceeds with NMD deployment?

Mr Paterson—China has not indicated any particular policy decision relating to its nuclear weapons capability relating it back to NMD. Many commentators have speculated that a deployment of an NMD system might lead China to review—

Senator Hill—We are not interested in what commentators have said. That is a discussion.

Mr Paterson—I will leave it at that.

Senator HOGG—I will move on to a response that we had in February last year—I think it must have been—to estimate questions about theatre missile defence in Taiwan. The department told this committee that, possibly, the supply of US theatre missile defence systems to Taiwan was an issue that would need to be approached with the greatest of caution. Does that concern still hold today?

Mr Paterson—Yes, it does. Our policy has not changed on that.

Senator HOGG—There have been no changes?

Mr Paterson—No.

Senator HOGG—How could the supply of a defensive military technology to Taiwan be destabilising?

Senator Hill—What? That is the trouble when you read questions that someone else has prepared for you—that question is incomprehensible. I do not understand the question.

Senator HOGG—I am asking: how could the supply of a defensive military technology to Taiwan be destabilising in the region?

Mr Paterson—The government does not take a position on this at this point. I would simply point out that Taiwan already possesses Patriot missile defence systems which are, I guess, the current state-of-the-art missile defence capability.

Senator HOGG—I will ask a question about nuclear safeguards in Taiwan. Has the government been engaged in the past two years in any negotiations or discussions with Taiwanese officials regarding possible safeguard arrangements for the supply or sale of Australian uranium to Taiwan's nuclear power industry?

Mr Paterson—The answer is no, in the recent time. The government, however, is interested in exploring arrangements which would allow it to export Australian uranium into the Taiwanese nuclear power program.

Senator HOGG—So there have been no approaches at any departmental level on this issue?

Mr Paterson—If my colleagues are not able to answer that, the answer would be that we would have to take that on notice.

Senator HOGG—Do we know whether it was discussed by Minister Vaile on his recent visit?

Mr Paterson—I do not think so, specifically. What has come out of Minister Vaile's visit is some suggestion that Taiwan has resolved the issue of its own nuclear power program. This

would pave the way for it to make to Australia a binding commitment about the nuclear non-proliferation treaty and its commitments to non-proliferation, which in turn would set in train a process of arrangements which could open a way to possible future supply of uranium to the Taiwanese power program.

Senator HOGG—On the nuclear safeguards in Argentina, is the government engaged, or planning to engage, in any negotiations on bilateral safeguard agreements governing the movement of nuclear materials and technology between Australia and Argentina in connection with the planned new Lucas Heights reactor?

Mr Paterson—Yes, we are.

Senator HOGG—When will those negotiations take place and what will the nature of those negotiations be?

Mr Paterson—We would expect negotiations on a bilateral nuclear cooperation agreement with Argentina to begin in the course of this year. We expect it to be a relatively straightforward exercise, probably to take six months or so, to complete negotiations.

Senator HOGG—My next question is in respect of nuclear ship movement through the Pacific. I understand that there has been movement of highly radioactive mixed oxide nuclear fuel from France to Japan via the Tasman Sea. Have British Nuclear Fuels Ltd, Cogema of France, Belgonnucleaire, Tokyo Electric Power Company of Japan, or Pacific Nuclear Transports provided the Australian government with an outline of the details of emergency plans should there be a nuclear accident on one of these transport vehicles?

Senator Hill—There is a protocol for the transport of nuclear waste.

Senator HOGG—I accept that, but have any of those companies approached us?

Senator Hill—I do not know that we get approached by the individual suppliers of the material.

Mr Paterson—I might ask Mr Garth Hunt, who is the acting assistant secretary of the Nuclear Policy Branch, to respond to that question.

Mr Hunt—In general terms the countries concerned do advise us of the shipments—

Senator Hill—He did not ask that. He asked about a series of companies—if they advised you.

Senator HOGG—Do we get actual advice from the companies?

Mr Hunt—Not from the companies themselves, no.

Senator Hill—No is the answer.

Senator HOGG—So, what do we rely on if there is an emergency?

Senator Hill—There is a protocol in place to cover that.

Senator HOGG—Has there been concern expressed by any of our near neighbours—whether they be New Zealand or South Sea Island neighbours—

Senator Hill—They do express concern from time to time.

Senator HOGG—How are we dealing with the concern that they have expressed?

Senator Hill—They know our position. Our position is that it is legitimate to carry these materials on that route.

Senator HOGG—When were we last approached by any South Sea Island or South Pacific neighbour or New Zealand?

Senator Hill—Do you know of any recent approach?

Mr Paterson—Yes, we have been approached by New Zealand over recent months.

Senator HOGG—What was the nature of that approach?

Mr Paterson—Their concern was a slightly separate one, and that was about shipment of spent fuel from the Lucas Heights reactor in Sydney to France for reprocessing.

Senator HOGG—What was our response?

Mr Paterson—Our response was to make a range of information available to them and to discuss this with them. Those discussions we expect to be ongoing.

Senator HOGG—So it is not the sort of set of negotiations where there will be finality.

Mr Paterson—No

Senator HOGG—I will just pick up on disarmament and non-proliferation discussions. Can the department provide the committee with a list of major multinational disarmament and non-proliferation conferences and meetings together with formal bilateral dialogues scheduled for this year?

Senator Hill—That is more appropriately taken on notice if you want a list.

Senator HOGG—If it is to be taken on notice can I be given the proposed dates of the meetings and who will represent us at those meetings.

Mr Paterson—Certainly we can do that. It is just that the issue of who would represent us in some cases would not have been decided at this point.

Senator HOGG—I accept it is the situation that it might not yet be determined. I am not asking what the name of the person might be, but if you can give me an idea as to the level of the officer who will be in attendance that will be helpful indeed.

Senator Hill—We will do our best.

Senator HOGG—Thank you. It was not that long, Minister.

Senator Hill—No.

Proceedings suspended from 3.29 p.m. to 3.41 p.m..

ACTING CHAIR (Senator Mason)—Outputs 1.1.8 and 1.2.8, security, nuclear, disarmament and nonproliferation, have been completed. We will now move to output 1.3, secure government communications and security of overseas missions.

Senator HOGG—My questions here relate to the alleged leaking of classified material. Can you provide the committee with an outline of the department's current policy on whistleblowing? Is there a policy?

Dr Thomas—We have an administrative circular which outlines the department's approach to that. We use the phrase 'public interest disclosure' rather than 'whistleblowing'. We can provide you with a copy of that document which talks about how the department handles such matters.

Senator HOGG—What do you call it?

Dr Thomas—Public interest disclosure.

Senator HOGG—That is a little longer than the terminology that I used. When was that document compiled and how often is it reviewed?

Dr Thomas—It followed the introduction of the so-called whistleblower legislation. It was compiled about a year ago.

Senator HOGG—What processes would the department have in place to ensure that any DFAT public interest disclosure persons wishing to raise legitimate issues of concern are not subjected to unfair treatment or discrimination?

Dr Thomas—There are certainly various contact points in the department which are identified in our guidelines to staff as to where they can come in the department to raise things. Strict confidentiality is observed. There are procedures in place for protecting the identity of those people until the matter is investigated. We have a conduct and ethics unit, too. It is a dedicated section of the department that has a director-level officer in charge of it—it sits offline and reports to the first assistant secretary, corporate management division—where people are able to bring their concerns to the attention of senior management.

Senator HOGG—Is that separate from the policy document, the set of guidelines?

Dr Thomas—Yes, there are really two procedures. There are what you referred to as the ‘whistleblower’ procedures, and there are also other procedures that staff can raise in various ways for allegations of misconduct or for grievances. All the guidelines are aimed at protecting the individuals who raise those matters so that they cannot be subject to any unfair publicity or discrimination.

Senator HOGG—You might provide me with a copy of those as well?

Dr Thomas—Yes, we will.

Senator HOGG—Again, I do not want a voluminous document.

Senator Hill—Yes, we will provide you with those.

Senator HOGG—Can I assume that one of those documents would be a circular numbered PO 165?

Senator Hill—I do not know, but when you get them you will be able to see.

Senator HOGG—If it is not, could I have a copy of that document? I believe that document also relates to the issue.

Senator Hill—If we can provide it, we will.

Senator HOGG—Thank you. The next issue that I need to pursue—

ACTING CHAIR—Senator, I was wondering if I could ask a question on whistleblowers.

Senator HOGG—Yes, you go right ahead.

Senator Hill—Why didn’t you do this earlier, when you had a chance?

ACTING CHAIR—Sorry, Minister, I will be very quick. Dr Thomas, what has been the experience thus far with whistleblowers?

Dr Thomas—In the Department of Foreign Affairs and Trade?

ACTING CHAIR—Yes.

Dr Thomas—From management’s perspective, we have not had any.

ACTING CHAIR—So that process that you have outlined has not been activated as yet?

Dr Thomas—At this stage, no.

Senator HOGG—I want to turn now to the issue of the case of Mervyn Jenkins, which I have raised previously. The reason for raising it again in part flows out of questions that I raised yesterday at Defence estimates. I do not know if officers were looking at the Defence estimates. They may well anticipate—

Senator Hill—You ask your questions and we will try to answer them.

Senator HOGG—Thank you, Minister. I just want to canvass a little bit of the background of this. On 1 December 2000, the department issued a press release concerning the release of the Blunn report into circumstances leading to the death of Mr Mervyn Jenkins. The media release that I have is dated 1 December and it is numbered D19. I presume that the officers are familiar with that press release. Who authorised the press release?

Mr Mules—I do not have the answer to that. I will just check whether one of my colleagues does. We will find out for you

Senator Hill—Do you want to know the name of the officer? We would not normally disclose that.

Senator HOGG—I am not after the name.

Senator Hill—What do you want to know?

Senator HOGG—The position of the person who authorised it.

Senator Hill—At what level it was authorised?

Senator HOGG—Yes.

Dr Thomas—It was certainly cleared by the secretary.

Senator HOGG—That was my next question. So the text of that would have reached the secretary; it would have been ticked off and then released?

Senator Hill—Correct.

Senator HOGG—Did the department consult with the minister or his office concerning the press release?

Senator Hill—Do we know the answer to that?

Dr Thomas—I do not know.

Senator Hill—We do not know. We will inquire.

Senator HOGG—Could you find that out for me, please? When you take that on notice, can you find out if the minister or his office approved or concurred with the release?

Senator Hill—That is something that I will take on notice and refer to him.

Senator HOGG—Yes, I expected that you would, Minister.

Senator Hill—You asked if he ‘concurred’ with it. I am not sure what that means, but I will refer that to him and see how he wants to respond.

Senator HOGG—All right. Given the security investigation into the Jenkins matter, where a joint Defence-DFAT investigation was conducted, what is the department’s response to the concerns raised in the Blunn report about the oppressive and intimidatory conduct of the investigation?

Mr Mules—The report contained a number of findings. Among them, the report found that the allegations had indeed been serious and warranted investigation and that there was nothing improper or contrary to Commonwealth standards in the procedures adopted by the investigators.

Senator HOGG—Were the specific actions of the DFAT investigator—I believe a Mr Sharp—subject to any internal review by the department in accordance with requirements of DFAT investigation manuals?

Mr Mules—I repeat that the department regards the carriage of those investigations to have been in full accordance with Attorney-General's department approved guidelines for the investigation of such matters.

Senator HOGG—In his report Mr Blunn found that, while the decision to conduct a joint investigation was appropriate, it took place in a climate of tension between Defence and DFAT over security issues. What was the nature of this tension of security issues in April-May 1999, and what concerns did DFAT have about security in the Department of Defence?

Senator Hill—I will refer that to the minister and see how he wants to respond.

Senator HOGG—Was DFAT concerned that classified defence information concerning East Timor had been disclosed in the media in April 1999?

Senator Hill—I will refer that one as well.

Senator HOGG—The Blunn report further finds, and I quote:

In part the investigation was probably influenced, perhaps unconsciously, by the ... general concern about leaks and a view about who was responsible for them. The prevailing attitude was significantly focused on catching culprits and punishing them. On the basis of the information available Mr Jenkins could have been seen as a useful exemplar of personal, and perhaps institutional, accountability.

Is it not the case that, prior to the commencement of the investigation in Washington, Mr Jon Philp, the assistant secretary, Diplomatic Security Branch, told the Defence Security Branch that the secretary, Mr Calvert, was 'exercised by this incident and it was his desire to have Mr Jenkins withdrawn as soon as possible'?

Senator Hill—I will refer the question to the minister and see whether he wants to respond.

Senator HOGG—Did DFAT formally seek Mr Jenkins's immediate withdrawal from Washington as a matter of urgency?

Senator Hill—I will refer that one also.

Senator HOGG—Can you confirm that DFAT Deputy Secretary Miles Kupa wrote to Hugh White at Defence expressing DFAT's view that Jenkins should be immediately withdrawn?

Senator Hill—I will refer that as well.

Senator HOGG—Did Deputy Secretary Miles Kupa write to Defence prior to or post Jenkins's death raising concern over the management of DIO personnel in overseas posts?

Senator Hill—I will refer that as well. I don't think these are appropriate questions to be asking officials.

Senator HOGG—What I am specifically seeking, Minister, is whether there was correspondence from Deputy Secretary Miles Kupa to an officer in the Department of Defence.

Senator Hill—I have heard the question.

Senator HOGG—I just want to clarify this because I asked the same question yesterday in Defence estimates and the officer could not recall any such correspondence and took the question on notice. I am just letting you know that that is the situation. If there was a letter between Deputy Secretary Miles Kupa and an officer of the Department of Defence, is it possible that a copy of that letter was provided to the office of the Inspector-General of Intelligence and Security?

Senator Hill—I will refer the question and see whether the minister wishes to answer.

Senator HOGG—Thank you. That completes 1.3.

ACTING CHAIR—There are no questions on output 1.4, output 1.5, output 2 and output 3.

[3.55 p.m.]

Senator HOGG—Then we move to enabling services. I have questions on item 2.

ACTING CHAIR—Human resource management and overseas conditions of service.

Senator HOGG—Yes. Concerning the working smarter initiative, I understand that there was a discussion paper circulated in December 1999 with proposals aimed at helping staff to work with greater efficiency and with reasonable times. Subsequently, following consultations, I understand the secretary, in June 2000, issued a final set of working smarter principles. Could the committee be provided with copies of both the secretary's discussion paper and the final working smarter principles?

Dr Thomas—Certainly, we would be happy to provide you with the final working principles. The working smarter campaign—if you can call it that—in the department was recognised last year and won a Public Service Commission award for an innovative program in a Public Service agency meshing work and family responsibilities.

Senator HOGG—And what about the discussion paper? Is that available as well?

Dr Thomas—Probably, Senator. We will have a look at it and, if we can give it to you, we will.

Senator HOGG—Who comprises the present membership of the department's ethics committee?

Dr Thomas—I chair the committee. There has been a rapid turnover of staff recently due to numbers of them being posted, but generally it comprises a group of branch heads from different divisions in the department and the head of our conduct and ethics unit. He is a director level person—in fact, it is going to be a she.

Senator HOGG—How many people are on the committee?

Dr Thomas—About half a dozen. It fluctuates. We co-opt people, including from our legal area on occasions if there is a grey area of law.

Senator HOGG—How often does the committee meet?

Dr Thomas—It aims to meet three or four times a year. Last year it met at least three times.

Senator HOGG—If I understand DFAT's certified agreement 2002-03, it makes numerous references to the department's human resource manual. The certified agreement states that it is not intended that the manual forms part of the agreement but that the parties—being the

department and its staff—recognise that they will have reference to the manual in the department's day-to-day operations. Is the human resources manual a confidential document?

Dr Thomas—No, it is not confidential. It is placed on the department's intranet site, so it is available and all staff can see it.

Senator HOGG—Is it available to the committee?

Dr Thomas—We can give you a copy. It is a very large document. It covers all conditions of service. I think it is over 1,000 pages. It covers every regulation on overseas service, ranging from educational entitlement for children, medical benefits, removal of personal effects, insurance, et cetera.

Senator HOGG—In the interests of saving a tree, is there a www site that you can give us to access the manual?

Dr Thomas—It is on our intranet rather than the Internet. We can give you a hard copy of it and see what you make of it.

Senator HOGG—A hard copy will be fine, if it is on the intranet as opposed to the Internet.

Dr Thomas—It is a constantly revised document. Each chapter of it, which deals with a certain aspect of staff conditions, is revised and then goes to the department's workplace relations committee for endorsement before it is finally printed. That is our major consultative mechanism between union representatives and staff representatives and senior management. It is a constantly evolving document.

Senator HOGG—What formal status does it have within the department?

Dr Thomas—There are references to it throughout the certified agreement. Each clause of the certified agreement or group of clauses refers officers to the particular chapters, parts or paragraphs of the human resources manual that relate to those terms and conditions of service. It is the manual on which all of our senior administrative staff overseas make determinations in relation to officers' entitlements.

Senator HOGG—How often would it be updated? Is there an annual update or is it something that, as you say, is constantly updated?

Dr Thomas—It is constantly being updated because it also lists specific allowances of particular posts—difficult post allowances and things like that—and these are reviewed. If there is a sudden deterioration in a country's circumstances, that allowance may change, so that part of the manual will be changed.

Senator HOGG—Turning to the postings process, I understand that the certified agreement states that the department acknowledges its employees as its most fundamental valued resource and remains committed to improving further its human resource management. Is the overseas postings process one of the more important aspects of the department's human resource management?

Dr Thomas—Very much so. We see it as an integral part of our reward system, along with promotions and other opportunities for staff. Postings are very highly valued by staff and highly sought after. We have a formal postings committee, which sits in major sessions a few times a year, considering postings about six months out. All vacancies at overseas missions are advertised—staff can put in an application. We normally get about 500 to 600 or even 700 applications for about 100 postings during the bulk postings round twice a year. It is a major task. Then there is a committee chaired by the assistant secretary of staffing which sifts

through those applications and makes recommendations to my colleague Mr Chester, the head of the Corporate Management Division.

Senator HOGG—Would it be fair to say that, based on the numbers you have described to us, it is a fairly competitive process—almost prized as much as promotion within the department?

Dr Thomas—It often is by some officers, but of course it is not actually a promotion. Postings decisions are transfers in a technical sense and they depend on a number of factors in addition to merit and suitability for the position.

Senator HOGG—In respect of the postings process, could that be described as an open and transparent process—an example of best practice?

Dr Thomas—Absolutely. In fact, one of our deputy secretaries recently did a best practice review of about eight comparable foreign services and DFAT by far has the most open transparent postings process of all of those, and that includes countries such as the Netherlands, Sweden, Canada, New Zealand, Japan and so forth. Many foreign services simply post people—like the military.

Senator HOGG—Can you outline the process employed by the department to determine the placement of officers in overseas postings?

Dr Thomas—Vacancies are advertised in a circular distributed to all staff. They are invited to put in an expression of interest.

Senator HOGG—Advertised how far ahead?

Dr Thomas—About six months—longer if there is language training involved. All those expressions of interest are collated and circulated to the postings committee, which comprises a number of people from the corporate management area and is chaired by the assistant secretary of the staffing branch. It has about five SES officers on it and they are drawn from other parts of the department as a signal to staff that there are no management agendas in that committee and that there are checks and balances to ensure a fair distribution of posting opportunities around the building.

Senator HOGG—Recently, I understand there was a CPSU survey of officers, which the department have a copy of, concerning the posting process.

Dr Thomas—Yes, that is correct.

Senator HOGG—I believe that survey found that 79 per cent of the respondents had no faith in the system and that 93 per cent considered the feedback given to them was not adequate. What is your response to that survey?

Dr Thomas—Firstly, I would say that we consider that survey to be extremely shonky, full of very loaded questions. It was done without any consultation of management. If you ask staff who are not successful in getting postings, ‘Do you think the postings process is good?’ surprisingly many of them say, ‘No, it is not.’ If you ask staff who have got a posting, they tend to say that it is a wonderful process. So we believe the way the questions were framed ended up in getting a lot of very distorted answers. It is not our view that staff are dissatisfied with the process at all.

Senator HOGG—I hear your response and acknowledge it. Given that the survey was done, do you have any intention of referring that matter, say, to the Merit Protection Commission?

Dr Thomas—No, we do not.

Senator HOGG—You do not see a need to have, say, an independent chair?

Dr Thomas—No. We do not see how an independent chair who has no knowledge of the foreign service could make judgments about who should be posted to particular positions in our 84 embassies and missions around the world.

Senator HOGG—What happens to those people who are unsuccessful in the postings? You said there were about 700 applicants.

Dr Thomas—There is a built-in disgruntlement factor in the postings—

Senator Hill—They apply for the next one

Senator HOGG—I understand that. What sort of processes—

Dr Thomas—With up to 700 at a time, the 600 who miss out apply for the next round six months later and, over a period of two to three years, most people get a posting. They do not necessarily get their first preference, but the way the posting cycle goes most people go away for two or three years, come back and go out again. People who are unsuccessful get formal feedback from the staffing branch. They are given a copy of the written report on the positions they applied for, the reasons why they were not successful and the judgments about the field of applicants—with of course other names removed—and they are encouraged to seek oral feedback from our staffing director and his staff.

Senator HOGG—Has the CPSU survey been the subject of any negotiations between the CPSU and the department?

Dr Thomas—Yes, we devoted a very large part of our last workplace relations committee meeting to discussing the results of that survey.

Senator HOGG—What was the outcome of that?

Dr Thomas—The CPSU members presented the results of that survey and management responded point by point to each of those. We made a couple of adjustments to the process where we thought there were some useful suggestions. But, as I have repeated before, by and large we rejected the surveys as ill based.

Senator HOGG—What adjustments were made to the process?

Dr Thomas—Some clearer delineation of the type of work that was to be performed in some positions overseas. We have generic designations like ‘Third Secretary’, for example, and some staff wanted that designated more clearly as to whether it was doing policy or reporting work or administrative support work. We have agreed to make that clearer in the advertisements so that staff do not waste their time. We have also brought in some small procedural things about clearing the final report that goes to the delegate on the postings recommendation with all members of the committee again. There is just a bit more thorough clearance involved in that process. We have also agreed to some slightly expanded versions of feedback for staff if they want it.

Senator HOGG—What happens in the case of someone who claims that there is something wrong in the process itself? I presume there is no right of appeal as such.

Dr Thomas—No, they cannot be appealed; they are just transfers.

Senator HOGG—Is there some right, though, to raise a basic fault that they may see in the process and have that addressed?

Dr Thomas—Yes, and we would encourage them to come and talk to the staffing branch. If they feel more disgruntled than that, there are more formal processes they can undertake which are outlined in our certified agreement. There are various appeal mechanisms for staff if they wish to challenge a management decision.

Senator HOGG—How often is the process reviewed by the department?

Dr Thomas—We had a very major review of our postings processes two and a bit years ago. We put out a very major discussion paper on every aspect of the postings process, called for responses and submissions from staff in Australia and overseas, received a very large number of responses, made some modifications in light of them and then issued a final postings, policies and practice document.

Senator HOGG—Is that review conducted internally or do you get outside consultants to conduct it for you?

Dr Thomas—No, that was an internal review.

Senator HOGG—When is the next review likely to take place?

Dr Thomas—We are quite satisfied with the current procedures, and from time to time we will review those processes. We believe that they are operating at their optimum at the moment.

Senator HOGG—Do you have a policy on postings and how they work? Is there a departmental policy that you follow?

Dr Thomas—When you say a policy on postings, most people who join the Department of Foreign Affairs and Trade are of course interested in overseas service.

Senator HOGG—Yes, I understand that.

Dr Thomas—We make it clear to staff that, provided they perform in their positions in Canberra, they will be seriously considered for vacancies in our missions overseas as they arise. We do insist that staff perform to a particular level. We have a very rigorous performance management system. Staff are rated each year and the ratings they get certainly do have some bearing on judgments by the postings committee as to who goes where. I might mention that one of the chapters of the human resources manual that we will be giving you outlines in great detail the entire postings process and practices.

Senator HOGG—So that is in there. It is not a separate document—it is included in that?

Dr Thomas—It has been issued in various circular forms over time, but it has all been brought together in a chapter in the human resources manual.

Senator HOGG—I think that answers the question for me. I think you said postings are made every six months.

Senator Hill—He did.

Dr Thomas—The big bulk round is every six months. Sometimes there are ad hoc postings because people resign, get pregnant, quit.

Senator HOGG—And on what basis are they made?

Dr Thomas—Exactly the same process: the postings committees convene.

Senator Hill—Could we arrange a briefing for you some time, Senator Hogg?

Senator HOGG—No, it is all right, Minister, you have done very well. I have now finished asking what I needed to know there. Thank you. I now want to ask about locally

engaged staff. Can you provide the committee with a detailed breakdown of the department's locally engaged staff by post, level and type of employment? You will need to take that on notice.

Dr Thomas—I will ask my colleague Mr Chester to give you some general comments, but we would have to give you most of that on notice.

Senator Hill—No, we do not want general comments. We will prepare the list for Senator Hogg.

Senator HOGG—Have you got a document with you that can be tabled now?

Dr Thomas—Not in that detail.

Senator Hill—No. 'Not in that detail' means no.

Dr Thomas—We could give you staff numbers—we have that.

Senator HOGG—I think I am entitled to an answer from the officers, Minister.

Senator Hill—He said, 'Not in that detail.' I said that meant no.

Senator HOGG—Yes, I understand that. I was just after an answer from the officers.

Senator Hill—He has given the answer.

Senator HOGG—Thank you. How many locally engaged staff engaged in what could be described as household duties—such as cooks, cleaners, personal staff—are employed at the residences of Australian based DFAT staff?

Senator Hill—Around the world? Do you have a figure on that or not?

Dr Thomas—We do not have that figure with us.

Senator Hill—Is it a big job to try to calculate?

Dr Thomas—They are not employed centrally; they are employed personally by each head of mission or each officer overseas, so all the records are kept at embassies.

Senator Hill—We will take it on notice and an assessment will be made as to whether the question is justified in light of the work and the costs that will be involved in answering it.

Senator HOGG—I would like you to take that on notice. I think that is it for that section. Can we now move to AusAID.

[4.15 p.m.]

AusAID

Senator HOGG—Earlier today Senator Cook asked a question about the approaches rice growers—and there may well be other growers—have made to AusAID about Australian rice being used as aid to nations.

Mr Tapp—There have been some representations made by the Rice Growers Cooperative to Mr Downer's office. The position in relation to the purchase of rice under the aid program is that the majority of Australian food provided under the aid program supports the World Food Program's development activities—under the food aid convention, under wheat tonnage equivalent to 250,000 tonnes. Over 76 per cent of our funds allocated for buying and distributing food aid was spent on Australian food commodities in the 1999-2000 financial year. Under the rice commodities, which have been purchased, about 50 per cent of the funds for purchasing rice were spent on purchasing Australian rice commodities for shipment and distribution into the Asia Pacific region.

Senator HOGG—So do the various lobby groups—and I am trying to read Senator Cook's question that he has left behind—ask why the figure isn't greater and why Australia doesn't get to the 100 per cent mark?

Mr Tapp—There are a number of reasons for that one. Under the World Food Program development activities, the commodities which are purchased for development activities are Australian commodities. However, there are some other matters which have to be considered, particularly under the emergency and humanitarian programs. The two key issues there relate to the best price that is available, in terms of purchasing these commodities, and the staple diets of the beneficiaries, which need to be considered. I can give you one example of an emergency humanitarian purchase of rice for Cambodia. For that rice purchased within Cambodia, we were able, with the funds available, to purchase 8,751 metric tons. If we had been purchasing out of Australia, the figure would have been 6,600 metric tons, a considerably smaller amount. Also, there would have been greater time delays in those commodities being able to reach the people in need of them under the humanitarian program.

Senator HOGG—Thank you very much. That answers those two questions that Senator Cook raised earlier today. He left a couple of other very brief questions. What contact has AusAID had with existing contracted suppliers, such as the AWB, to take advantage of these opportunities to participate in the aid program?

Mr Tapp—We have a considerable relationship with the AWB.

Senator HOGG—And the like.

Mr Tapp—Yes, and also the Rice Growers Cooperative. As I mentioned just now, 76 per cent of the total value of Australian aid funds allocated for the purchase and distribution of food aid was spent on Australian sourced food commodities. So we are looking at a wheat equivalent tonnage well in excess of 150,000 metric tons, which is a significant engagement by those groups within the aid program.

Senator HOGG—Has AusAID explored with Australian suppliers options such as the pre-positioning of Australian food products in key ports or supply centres?

Mr Tapp—The pre-positioning of food commodities is not something that we have been looking at. The distribution of food under the World Food Program's development assistance program is based on an initial allocation at the beginning of the year. With sufficient forward planning, we are able to purchase commodities out of Australia so they are able to be received in the relevant recipient countries at an appropriate time. Obviously, you would understand, with emergency humanitarian operations, that many of these emergencies hit at very short notice or no notice whatsoever.

Senator HOGG—I accept that.

Mr Tapp—So we just need to be able to do whatever we can in the circumstances.

Senator HOGG—That answers the questions that Senator Cook had. I have just a few questions on Indonesia and East Timor. Can you provide the committee with a detailed list of Australia's current aid projects and related expenditure in East Timor together with projects scheduled to commence in the current financial year?

Senator Hill—A list of the projects?

Senator HOGG—Yes.

Mr Dawson—We can provide that information.

Senator HOGG—Thank you very much. Could you also identify all current and planned Australian aid programs in Irian Jaya?

Mr Dawson—There are no current or planned aid projects in Irian Jaya. One health project, as I understand it, was recently completed; likewise I think with one NGO funded project. To my knowledge, there are no current projects in Irian Jaya.

Senator HOGG—Are you able to tell me how much Australian aid has been delivered to Irian Jaya over the past decade and the figures for each financial year over that period? I understand that you may want to take that on notice. I accept that.

Senator Hill—We will get that information for you.

Senator HOGG—Can you also provide me with a detailed list of Australia's current aid projects and related expenditure in East Timor?

Mr Dawson—Yes.

Senator HOGG—On the issue of quality assurance, AusAID's annual report at page 19 says AusAID 'achieved its overall quality target with more than 75 per cent of activities receiving a quality rating of satisfactory overall or higher'. Would you tell me what that means? This is one of the difficulties I have had with outputs, Defence's in particular, and yours is another one that I have come across.

Dr McCawley—We have a system for measuring what we regard as a measure of the overall quality of a range of our specific activities in a quite detailed way. We have a system for aggregating them. The detailed level of quality varies between different parts of the aid program, but we do have an aggregation system, and the aggregation system is above 75 per cent. I do not have the figure with me. From memory, it is around 78 per cent.

Senator HOGG—How do you arrive at that figure? That is the difficulty.

Dr McCawley—We have a quite detailed system rating our activities at a quite detailed micro level. We measure them against particular measurement goals. It is a quite detailed system. We can provide you with details of the system if you wish.

Senator HOGG—If you could provide me with some details of the system, I think that would be helpful because then I will be able to understand on what basis the actual assessment is made.

Dr McCawley—Fine.

Senator HOGG—I presume the assessment process that you use is the same for all AusAID administered programs and projects?

Dr McCawley—Ultimately there are judgments made, and different parts of the program are subject to different types of judgments. Obviously we try as far as possible to have uniform standards, but with different activities in some cases there are different systems of judgment.

Senator HOGG—All right. So the criteria can vary, but you are saying at the end of the day the judgment is fairly comparable.

Dr McCawley—That is our aim.

Senator HOGG—That is the aim.

Dr McCawley—Sure. Of course that is the aim.

Senator HOGG—So people sitting on my side here, when we look at these things, can say, ‘Whilst it is not exactly apples with apples, the criteria deliver basically the same result’?

Dr McCawley—Yes.

Senator HOGG—Thank you. Can the committee be provided with a list and details of the 50 country and regional programs reviewed by the quality assurance group?

Dr McCawley—Yes, we can do that.

Senator HOGG—Including the 30 projects reviewed in 1999-2000, and how many of these were given a rating of ‘Satisfactory’ or higher.

Dr McCawley—Yes. That has been a detailed process, and we will provide you with details of that.

Senator HOGG—And can you provide the ratings for these 50 programs?

Dr McCawley—I think we can do that. We will see what the system provides us with.

Senator HOGG—Thank you.

CHAIR—Thank you very much, Minister. Thank you very much, AusAID, for waiting for so long. Thank you, Hansard. The estimates committee is now closed.

Committee adjourned at 4.28 p.m.