



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION  
COMMITTEE

**Consideration of Budget Estimates**

WEDNESDAY, 6 JUNE 2001

CANBERRA

BY AUTHORITY OF THE SENATE



**SENATE**

**FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE**

**Wednesday, 6 June 2001**

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

**Senators in attendance:** Senators Calvert, George Campbell, Cooney, Ferguson, Harradine, Hogg, Hutchins, Sandy Macdonald, Payne, Schacht, and West

**Committee met at 10.30 a.m.**

**FOREIGN AFFAIRS AND TRADE PORTFOLIO**

**In Attendance**

Senator Hill, Minister for the Environment and Heritage

**Australian Agency for International Development (AusAID)**

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

**Output 1: Policy**

Mr Bruce Davis, Director-General

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

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

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

Dr Robert Glasser, Assistant Director General, Executive Branch

Ms Michelle Gillespie, Budget Unit

**Output 2: Program management**

Mr Bruce Davis, Director-General

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

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

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

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

Mr Scott Dawson, Assistant Director General, East Asia Branch

Mr Mark Fleeton, Assistant Director General, Resources Branch

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

Mr Ian Anderson, Assistant Director General, Contract Services Group

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

Mr Peter Versegi, Director, Papua New Guinea Governance

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

Ms Ali Gillies, Assistant Director General, International Programs Branch

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

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

Dr Bob Clements, Director

Mr Michael Brown, Deputy Director, Corporate Programs

Mr Paul Tyrrell, Finance Manager

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

Dr Alan Thomas, Deputy Secretary

Mr Doug Chester, First Assistant Secretary, Corporate Management Division

**1.1.7 International organisations, legal and environment**

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

Mr Christopher Langman, Assistant Secretary, Environment Branch

Mr Rod Smith, Assistant Secretary, International Organisations Branch

Mr Richard Rowe, Assistant Secretary, Legal Branch

**1.1.8 Security, nuclear, disarmament and non-proliferation**

Mr Bill Paterson, First Assistant Secretary, International Security Division

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

Mr Peter Tesch, Assistant Secretary, Arms Control Branch

Dr Lachlan Strahan, Director, Chemical and Biological Disarmament Section

Mr Bernard Lynch, Director, Conventional and Nuclear Disarmament Section

Mr John Sullivan, Assistant Secretary, Nuclear Policy Branch

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

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

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

Mr Richard Sadleir, Director, Asia Pacific Security Section

**Output 1.2: Secure government communications and security of overseas missions**

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

Mr Peter Davin, Diplomatic Security and Property Branch

Mr Paul Foley, Information Management Branch

**Output 1.3: Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)****Parliament of Australia****Services to attached agencies****Services to business****Services to state governments and other agencies overseas and in Australia****Output 1.4: Services to diplomatic and consular representatives in Australia****1.4.1 Services to the diplomatic and consular corps****1.4.2 Provision of protection advice through liaison with the Protective Security****Coordination Centre**

Ms Karina Campbell, Assistant Secretary, Protocol Branch

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

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

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

Mr Ian Kemish, Assistant Secretary, Consular Branch

Mr Derek Tucker, Assistant Secretary, Passports Branch

Mr Bill Monaghan, Director, Passports Operations Section

Mr Marc Campbell, Executive Officer, Management Administrative Coordination Section

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

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

Mr Simeon Gilding, Assistant Secretary, Images of Australia Branch

Mr Christopher Freeman, Director, Media Strategies and Internet Section

Mr Marc Campbell, Executive Officer, Management Administrative Coordination Section

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

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

Ms Nicola Watts, Director, Ministerial and Executive Liaison Section

Mr Ian Biggs, Director, Corporate Planning Section

Mr Chris Marchant, Director, Evaluation and Audit Section

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

Mr Richard Andrews, Director, Budget Management Section

Mr Chris Moraitis, Assistant Secretary, Staffing Branch

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

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

Mr Michael Crawford, Acting Executive General Manager, Australian Operations

Mr Craig Symon, General Manager, Export Finance Assistance Programs

Mr Ian Chesterfield, General Manager, Corporate Finance and Assets

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

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

Mr Bernd Neubauer, General Manager, Invest Australia

Ms Marcia Kimball, General Manager, Human Resources

Mr Kym Hewett, Chief Information Officer

Mr Peter Amey, Manager, Europe Regional Office

Mr Peter Bergman, Manager, North East Asia Regional Office

Mr Anthony Fernando, Manager, Americas Regional Office

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

Mr Pat Stortz, Manager, South Pacific Regional Office

Mr Jim Enright, Manager, South East Asia Regional Office

**Department of Foreign Affairs and Trade****Output 1.1: Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity****1.1.1 North Asia (including Australia–Japan Foundation, Australia–China Council, Australia–Korea Forum)**

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

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

Ms Glenda Gauci, Assistant Secretary, North East Asia Branch

Mr John Tilemann, Director, Korea Section

Mr Leslie O'Brien, Director, Australia-Korea Foundation

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

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

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

**1.1.3 Americas and Europe**

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

**1.1.4 South Pacific, Africa and the Middle East**

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

**1.1.5 Multi-lateral trade negotiations**

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

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

Mr Justin Brown, Assistant Secretary, WTO Trade Law Branch

**1.1.5 Trade development/policy coordination and APEC**

Mr Peter Baxter, First Assistant Secretary, Market Development Division

Mr Patrick Lawless, Assistant Secretary, Trade Development Branch

Ms Lorraine Barker, Director, Trade Policy Coordination Section

Mr Neil Batty, Director, Market Information and Analysis Unit

Mr Mike Roberts, Director, Export Credit Policy Section

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

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

**CHAIR**—I welcome Senator Hill, the Minister representing the Minister for Foreign Affairs and the Minister for Trade, and officers from AusAID and from the Australian Centre for International Agricultural Research. The committee has before it the particulars for proposed expenditure for the service of the year ending 30 June 2002, documents (a) and (b), and the Portfolio Budget Statement for AusAid and the ACIAR. Today the committee will first examine the proposed expenditure for AusAid, followed by ACIAR, concluding with the Department of Foreign Affairs and Trade. When written questions on notice are received, the chair will state for the record the name of the senator who submitted the questions, and the questions will be forwarded to the agency for answers. The committee has resolved that the deadline for the provision of answers to questions taken on notice at these hearings is Wednesday, 18 July, 2001.

The Senate Finance and Public Administration Legislation Committee is continuing to monitor the format and contents of the Portfolio Budget Statements. If you have any comments you wish to make about these documents, please place them on the public record during these estimates hearings or directly into the committee.

I have some questions that have been tabled by Senator Vicki Bourne and I will put those on notice for answers by the department.

[10.31 a.m.]

**Australian Agency for International Development (AusAID)**

**CHAIR**—Minister, would you like to make an opening statement?

**Senator Hill**—No.

**Senator HOGG**—I would like to trawl through some of the tables in the portfolio budget statement, and I would like to go to Table 1.1 for a moment. In that table, the total appropriations fig is \$1,589,366,000. I understand how that figure is made up, but then I compare that to last year's figure of \$1,495,613,000. Am I reading correctly from one table to the other that there has been an increase, or has there been some form of accounting change?

**Ms Rawson**—The main reason for the difference in the expenses line there, Senator, is that it relates to the multilateral commitments, primarily, for the aid program—the commitments to, for example, the World Bank, IDA and the ADB's Asia development fund. Those commitments are expensed in the year in which the commitment is made, so the expenses come through in that year. However, they are paid out in cash terms sometimes up to over 10 years. So our expenses line fluctuates from year to year, primarily because of that accounting treatment for the multilateral commitments. The cash position remains essentially the same. There is an explanation of that which I might just refer you to. It is on page 112 of the



Portfolio Budget Statement. That talks about the administered capital that we get for the cash side of it.

**Senator HOGG**—All right. It was not clear to me what that extra money comprised. From reading that note, I now understand that. So, if I look to the cash flow, in terms of expenditure this year there should not be the same in terms of cash flow as there would be under the accrual system?

**Ms Rawson**—No, as you would see from chart 1, the cash needs tend to be fairly consistent.

**Senator HOGG**—What is the cash element of that? It seems to me that it is almost in the order of \$100 million—is that correct?

**Ms Rawson**—If you refer back to table 1.1, it has two lines underneath that expenses figure—

**Senator HOGG**—The administered capital?

**Ms Rawson**—Yes, the administered capital injection and the administered special appropriation. Both of those are cash. That is the main source of the cash for the multilateral commitments.

**Senator HOGG**—That is the multilateral commitments—the \$232 million?

**Ms Rawson**—Yes. There is a bit of cash coming through Appropriation Bill (No. 1) as well. That is also explained on page 112.

**Senator HOGG**—Are you referring to that \$27.3 million?

**Ms Rawson**—No, that is the cash injections that were in existence. The \$232.6 million and the \$27.3 million relate to the multilateral liabilities that were entered into prior to the accrual budgeting. After the accrual system came into operation, for the multilateral commitments that are entered into from that time, not only are the expenses committed at the time they are entered into but the cash will start to come through through Appropriation Bill (No. 1) as well.

**Senator HOGG**—Is there an element of the cash for that multilateral commitment in this year's cash flow? If so, where is it and how would I find it?

**Ms Gillespie**—Our administered cash flow statement is on page 129. The trends there in our cash used is fairly consistent. Because our cash payments for multilaterals now come through Appropriation Bill (No. 1) and capital injections and special appropriations, there is an element of the cash coming through in each of those. It is not clearly discernible. There is an element of multilaterals in the items in annual appropriations.

**Senator HOGG**—That is why there is a relatively insignificant change from the estimated actual 2000-01 to the budget for this year?

**Ms Gillespie**—Yes. Cash remains fairly consistent.

**Senator HOGG**—The cash remains consistent. It is in the accrual side. This is the first time under the accruals that we have seen this.

**Ms Rawson**—No. It was in the PBS for the last two years.

**Senator HOGG**—Yes, but this would be the first time we have seen the major injection for the multilaterals in the accruals. It would have been there in a smaller sense.

**Ms Gillespie**—In the last PBS, because you have seen forward years, you would have seen it. You may not have focused on it because there would not have been a significant change—

**Senator HOGG**—That is what I mean.

**Ms Gillespie**—but this year there is a significant change.

**Senator HOGG**—There is a significant change in this and that is why that amount stood. That helps me understand that. This may be a broader portfolio issue. I noticed at page 117 the way that table 2.2.1—‘information for Outcome 1 continued’—gets down to the issue of measuring the results of the programs that you have put in place. I thought that had changed somewhat from previous years. As a committee, how do we evaluate, for example, what is under ‘Information, Education and Communication Programs’ in that table? It says:

- Quantity: - significant activity outputs in key result areas
- number of teachers participating in development education training
- number of curriculum documents purchased by target groups
- average monthly number of hits on the internet sites

Obviously you report all of those when it comes to the annual report, but how do we know what your expected targets are and whether you have achieved them or, for some reason, undershot or overshot them? Is there a way that we can test that?

**Ms Rawson**—In terms of the performance information in general, I would just mention that the indicators are very consistent with the PBS for last year—

**Senator HOGG**—Yes, you are quite right.

**Ms Rawson**—against which we reported in last year’s annual report and will indicate again for this year. In terms of the particular area you have focused on, as far as I am aware we have not set any numeric targets for numbers of teachers. I think what we tend to look at is trends over the years, and certainly we would be looking to see numbers maintained or increased, and would be asking questions of our product if the trend started to be consistently downwards. As far as I am aware, there is a very good record of increased participation in development education.

**Senator HOGG**—I did not want you particularly to focus on that one item that I have identified. I was trying more to get a general reaction as to how you make the statements that you have made there. I am not knocking the statements at all; I am just looking at the issue of how we, as a committee, assure ourselves of what your targets are in the broader sense—covering not just that table; and I do not by any means want to trawl every table—and that you do have a target and that is the basis on which your budget is framed. Then, if you have either reached the target or not—which is fine, because there are years where you will not reach the target, others where you will overshoot—it would give us some basis on which to assess AusAID’s performance in the various areas where it operates. I am not asking you to particularise.

**Ms Rawson**—In terms of the quantity indicators under all of those, again, we have not set any numeric targets, either in terms of the number of activities or what in particular will be achieved. What we are seeking to do in that quality side is to provide a picture to you, when we report on it through the annual report, of the actual development outcomes that are being achieved on the ground. That will vary from program to program. In some instances it will be the number of schoolchildren who have attended school who would not have done so otherwise, or various other things. Because it is such a broad program, covering so many activities in such a range of situations, it is difficult to particularise—unless we did it for every single program, and then it would become unmanageable to get a picture. It is more to

be able to present, through the activities we have undertaken under each program, an understanding of the actual development impacts.

**Senator HOGG**—Thank you for that explanation. What role do those reporting targets that you use have in assisting you to frame your budget for the forthcoming year? Are they an integral part or, if I can say it this way, do you fly by the seat of your pants in that you know the business and therefore you have an intuitive feel as to how this will all pan out in the bids that you put in for the AusAID budget?

**Mr Davis**—I think their principal value is not so much in year-to-year budgeting but to continually inform us on where we should be taking the program in terms of the broader impact. As we look at individual activities and as we look at individual programs, it is particularly important that we keep a good view of the extent to which activities are meeting sustainability targets, for example, and meeting the target populations that are there to be supported. We use the process of performance review very much with that in mind: to see how we can continually improve the impact of the program.

**Senator HOGG**—That covers that. I have a question about page 115. I notice that your average staffing level for 2001-02 is just marginally down. They are average staffing levels, obviously. Is that what is happening in real number terms? Are you suffering a decrease in staff numbers?

**Ms Rawson**—They are average staffing levels but they do represent pretty much where we have been for the last year and where we expect to be in the coming year, with a little bit of variation, as you would expect, up or down from that number throughout the year. It is, as you said, a fairly small movement from the previous year. It relates, primarily, to outcomes from our certified agreement negotiations and what was negotiated with staff in terms of salary, et cetera. That level represents what we think we will be able to manage within our overall departmental expenses for the coming year.

**Senator HOGG**—I have a couple of questions about pages 122 and 123. I noticed under the heading 'ASSETS' that, of the non-financial assets—'Land and buildings', 'Infrastructure, plant and equipment'—the estimated actual of \$5.324 million in 2000-2001 drops substantially, in my view, down to \$4.165 million in the next financial year, 2001-02, and then progressively drops off in the out years down to \$2.608 million. Can you tell us what has happened there?

**Ms Rawson**—We will have to take that one on notice.

**Senator HOGG**—The other thing that interested me on that page was that, under the heading 'Provisions and payables', you have 'Employees', 'Suppliers', 'Grants' and 'Other'. 'Grants' is the only thing that has nothing against it. In last year's PBS there was no line at all for grants. Why is the new line included there and on the next page under departmental cash flows not used, yet I noticed that it is used when it comes to the administered financial performance table?

**Ms Rawson**—For the inclusion of the line, I can only say that we follow the format that is in the guidelines provided to us—

**Senator HOGG**—Right. But there are no grants made under—

**Ms Rawson**—But there were none there on the 'administered' side.

**Senator HOGG**—That is on the 'departmental' side. There are some on the 'administered' side, which I will come to in a few moments. So there are no grants under the 'departmental' side?

**Ms Rawson**—No.

**Senator HOGG**—I do note that, in terminology, there seem to be some instances where the word ‘grants’ is used and sometimes it is ‘overseas grants’. Do you differentiate between grants which might be made internally within Australia as opposed to those made overseas?

**Ms Gillespie**—All our grants in ‘administered’ are overseas grants.

**Senator HOGG**—Okay, I have got that clear. My next question is on page 123. I note from the ‘Estimated actual 2000-01’ column to the budget year coming column, under ‘Cash used’—and this is representational cash flows—for ‘Employees’ it goes from \$40.995 million to \$41.632 million in the 2001-02 year. I understood you to say that there is a slight drop in the number of employees that you have got, but then if you look at the out years you find that the figure drops in 2002-03 but then again increases in 2003-04 and 2004-05. What is the explanation for that?

**Ms Rawson**—Primarily the explanation will lie in the terms of our certified agreement and what expectations we have for salary payments in those years and for other things. I think I am right in saying that that line will include things like allowances for our overseas staff. So it is very much an estimate figure; it is based on what our expectations are at this time. But we would expect, over the course of the years, there to be movements in those figures. That is our best estimate at this stage but we will have to keep adjusting those as time goes by.

**Senator HOGG**—All right. But I do see that there is a drop between 2001-01 and 2002-03, and I have found that a curious aspect in some other items within the statement. There seems to be an increase in the 2001-02 year and then, when you go to 2002-03, there is a drop. But going into the other out years, 2003-04 and 2004-05, it picks up again. Is something happening in the 2002-03 year in AusAID that we should know about?

**Ms Rawson**—We are not aware of anything unusual that is going to be happening in the course of that year.

**Senator HOGG**—You are explaining the drop from 2001-02 to 2002-03 as being related to the nature of your certified agreement, nature of allowances and the like. Is that it?

**Ms Rawson**—Just the various business needs.

**Senator HOGG**—If I could take you to page 127—I think I may have the answer to this already. In table 3.6, ‘noted budgeted administered financial performance’, there is a heading there ‘grants’ and it is \$420 million in round figures for the estimated actual 2000-01 rising to \$452 million for 2001-02, but then dropping substantially in the 2002-03, 2003-04 and then coming back again in that 2004-05. Is that the cyclical effect of the multilateral grants coming fully into play? As I said earlier, that is the first time we have seen that.

**Ms Rawson**—It is the cyclical effect. They are our expectations as to when commitments will be entered into, in particular for the two development banks.

**Senator HOGG**—I know it is a long way out, but the 2004-05 figure seems to be substantially higher than in this cycle. Is there a reason for that?

**Ms Rawson**—I would guess—I may be corrected—that we are expecting in that year to have a replenishment of IDA, the World Bank’s fund, and a replenishment of the Asian Development Fund. They are the two big ones. To have that large a figure, that would relate to those.

**Senator HOGG**—That makes sense. I think you have probably answered this: if you turn to the next page, again under the heading ‘provisions and payable’ the third item of grants of \$1.223 billion. Can you explain that? What grants are they? Are they all your grants? The

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reason I ask is that, if I then go to cash flow on the next page, I see the figure of \$404.9 million. I am trying to relate the figures.

**Ms Gillespie**—The grants in the statement of financial position figure are our grants payable. It is a cumulative total of all our grants payable at that point in time, so that will include ADF and IDA. The \$404.9 million you see on the following page is the cash that we require to extinguish some of those liabilities in that particular year.

**Senator HOGG**—So even though there is an accrual amount of \$1.223 billion, the cash that you need to acquire is \$404.9 million; is that correct?

**Ms Gillespie**—That is right. Because the \$1.223 billion, at that point in time, is the amount of liabilities we have.

**Senator HOGG**—That is the liabilities, I understand. I thought that was what it was. I wanted to get that straight. Thanks for the information on that. If I can now turn you to Budget Paper No. 1. You might do a bit of reconciling for me and enable me to understand. I note that the statement by the minister says:

The Australian Government will provide \$1.725 billion in Official Development Assistance in 2001-02.

I have tried to find where the \$1.725 billion is. I am struggling a bit. If I turn to appendix A at page 10-17, I find that under Foreign Affairs and Trade, under AusAID, there is \$1.590 billion. Can you reconcile the two figures for me?

**Ms Rawson**—I might refer you back to the Portfolio Budget Statement at page 134. That is the reconciliation of our expenses to the total ODA, which is a cash conversion. As well as the AusAID position, as you see from the two lines near the bottom, it also looks at the ODA through ACIAR and other government departments. That presents a picture of how we move from the expenses that are appropriated to the ODA figure.

**Senator HOGG**—So the figure that I got out of Budget Paper No. 1 of \$1.590 billion at appendix A, am I able to relate that to anything in the table on page 134?

**Ms Rawson**—Yes. It shows you the total for expenses for AusAID.

**Senator HOGG**—You are saying to me that \$1.590 billion is the total under those first two items—

**Ms Rawson**—In round terms, yes.

**Senator HOGG**—In rounded terms that is the \$1.590 billion. With regard to the other add-ons that you get to take you to the \$1.725 billion in rounded terms down the bottom of that page, can you just take me through those so that I get a clear understanding?

**Ms Rawson**—As we go through that table, you will see we deduct the expenses that we expect to enter in 2001-02. Then we add on—

**Senator HOGG**—Wait a minute.

**Ms Rawson**—Again on the Portfolio Budget Statement, page 134—

**Senator HOGG**—You deduct that 350 out of multilateral arrangements, yes.

**Ms Rawson**—We take that off. Then we add on some—it refers to a ‘plus cash for GST’. When I get down further, you will see we take that off again. It is adding on the cash for GST and the cash that is essentially the payments we need to make to acquire our existing multilateral liabilities in 2001-02.

**Senator HOGG**—You are saying you need \$216,000; am I correct?

**Ms Rawson**—\$216,000 is the GST figure. As I say, we will take that off again.

**Senator HOGG**—Payment for the existing is \$265 million.

**Ms Rawson**—The \$265 million. That gets us to a cash figure—

**Senator HOGG**—Excuse me, is this cash or is this accrual that we are looking at?

**Ms Rawson**—We are converting from the accruals to a cash.

**Senator HOGG**—So that \$1.590 billion is the actual cash, is it?

**Ms Rawson**—No, that is the expenses.

**Senator HOGG**—Is that the cash you need for expenses, though, or it is the accrual figure?

**Ms Rawson**—For most of the program there is very little difference between the cash and the expenses. It comes back to these multi-year liabilities again. That is where the significant distinction comes between the expenses figure and the cash figure.

**Senator HOGG**—I think somewhere in the notes here—I am not sure if it is in yours—I think it was said that it was about one per cent.

**Ms Rawson**—I cannot remember the particular note, but there is a very minor difference for most of the expenses.

**Senator HOGG**—So to all intents and purposes this is an accrual figure we are looking at and you are converting it to cash.

**Ms Rawson**—Yes. Then it makes a number of adjustments which are explained there, including taking off the GST again, and then adding on the ODA for ACIAR and other government departments. And that gets to the \$1.725 billion figure.

**Senator HOGG**—That \$1.725 billion is the actual cash requirement that is needed by the department?

**Ms Rawson**—No, because some of that does not actually flow through AusAID. The figures in those last two lines are ODA through other agencies.

**Senator HOGG**—Through other sources as well.

**Ms Rawson**—Yes.

**Senator HOGG**—I understand that. If one were looking at just AusAID then one would exclude those last two lines, in effect?

**Ms Rawson**—Yes.

**Senator HOGG**—I am not going to fight you over the dollars and cents; I am trying to get that feel. So the figure that gets mentioned here in appendix A in Budget Paper No. 1 is reflected here. Where does the \$1.724 billion then relate back to that first figure that I asked you about, which was the \$1.589366 billion ?

**Ms Rawson**—It relates back to it by that figure being essentially those first two lines of the conversion table on page 134.

**Senator HOGG**—So the first two lines represent your table 1.1 in effect and you then represent there the multilateral commitment. Thanks for that. I was trying to relate that but I just could not find it. In terms of this budget, what is the percentage of the overseas aid to our gross national product?

**Mr Davis**—It is 0.25.

**Senator HOGG**—Is that up or down on last year? I think I saw the graph somewhere.

**Ms Rawson**—At this stage we expect the outcome for 2000-01 to be 0.26. It was estimated in the budget of last year at 0.25 but, in fact, on current projections it will be 0.26.

**Senator HOGG**—So the projection last year was 0.26 and you are saying 0.25—

**Ms Rawson**—No.

**Mr Davis**—The projection at the time of the budget was 0.25.

**Senator HOGG**—What is the projection for the forthcoming year?

**Mr Davis**—The projection is 0.25.

**Senator HOGG**—What is the likelihood of reaching the 0.26?

**Ms Rawson**—For this year, 2000-01?

**Senator HOGG**—Yes.

**Ms Rawson**—On current estimates of both expected outcome for ODA and the expected GNP or GNI figure, we are expecting it to be 0.26, but we will not know until some time after the end of the financial year.

**Senator HOGG**—That is fine, I accept that. Where do we rank with the other OECDs, because I understand—

**Mr Davis**—On the latest listing of relative data, we are in the 12th spot of the 22 OECD members of the Development Assistance Committee.

**Senator HOGG**—Right. With the commitment that we have for the forthcoming budget, will that keep us relatively in the same spot?

**Mr Davis**—It is very difficult to say because the overall global figure fluctuates significantly as well. It is very difficult to say exactly in what spot we would come through when that international comparison is again done.

**Senator HOGG**—Thanks very much. I noticed when it came to reading the PBS that you have forward projections out to 2004-05. I looked at Budget Paper No. 1 and found that there are projections out there to 2004-05, yet when I looked into the individual programs I noticed that the individual programs do not go beyond the 2001-02 year. Is there a reason for that? Is it not possible to project where programs are going to be such that there is a forward estimate for those programs?

**Ms Rawson**—We could make some projections based on our overall figures but we would not be able to have enough confidence in those projections to think that they have good meaning for parliament or the public. The principal factor in it is that the minister makes the decision on budget allocations for the program in every financial year and they are made for the year rather than for future years.

**Senator HOGG**—I accept that. But those projections must be used in some way in looking at the outyears and formulating the out figures for 2002-03 out to 2004-05. Whilst I understand the vagaries that may well occur in this area, there surely must be some way in which there is at least a forward projection—I am not talking in fine detail—in what the expected expenditure will be on a program basis. It may well even be there is a pool that is not identifiable but, nonetheless, from your experience you know you will need to spend somewhere down the track. It is helpful to us to have some idea of what the forward projections for the department in these areas would be.

**Mr Davis**—In general terms, for the planning purposes in the outyears we would accept that major programs would be maintained at current levels. That would be a basis on which we would go about forwarding planning of the program. For major countries, for example, we would anticipate there would be maintenance at around the same level. But, as Ms Rawson said, in terms of actual allocations that becomes very much an issue for a minister in a particular financial year.

**Senator HOGG**—I always understand and accept that. I am looking at the underlying basis on which you put your budget together more than anything else. In that case, do you have available the underlying basis on which you have put the out figures together for 2002-03, 2003-04 and 2004-05? I am going to take a bit of time going through some of these programs; that is why I am asking the question broadly. Let us just pick something—for example, PNG. Are you able to say what the out figure for PNG would be in the year 2002-03, 2003-04 and 2004-05?

**Mr Davis**—Yes, we can. In that particular case through discussions—more than discussions; through negotiations—that have treaty status with the PNG government, we have a planning figure which is jointly agreed of maintaining the program at \$300 million for the basic program over that period.

**Senator HOGG**—I did not want to get into a specific program, Mr Davis. I was not trying to lead you down that path at this stage; I was just looking for a broad answer. If you are able to give me that sort of information, that would be helpful indeed rather than my asking it program by program. If you have some document that you can table, that would be appreciated. If you need to take it on notice, I respect that.

**Mr Davis**—We will take that on notice.

**Senator HOGG**—Could you can give me an idea of the out figures for 2002-03, 2003-04 and 2004-05 which gives you the underlying basis on which we see the forward projections in both the PBS and in Budget Paper No. 1? Can I take you to page 6-9 in Budget Paper No. 1?

**Ms Rawson**—We are at a bit of a disadvantage. I am not sure if we have the same budget paper as you have there.

**Senator HOGG**—It is 2001-02 Budget Paper No. 1. We will get a copy for you.

**Ms Rawson**—Thank you.

**Senator HOGG**—You will probably be able to handle the question without a copy of the document. But if you do need a copy of the document, we can come back to it once we have photocopied the page.

**Ms Rawson**—Fine.

**Senator HOGG**—It is a heading ‘general public services’ and is a summary of expenses. It lists a number of things including legislative and consecutive affairs, financial and fiscal affairs, foreign economic aid, general research, general services and government superannuation and it gives a total general services figure. It is just there that they refer to ‘foreign economic aid’ as such and I am wondering how it relates to either the PBS or other parts of the budget papers. It talks about a figure of \$1.996 billion in 2001-02. Do you have the table?

**Ms Rawson**—Could you give me the page number again?

**Senator HOGG**—Page 6-9.



**Ms Rawson**—I would have to take that one on notice. I am not sure of the definition that has been used for that category. I am sure it relates to some extent to the overseas aid program, but I am not sure—

**Senator HOGG**—On the next page, if I can help you, it says:

Foreign economic aid expenses include both aid and non-aid components.

What I am trying to do is relate that to the figure that we have just been discussing, the \$1.725 billion, and the figure of \$1.58383 billion, or whatever it was—

**Mr Davis**—We will get a reconciliation of that one.

**Senator HOGG**—Okay. Can you tell me the basis on which it is calculated and so on?

**Mr Davis**—Yes.

**Senator HOGG**—Have you made any projections for what our aid will be in the following year? You said we were 0.26, if I understood you correctly before, and we have budgeted for 0.25 this coming year. Is there any idea of what the outyears will be?

**Mr Davis**—Beyond the current fiscal year it is a decision for the government in the annual budget process.

**Senator HOGG**—That is fine. Thanks for helping me through that—they are the mathematical problems, I hope.

[11:22 a.m.]

#### **Output 2: Program management**

**Senator HOGG**—Can we now turn to specific programs and go first to the program on Papua New Guinea and the Pacific? I am just reading through your document at page 14. There are program activities there of \$300.3 million, retirement benefits of \$14.1 million and estimated other flows of \$28.5 million, giving a total of \$342.9 million. Can you give me a break-up of what constitutes the \$300.3 million of the programmed activities?

**Mr Tapp**—The \$300 million is the jointly programmed program to Papua New Guinea, which is agreed each year with the government of Papua New Guinea, under the basis of the treaty that was signed by our Prime Minister and the Prime Minister of Papua New Guinea in October 1999. In terms of the \$300 million, we can provide a table for you if you want of how that is broken up essentially by the sectors that we are working in. Briefly, I would just say that the primary sectors where we operate in Papua New Guinea are in education, infrastructure and health, and also in the area of what we refer to as governance. We have some other activities as well, but those are the primary sectors under which we work in Papua New Guinea.

**Senator HOGG**—I note from your table on diagram 9 your allocation to governance is 28 per cent. Am I able to assume that the figure you will give me is 28 per cent of the \$300 million?

**Mr Tapp**—It is of the \$300 million.

**Senator HOGG**—I just want a rough figure, if you have got it. I want to find out where and how we are spending the money.

**Mr Tapp**—I think it would be in the region of \$70-odd million, but we can provide those details.

**Senator HOGG**—You are going to provide the table? All right. In terms of governance, if we are spending \$70 million there—and I know you have listed a number of things here, but

they are hard to attribute money against—there must be a specific program against which those things are allocated within that, are there?

**Mr Tapp**—Yes, there are a number of programs within that area which would range from a significant program we have in the law and justice sector, working with the RPNGC, which is the police force in Papua New Guinea. Assistance is also being provided to other areas of government: we are providing some assistance to the public sector reform program and in areas such as corrections facilities. There is quite a broad array of activity under that area.

**Senator HOGG**—I will ask specifically, then—again, so I have got some idea of what is happening within the program—what do we specifically do in terms of the police?

**Mr Tapp**—We have had some ongoing support with the police for a number of years, and I think we are into the third phase of our police program. We are looking to provide capacity-building support to the police force so that they are able to operate more effectively; assistance into areas of planning of their operations. We have technical advisers in place providing assistance to the police force. We have training—

**Senator HOGG**—These are Australian personnel?

**Mr Tapp**—They are Australian personnel. We are also engaging in training activities with the police. There is an array of activities, but essentially they are aiming to build up the capacity of the RPNGC.

**Senator HOGG**—You mentioned the public sector reform as being another arm of that \$70 million that you spend in governance?

**Mr Tapp**—Yes. You may well be aware that under the World Bank and IMF programs, particularly World Bank arrangements, support into PNG has been geared on the basis of certain public sector reform activities. This includes things like functional expenditure reviews of certain departments within the PNG government, and we have provided some technical support in terms of that public sector reform program.

**Senator HOGG**—And in the other area that you mentioned—correctional—I presume that is in what we would call ‘correctional services’?

**Mr Tapp**—Yes. Mr Versegi may be able to answer that.

**Mr Versegi**—Our support to the correctional services is similar to what we are doing in the police, which is trying to upgrade the basic operating capacity of the prison system and the administration that underpins that. Our involvement in this has been fairly recent. I think we have actually engaged with the correctional services agency within PNG only in the last few years in recognition of the fact that, to really address the issues in the law and justice sector, we need to look at more than just the police. We need to look at how it all progresses through the system and to make sure that the outcomes are not just getting people arrested but having them detained, rehabilitated and handled through the courts and through the correctional services institutions.

**Senator HOGG**—Is your program involved on the ground in PNG, or is part of the allocation that is set aside involved in bringing people to Australia to give them the necessary skills?

**Mr Tapp**—Both.

**Mr Davis**—There is quite strong emphasis on activity in country. That is the substance of most of our interventions, working with the Papua New Guineans in country.

**Senator HOGG**—I always accepted that that was the strong emphasis. I was just trying to get a flavour of whether there were any incidences where the training was performed here. I should imagine that it would make greater sense to do the training in that part of the world. You say that is worth \$70 million and the law and justice correctional and public sector reform take-up—not all of it, but the greater part of that \$70 million?

**Mr Tapp**—Certainly some of that. You also have some of the work that we are doing with civil society, community development activity; you have also got some of the activities that we would have in other public administration work and also, for example, disaster management. There is an array of activity. We can provide you with a list of those activities, if you wish.

**Senator HOGG**—Yes. Is there a time frame within which all of these operate? Do they have a defined beginning and a defined end?

**Mr Tapp**—Yes. In the programs that we are involved in, we will have contractual arrangements with contractors, arms of government, NGOs or what have you, which have a time frame allocated to them.

**Senator HOGG**—I am sorry, what I am leading to is this: when you give me the document, you will be giving me a list of the program, and I presume it will have a finite start and a finite end and an allocation that you will have next to that particular program. Is that a fair way?

**Mr Tapp**—Yes.

**Senator HOGG**—Next is education and health, I would imagine. You are spending 16 per cent on education. What are the specific programs in terms of education and health?

**Mr Tapp**—On the education side, we are providing support quite broadly with the Department of Education in Papua New Guinea, varying from primary education, secondary education and also tertiary education. We are also involved in vocational education.

**Mr Davis**—For a complete picture, what we can do, beyond giving you a list of all the activities, is also give you a quite comprehensive booklet we have which covers the entire program for Papua New Guinea. It lists out individual activities and talks about each of those activities in a little bit more detail. That is something we can easily provide as well.

**Senator HOGG**—That is good. I would think that education is roughly in the order of \$65 million, or thereabouts—just taking a stab at it if the other is \$70 million.

**Mr Tapp**—Yes.

**Senator HOGG**—That is pretty much soaked up in those primary, secondary, tertiary and vocational education areas. The other major area you mentioned is health. What is the major initiative there? I understand that there was some AIDS work going on. Is that soaking up the majority of that health budget?

**Mr Tapp**—Part of it is AIDS and other support to the National Department of Health.

**Senator HOGG**—The other area was infrastructure and transport. Could you give me a briefing on the major infrastructure projects?

**Mr Tapp**—We have been involved in road maintenance activities and other activities in support of basic infrastructure in Papua New Guinea. Again, the document that we can provide will give you a summary of the different activities that we have in that area.

**Senator HOGG**—I will also get that analysis of what the program is worth for this coming financial year?

**Mr Tapp**—Yes.

**Senator HOGG**—I ask for clarification of one issue that I read about at page 15. It is tagged as being a key initiative. Just above the heading ‘Central Assistance to PNG’, it says:

In 2001-02, Australia will also be examining options to assist the PNG Government to implement the *National Charter on Reconstruction and Development*, a key initiative in the PNG 2001 Budget.

What are we doing there? What is our role and function? You might explain to me in some more detail the National Charter on Reconstruction and Development.

**Mr Tapp**—The National Charter on Reconstruction and Development is an initiative by the Papua New Guinean government, contained for the first time in their recent budget. Essentially, what they are trying to do is to ensure that development resources under the PNG government budget are actually getting out to the various provinces within the country. It is still at an early stage of development. We were discussing this recently in Papua New Guinea with the Department of Planning and Monitoring. That is something on which we will continue to work with the government of Papua New Guinea.

**Senator HOGG**—Is there is a specific allocation for it in the budget or is it just one of those issues that gets caught in the—

**Mr Tapp**—No, they are essentially looking to try and get some of the key services being delivered out to the provincial and district level. The key services tend to come under health, education and key infrastructure activities. So it is something that is important for us to be engaged with at the moment. It is very much enshrined in the work that we are doing in the principal sectors. It is one of the things that is under discussion on an ongoing basis with the government of Papua New Guinea.

**Senator HOGG**—There is a project known as the provincial management training project for which there is an allocation over the next 3½ years. What does that project entail?

**Mr Versegi**—The provincial financial management training project is one part of a broader program that is being supported by the Asian Development Bank to improve financial management at the national, provincial and district levels, which as we said is one of the key constraints to development in PNG. The part that this is covering is really the training at the provincial level. It is trying to work with the existing systems that are already in the PNG government accounting framework and building up core competencies throughout the provincial levels, and I think down to district levels, on how to comply with those accounting frameworks so that the disbursement of funds can be made more fluid and the accountability coming back can be more transparent and more regularised.

**Senator HOGG**—How successful has that program been?

**Mr Versegi**—It has only just started.

**Senator HOGG**—What is the length of the program?

**Mr Versegi**—It is five years.

**Senator HOGG**—Is that a \$20 million allocation over the next three years?

**Mr Versegi**—My understanding is that it will be over five years. But I think the total approval is for around \$20 million.

**Senator HOGG**—On page 19 there is a heading ‘Bougainville peace process’. I presume that is contained within the PNG budget, it being used for the Bougainville peace process.

**Mr Tapp**—Yes.

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**Senator HOGG**—How much?

**Mr Tapp**—In terms of Bougainville, there was a commitment made by the government to support the reconstruction and peace process in Bougainville. An amount of \$100 million was committed over five years, in addition to an existing commitment of \$34 million, I think. That commitment will come to a close at the end of this coming financial year, June 2002. So the assistance provided to Bougainville covers a variety of different activities: infrastructure reconstruction and community development activities as well as support to the peace process.

**Senator HOGG**—That is over and above the standard allocation that is made within that PNG budget, is it?

**Mr Tapp**—No, it is part of the \$300 million.

**Senator HOGG**—I am sorry; the \$100 million that you spoke of that had been allocated: there is, I presume, \$20 million of that or thereabouts in this year's budget. Is that correct?

**Mr Davis**—That is right. It was in the \$300 million.

**Mr Tapp**—It was in the \$300 million.

**Senator HOGG**—And is that over and above any other normal allocation that would have been made to Bougainville in the past?

**Mr Tapp**—For a period there was very limited funding able to go through to Bougainville.

**Senator HOGG**—It says there that Australia's aid program will 'target key sectors both at the community level and by assisting government service delivery'. What are we doing specifically at the community level and also in assisting that government service delivery?

**Mr Tapp**—There are a variety of different activities that we have done. We have been involved in the construction of a major hospital; 62 aid posts and health centres have been built, as well as over 160 classrooms, I think. There has been major refurbishment of high schools within the province. There has been some reconstruction at Buka airport. Over 300 kilometres of roads have been rehabilitated. Also, in terms of cocoa and copra rehabilitation, there has been a variety of different activities. We are now looking more at developing some activities that will facilitate economic development and also activities that will support the reconciliation process.

**Senator WEST**—Perhaps with PNG I could look at some particular health issues. You say that there are encouraging signs that the government's strategy is beginning to make progress. What are those signs?

**Mr Tapp**—In PNG at the moment we are working very closely with the National Department of Health in the development of a national health program. There has been very encouraging progress in terms of the Department of Health's commitment to and achievement in looking to get health services out to the provincial and district levels. We have been working with them and with other donors in looking at setting up key indicators that we can use to monitor the progress that has been made through the national health program. As we say, it is an area in which we are seeing some encouraging developments in terms of the policy settings, the analytical capacity, the health needs within the country and also the service delivery.

**Senator WEST**—What are we seeing in terms of life expectancy and incidence of diseases that are preventable? Are we seeing some signs of that beginning to work?

**Mr Tapp**—I think it is still too early for us to be seeing that. One of the reasons why we are particularly keen to focus in the health sector has been that some of those indicators have

not been good. Another problem that we have had in the PNG context has been the fact of our being able to get the data in terms of tracking those indicators. One of the things under our health sector program and the support program that we have in the health sector is ensuring that we are able to get some of the baseline data that is going to be necessary to provide meaningful tracking of the health indicators within PNG. But a reason for our supporting the health sector and seeing some increasing support going there is that the health situation in PNG is a cause for considerable concern.

**Senator WEST**—What do the locals identify as their key health problems and issues? It is fine for us to sit here with a Western, high-class health system and think that X, Y and Z disease are important and should be targeted, but are they seeing the same things? Are they seeing the control of things like tuberculosis and AIDS, a clean water supply, and reduction in malaria as key issues that need to be addressed? Or do they not see them as of major significance, but that it is part of their culture that those illnesses occur?

**Mr Tapp**—There is recognition by the government of Papua New Guinea, both at a central and at a regional or provincial level, and also by the population themselves that these various diseases and things are an impediment to development. Different health problems will be of greater significance for different parts of the country. But there has been a clear recognition and realisation of this, and it has been clearly stated by the government in terms of their recognition that HIV-AIDS is a significant problem for their country. The Prime Minister has been showing great leadership in that regard.

**Senator WEST**—What would be the incidence of AIDS? Do they have any indication or any idea at all?

**Mr Tapp**—I think we do have some figures on the identified cases reported. We have been supporting some work looking at AIDS prevalence rates within the country. An example would be that it would seem now that AIDS is the primary cause of death at the Port Moresby General Hospital. Unfortunately—

**Senator WEST**—How many beds are there in the Port Moresby General Hospital?

**Mr Tapp**—I am not sure—I do not have that information. We can provide you with some more details on that. Of course, as the WHO and UNAIDS have looked at, there is a big difference between the reported cases and the actual overall incidence. That is something that we are looking to track further. HIV-AIDS is a very significant issue now within Papua New Guinea and one which we are looking to address through the health program.

**Senator WEST**—How difficult is the government finding getting access to the drugs? We know the problem is that the cost of those drugs in developed countries is very high. In South Africa and other African countries where it is a huge problem, in recent times we have seen those governments move in to set up their own manufacture or—although they cannot afford to subsidise—somehow make the drugs available to the general public a lot more cheaply. Drug companies have been writing to us, complaining about it. How much access has the PNG government been able to have to reasonably priced anti HIV-AIDS medication?

**Mr Tapp**—As far as I am aware, the PNG government has directed its primary focus in relation to the HIV-AIDS problem at awareness and education activities around HIV-AIDS. Where the drug has been a major issue, that has been raised by the government.

**Senator HUTCHINS**—Is there expected to be an exponential increase in AIDS in PNG in the next few years?

**Mr Tapp**—Yes.

**Senator HUTCHINS**—Could you give us the figures for the numbers anticipated?

**Mr Tapp**—I do not have the figures immediately at hand.

**Senator HUTCHINS**—Do you have the figures for how much money we are going to allocate for HIV in the next few years? Is that going up exponentially?

**Mr Tapp**—We have a five-year, \$60 million national HIV-AIDS support project. That is quite clear in terms of what our future assistance is going to be. It is a very significant project that we have there in PNG. When looking at, in terms of—

**Senator HUTCHINS**—Is that for both treatment and prevention or one or the other?

**Mr Tapp**—It is looking principally at prevention and treatment counselling services and what have you, as well as looking at prevalence rates within the country.

**Senator HUTCHINS**—Do you have an idea what sort of figures we are looking at in the next few years?

**Mr Davis**—We have just got some very preliminary, and conservative, estimates. We believe that there are between 10,000 and 15,000 people infected. The information suggests that the rates might increase annually by anything up to 15 to 30 per cent.

**Senator HUTCHINS**—Is that a figure that is consistent with other developing nations? Or is that higher or lower?

**Mr Lonergan**—I think it would be fair to say, in Papua New Guinea at this stage, the figures do not look very alarming in terms of the raw numbers, but there is a fear that it will soon be on the scale of Africa—that, in fact, it is a major threat to the development and the wellbeing of the Papua New Guinea nation.

**Senator HUTCHINS**—Would you be able to advise us whether that epidemic is throughout the country or is it in certain districts of the country?

**Mr Tapp**—At the moment the principal data we are able to obtain relates to Port Moresby and to parts of the Highlands. However, we believe that it is going to be a problem throughout PNG. One of the things we are looking at through this project is actually obtaining better data in terms of the extent of the problem, both in terms of numbers and also distribution throughout the country.

**Senator HUTCHINS**—This may not be a fair question—and if you do not think it is fair, take it on notice or whatever—but in your opinion are the policy makers in PNG aware of the scale of this difficulty?

**Mr Tapp**—Yes, they are.

**Senator HUTCHINS**—In your opinion, or your officers' opinion, are they addressing it?

**Mr Tapp**—Yes, they are. As I mentioned earlier, there is a great deal of leadership being shown in this regard by Prime Minister Morauta and Lady Morauta in terms of recognising that this is a problem and it is described as a problem for everybody in PNG, not just a specific number of people identified to be suffering from HIV-AIDS.

**Senator HUTCHINS**—I imagine that, given the close proximity, there is a lot of interaction between Torres Strait Islanders and Papua New Guineans. Is there any information you can give us on our citizens up that way?

**Mr Tapp**—I have no information on that. I would imagine that the department of health might have information in relation to that.

**CHAIR**—Senator Hogg and Senator West have some further questions on output 2. Senator Harradine has some particular questions so we are going to deal with Senator Harradine's questions now. But for those other officials, do not go home. We are not finished with you yet!

**Senator HOGG**—I have not finished my questioning in this area.

**Senator HARRADINE**—Just following up on that question. Are you going to provide on notice the answer to the question by Senator Hutchins in regard to Torres Strait Islanders?

**Mr Tapp**—In relation to the Torres Strait Islands I suggested that the department of health might have information on that.

**Senator HARRADINE**—It would be interesting to make a comparison. What is the primary cause of the spread of AIDS at the moment in PNG? What role does promiscuity play in that spread?

**Mr Tapp**—That is certainly one of the causes of the spread of AIDS in PNG.

**Senator HARRADINE**—To what extent is it? What are the demographics of it? Is it a very major cause of the spread of AIDS in PNG?

**Mr Tapp**—I cannot comment on it. I do not know.

**Senator HARRADINE**—Isn't it something that would be of interest when educational material, particularly for schools, is being prepared? This is a major killer and one asks the question about the cause in PNG.

**Mr Tapp**—In terms of the education that we would be providing under the HIV-AIDS program in PNG, the issue of safe sex is something that obviously would be dealt with through the education program.

**Senator HARRADINE**—I asked specifically whether promiscuity is a very major cause of the spread of AIDS in PNG.

**Senator Hill**—I just asked the witness about his qualifications to be making judgments on promiscuity in PNG and he told me he had none. All societies are promiscuous. If we are going to suggest that promiscuity is higher in PNG than somewhere else, I think that is something that is quite a dramatic revelation and that needs to be backed up. I am not sure whether Senator Harradine is trying to draw some difference from society in PNG to Australia or exactly where this is leading, but I do not want the record here to show judgments on promiscuity in PNG unless we are absolutely sure that we know what we are saying.

**Senator HUTCHINS**—Are you an expert on promiscuity anywhere else?

**Mr Tapp**—I am not an expert on promiscuity anywhere. Information about the causes of HIV-AIDS in various countries is provided by UNAIDS. We can forward some information that is available through UNAIDS to you.

**Senator HARRADINE**—The Australian government, AusAID, has a direct input into the educational material in respect of AIDS. That is one of the reasons that I asked this. I am not making any judgment. I am trying to identify the major cause of the spread of AIDS in PNG. Is it caused through bad blood supply areas? Is that one of the major causes? Is the blood transfusion service in PNG spreading AIDS? Is it the use of contaminated medical and surgical material?

**Mr Tapp**—In terms of the causes, the project which we are undertaking, as I mentioned earlier, is looking at the issue of prevalence rates and will also be bringing together information on the causes of the spread of HIV-AIDS in PNG. UNAIDS also has some basic



data relating to various countries. I would be happy to forward to you information that we may have, but I am not in a position here at the moment to be able to give you the details in terms of the relative causes and the importance of different causes of HIV-AIDS in PNG.

**Senator HARRADINE**—Would you supply to the committee a copy of the educational material that is used? For example, does the educational material strongly advocate abstinence before marriage?

**Mr Tapp**—I do not have details of the material that is being used but I would certainly be happy to provide copies of some of those materials to the committee.

**Senator HARRADINE**—As a general question, is the overseas aid budget, in this budget, the lowest level ever as a percentage of national wealth?

**Mr Davis**—What we can say is that last year, when you were looking at the budget statement, our expectation was that the aid program would be at 0.25—official development assistance compared to gross national income. This year it is the same case.

**Senator HUTCHINS**—Could we get a comparison? Has that been the case since 1996-97?

**Ms Rawson**—I refer you to the aid budget statement which has, on page 63, an appendix which shows ODA flows over the last 30 years. That will give you a picture.

**Senator HUTCHINS**—I do not have it in front of me. In the estimates is there a projection of how much it will be in the next few years?

**Mr Davis**—No.

**Ms Rawson**—No. I would like to make a point about the ratio. A significant factor in that, of course, is not that the level of aid, in nominal terms, has decreased; in fact, it has been growing. It is more a function of the economic growth.

**Senator HARRADINE**—On health spending, what is the direct expenditure in the budget on infectious disease control, water supply and sanitation?

**Mr Lonergan**—We would have to take that question on notice. We have not brought the data disaggregated to that level. We do not have that information with us today.

**Senator HARRADINE**—What is the major cause of death—leaving out old age—in the less developed countries?

**Mr Lonergan**—Depending on how it is calculated, increasingly a concept of DALYs—disability adjusted life years—is being used to assess the burden of disease. Therefore, we have got two figures: we have got the figure according to mortality and we have got the figure according to disability adjusted life years—that is, somebody who dies clearly loses a lot of potential use of life, but somebody who is chronically ill also has less quality of life and a less productive period of life. The World Health Organisation makes an assessment of what is lost in terms of those disability adjusted life years. But in terms of the burden of disease, with respect to the disability adjusted life years, the biggest killers are heart disease and strokes.

**Senator HARRADINE**—This is in what area?

**Mr Lonergan**—This is in South-East Asia and in the western Pacific.

**Senator HARRADINE**—Have you got an expanded list?

**Mr Lonergan**—Certainly, we can provide that to you. It is taken from World Health Organisation data. It may be of interest to you that, in lower and middle income countries, the burden of disease falls very heavily on infectious and parasitic diseases, which is a significant

detriment to the social and economic wellbeing of a country. Approximately 25 per cent of the burden of disease falls in that area.

**Senator HARRADINE**—They are diseases such as malaria?

**Mr Lonergan**—STDs, HIV-AIDS, tuberculosis, diarrhoeal diseases, meningitis, hepatitis, leprosy and dengue fever. Of those, the big killers in terms of economic loss and disability adjusted life years are HIV-AIDS and diarrhoeal diseases.

**Senator HARRADINE**—In respect of water supply and sanitation, you will be able to provide the committee with figures on direct expenditure?

**Mr Lonergan**—Yes.

**Senator HARRADINE**—And on inoculations and so forth against disease?

**Mr Lonergan**—WHO has good data on inoculation rates.

**Senator HARRADINE**—I am talking about our area—what Australia is doing.

**Mr Lonergan**—I think that may be a difficult question to answer because we are part of a whole. No matter what country we are working in, we are working in support of that national government. To attribute directly what our contribution would be may be difficult.

**Senator HARRADINE**—I am talking about the direct money spent by Australia.

**Mr Lonergan**—In financial terms?

**Senator HARRADINE**—Yes, in financial terms, on this matter. I would also like to see where that money is going, to see whether it is going, for example, to the water supply area. Diarrhoea, of course, is very often a problem caused by not having clean water.

**Mr Lonergan**—It is a major focus of our program through the infrastructure.

**Senator HARRADINE**—You will be able to provide us with something on that?

**Mr Lonergan**—Yes.

**Senator HARRADINE**—Would you please provide us with a breakdown of funding in the 2001-02 budget to international agencies such as the UNFPA, IPPF and other population related agencies?

**Mr Lonergan**—Certainly.

**Senator HARRADINE**—Could I go to the issue which I raised last time. When was Implanon registered by the Therapeutic Goods Administration for use in Australia?

**Mr Lonergan**—I do not have that data with me. I will take that on notice.

**Senator HARRADINE**—When was it first purchased by AusAID for use in overseas programs?

**Mr Lonergan**—On the previous question, I have received advice that Implanon was registered by the TGA in August 1999.

**Senator HARRADINE**—When was it first purchased by AusAID for use in an overseas aid program?

**Mr Lonergan**—It has not been purchased by AusAID for use in an overseas aid program.

**Senator HARRADINE**—Who takes responsibility for the drafting error which resulted in the explanatory note being inconsistent with the comprehensive guide and referring incorrectly to, 'Contraceptives which are available and widely used in Australia'?

**Ms Rawson**—I signed off on the submission that passed the answers to those questions to you, so I will take responsibility for that. I do not draft the guidelines, but I signed off on the answer.

**Senator HARRADINE**—So it has all been sorted out. The response was rather confusing.

**Ms Rawson**—Certainly, and we regret that it did provide you with information that was contradictory.

**Senator HARRADINE**—I am not suggesting there was any ill will about it. I go to the question of the UNFPA's program in the PRC and the gross violation of human rights in that country's exercise of its one-child family policy. That policy is operative and has been for many years now. The department understands and has seen examples of the gross violations of human rights that are taking place in the PRC. That policy is about to be enacted in national law. How will that affect voluntarism and the lifting of targets and quotas in counties where UNFPA programs are operating in China?

**Mr Tapp**—The understanding on this is that it will not affect at all the lifting of quotas and targets, but I can verify that with UNFPA.

**Senator HARRADINE**—If it is enacted in national law—it is operative now—is there any guarantee that it will not be operative in the counties where UNFPA is operating?

**Mr Tapp**—At the moment the lifting of the targets and quotas in the counties where UNFPA is operating is quite clear: they have been lifted. That was part of the basis of the agreement for the project that UNFPA had with China.

**Senator HARRADINE**—Could you provide a copy of that to the committee?

**Mr Tapp**—A copy of what?

**Senator HARRADINE**—The agreement.

**Mr Tapp**—That the UNFPA has with China?

**Senator HARRADINE**—Yes.

**Mr Tapp**—We can ask, but certainly the UNFPA board only approved the project on the basis of the fact that there was an agreement to lift the targets and quotas in the counties concerned.

**Senator HARRADINE**—What monitoring has been done by our departmental officials, be they AusAID or DFAT, to ensure that that is the case?

**Mr Tapp**—At the moment, one of our staff is taking part in a UNFPA monitoring visit with regard to that project.

**Senator HARRADINE**—And when is that likely to be concluded?

**Mr Tapp**—I think the officer is returning within the next couple of weeks.

**Senator HARRADINE**—With regard to the enactment of the population control program in national laws, is there going to be an exemption in that law for these counties? What counties are affected?

**Mr Tapp**—The practice to date has been that there is an exemption for the counties where the UNFPA project is engaged. As I said, the UNFPA executive board approved the project on that basis.

**Senator HARRADINE**—I heard what you said.

**Mr Tapp**—The project is operating, and will continue to operate, on the basis that those targets and quotas remain lifted in the counties where the project is operating.

**Senator HARRADINE**—What counties are involved?

**Mr Tapp**—I can give you a list of the counties. I do not have the list immediately to hand.

**Senator HARRADINE**—Thank you. Will you provide us with information as to how, and in what manner, the targets are lifted? Will you also provide that information not just for the counties, but in respect of how the rules are lifted for individual families? Can you provide a statement to that effect, apart from simply stating that the UNFPA said that was the case?

**Mr Tapp**—Yes. We have provided information previously on the distribution of information to households within the counties, informing them of the lifting of the targets and quotas.

**Senator HARRADINE**—Where was that distributed?

**Mr Tapp**—To the households in the counties where the program is operating.

**Senator HARRADINE**—In all of them?

**Mr Tapp**—Yes, in all of those counties.

**Senator HARRADINE**—Who distributed that?

**Mr Tapp**—It was done by the authorities in those counties. If you wish, Senator, we can ask UNFPA to reconfirm the basis of that, but the information about the lifting of the targets and the quotas was provided to the households, at a household level, within the counties concerned.

**Senator HARRADINE**—What is the fertility rate in those counties compared to other counties where the targets have not been lifted?

**Mr Tapp**—I do not have that information immediately at hand. I am not sure what information on that would be available, but if any information comes out of this monitoring visit or from other information, we can pass it to you.

**Senator HARRADINE**—So you will provide specific information about the national law and its exemption in respect of those counties?

**Mr Tapp**—We can ask UNFPA to—

**Senator HARRADINE**—No, you have somebody monitoring the matter there.

**Mr Tapp**—We have somebody who has been taking part in a monitoring visit to the UNFPA project.

**Senator HARRADINE**—And that person will be able to obtain the information from the PRC government, with—if it is available—the appropriate draft legislation exempting—

**Mr Tapp**—In the project being implemented by UNFPA, the UNFPA will be dealing with the government in relationship to this. We will be merely monitoring the implementation of the project, as had been agreed by the executive board of UNFPA. We can ask UNFPA to confirm that for us.

**Senator HARRADINE**—I was quite specific about the new law. Obviously, if there is a new law coming in, will that new law specifically exempt the counties in which UNFPA is operating?

**Mr Tapp**—I do not know for certain whether that is the case. Past practice would indicate that that is so. UNFPA have not informed us that that is not the case. The approval of the

project by the executive board was on the basis that those targets and quotas would be lifted in those—

**Senator HARRADINE**—Yes, you have said that.

**Mr Tapp**—If that were not the case, UNFPA would clearly need to go back to its executive board. We will ask UNFPA to confirm that, on the basis of the new law, those counties will remain with an exemption. As I have said, we will go back to UNFPA and specifically ask that question.

**Senator HARRADINE**—Can officers in our embassy in Beijing also obtain information? They obtain information about all sorts of laws. There does not appear to be any reason why they cannot—

**Mr Tapp**—We can certainly also follow up on that through the embassy.

**Senator HARRADINE**—In answer to question 2, which I asked on notice at the previous estimates:

UNFPA advises that the information it collects on unplanned births is informal and derives from monitoring missions to the project counties and dialogues with provincial and county officials. The information covers numbers of unplanned births and the level of social compensation tax.

Does the department consider that social compensation tax is a coercive measure to prevent or discourage unauthorised birth?

**Mr Tapp**—As we have said, we recognise that social taxes, fines and incentives can, in particular circumstances, be regarded as coercive. But, as previously stated, we are prepared to support multilateral activities in such a coercive context in the interests of trying to achieve change. If, on balance, we judge that the family planning programs that we are supporting have an aspect of coercion and it is still possible to work to achieve change over the longer term, we will remain engaged, and that is the basis of our engagement on this program.

**Senator HARRADINE**—But don't you consider that to impose a social compensation tax, if you are outside the rules of the family planning organisation in the particular counties, is a coercive measure?

**Mr Tapp**—As I have said, Senator, we recognise in particular circumstances that these may be regarded as coercive.

#### **Proceedings suspended from 12.25 p.m. to 1.26 p.m.**

**CHAIR**—I reopen this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee and advise that we are continuing with questions on output 2 of the Australian Agency for International Development, AusAID.

**Senator HOGG**—I want to get the position straight: I want to know whether what was said to me before lunch is what, in effect, I am getting. In respect of PNG, I asked if I could be given the various programs under those various headings. I understand that I am getting that. I am getting the time line of the operation of that particular subprogram and the cost of the program for this financial year. As that is the case, I will now take a few minutes to get through a couple of other areas, but I am not going to go through the whole book. I know that there are difficulties in terms of Fiji and the Solomon Islands. I want to talk about Indonesia, East Timor and Burma, and the rest you can take on notice and just give me the details—that is, Vietnam, China, India, Pakistan, Sri Lanka and South Africa. You will find that that will expedite our process a fair bit.

Turning to Fiji and the Solomon Islands, I understand from the budget statement of 22 May that the estimated total aid flows are to be determined. I understand the context of that 'to be

determined', but, given that there are additional estimates, is there no estimate at all for Fiji in the budget for this coming year?

**Ms O'Keeffe**—In terms of the allocation to Fiji and to the Solomon Islands, as indicated in the budget statement there has not been an actual figure set, for the reason that we are unsure as to what is going to happen over the next 12 months. However, we expect that about the same amount will likely be spent in both countries in the coming financial year. However, depending on—

**Senator HOGG**—Excuse me, do you mean the same amount as in this financial year?

**Ms O'Keeffe**—That is right.

**Senator HOGG**—Could you just remind me what those amounts are, please?

**Ms O'Keeffe**—In the Solomon Islands, while the financial year has not yet been completed, we would expect about \$20 million to be expended there and about \$13 million in Fiji.

**Senator HOGG**—Thank you. I understand fully the context in which you have made that statement in that it is still to be determined but I presume there are ongoing projects there that require some form of ongoing aid to be paid.

**Ms O'Keeffe**—That is right.

**Senator HOGG**—In the document at page 24 you say:

The bilateral program was reduced by around 30 per cent in 2000-2001.

You then go on to say that:

Most non-humanitarian activities have been suspended or terminated.

You give an example including all new scholarships and training as well as a range of public sector projects. Can you give a bit more detail as to exactly what non-humanitarian aid has been suspended?

**Ms O'Keeffe**—Yes. There were a number of public sector projects that were terminated. They included work in the mineral resources department, civil service reform, national planning office and the bureau of statistics. These were institutional strengthening activities that we were undertaking in those areas. We had a program with UNDP for parliamentarians. That was also terminated.

**Senator HOGG**—All right. Will those programs be held in suspension until the situation is resolved in terms of the elections in Fiji?

**Ms O'Keeffe**—No, Senator, they have been terminated.

**Senator HOGG**—They have been terminated altogether?

**Ms O'Keeffe**—That is right. This means that we will look again at the program to determine the applicability of those sorts of activities for any new program that we undertake.

**Senator HOGG**—I misunderstood you when I read here that they had been suspended or terminated. How many programs have therefore been suspended? Are there any?

**Ms O'Keeffe**—The training activity has been suspended. Also, we had a teachers college project design. That has been suspended. We have also not sent any Australian youth ambassadors. That program has also been suspended.

**Senator HOGG**—I do note in the second last paragraph under Fiji that there is a reference that there is an aid program which will also provide assistance to the Office of the Director of

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Public Prosecutions to increase public confidence in the law and justice sector and to help Fiji's revenue base by working with its major revenue agencies. What is happening there?

**Ms O'Keefe**—With the revenue agency that project was maintained. It was recognised at the time that the sanctions were brought down that the economic impact of the political crisis would be substantial and for Australia to impact further on that economic crisis was not desirable. That project has been instrumental in bringing an additional approximately 50 million Fiji dollars a year to the consolidated revenue of Fiji, a much needed amount in the circumstances.

**Senator HOGG**—I missed the cost of that project.

**Ms O'Keefe**—It is \$7 million.

**Senator HOGG**—Is that \$7 million for this year or is that over a number of years?

**Ms O'Keefe**—That is over a number of years.

**Senator HOGG**—In respect of the Solomon Islands, again I note that in the last paragraph it says:

The program will have a strong focus on assisting rehabilitation of the law and justice sector in the Solomon Islands through a long-term project which is helping to strengthen the institutions of police, prisons and courts.

I presume that is the name of the project—the community peace and restoration fund.

**Ms O'Keefe**—No. That is a separate project.

**Senator HOGG**—Having established that, can you take me back to the first part of the statement that I read—the long-term project on the institutions of police, prisons and courts. What are we doing there? How much is the project worth and what sort of aid is going to the prison systems, the police and the courts?

**Ms O'Keefe**—It was recognised as a result of the events in the Solomon Islands that a long-standing project that we wanted to implement in the Solomons, strengthening the law and justice sector—the police, courts and prisons—needed to be fast tracked. So in December last year, we were able to start implementation of that project. It is worth \$8.5 million. Its focus is very much on strengthening the efficiencies of basic policing within the Royal Solomon Islands Police Force, improving conditions and administration of the prisons and also improving the way in which the court systems operate.

**Senator HOGG**—That \$8.5 million is allocated over what period of time?

**Ms O'Keefe**—My understanding is that it is over five years.

**Senator HOGG**—How far advanced is the project?

**Ms O'Keefe**—It started in December 2000.

**Senator HOGG**—Has there been any feedback from the project, even though it is in its early stages?

**Ms O'Keefe**—So far, the feedback we have had is that, in very difficult conditions and circumstances, as you would appreciate—

**Senator HOGG**—Yes, that is why I am asking about it.

**Ms O'Keefe**—the project has been able to work very effectively with the police commissioner and his force in implementing some of the basic requirements that a police force needs to have, particularly in the conditions that currently prevail in that country.

**Senator HOGG**—It is stated that the community peace and restoration fund established in November will provide much needed facilities in communities disadvantaged by the crisis. Could you give us the details of that project?

**Ms O’Keeffe**—This project was brought about as a way of providing some sort of support to communities that have been badly affected by the crisis and also those communities where combatants who have ceased being part of the fighting forces have returned. Basically, they are small-scale activities. Communities put forward proposals to the manager of the fund and they implement activities, which might be building a classroom, perhaps repairing an aid post—that type of activity which benefits the whole village or broader community.

**Senator HOGG**—I missed the amount.

**Ms O’Keeffe**—It is a \$2 million fund at this stage. But obviously, we will be looking at that again in terms of the need to expand it as required.

**Senator HOGG**—Is that a one-off allocation? It is not an ongoing project?

**Ms O’Keeffe**—Two million dollars is the total amount. The types of projects that are funded under that activity are quite small. They could range from \$5,000 to \$10,000 to maybe \$20,000 because they are very much village based. They are very much helping those communities that have been affected by the crisis.

**Senator HOGG**—I think that is a highly commendable project. I was just curious as to whether or not there might be ongoing funding for it into the outyears. But it is too early to say, is it?

**Ms O’Keeffe**—Later this year, we will be sending a mission to the Solomon Islands to look at other activities that need to be undertaken in the villages and in the provincial areas. This will be a larger style activity than this one and will no doubt complement the activities being undertaken by this one as well.

**Senator HOGG**—Is there some means to track the effectiveness of this program, given that it seems to be a program that gets right to the grassroots as a self-help program, without being intrusive into the nature of the program itself?

**Ms O’Keeffe**—It is AusAID’s practice to review any of its activities that it implements in the field. We certainly will be undertaking a review of this activity, possibly before we extend further funding but it will depend on the circumstances. Given the nature of the crisis, it can be difficult to forecast from one month to the next.

**Senator HOGG**—I have one further question on Fiji, on the elections that are due to be held later this year—in August, I understand. Are you giving any assistance in the conduct or the operation of those elections? I am not saying that you will run them; I am talking about aid to the process.

**Ms O’Keeffe**—Yes, we are providing assistance to the Fiji Electoral Commission to assist it in running the elections. It was announced recently that Australia would be providing one million Fiji dollars in addition to technical support from the AEC.

**Senator HOGG**—Who will pick up the tab for the AEC?

**Ms O’Keeffe**—That will also be an AusAID funded activity.

**Senator HOGG**—So that will be picked up under your funding?

**Ms O’Keeffe**—Yes.



**Senator HOGG**—That is good indeed.

**CHAIR**—I suggest, Senator Hogg, that you continue. When you have finished, Senator Schacht can have some questions.

**Senator HOGG**—I know Senator Payne has got a question or two on East Timor.

**CHAIR**—Senator Payne is at lunch. She will be back as soon as she can.

**Senator HOGG**—I now move on to Indonesia and East Timor. I note that when we were dealing with PNG you had a number of quite specific headings in terms of the allocation. Mr Davis, I made a request for information on Indonesia and other places that I nominated. Will you give me the information on those programs under those headings? I just do not want to waste time now going through Indonesia asking what the programs are, what you are doing and so on.

**Mr Davis**—We can provide it both on a sectoral basis and, probably more usefully still, on an activity by activity basis.

**Senator HOGG**—That would be helpful. That is already taken on notice. Just in broad terms, can you give me some idea of the major programs, without getting into the lesser programs, and what we hope to achieve with those program in Indonesia?

**Mr Dawson**—Generally our program of development cooperation with Indonesia is attempting to work in two main thematic areas. One is the assistance to improve governance, particularly to develop more effective, more transparent accountable institutions of government and civil society. The second main area is to address the needs of vulnerable communities through fairly traditional areas such as water supply, health, education and, obviously, conflict resolution and disaster management.

**Senator HOGG**—Those programs in the governance area have been ongoing programs, I presume.

**Mr Dawson**—Some programs have been ongoing, some are commencing or just about to commence. The main area where we have had an ongoing program in the governance sector has been assistance in the area of economic governance, economic and financial management.

**Senator HOGG**—In terms of the minister's document, at page 31 it mentions:

In 2001-02, two major initiatives to promote improved governance will commence.

You refer to a legal reform program:

which will assist legal institutions to improve their effectiveness, transparency and accountability.

How will that legal reform program operate? Where will it operate—what specific areas?

**Mr Dawson**—The program has been deliberately designed at this stage as a flexible response program. As you would be aware, the situation in the legal sector in Indonesia at the moment is a somewhat confused one. There exists a good deal of doubt about how effectively a number of the key institutions are functioning. What we have agreed to attempt to do through that program is to provide support to areas in the legal sector where we believe there are good prospects for reform. Some of those areas, for example, might be in training through the Supreme Court, or in support for legal organisations: NGOs and professional organisations. Another area could be with the judicial and supervisory institutions. So there are a number of areas in which it will be possible for us to work. We are really adopting the

approach at this stage of seeking suggestions for areas in which to work and then exploring those to see which ones will be the most effective in terms of supporting reform in the legal sector.

**Senator HOGG**—There is nothing set in concrete at this stage as to how this program is to be implemented?

**Mr Dawson**—That program has only just begun, but we have done a good deal of work in the design of it and we have a good idea of the sorts of activities that will be undertaken. I could pass across some more detailed information on all of our governance activities.

**Senator HOGG**—I am sure I will get that as part of the information that will be handed up, so I am not going to pursue that at length. I was just trying to get a feel for it because that is a difficult area, as you said, given the current circumstances within Indonesia. I was curious about the progress that you were making there. Does that program also extend to assistance that you may be giving in terms of policing?

**Mr Dawson**—No, the intention is that it will focus more on key legal institutions.

**Senator HOGG**—I thought I saw in one place that it is going into the prison system—not directly running the prisons, but giving them assistance in the processes. Here, it is simply in the broader Supreme Court areas, it is not in the policing or the broader areas within general law and order within the community.

**Mr Dawson**—No, this is much more focused on judicial supervisory institutions, professional bodies, legal and non-government organisations, et cetera.

**Senator HOGG**—The other area that you mentioned was the economic area.

**Mr Dawson**—That is right. It is one that we have been working in for some time. The reference on page 31 is to the second phase of what is called a technical assistance management facility. That has worked in a large number of areas providing technical assistance with economic and financial management areas such as debt management, banking supervision and banking restructuring.

**Senator HOGG**—Has the allocation, under the Indonesian program, increased, decreased or is its static?

**Mr Dawson**—The total allocation this year is \$125 million. That is very close to being the same as it was last year. There is a very slight increase, but the composition of it is a little different: there is more under the bilateral program assistance.

**Senator HOGG**—You just confused me when you said \$125 million; I was not trying to catch you out. You said \$125 million, but I accept that it is of the same order.

**Mr Dawson**—The program is being maintained slightly above the same as last year.

**Senator HOGG**—Going to East Timor, on page 32, it says the country program allocation is \$30 million, and the estimated other flows is \$91 million. That seems to be the reverse of almost every other program, where the amount for estimated other flows seems to be substantially higher than the country program allocation.

**Ms Rawson**—I will respond to that question, if I may. It is unusual compared with the other programs, but it reflects that there is a commitment of \$150 million from the aid program over four years. For 2001-02, which is the second year of that commitment, there will be \$40 million from the aid program; \$30 million of that is the bilateral country program allocation, and \$10 million will be earmarked from the emergency program for expending in East Timor. Those will be the funds flowing from the aid program.

A major part of the estimated other flows, which is about \$80 million, is expenditure by the Department of Defence in connection with the peacekeeping forces that Australia and other countries have there—related to the Australian part, of course. Part of that is ODA eligible.

**Senator HOGG**—So \$80 million is, in effect, earmarked for the involvement of the Department of Defence in East Timor?

**Ms Rawson**—The major part of that. We expect that the Defence part of it will be in the range of \$50 million. There is some expenditure by the Australian Federal Police, which has a number of personnel there. That is about \$26 million.

**Senator HOGG**—So that is nearly the \$80 million.

**Ms Rawson**—That is the major part of it.

**Senator HOGG**—That is fine. I was just curious. It was just one of those things that stood out as I read through the document. In broad terms, what are we spending the aid budget on in assisting the East Timorese?

**Mr Dawson**—The principal objective which we have set for our program in consultation with the transitional administration in East Timor is one of capacity building in preparation for independence and immediately thereafter. So there is, across all of the sectors, a lot of work planned and being undertaken to build the skills of East Timorese civil servants and administrators so that they can run an effective, functioning civil administration.

There is significant emphasis in the program on governance activities. In the field of economic and financial management, for example, there is a team from the Australian Department of Finance that has been working to help to establish a budgetary framework for East Timor. There are officers seconded from the Australian Taxation Office who have been working on taxation regimes. Apart from the area of economic and financial management, there is the area of democratic institutions. For example, there have been people working with the National Council, which is a pseudo legislative body. Apart from the area of governance, there has been work in key poverty related sectors, particularly health, agriculture and rural development, education, water supply and sanitation.

**Senator HOGG**—I would have imagined that they would have figured prominently, particularly agriculture and health. I was involved in a Senate inquiry into the issue of East Timor. There is a lot of difficulty in the nation. One of the things that was said to us when the Senate Foreign Affairs, Defence and Trade References Committee was holding the inquiry into East Timor was that, apart from the tensions that existed at the time in respect of East Timor, there were a lot of underlying internal tensions within the community. I am wondering whether you have any difficulty in implementing any of your programs within East Timor, because of either internal tensions or external tensions, because of the militia crossing the border or something like that. What sort of difficulties are placed in your path, in a sense, that might not otherwise be placed in your path elsewhere?

**Mr Dawson**—I would not want at all to suggest that there are no such difficulties as you suggest, but from the perspective of AusAID they have not materially interfered with the implementation of our program of development cooperation in East Timor.

**Senator HOGG**—What I am really looking to ask you is: how effective is the delivery of the service that you are giving through the aid that is made available, because that is so necessary? I want some sort of assurance about the delivery that is taking place.

**Mr Dawson**—It is a very broad question. To the degree possible, we are trying to work with the developing institutions in East Timor. For example, we are working very closely with

the department of health services, the department of education, the water supply sanitation service, et cetera. We are not attempting to establish parallel systems; rather, we are attempting to strengthen and develop the capacity of East Timorese institutions.

One has to be realistic and accept that those institutions in many cases have only just been created. They do not have the regulatory frameworks associated with them. The individuals, in many cases at the senior levels, lack experience and training. There certainly will be challenges to be addressed through those programs. We would certainly expect, and be aiming for, our program to be able to make a significant contribution to the delivery of basic services in these areas.

**Senator HOGG**—I note that the minister's statement, at the bottom of page 32, says:

Australia is providing training for East Timorese leaders and their support staff in democratic parliamentary processes.

Who is providing the training from here?

**Mr Dawson**—My understanding is that, with respect to the National Council that I referred to before, there have been parliamentary staff from the New South Wales parliament who have been involved in that. There may be some from other state parliaments. Experienced parliamentary staff from Australian parliaments have been doing that work.

**Senator HOGG**—Any from either the Senate or the House of Representatives?

**Mr Dawson**—I am not aware of that, but we could check.

**Senator HOGG**—It interested me because there is a wealth of experience around this parliament. It seems a worthwhile cause to me. The other thing is that it says:

The aid program will provide support for a functional Parliament building and technical advice and training in preparation for elections scheduled in 2001.

What do we mean by 'provide support for a functional parliament building'?

**Mr Dawson**—In August last year, when Mr Downer visited East Timor for the first anniversary of the 1999 ballot, he made at that stage an offer to assist with equipping a suitable parliament building. Since that time we have undertaken a study of possible options and tried to relate those options with costings to the sort of funding that might be available both within our program and on a recurrent basis within East Timor to support that. That study has produced three or four options which range from the very modest—in other words, very simple refurbishment of existing buildings—through to things which are perhaps options for the future. That study has yet to be presented to the National Council but we hope to do that soon, to start to get some feedback from the East Timorese about their preferences for particular options and then start to pursue those options in more detail, cost them in more detail and plan on that basis.

**Senator HOGG**—The way I read that—and it might have been just the way I read it—was that you were looking to give the parliament of East Timor, once it is properly elected shortly, an immediate home in which to conduct its business. But from what you have said to me, it seems that you are really looking at a number of options, from something that meets their immediate needs—and I do not know whether their immediate needs are being catered for—to looking into the future at something a little more spectacular, if you like. Are there two shifting options such as that?

**Mr Dawson**—No, Senator. There are a range of options, and they range from, as I said, the very modest to something which is a little more sophisticated. The building that is currently being used as the meeting place for the National Council, for example, is a building that has

very bad acoustics. It is very difficult to hear the proceedings. It has no normal committee rooms or rooms for parliamentary staff, et cetera. Some of the things that we might be looking at in that context would be to provide desks, a suitable audio system and adequate soundproofing, to equip the committee rooms. That would be at the very modest end of the spectrum. At the other end of the spectrum, the East Timorese have identified a possible site for a new parliament building and we have looked at that as well. And there are options in between those two.

**Senator HOGG**—Thank you for the explanation. I want to pursue that one step further. When will the plan be presented to the East Timorese National Council? Will it be a decision that you expect their National Council to take and then come back to the Australian government on, or will it be a decision to be taken by their new parliament following its election—or is it more immediate and urgent and needed than that and unable to wait that period of time?

**Mr Dawson**—I do not think that we are looking to take an immediate decision on this at all. It is at a very preliminary stage. We do need to explore the views of such representatives as there are of the East Timorese community. The National Council is the appropriate mechanism to begin to explore that and we hope to do that shortly. Then it will be an issue to look at, depending on what sorts of reactions we get as to what the next stage in the further elaboration of those options might be. But we are not very close at all to making any kind of firm decision.

**Senator HOGG**—Is there an allocation within our budget this year for this project?

**Mr Dawson**—No.

**Senator HOGG**—So whilst it is mentioned, there is no specific allocation.

**Senator HUTCHINS**—Have the East Timorese decided on what sort of system of government they are going to have? Are they going to have two houses of parliament? Is it going to be a Westminster system or is it going to be a system like America has?

**Mr Dawson**—These might be more appropriate questions to refer to the department of foreign affairs.

**Senator HUTCHINS**—Have they decided? Have they got some ideas? In light of Senator Hogg's question, if they are going to have two houses of parliament, they will need to cut it in the middle.

**Mr Dawson**—My understanding is that the next step in the process is the election of a constituent assembly. That constituent assembly has to take decisions on a constitution, and the constitution will include decisions about the form of government. My understanding is that none of those things has been determined yet.

**Senator HUTCHINS**—Will our decision of whether to give them an assembly or a parliament house be based on the constituent assembly deciding what sort of constitution they will have?

**Mr Dawson**—The decisions about what kind of options for a parliament house might make most sense will depend partly on the nature and size of the parliament which they eventually decide upon in the context of their constitutional debate.

**Senator HUTCHINS**—So we have not given them a blank cheque?

**Mr Dawson**—Absolutely not. It is clear that the parliament will be part of the four-year program of development cooperation which we have outlined—\$A150 million over four years.

**Senator PAYNE**—I will waive my opportunity to ask questions, but I want to put on the record my gratitude to AusAID for their assistance with a very useful visit I took two weeks ago to Maliana and the western districts, which enabled me to see at first-hand some of the important work that we are doing at a very grassroots, community level in particular. Without the assistance of the AusAID officers in Dili in that process, that would not have been possible. I am very grateful to have the opportunity to place my thanks on the record.

**Senator HOGG**—I have some brief questions for two areas, and one is on Burma. Again, we have truncated the process by having that information provided on notice. I want to find out about the Australian human rights initiative. How has that initiative been working? I understand there is a commitment to continue that initiative. Can you give us some idea of the budget allocation in that area?

**Mr Moore**—Under the human rights initiative, a total of three human rights training workshops have been held involving two separate courses last year. It is proposed that two more will be held. The minister announced on 25 May that two more would be held in July and September of this year.

**Senator HOGG**—What has been the assessment of the first three workshops to date? What is the hope for the forthcoming workshops, given the experience that you now have with those workshops? When we first started questioning on this, it was a new activity.

**Mr Moore**—I should correct myself. I said an additional two. It is actually an additional four.

**Senator HOGG**—That will bring in toto seven. Can you just relate briefly AusAID's experience of the first three, the success or otherwise of those and how they will change your approach to the next four because I think it is a good commitment indeed?

**Mr Moore**—We took feedback from the participants themselves, from the course providers and from the embassy officials who had observed some of the training courses in action. It was assessed that the courses had met their objectives and exposed people to human rights standards and principles. They had succeeded in raising awareness and stimulating discussion and debate. On the basis of that, no significant changes are proposed. We are looking at extending the exposure of people to those very same principles and protocols.

**Senator HOGG**—As I understand it, the courses thus far have been fairly much isolated in one geographical area. When you say you are expanding the courses, are you taking them out into the regions or are you expanding the audience that you are reaching within that tight geographic area?

**Mr Moore**—Both. We will be having courses in Rangoon and Mandalay. We will also be including some civil society organisations and not just ministry officials.

**Senator HOGG**—Has the response of the authorities to the courses been one of stand-off or cooperation? Has there been any negative feeling towards the courses that Australia have been offering?

**Mr Moore**—My understanding is that the feedback has been positive from all sources including from the government.

**Senator HOGG**—Thanks very much. You will give me the information that I have asked for in those other questions? That is all I want to specifically deal with in respect of those courses. The only other issue that I want to deal with in the minister's statement is the issue of land mine action at page 51. I note there that the document states that Australia has committed \$100 million towards mine action activities around the world. It says to date \$97 million has

been spent. I presume there is only \$3 million left to be spent. Is that correct and, if so, where and how will that money be spent and when?

**Mr Tapp**—It says that \$97 million has been spent or committed. Some of those funds would still need to be spent. The further sum of \$3 million still needs to be identified in terms of where we may be spending that money. Some of the mine action activities would range from things we may be doing in Cambodia, we have done work in Mozambique, and across a range of different countries and activities. So it will be partly a function of identification of the needs and funding requirements.

**Senator HOGG**—Was this always going to be a project where the vast majority of the money was spent up front? There was 1996 to 2005; 2001 to 2005 still leaves \$4 million. I understood you to say that there are moneys in that \$97 million that have been allocated but have yet to be spent.

**Mr Tapp**—The actual expenditure to date is a little under \$60 million in total. As I said, there is still a significant amount of money which needs to be spent, but it is only a small amount in terms of further needing to be committed in meeting that commitment.

**Senator HOGG**—So the \$97 million has been committed to be spent.

**Mr Tapp**—Yes.

**Senator HOGG**—Some of that may well be committed to outyears.

**Mr Tapp**—Yes.

**Senator HOGG**—I did not understand that. Of that, so far \$60 million has been committed, or will be spent, including in this forthcoming financial year. Is that what you are saying?

**Mr Tapp**—\$60 million will have been spent as of this financial year. That does not reflect the next financial year.

**Senator HOGG**—How much is committed to the next financial year?

**Mr Tapp**—I need to come back to you with an exact figure on that.

**Senator HOGG**—Can you give me a ballpark figure?

**Mr Tapp**—It will be \$8 million to \$10 million or something like that.

**Senator HOGG**—I am just trying to get a feel for it. There is \$8 million to \$10 million. That will take us up to \$70 million and then there will be another \$20 million which will be spent in the outyears to 2005. If you can take on notice and get for me the exact figures and the forward budget for that, I would appreciate it.

**Mr Tapp**—We can provide that information for you.

**Senator SCHACHT**—This may have been covered earlier today when Senator Harradine was here in his usual role of being interested in family planning and associated matters. I noticed in the budget papers that the United Nations Fund for Population Activities, UNFPA, is down for \$2.2 million. Is that an increase or a decrease on what we spent in the year just ending and in the last couple of years?

**Mr Tapp**—I think it is the same as we have spent this year.

**Senator SCHACHT**—So there has been no increase in funding of population activities to the UN.

**Mr Tapp**—It is the same real. There will be a slight increase.

**Senator SCHACHT**—With the \$2.2 million, have you said to the UNFPA what particular areas you would like the money spent in or on what particular activities?

**Mr Tapp**—It is a core contribution that we make to UNFPA. It is not earmarked, although we do ask UNFPA to sign the checklist which is required for all of our population family planning activities, to show that they are actually meeting the government's guidelines.

**Senator SCHACHT**—You do ask them to sign that?

**Mr Tapp**—Yes.

**Senator SCHACHT**—They, of course, willingly sign it. Since they have signed it nothing has come up which has forced you to review or raise with them that they have not met the government's request to sign a document to say that it is actually going for appropriate family planning?

**Mr Tapp**—They sign off annually.

**Senator SCHACHT**—How long have they been signing off? When did that start?

**Mr Davis**—It started in the mid-1990s.

**Senator SCHACHT**—When this mob got into government or did we start it when we were in government? I should ask: did it start when Senator Harradine got the balance of power in the Senate?

**Mr Davis**—I am almost certain it started during the previous government.

**Senator SCHACHT**—This was when Senator Harradine was handed the balance of power in the Senate; is that correct? It is coincidental, is it?

**Senator Hill**—That is hardly an appropriate question for this witness.

**Senator SCHACHT**—I know, Minister—

**Senator Hill**—It is good sport, but—

**Senator SCHACHT**—It is good sport. I am here to defend family planning, in view of the fact that one of my colleagues in particular comes along here and usually ends up abusing AusAID—

**Senator Hill**—I do not think he did it today.

**Senator SCHACHT**—I understand he did not, but in the past there has been long conflict on this issue. In the minister's budget statement on the AusAID program I notice lengthy detail about programs on HIV-AIDS, health, et cetera. Do any of those programs provide funds to freely provide condoms to people in those countries?

**Senator Hill**—I do not know that we answered that specific question, but we did answer many questions this morning on the HIV-AIDS program in this area.

**Senator SCHACHT**—I do not know whether Senator Harradine asked it or not—I was at another estimates—but I want to know whether we provide moneys to countries, as part of our own bilateral aid programs on HIV and health, to freely distribute condoms to the populations that are at risk.

**Mr Lonergan**—The exact nature of what is provided under the HIV program is determined in conjunction with partner governments but in strict accordance with the government's program on family planning activities and the guidelines. That means contraceptives are not generally provided. They are seen as a recurrent cost expenditure for



the recipient countries. However, there have been some occasions when condoms have been provided, in some programs, as part of the aid activity.

**Senator SCHACHT**—You say that generally we do not provide them because of an agreement with the recipient country?

**Mr Lonergan**—The provision of contraceptives is a recurrent expenditure item. Generally in aid programs you do not provide recurrent expenditure—you are providing assistance.

**Senator SCHACHT**—So what do we do in the program? Do we give people educational material that says, ‘To prevent the spread of HIV, safe sex is required; therefore go and buy some condoms at the local chemist shop,’ or something?

**Mr Lonergan**—The programs we undertake are done in partnership with the governments. There would be some activities ascribed to the donor and some to the partner government. But, as I said, there have been occasions when condoms have been provided in areas of need as part of the aid activity.

**Senator SCHACHT**—In the coming year, in these various programs, do you anticipate agreement with any of the recipient countries that condoms or other contraceptive devices will be provided—particularly condoms—to protect people from AIDS?

**Mr Lonergan**—I would not preclude that as a possibility, but until we actually enter those negotiations and design the activities, it is hard to say what will happen.

**Senator SCHACHT**—For the year just ending, can you take it on notice and give me the details of where we have actually provided condoms in programs?

**Mr Tapp**—We can take that on notice, yes.

**Senator SCHACHT**—The HIV program extends to a number of countries—quite rightly. What is the total spend, approximately, on HIV education across all our bilateral programs under the health subheading?

**Mr Lonergan**—This year it is approximately \$33 million.

**Senator SCHACHT**—Most of it is not spent on providing simple things like condoms, to stop the spread of AIDS?

**Mr Lonergan**—Correct.

**Senator SCHACHT**—On what are we spending most of the \$33 million?

**Mr Lonergan**—On demographic work, provision of basic health services, preventative measures—

**Senator SCHACHT**—How does work in the demographic area stop the spread of AIDS in a practical way?

**Mr Lonergan**—Government policy cannot be determined unless you know where AIDS is occurring. A full understanding of the issues surrounding AIDS and the vectors that are carrying it within a country is important in terms of government determining appropriate policy.

**Senator SCHACHT**—How much of the \$33 million will be spent on demographic studies in the coming year?

**Mr Lonergan**—A minor amount.

**Senator SCHACHT**—I would have hoped so because I would have thought it was pretty obvious, in the last 10 years—without having to be a demographic expert—where the problems of AIDS were in our region and in Africa.

**Senator PAYNE**—Not necessarily, Senator Schacht, I would have thought—not obvious at all in fact. It is better to spend the money in the right place than not at all, I would have thought.

**Senator SCHACHT**—All I can say is that you would not have to be a genius or Einstein and it is not rocket science.

**Senator Hill**—What about another question?

**Senator PAYNE**—Some of it is rocket science, and every country is different.

**Senator SCHACHT**—Well, it is not rocket science. When you go to a country like Cambodia, you do not have to be there for more than half a day and talk to anybody to find out that it is a major problem in the general population.

**Senator PAYNE**—Without wishing to extend the conversation, you and I were both in Vietnam together and found that the difficulties there were different from difficulties in other countries. I think it is important for Australia to have that information before it starts spending money all over the place.

**Senator SCHACHT**—I would have thought that it is pretty obvious that in a country like Cambodia if you provided free condoms or assisted to provide free condoms—

**Senator Hill**—Chair, is this a debate?

**Senator SCHACHT**—I was asking the question and I got an interjection. Apart from the very small amount on demographic studies, what else is the \$33 million spent on?

**Mr Lonergan**—Public information campaigns, support to governments—

**Senator SCHACHT**—Public information? What does that mean in a country like Cambodia or Vietnam? Do we provide money for public education in either of those two countries?

**Mr Lonergan**—I am sorry. I do not have those details with me.

**Senator Hill**—Senator Schacht, even you would recognise that education is an important part of the solution.

**Senator SCHACHT**—I just want to know what the expenditure is and what is the nature of the education program. Do we actually say to people, ‘Use condoms and have safe sex practices’? Is that what the program is?

**Mr Lonergan**—Senator, I do not have the details with me to be able to say what we are doing for countries in terms of the public education campaigns.

**Senator SCHACHT**—Do we tell them to be celibate? Do we encourage celibacy as a way of—

**Senator Hill**—We had a debate on promiscuity this morning.

**Senator SCHACHT**—From Senator Harradine? Is he promoting promiscuity? My goodness! I am sorry I missed it. Archbishop Pell would be on to him with a crunching block of cement.

**Senator Hill**—I hasten to add he was not in favour of it.

**Senator SCHACHT**—I am relieved. Archbishop Pell will not have to say an extra mass.

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**Mr Tapp**—Senator, we agreed this morning that we would actually be providing some information on the education materials that we are using in the HIV-AIDS activities, for example, in Papua New Guinea. This morning I set out some of the activities that we were engaged with in the HIV-AIDS activities in PNG, which I think is quite similar to what we are doing in other places. So some of that education material is actually going to be provided to the committee.

**Senator SCHACHT**—Are you going to provide it to the committee? What about South-East Asia? That material may take some time to come back. I would be interested in having a look at that, as a committee member. I want to find out what we are encouraging people to do in these education programs at the level of people with a low education, limited literacy and a limited access to any medical services at all. What do we actually say to them, in a nice coloured brochure, about safe sex?

**Mr Lonergan**—If I could explain, it is not always brochures or Australian based technology. In Africa I have seen stage plays in very remote areas where women are encouraged to exercise their rights over their own sexuality. That would be a case where a non-Australian based mechanism was being used.

**Senator SCHACHT**—Without wanting to upset Senator Harradine or anyone else, in these plays and this material, do we actually proselytise, either against promiscuity or for celibacy, in what we say to people about sexual practices in their own country?

**Mr Lonergan**—What we do not do is ascribe Australian values to a recipient government. It is done in consultation with their own cultural values and the way they actually operate.

**Mr Tapp**—We promote informed choice to the people we work with.

**Senator SCHACHT**—When you promote an informed choice, which may be an encouragement for people to use condoms, do they say, ‘Yes, but in our region, we can’t afford them and they are not available’? What do we do then?

**Mr Davis**—We can provide a selection of material about the approach used, which is country specific.

**Senator SCHACHT**—This is a part of the program for safe sex, in regard to HIV. Do we have any other bilateral family planning programs where we provide access to contraceptives for women to control their fertility and make an informed choice about the number of children they wish to have?

**Mr Lonergan**—From time to time there may be small amounts of contraceptives provided, but generally not under the aid program. If there is any allocation for the purchase of contraceptives it is generally small and, as I said earlier, we would see it more as a recurrent expenditure item that it is the responsibility of our partner government to fund.

**Senator SCHACHT**—In the UN family planning program, did we sign off on this document regarding certain practices? Funds are provided to recipient countries in accordance with a set of practices. No coercion is fine, no compulsion is fine, all those sorts of things, but do we know that any of our money is used—I hope it is—to provide contraceptive devices to people who choose to use them?

**Mr Tapp**—As I explained earlier, we provide core funding to the UNFPA. We get reports back from the UNFPA and the executive board in terms of what their overall expenditures are.

As we have discussed here previously, one of the expenditures for UNFPA is in the provision of various contraceptives, including condoms.

**Senator SCHACHT**—But, in what you get reported back, we do not have specific information that they have had a campaign in a particular country to provide several hundred thousand?

**Mr Tapp**—Yes, we have detailed reports from UNFPA in terms of what they are doing in different countries. The reporting from UNFPA, yes, is specific on what it is that they are doing, as we would expect from any United Nations organisation.

**Senator SCHACHT**—Have we given back, in the last three years, a comment that there is any part of their program, particularly if it is the provision of contraceptives, that we disapprove of it?

**Mr Tapp**—No. Under the population checklist there are certain things on which they have to particularly sign off. I think we have previously provided a copy of that checklist to the committee, and we can provide another copy for you so that you can see the details of what is covered by that.

**Senator SCHACHT**—There is \$2.2 million to the UNFPA for family planning. I think it is far too small but that is just a personal opinion. Apart from the HIV/AIDS program, \$33 million, is there any bilateral program we have with any particular country on straight family planning?

**Mr Tapp**—There are some family planning components within some of our bilateral health programs, yes.

**Senator SCHACHT**—Could you take that on notice and provide me with a breakdown, drawing my attention in this document to which ones they are and what the nature of that funding is?

**Mr Tapp**—Yes, we can provide that information for you.

**Senator SCHACHT**—From your recollection, Mr Tapp, are there any of those bilateral programs that have some component of family planning in any of them? I think Mr Lonergan said that none of those specifically make contraceptives available to women who choose to use them.

**Mr Tapp**—I think Mr Lonergan covered that point, in terms of saying that it is based upon what it is that we are agreeing with the host governments. That would determine what the funds are being used for. I do not have that detail at hand at the moment to be able to give you an answer.

**Senator SCHACHT**—If a recipient country said in negotiations, ‘We have a serious population growth problem which will mean more economic poverty in the long term, so we want to have a voluntary family planning program. The Australians are pretty good at producing condoms. They use them successfully in this country. Pacific Dunlop produces condoms in Australia. Can you supply us with half a million dollars worth of condoms for distribution?’ Would that fit within your present guidelines?

**Mr Tapp**—As Mr Lonergan explained, it will depend on the situation. Through our program, we do not want to reach the position where we are refunding recurrent costs under the health programs in the countries—

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**Senator SCHACHT**—But are we not funding recurrently every year now in the HIV program? Every year we produce more leaflets, plays or whatever, to promote safe sex. That is a recurrent expenditure.

**Mr Lonergan**—That does not constitute recurrent expenditure. If we are empowering the government, and we are working with them to produce that material themselves, that is not recurrent. The government will assume responsibility for the production of those materials. We may give them an example and assist them with the first publication, but for reasons of sustainability, we do not want our partner countries to become aid dependent. That is an underlying principle of the way we approach HIV and family planning.

**Senator SCHACHT**—If you give me the breakdown of the \$33 million, I will have a look at it and come back to you at a later estimates hearing. It is on record that I think that what we spend on family planning in Australia, under Labor and Liberal government, is disgracefully low and shames us all.

**Senator PAYNE**—Can I have an update on the status of the ministerial council planned for later this year in relation to HIV?

**Mr Lonergan**—As you know, Mr Downer will be hosting a meeting in Melbourne in October as part of the sixth ICAAP meeting on HIV-AIDS. Senator Payne is a member of the convening board. Invitations have now been issued to about 30 ministers in the region and to 15 heads of UN and other bilateral donor agencies. They are being issued via our heads of missions in the Asia-Pacific region and more broadly, and through our missions in developed countries, to invite the heads of other agencies. We will be convening a meeting next week of Canberra-based diplomats to brief them on those invitations and we have asked for reports back from the post as quickly as possible in terms of advice received from the governments and invitees. We expect that information to come in over the next month.

**Senator PAYNE**—Do the ministers invited from the region range across a broad variety of portfolio areas?

**Mr Lonergan**—Mr Downer has made it very clear that HIV-AIDS is not a health issue alone; it is a security issue, an economic issue and a social issue. A range of ministers from all portfolios have been invited.

**Senator PAYNE**—Is there any support or participation from the Commonwealth Health department in the ministerial council?

**Mr Lonergan**—We liaise very closely with our colleagues in the Department of Health about that meeting. We are briefing them and we take their advice on a range of issues, but as you will be aware, Senator, both the Commonwealth Department of Health and AusAID, on behalf of our minister, have made a contribution towards the sixth ICAAP meeting of which the ministerial conference will be a component.

**Senator PAYNE**—In respect of that timetable you have put forward, did you say that it will be taking greater shape towards the end of next month?

**Mr Lonergan**—Correct.

**Senator PAYNE**—Thank you.

[2.39 p.m.]

#### **Australian Centre for International Agricultural Research**

**Senator HOGG**—It is not normal for us to be asking questions of this group, so I am looking forward to it. There are not a great many questions; I just wanted to clarify some

things. There is a change in the presentation from last year's budget to this year's, so you will probably have to take on notice the questions that I ask. Let me take you to page 148 in the PBS. I understand that a new format is being presented in this budget, but it is nowhere near as detailed as the previous year. Are you able to provide us with the same break-up on this occasion as you would have included in the previous PBS? If so, it would suit us if you just tabled the document.

**Dr Clements**—Yes, we are able to provide that information; we have it with us. We have changed our outcome and output statements to more specifically reflect our core business and show how we are aligning ourselves with the government's priorities. We have with us some detailed information on the distribution of our budget between countries and down to the level of particular projects, which I understand is information that you are seeking.

**Senator HOGG**—Yes. Fortunately, Dr Clements, you and I had a discussion the other day, and I have flagged this with you. Thank you for bringing that information along. If you can table that as well, that will expedite the proceedings here this afternoon. I have got a few questions about page 149 that may be covered by the information that you have given there. This goes to research and your projects. You say that there are 200 projects that will be active in 2001-02. You indicated that a number of those projects are overseas, and I presume a number of them are in Australia. You have given a regional breakdown and so on, but for the sake of the record now can you give us a broad picture of where the 200 projects are.

**Dr Clements**—I will give you the broadest brush explanation of where the projects are and, first of all, what they are. We will carry forward about 140 currently active projects. We have a pipeline of 70 to 75 projects under development. About 60 of those will be funded in the forthcoming financial year, which will give us the figure of 200 that is in the budget papers. The projects are distributed—

**Senator HOGG**—Pardon me if I just stop you there. You say that you have got 70 to 75 in the pipeline—

**Dr Clements**—Yes.

**Senator HOGG**—and 60 which will come to fruition and be funded. Does that mean that the other 10 to 15 are projects that you will reject or that will be discarded?

**Dr Clements**—They will go to our project development processes. Most of them will be funded; some will not be. Some will be rejected through the screening processes that we have in house. Most will be funded, but not all will be funded in the forthcoming financial year, for a whole range of reasons.

**Senator HOGG**—I understand that. Please continue.

**Dr Clements**—In terms of the distribution of the projects, we focus on the Asia-Pacific region in line with government policy. We have a few projects in Africa. About 50 per cent of our projects will be in South-East Asia, about 19 per cent in China, about 14 per cent in South Asia, about 10 per cent in Papua New Guinea and the South Pacific, and the rest in Africa.

**Senator HOGG**—And 50 per cent will be where?

**Dr Clements**—About 50 per cent of the projects will be in South-East Asia.

**Senator HOGG**—As opposed to South Asia. That is roughly 70 per cent. Do you have a financial break-up of where that is going to be as well?

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**Dr Clements**—We do in the papers that we will be distributing to you.

**Senator HOGG**—How do you fund those projects? Are they funded by grants or is there ongoing funding?

**Dr Clements**—Can I take a moment to explain how we allocate our moneys in a little more detail?

**Senator HOGG**—That would be fine.

**Dr Clements**—Of our appropriation, about \$10 million is distributed to the international agricultural research centres. Some of that money, about two-thirds, is distributed in the form of unrestricted support. About one-third is contributed as restricted grants. For those restricted grants we pay between half and two-thirds of the cost of the project. The centres themselves, through their core funding, make up the rest of the expenditure. In what we call our bilateral projects, on average we pay about half the cost of the research project. The rest of the money is provided by the research partners themselves, both in Australia and in partner countries.

**Senator HOGG**—So the bilateral projects are funded more on a dollar for dollar basis? Is that a way to think of it?

**Dr Clements**—Yes. The leverage varies from project to project, country to country, but on average it is about fifty-fifty.

**Senator HOGG**—But you have a predetermined cost because you have determined those projects which you will accept and those which you will not accept. You know those that you will go ahead with, so you know the physical limitations within which you are operating. They are the 200 projects listed under ‘Quantity’, then (b) is ‘21 IARCs will be in receipt of grants’. What is the difference between the 200 projects and the 21 IARCs? Or are they one and the same? Are the projects going to the IARCs?

**Dr Clements**—In the list, which we will be giving you, the 200 projects include some multilateral projects which are conducted with the centres—those restricted grants that I was mentioning. But 21 centres will be in receipt of grants, or core funding, in one way or another. So we are supporting 21 international agricultural research centres.

**Senator HOGG**—So they are truly international. None of those are here in Australia? Are any of them in Australia?

**Dr Clements**—None of the international centres are in Australia.

**Senator HOGG**—Are there any centres in Australia that you fund?

**Dr Clements**—In the sense that we fund research organisations like CSIRO or a particular university to undertake our projects, yes, there are centres like that in Australia. But there are no international agricultural research centres, that I can recall, that we fund that are in Australia.

**Senator HOGG**—What is the extent of funding then to projects, to organisations such as universities, CSIRO and the like in Australia? Is it significant?

**Dr Clements**—Yes. The contribution that we make to our projects is shared between the major Australian research providers. My organisation itself has no research capacity, so we rely completely on the universities, CSIRO divisions, state departments and other government organisations to undertake the research. About 40 per cent of the Australian share of the funds is allocated to universities around Australia. About 25 per cent is allocated to CSIRO and the rest is currently allocated to state departments of agriculture. That is a very rough split, but that is the proportion.

**Senator HOGG**—That is the sort of thing I want—the broad-brush approach. I want to get a feel for where the money is going. You mention 40 per cent to the universities. That is 40 per cent of what amount?

**Dr Clements**—It is 40 per cent of the Australian share of \$27.7 million in the forthcoming financial year, which will be about half.

**Senator HOGG**—So the Australian share of that is about half, so in rough terms it is 40 per cent of \$14 million?

**Dr Clements**—Yes, something of that order.

**Senator HOGG**—That is spread around a number of universities. What universities would participate in your programs?

**Dr Clements**—In terms of share of our budget, the biggest university would be the University of Queensland, probably by a considerable margin.

**Senator HOGG**—It is a very good university, I might add.

**Dr Clements**—I agree. Other universities that obtain a reasonable share of our budget include the University of Melbourne, the university of Sydney, the Australian National University, and numerous others. We rely on support from at least a dozen—probably 15—Australian universities at present.

**Senator Hill**—Why do you discriminate against South Australia?

**Dr Clements**—We have a number of projects in South Australia, including several with the university of Adelaide.

**Senator HOGG**—I think they killed off the trees in South Australia a number of years ago, Minister.

**Senator SCHACHT**—We have the best tree protection. It was started by the Bannon government in 1983. Native clearance—

**Senator Hill**—I ask you not to be provocative, Senator Hogg.

**Senator HOGG**—In terms of the various grants that you make, whether they be to IARCs or to universities, to the CSIRO or to state government departments, what do you have in place to monitor the progress of those projects and to ensure that the funds that you allocate to those projects deliver them on time and within budget and achieve the aim that the projects were supposed to achieve in the first instance?

**Dr Clements**—Every project has a specified plan of action. There is a research agreement that specifies precisely what research is to be done. Towards the end of the project, we routinely review what has been achieved. If a project is more than about three years long, we quite often have a mid-term review to check how it is going and redesign any faults that have appeared. One of the key questions is: what impacts has the project achieved? At the time of that review we ask what else needs to be done to make sure that the objectives are delivered.

**Senator HOGG**—In table 2.2.1, the research and IARCs projects total is \$45.696 million. You have said that there is \$27.7 million. What is that \$27.7 million? Is it contained within that \$45.696 million?

**Dr Clements**—Yes, it is, and that \$45.696 million also includes the money for the International Agriculture Research Centre.

**Senator HOGG**—I accept that. If you go to output group 2, you have a role there in terms of training as well, yet it seems to be a fairly limited budget. That is not a criticism. It seems



that you do a lot with a limited amount. You have six non-project specific training courses and 28 fellowships in place. Can you give us some idea of what you do?

**Dr Clements**—The first point I want to make is that every research project has capability building included in it. What we refer to as our training program refers only to the program of postgraduate students, special purpose training courses, and the money that goes through ACIAR to the Crawford fund. In a sense, it greatly underrepresents the total expenditure of ACIAR on training. What is included in this output are the students in our postgraduate training scheme, the non-project specific funding and the money that flows through ACIAR to the Crawford fund.

**Senator HOGG**—That is \$1.933 million—I read the wrong price there. So that is not as insignificant as I first thought. So what are the 28 fellowships worth each year?

**Dr Clements**—In the order of \$50,000.

**Senator HOGG**—\$50,000 each?

**Dr Clements**—Yes, in the order of \$50,000 each, per year.

**Senator HOGG**—And they are postgraduates?

**Dr Clements**—Yes, they are all postgraduate students, especially from South-East Asia, who are studying mostly in Australian universities, but occasionally in sandwich schemes.

**Senator HOGG**—Thank you. You have made me a lot the wiser. Can I take you to page 152 of the PBS? There is the departmental statement of financial performance. I presume this particular table is on an accrued basis?

**Mr Tyrell**—Yes.

**Senator HOGG**—You have grants estimated in the budget this year to be \$36.184 million. It does not seem to grow very much over the next few years. Is that because your program is fairly stable? What is the explanation behind that?

**Dr Clement**—My colleagues can probably provide a more detailed answer, but our budget has been relatively flat for some time. So we are not expecting a very significant growth in grants.

**Senator HOGG**—Before your colleagues give me the explanation, can you tell me how I relate the figure of \$36.184 million back to the figure of \$45.696 million? Are they interrelated?

**Mr Brown**—Yes, they are interrelated. The \$36.184 million includes the bilateral research projects—the \$27.7 million that was referred to before—as well as the grants to the international agricultural research centres. The reason the total of those two—the \$27.7 million and the \$10 million—is a bit higher than the \$36 million is because there is a small component of the bilateral research program that is not grants per se. They might, for example, be funds to conduct workshops. So there is a small element there—that is why there is a slight difference in the total figures.

**Senator HOGG**—That takes us to roughly \$37 million. So where is the difference to the \$45 million—the other \$8 million?

**Mr Brown**—The \$45 million includes the various overheads that are involved in running the business. They include the overseas offices, for example; we have eight of those.

**Senator HOGG**—Where are the overseas offices?

**Mr Brown**—They are in South Africa, India, the Philippines, Thailand, Beijing in China, Papua New Guinea, Vietnam and Indonesia. That \$45 million also includes support costs such as salaries.

**Senator HOGG**—Thank you. That makes that a lot clearer because I was a bit confused when I read the two figures and was trying to match them up. The explanation you have given makes good sense indeed. So those grants include unrestricted and restricted grants?

**Mr Brown**—Yes.

**Senator HOGG**—As I understand it, the IARCs get \$10 million in grants and two-thirds of that is unrestricted. Unrestricted in what sense?

**Dr Clements**—It is unrestricted in the sense that it is a contribution to the core running costs of the international centres. The international centres—when you include both the CGIAR centres and the others—have a total budget in excess of \$US400 million and Australia is one of many contributors to these international centres. That unrestricted money we are talking about is our contribution to the core funding of the centres.

**Senator HOGG**—And the one-third in restricted grants?

**Dr Clements**—The intention is to use those special purpose grants to link Australian researchers, in our own elite research organisations, with the international centres to do research which is in line with the objectives of the aid program.

**Senator HOGG**—Thank you for those explanations. I am not going to say I am across everything, but I now understand your budget a little better and I appreciate the time that you have given to us this afternoon.

**CHAIR**—Thank you, Dr Clements and the officers of your section.

[3.03 p.m.]

#### **Department of Foreign Affairs and Trade**

**CHAIR**—The committee has before it the particulars of proposed expenditure for the service of the year ending 30 June 2002, documents A and B, and the portfolio budget statements for Foreign Affairs and Trade. Today the committee will first put to the department questions on the portfolio overview and then proceed to consider the particulars of proposed expenditure on an output basis commencing with outputs 1.17 and 1.18. The committee will then examine outputs 1.2, 1.3, 1.4; outcomes 2 and 3, and the enabling services. When written questions on notice are received, the committee will state for the record the name of the senator who submitted the questions. The questions will be forwarded to the department for an answer. The committee has resolved that the deadline for the provision of answers to questions taken on notice at these hearings will be Wednesday, 18 July 2001.

**Senator HOGG**—I need some guidance here. I understand we are in the overview, but I also understand that the second part of Foreign Affairs is now to be done, I think, on Tuesday week.

**Senator Hill**—Trade is.

**Senator HOGG**—No, there are elements of Foreign Affairs and Trade, as I understand it, Minister.

**Senator Hill**—No, I was not aware of that.

**Senator HOGG**—Then there are elements—it goes from program—

**Senator Hill**—Whatever Senator Cook wanted.

**Senator HOGG**—Yes. I just do not want to get caught in the crossfire here. I had not intended to do an overview of the portfolio. That was more the province of Senator Cook. There are some issues—

**Senator Hill**—I would not be at all surprised if Senator Cook is quite expansive.

**Senator HOGG**—That might be why Senator Cook will do it. I do not know. I have not discussed it with him. I just do not want to get too much confusion in this. I probably would be best served going to the various programs.

**CHAIR**—I think that would be very satisfactory.

**Senator HOGG**—That would take us immediately to 1.1.7 and I have got a range of questions on 1.1.7, 1.1.8, a couple on 2 and 3 and a couple of other questions that I want to raise on ASIS. That I think will expedite proceedings this afternoon. So long as you are aware that when you come back on that Tuesday evening, there may well be other questions that are asked in the overview section. Is that satisfactory?

**Senator Hill**—Yes, that is okay.

[3.07 p.m.]

**Senator HOGG**—I would like to move to suboutput 1.1.7, international organisations, legal and environment. The first quick question that I have goes to the verification protocol to the Biological Weapons Convention. Can you provide the committee with an update on the negotiations for a verification protocol to the Biological Weapons Convention? The committee was briefed on this in February.

**Dr Thomas**—I will call on my colleague, Mr Bill Paterson, head of international security division, who has direct responsibility for this area and can update you on where we are at with that.

**Mr Paterson**—As you are probably aware, we have been party to negotiations under way in Geneva for some six years on a protocol to strengthen the Biological Weapons Convention. We had hoped that negotiations would conclude by a conference to review the convention scheduled for November this year. We now assess that it will be very difficult to achieve an agreed text by that deadline. Some developing countries have made a range of unacceptable demands in the negotiations that would weaken the protocol, particularly in the area of export controls, and, indeed, would weaken the functions of the Australia group.

In addition, the United States is in the process of reviewing its position on the protocol and we would expect that the outcome of that review might be known by around the end of this month. There have been media reports that the United States may in fact find it difficult to sign on to the existing chairman's text, which was circulated several months ago and is currently the basis of negotiations going on in Geneva.

**Senator Hill**—If he wants further information, he will ask for it.

**Senator HOGG**—You are saying that you had an expectation that there was going to be a conference in November of this year. You expressed that there were difficulties there, and you also outlined the position in respect of the United States. When, therefore, do you believe the conference might proceed, or is it likely not to proceed at all? Is that part of the problem that you are confronted with?

**Mr Paterson**—The conference will proceed. The conference is a regular review of the convention itself. It had been hoped that the conference could reach agreement on this additional verification protocol to the convention. That seems unlikely.

**Senator HOGG**—Have we made any representations to the US government on this matter? I am not asking what we have said but whether we have made representations.

**Mr Paterson**—Indeed we have. Let me say that we have made representations to a range of states parties, because we see some of the most significant problems coming in particular from a range of developing countries in the negotiations who have problems with the export control function. But, yes, we have made representations to the United States on two recent occasions. Mr Downer made representations to United States Assistant Secretary of State for East Asia and the Pacific, Mr James Kelly, during a meeting with him in Australia last month. The minister has also written this week to the United States Secretary of State, Colin Powell, reaffirming Australia's commitment to the protocol and underlining its importance for us and for others in terms of regional and global security.

**Senator HOGG**—If the conference does not proceed in November, when is it likely to proceed?

**Mr Paterson**—As I said, the conference will proceed in November. There is no doubt about that. It is a question of whether the protocol would get up or not.

**Senator HOGG**—The assessment at this stage does not seem to be too positive about that.

**Mr Paterson**—Our assessment tends towards the pessimistic, but I must say that we are still in there vigorously negotiating on the text and seeking to build a consensus outcome.

**Senator HOGG**—Thank you. That is the only question I have on that issue. On the issue of the Comprehensive Nuclear Test Ban Treaty, what representations have been made to the United States government since January this year concerning its ratification?

**Mr Paterson**—Again, the most recent representation was that made by the Minister for Foreign Affairs, Mr Downer, to US Assistant Secretary of State, James Kelly, in mid-May during his visit to Australia.

**Senator HOGG**—Has there been any indication from the US of their reaction to that?

**Mr Paterson**—Not specifically to our representation. It is the position, we understand, of the current US administration not to seek to bring forward the question of ratification of the CTBT into Congress during this administration's current term.

**Senator HOGG**—So, that is roughly for the next four years, and it is now on the backburner. In view of that attitude, will we be making further representations to the United States in the near future?

**Mr Paterson**—That is something I would need to discuss with the minister, but it is a continuing issue that we would expect to take up with the United States at appropriate opportunities in the period ahead.

**Senator HOGG**—Given that answer—and I understand the difficulties there—could you take that on notice and give us something specific?

**Mr Paterson**—Yes.

**Senator HOGG**—The next issue I want to raise is the Chemical Weapons Convention and Iran. Have we got the personnel at the table? Has the government made any representations to the government of Iran concerning allegations that Iran may not be complying with its obligations under the Chemical Weapons Convention?

**Mr Tesch**—We have not made any specific representations in the period since I have been in the Arms Control and Disarmament Branch—that is, since the end of January. But I would

also need to consult colleagues from the relevant geographic division, who I do not believe are here at the moment, to provide a full answer to your question.

**Senator HOGG**—I understand that. Given the fact that this is split, maybe you could take that on notice and provide the answer if there is any need to pursue the issue when next we meet, on Tuesday. Would you take this on notice as well. If there was any contact, would you please find out if there was a response and what that response was, if it is available to us.

**Mr Tesch**—Certainly.

**Senator HOGG**—Are you able to tell us if the government has had any discussions with the United States or any other countries concerning the possible conduct of a chemical weapons convention challenge inspection in Iran?

**Mr Tesch**—I would want to check before attempting to give you a specific answer on that, I am afraid, because there are a series of ongoing consultations and contacts in a range of fora where a number of these issues may well be discussed but not necessarily in a formal bilateral fashion.

**Senator HOGG**—Again given that we have got the split estimates—it is a very good idea—you might take that on notice as well. Then if there is anything that we need to follow up, arising out of that, we can do so that day or place further questions on notice. That is all the issues that I need to raise on international security issues. I would like now to move on to international organisations, legal and environment.

The Timor Gap negotiations was an issue that we followed as a references committee. We had evidence there, as well as before estimates on previous occasions, as I think you are aware, Mr Ritchie. I understand that there are now substantive negotiations under way on the Timor Gap. Are you able to advise the committee what stage those negotiations are at?

**Mr Ritchie**—Yes. Since the last round of estimates we have had four rounds of negotiations with UNTAET and the East Timorese in Melbourne, Brisbane, Canberra and, last week, Dili. I think that after a rocky start we have made some very substantial progress in those negotiations. Mr Downer has said a couple of times publicly that we hope to be in a position to approve a framework agreement for the Timor Sea, probably in early July. There are two or three issues still to be resolved but we have made quite a lot of good progress on that.

**Senator HOGG**—So a framework agreement early July—

**Senator Hill**—Hopefully.

**Senator HOGG**—and once the finer detail has been natted out. I understood that. Are you in any position to tell us what proposals we have put to the East Timorese at this stage?

**Mr Ritchie**—I would prefer not to.

**Senator Hill**—It is an ongoing negotiation.

**Mr Ritchie**—It is a very delicate stage in the negotiation and the whole thing is a package, so I would rather not go into too many of the details of the package at this stage. We have made very good progress in it.

**Senator HOGG**—Could I just try this issue, because it seems to be one of the issues that were raised in the hearings I have been involved in. As I understood it, there have been varying reports as to the split being 85:15 or 90:10 or whatever it might be. Is that one of the key areas that are still the subject of the negotiations?

**Mr Ritchie**—There are a number of areas that are still subject to finalisation and negotiation. Revenue split is one, but there are a number of others. As I mentioned earlier on, it is a package deal and there are a number of other very complex issues associated with the arrangement which need to be completed as part of that package.

**Senator HOGG**—Does it include issues such as where the joint—

**Senator Hill**—You can press but it would be the government's view that the officers should not expand on any aspect of the negotiation while it is still ongoing. It is important and it has clearly been a delicate negotiation, and I would not want to see an estimates committee in any way disturb it.

**Senator HOGG**—I understand that. I was just going to ask about the joint authority. I do not know if that is a sensitive issue in the negotiations.

**Senator Hill**—Is there anything you can say about that?

**Mr Ritchie**—I would simply say, Senator, that the so-called architecture of the regulatory arrangements for the zone of cooperation in the area is one of the aspects of negotiations.

**Senator HOGG**—Does it also include issues such as the training of East Timorese workers in both the gas and petroleum industry? Are those the sorts of issues that still have been part of the negotiations?

**Mr Ritchie**—I would rather not go into too much detail about the negotiations, but clearly both sides have an interest in ensuring that, as part of the exercise, East Timorese are employed in the petroleum industry and they are suitably trained as part of that. That has certainly been one of the factors that both sides are interested in.

**Senator HOGG**—It interests me, apart from anything else, that it was raised quite strongly at our hearing. In terms of issues such as the siting of any refinery or any production facilities, I presume that all of those are the types of issues—

**Senator Hill**—I think it is unfair to ask the official to exclude or include particular aspects. He said that it is an ongoing negotiation. He believes it is now progressing positively. We all have an interest in its being positively concluded. We have said that we really do not want to talk about details of it here today.

**Senator HOGG**—All right. If the framework agreement is in place by early July, what is the expectation of having a final one in place?

**Mr Ritchie**—We have to wait till there is a government in East Timor before we can sign a full treaty with East Timor. Our expectation would be that that would certainly be in place by the time of East Timor's independence.

**Senator HOGG**—What has happened to the agreement that previously existed with the Indonesians?

**Mr Ritchie**—Two things, Senator. Firstly, the agreement we had, the Timor Gap Treaty, with Indonesia has ceased to have any effect at all, by mutual agreement between ourselves

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and Indonesia. Secondly, the terms of that agreement have been taken on board and are now part of East Timorese law under an exchange of notes from February last year. So they are part of East Timor law and part of Australian law. The treaty between Australia and Indonesia has ceased to have any effect.

**Senator HOGG**—Can we move to the International Criminal Court. How many countries have now ratified the statute of the International Criminal Court?

**Mr Ritchie**—I will check this with my colleague. My understanding is that, as of May, 32 have ratified.

**Senator HOGG**—Who are the significant countries in terms of world politics?

**Mr Rowe**—The 32 countries include Canada, New Zealand, France, Germany and South Africa. There are a number of countries that have ratification very actively under consideration and have introduced the necessary legislation into their parliaments, such as the United Kingdom, for example. There is in fact a lot of activity that is going on in many countries in addition to the 32 which have actually ratified to date.

**Senator HOGG**—In February the department advised the committee that the government had not made any representations to the new administration in Washington concerning the desirability of US ratification of the statute of the International Criminal Court. Have we made any representations at this stage to the new administration on the desirability of ratifying that court?

**Mr Rowe**—No, there have not been any direct representations to the United States administration since February. There has been a preparatory commission meeting since the last Senate estimates hearing in which the United States delegation participated. We have, at delegation to delegation level, maintained very close contact and talked about the advisability of ratifying and taking a positive attitude towards the court. The United States is very fully aware of Australia's longstanding—

**Senator HOGG**—I am getting interference from my right-hand side here and I am having a little bit of trouble hearing you.

**Mr Rowe**—I will recap. Since February we have not made any direct representations to the United States administration. However, there has been ongoing contact between the Australian and United States delegations in the preparatory commission process. There was a meeting held in New York after the last Senate estimates committee hearing. At that meeting there was discussion between delegations about the desirability of the United States remaining very fully engaged in the work of the preparatory commission. The United States is currently undertaking a review of its policies towards the International Criminal Court and I expect the outcome of that review will be known fairly soon.

**Senator HOGG**—Given that they are undertaking a review, have we thought it appropriate to try and make representations to them, to in any way influence their thinking on this issue, or are you relying on the delegation to delegation contact to provide that influence?

**Mr Rowe**—The question of what is being considered by the review is I understand really focused more on how they would continue to remain engaged and to what level they would remain engaged in the process. There has not been any current consideration given to trying to influence that review at this stage.

**Mr Ritchie**—If I could add a point: the United States is well aware of our position on the International Criminal Court and, secondly, obviously it took a while for the US

administration to bed down and undertake these reviews and get their policy house in order a bit.

**Senator HOGG**—So you see that as being a positive outcome, the fact that it is being reviewed and that the delegation-to-delegation representations have in effect had some impact.

**Mr Rowe**—As I think was mentioned at the last Senate estimates committee meeting, the initial comments from senior members of the United States administration were quite negative towards the court. But the fact that, at the preparatory committee meeting which was held subsequently, there was an indication that a review was going to be undertaken, was in fact, I suggest, a positive development.

**Senator HOGG**—Yes, because without the US ratification, it somewhat diminishes the standing and stature of that court, doesn't it?

**Mr Rowe**—We have always maintained that we would wish to see the United States join and fully support the International Criminal Court, and that remains—

**Senator Hill**—A very diplomatic answer.

**Mr Rowe**—as I understand it, the government's very firm position. The United States is continuing its engagement under the new administration in the preparatory commission process. It has not disengaged, and that in itself, I would suggest, is very encouraging.

**Senator SCHACHT**—Did you say 'very encouraging?'

**Mr Rowe**—Very encouraging.

**Senator SCHACHT**—You do not think the Christian Right that dominates the conservative wing in the Republican Party in America in the end is going to put the knife into all of this?

**Senator Hill**—The sensible question was answered.

**Senator SCHACHT**—This is a matter that is a fact—

**Senator Hill**—It is not a fact that the Christian Right dominates the administration of the US government.

**Senator SCHACHT**—Just go to the Internet any time you like and read any number of articles in any range of newspapers out of America—

**Senator Hill**—That is not the view of the Australian government.

**Senator WEST**—The Democrats have just got control of the Senate.

**Senator Hill**—I know. That is another factor.

**Senator SCHACHT**—They do not have 60 votes though. Sorry—

**Senator Hill**—It was a colourful interjection but fairly unhelpful.

**Senator HOGG**—I just wanted to find out: we have not yet ratified the court yet, have we?

**Mr Rowe**—We have not yet, no.

**Senator HOGG**—Is there an intention to ratify that regardless of the American position, do we know?

**Mr Rowe**—In December 1999, the Minister for Foreign Affairs and the Attorney-General and the Minister for Defence issued a media release announcing that it was the government's intention to proceed to ratify, and in December of last year the same ministers issued a release

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indicating that the government would be putting forward legislation to the parliament to enable ratification. That legislation is currently in preparation and will, I imagine, in due course be submitted to the parliament for consideration. You may also be aware of the JSCOT public inquiry currently being undertaken in relation to Australia's position with the court.

**Senator SCHACHT**—On that point, Mr Rowe, I am a member of that committee—I think I am being punished by being made a member of that committee but, nevertheless, I am a well serving member. I find it interesting that, at the hearings we have had so far, there has been a range of fruit loops in the Australian community turning up with the most extraordinary views about the ICC: that this is part of the world Jewish plot of Zionism to take over the running of Australia and everyone else and that the UN is a world government in waiting. The only thing that has not been up, although I did suggest they ought to go and have a look at the next episode of the *X-Files*.

**Senator Hill**—Is there a question?

**Senator SCHACHT**—Is the government going to proceed to ratify the ICC irrespective of whether the JSCOT committee will make a majority recommendation for ratification?

**Senator Hill**—The obligation is for the government to take into account the views of the joint committee.

**Senator SCHACHT**—I could say, Minister, that in public hearings—not in private hearings—it is pretty clear to me that I think you have more strife with your own government members on the committee who have doubts about the arrangement than you have with the opposition. But then that is a matter for you.

**Senator Hill**—That is an interesting observation.

**Senator SCHACHT**—You look at the evidence in the public hearing and comments made.

**Senator Hill**—But, as I said, the government's obligation of which you are well aware is that we must take into account the views of the committee.

**Senator SCHACHT**—So the legislation will not go into parliament until at least the JSCOT makes its public recommendations; is that true?

**Senator Hill**—Has that been decided?

**Mr Ritchie**—All the government has said, as the minister has said, is that we will wait for the JSCOT recommendations and the government will then take those into account.

**Senator SCHACHT**—And then the legislation will be put into the parliament, if it so chooses to proceed.

**Mr Ritchie**—That is right.

**Senator HOGG**—That is the only thing I wanted to establish now, the process. When is the joint committee report?

**Senator Hill**—So we are waiting on your committee.

**Senator HOGG**—You cannot answer that—

**Senator WEST**—He has no idea of the control of that.

**Senator SCHACHT**—No, I have not. I am just an opposition member of the committee. Mr Andrew Thomson has control of the agenda.

**Senator Hill**—He is the committee chair.

**Senator SCHACHT**—That is right, one of yours.

**Senator HOGG**—All right. Thanks very much, that is all I have on that issue.

**Senator WEST**—I want to ask about bluefin tuna, please.

**Senator Hill**—Do we have a bluefin expert?

**Mr Rowe**—Could I just say that the primary carriage—

**Senator Hill**—We haven't had the question yet. Let us see what the question is and we will see if we can answer it.

**Senator WEST**—I want to work out what is going on because there seems to have been some late developments on this issue at the end of last month, like in last week.

**Senator Hill**—Statements seem to have been issued by Mr Tuckey, so perhaps it is an AFFA matter.

**Dr Thomas**—We regard the dispute with Japan as effectively over. As a result of some agreements reached in talks last week, the Australian government agreed to lift the bans on port access by Japanese ships. There was also a negotiated agreement whereby the Japanese would be allowed to catch half of an outstanding old quota of 711 tonnes which they were seeking. We have allowed them half of that. That deal has been worked out and agreed to. This has been a very longstanding dispute. We are very pleased to see it behind us.

**Senator WEST**—Who was involved in the negotiations with Japan? I do not necessarily mean the individuals but which departments?

**Dr Thomas**—AFFA was involved, as was the Department of Foreign Affairs and Trade. At the other end, the Japanese fisheries agency and the Gaimusho—the foreign ministry—to some extent.

**Senator WEST**—So we did not have Environment—

**Senator Hill**—We have had an interest in it as well.

**Senator WEST**—Were you involved in the talks, Minister?

**Senator Hill**—Did we have somebody at the talks? I do not know.

**Dr Thomas**—I was not at the talks, Minister, I am not sure. But certainly they were consulted, all relevant parts of the bureaucracy.

**Senator WEST**—I see. The original suspension of this 700-odd tonnes arose from Australia and New Zealand taking the issue to the international tribunal; is that right?

**Dr Thomas**—I do not have the full detail; I am not the officer who was handling the detail. At a certain stage we attempted to take Japan to an international tribunal, and it was determined that that tribunal did not have jurisdiction to issue an order on this. The matter then became one of negotiation between Japan, Australia, New Zealand and interested parties.

**Senator WEST**—Given it then became a matter between Australia, New Zealand and Japan, you are telling me this approval for the 300-odd tonnes, which is half of the 711 or whatever it was, has been approved by Australia. What involvement did we have with New Zealand in this?

**Dr Thomas**—Initially we were all jointly involved in the negotiations but, unilaterally just before Christmas, New Zealand decided on what it called a goodwill gesture to lift the port bans. At that stage we discussed the matter further privately with the Japanese and we have reached agreement last week.

**Senator WEST**—On the lifting of the port bans—

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**Dr Thomas**—Yes. On the resolution of the entire dispute.

**Senator WEST**—With the Japanese?

**Dr Thomas**—Yes. There had been a scientific committee. A committee of experts was set up that was acceptable to all sides which would come up with the report on what was considered a reasonable scientific catch of southern bluefin tuna, and all sides accepted that.

**Senator WEST**—Including New Zealand?

**Dr Thomas**—This outstanding quota of 711 tonnes was another residual issue from the very early time in the dispute.

**Senator WEST**—So it is a matter of coincidence that the amount allowed is half of 711?

**Dr Thomas**—No, that was negotiated. Basically, it was agreed to split the difference in the end. The Japanese wanted the whole 711; we wanted theoretically zero; and it was an agreed compromise.

**Senator WEST**—What is New Zealand's position on this?

**Dr Thomas**—They had already effectively settled; they are happy with the outcome.

**Senator WEST**—They are happy with the outcome?

**Dr Thomas**—They had lifted their port bans earlier anyway.

**Senator WEST**—There is a difference between lifting the port bans and approving of an additional 356 tonnes.

**Senator Hill**—It is making up half of a previously disputed quota.

**Dr Thomas**—It is a one-off.

**Senator Hill**—I think that is the point: it was a one-off. That is not being well appreciated out there in the community.

**Dr Thomas**—Exactly. The Japanese felt they had this quota in the bank, if you like. Rather than allow them to have it all, the negotiated settlement is that they could have half of it. They agreed to that—all sides agreed to that.

**Senator WEST**—So what is the current thinking about the status of the bluefin tuna? Are they a critically endangered species?

**Senator Hill**—That is not a question for a foreign affairs officer.

**Dr Thomas**—I cannot answer that.

**Senator Hill**—Under IUCN categorisation they are endangered—either threatened or endangered. Although there is still obviously a very large tonnage in the sea, there has been a very significant reduction in tonnage over a relatively short period of time. The rate of reduction is one of the issues that is taken into account in determining whether a species is threatened or not. It is not really for this estimates committee, but the issue then becomes: what is the best way to conserve the species? It has been the Australian government's view that the best chance of conserving the species is through this particular commission where each party would accept a limited take and the total allowable catch would be pursuant to best scientific advice. The greatest threat we see is from those parties that are not parties to the convention, and our efforts in recent times have been to try to draw others within the convention. We are now, I gather, having reasonable success in that regard.

**Dr Thomas**—Indeed.

**Senator WEST**—So is the 356 tonnes just for this year and that will be renegotiated for next year, or is 356 tonnes an annual take?

**Dr Thomas**—No, that was just a one-off.

**Senator WEST**—When do we go back to the negotiating table?

**Dr Thomas**—It has now been agreed that the allowable catch each year has been determined by an independent group of scientists who are acceptable to all sides. They have come up with figures which within the commission will be determined on an annual basis.

**Senator WEST**—Were there any external factors that were contributing to the resolution of this?

**Senator Hill**—What does that mean?

**Dr Thomas**—I am not aware of any.

**Senator WEST**—What is the most recent legal advice you have received with regard to Japan's interpretation that it has the right to retake the amount of fish originally paid back under the interim ITLOS ruling?

**Senator Hill**—It has had a long history of legal dispute and the issue is now resolved.

**Dr Thomas**—We have had a politically negotiated settlement of the matter. It is no longer in, or under, legal jurisdictions.

[3.45 p.m.]

**CHAIR**—We have now completed 1.1.7 and 1.1.8. We move now to output 1.2, secure government communications and security of overseas missions.

**Senator SCHACHT**—Mr Mules, since the estimates committee last met in April of this year, an episode of the ABC program *Four Corners* was given over to the so-called Jenkins case in the US embassy where Mr Jenkins committed suicide after being interviewed by an officer from Foreign Affairs about possible security breaches. A number of allegations and comments were made in the program. On the ABC web site associated with that program, you can now get copies of the Blunn report without the deletions. Has the foreign affairs department taken any action against the ABC over publishing the confidential document?

**Mr Mules**—The interview that was conducted in Washington was conducted by an officer of the Department of Foreign Affairs and Trade and an officer of the Department of Defence as part of an agreed joint investigation into the allegations that had been made about Mr Jenkins.

**Senator SCHACHT**—I will come back to that in a moment.

**Senator Hill**—Simple questions; simple answers.

**Mr Mules**—The answer to your question, Senator, is no.

**Senator SCHACHT**—On the second point you have raised, at the estimates hearing earlier this week with Defence, I asked the secretary of the defence department, Dr Hawke, whether he agreed that it was appropriate for an officer of the defence department to be interviewed in a process led by the foreign affairs department. To paraphrase his response, he said that it was before his time as head of the department but, if a similar situation arose again, the investigation would be conducted and led by the defence department, not by another department.

**Senator Hill**—So what is the question?

**Senator SCHACHT**—Mr Mules raised the issue of this being a joint investigation. It is clear from an inference—and no more than that—that certainly Dr Hawke does not agree that it was an equal investigation. Being responsible for one of his own officers, I think he believes that the initial investigation should have been conducted by people within his department.

**Mr Mules**—As I understood Dr Hawke's comments the other day, he did point out that he had not been aware of the details of the case.

**Senator SCHACHT**—You have straightened him out now, have you?

**Mr Mules**—I think you asked whether he thought an investigation of a Defence officer should be undertaken by a Defence officer. I think that if Dr Hawke were invited to comment on—

**Senator Hill**—I do not think that you should be answering questions on what your view is of what Dr Hawke might think and I do not think that it is appropriate—

**Senator SCHACHT**—I think he should keep going, Minister, as far as I am concerned.

**Senator Hill**—I do not think it is appropriate for the question to be asked of this officer what he believes, or to comment on the views of an officer—

**Senator SCHACHT**—I did not raise the matter.

**Senator Hill**—in another department. He was trying to be helpful by reminding you that it was a joint investigation.

**Senator SCHACHT**—All right. It was a joint investigation.

**Mr Mules**—And if I may say, it was a joint investigation which was readily and quickly agreed at deputy secretary level between the two departments at the time the allegations were made.

**Senator SCHACHT**—In the Blunn inquiry report that was published with the deletions, and the material in the *Four Corners* program, and now in the document that is circulated which you have not taken the trouble to take action against—a confidential document being circulated in that way—

**Senator Hill**—It is not a question of taking trouble. You asked a question of this officer as to whether a certain action had been taken and he said no.

**Senator SCHACHT**—Fine. No action has been taken.

**Dr Thomas**—It is not a DFAT document.

**Senator SCHACHT**—Defence is on tonight, so I can assure you that we will ask questions there.

**Senator Hill**—You ask the questions there.

**Senator SCHACHT**—In the evidence in the Blunn report, Mr Jenkins indicates that he believed that what he was doing with AUSTEO documents was no more and no less than what other officers had been doing informally in a similar position in the American embassy for a number of years, and he believed, from his interpretation of discussions with his superiors, that that process would continue. Does the foreign affairs department accept that staff in the American embassy have for a long time—even before Mr Jenkins was appointed—as a matter of carrying out their tasks, informally exchanged AUSTEO material with American colleagues?

**Senator Hill**—You are asking what are common practices in relation to intelligence arrangements, and I do not think that is an appropriate question.

**Senator SCHACHT**—A man is dead. I want to find out whether the circumstances of his suicide were contributed to by the way that the Public Service of Australia conducted an investigation.

**Senator Hill**—That is a very serious matter, it is true. I do not quarrel with the right of the parliament to test the circumstances relating to the investigation, but I do not think it is appropriate for this official to be confirming or denying that it is usual practice to pass documents that have a high Australian security classification.

**Senator SCHACHT**—The reason I raise it is that the widow, Mrs Jenkins, is seeking compensation from the Australian government. I do not know whether it is with the department of foreign affairs or the Department of Defence, but I understand some negotiations have begun at some level, and I understand she will seek compensation. So there is a payment that may be made. It may not be enough; it may be too much. But these are actually estimates issues. How much money would be paid, if any? And why would we have to pay compensation for her claim?

**Senator Hill**—You are sort of answering your own questions. Has there been a claim, and has there been a settlement?

**Mr Mules**—Not involving the Department of Foreign Affairs and Trade.

**Senator SCHACHT**—I will take it up with your colleagues in Defence. Mr Mules, in paragraph 159 of the Blunn report it says:

There are however more liberal views about dealing with information bearing the AUSTEO caveat. Statements made to the inquiry indicate that it is not unknown for foreign officers to be provided with information contained in AUSTEO documents and in some circumstances for caveated documents to be shown to foreign officials. However, even the most liberal view did not extend to condoning handing over possession of AUSTEO material without the appropriate approval. That said, the suspicion remains that there is some traffic in AUSTEO material. It is stated to be a two-way traffic.

**Senator Hill**—If you are putting that as a question, that is the same question that you put a moment ago, and I said that it is inappropriate to answer.

**Mr Mules**—I am very happy to answer a question about the handling of AUSTEO material if that is appropriate.

**Senator Hill**—I have said that it is inappropriate to ask, and I will make that judgment.

**Mr Mules**—Of course.

**Senator SCHACHT**—That is the view of the foreign affairs department—that you are not going to let them answer any questions dealing with the background to why a man committed suicide.

**Senator Hill**—If it relates to the passing of classified information, that is right.

**Senator SCHACHT**—This is absolutely germane to the circumstances of Mr Jenkins's death. There may be a claim from his widow for compensation. Are you saying that the parliament does not have a right to know what the circumstances are, even though compensation may be offered—not by your department but by Defence?

**Senator Hill**—What I am saying is that, without taking considered advice, I am not going to say that it is common practice or otherwise to pass classified information between security

agencies. Your next question would then be, 'Well, in what circumstances is it common practice?'

**Senator SCHACHT**—No, I understand—

**Senator Hill**—So I am not going to go down the burrow. If you are determined to pursue that path, there are more appropriate mechanisms to do it in than in this estimates committee.

**Senator SCHACHT**—Can you advise me where?

**Senator Hill**—I will, outside these estimates.

**Senator SCHACHT**—But that is not transparent process, is it? It is a matter of a wink, a nod and a nudge. And you hope that I can be quietened by being provided with quiet information. What about Mrs Jenkins' rights? How does she get access to the same information?

**Senator Hill**—It is always difficult when there are personal and national interests and they might not in all circumstances accord. I have great sympathy with the individuals concerned in this matter, and I also understand and accept that it is the right of parliamentarians to investigate allegations that some administrative action might have contributed to a death. However, firstly, I do not think this estimates committee is the appropriate place to do that, and secondly, I do not think that any of the issues relating to intelligence matters should be canvassed.

**Senator SCHACHT**—Mr Chairman, other than when I was a minister, I have been on this estimates committee since 1987. I have absolutely respected the confidentiality of the national interest on security matters. Occasionally, for the record, I have asked for issues about ASIS which are in the one-line appropriation, knowing that all governments, quite rightly, will say that they are not going to comment. At the estimates hearing in February, I put a question to the defence department—the question I just put to Mr Mules—without access to the document on the web site, and Mr Brady, the head of DIO, who I think employed Mr Jenkins, did not have any trouble answering this very same question.

**Senator Hill**—You might find the minister tonight has a different view. I am taking a cautious approach, I accept that. That is the approach I am taking.

**CHAIR**—Do you expect me to make a response?

**Senator SCHACHT**—No, I am addressing the questions to the minister.

**CHAIR**—Well, you addressed your remarks to Mr Chairman.

**Senator SCHACHT**—Sorry, Mr Chairman, I was speaking through you to the minister. I was following the practice of the Senate.

**CHAIR**—Well, in these circumstances, the response I would give would be exactly the same as the minister's. As you know—you have been on this estimates committee much longer than I have—you can ask any question you like, Senator Schacht. As to whether the question will be answered or not, that is solely within the preserve of the minister. In this case, he has decided that the question will not be answered. Let us not argue about whether he is going to answer it or not. He has told you what he is going to do.

**Senator SCHACHT**—Mr Chairman, the minister made a comment about confidentiality, security matters and so on, and said that this is not the proper place. I always accepted that until this particular case turned up, because in my 14 years on estimates I do not think I have ever dealt with a matter where an officer of the Australian Public Service has committed suicide a short period after being interviewed by officers of the foreign affairs department and

the defence department. That makes this case uncomfortable and unique, but it cannot be swept aside.

**Senator Hill**—I am not trying to sweep anything aside. I have made the point that I think it is very difficult where individuals are concerned when there may be an interest of national security that clashes with that individual interest. But there are proper processes of investigation. There are other processes which I think are more appropriate for parliamentarians to pursue.

**Senator SCHACHT**—I think in this case we are going to have to agree to disagree. You will tell officers not to answer when I ask questions; I accept that, but I think I have the right to put the questions. Therefore, minister, we will see how we go on a couple of questions. I do not want to belabour this, or take up time unnecessarily. You have made the comment that in another forum you may care to deal with some of these matters; I am happy to have that discussion—without prejudice to my rights here in the estimates—so long as you accept that without prejudice to the issues that I am raising about the rights of Mrs Jenkins and what happened to Mr Jenkins. The lead person who conducted the interview in Washington: was that person appointed specifically to the interview because of their knowledge and skill in doing similar interviews in their previous or their existing career?

**Mr Mules**—In the case of the DFAT officer, the answer is yes.

**Senator SCHACHT**—But you cannot answer for Defence? I will put that to Defence separately. How long had the officer been with DFAT?

**Mr Mules**—Approximately four years, I understand.

**Senator SCHACHT**—Where was the officer before that?

**Mr Mules**—At the Australian Federal Police.

**Senator SCHACHT**—I noticed in the published document of the Blunn report—which I do not think we can have any argument about, minister, because this is what you have released—there is mention that the use, in the interview, of there being a breach of the Crimes Act was unnecessary in the way it was used. Does the department have—

**Senator Hill**—I am sorry, I do not understand your question.

**Senator SCHACHT**—In the Blunn report on the review of the whole Jenkins process, in the first interview the officer from DFAT apparently raised the issue that there was a possible breach of the Crimes Act. There has been some suggestion—and I am not sure that it is elsewhere—that there may be other mentions, of treason and so on. I am not sure that that was raised by the officer, but the Blunn report makes it clear that Mr Blunn was not entirely happy with the way the interview was conducted with Mr Jenkins at the time. Has the department had a chance to review the published document of the Blunn report, and is it going to make available to the parliament its response to the recommendations and the comment contained therein?

**Mr Mules**—You have raised a number of issues there. I might say that the interview was conducted in the manner of all such interviews conducted as part of security investigations in the Department of Foreign Affairs and Trade. It draws its procedures from the *Protective Security Manual* endorsed by cabinet, and, flowing on from that, the Commonwealth fraud investigation standards package, which spells out quite specific and detailed ways in which these investigations and interviews should be conducted. The key features of which is that they must, firstly, preserve the integrity of the information gathered and, secondly, conduct the interviews with regard to the interests of the individual being investigated. One of the key



aspects of that is to ensure, in a completely neutral and unthreatening way, that the individual being interviewed is told under what circumstances and conditions they are being interviewed.

**Senator Hill**—Natural justice, I would have thought.

**Senator SCHACHT**—I agree.

**Mr Mules**—This process has been used in about 140 interviews in the department of foreign affairs in the last two years.

**Senator SCHACHT**—One hundred and thirty-nine people have not committed suicide at the end of their interview, have they?

**Mr Mules**—That is correct.

**Senator SCHACHT**—Which you might take as a success rate. The one you have lost is actually—

**Senator Hill**—That is offensive.

**Senator SCHACHT**—Of course; a death is offensive.

**Senator Hill**—Yes, but it is also—

**Senator SCHACHT**—Paragraph 35 of the—

**Senator Hill**—No, the way you put that is offensive of these officers as well.

**Senator SCHACHT**—If it is offensive, I apologise. Paragraph 35 of the Blunn report that is published says:

There is an issue about the continued references to the Crimes Act provisions in situations where it is almost certainly not going to be applicable.

Is that directed at the interview that took place with Mr Jenkins in Washington?

**Senator Hill**—Is that a fair question to ask?

**Senator SCHACHT**—I am asking it out of the Blunn report that you have published. I want to find out if this is reflecting that comment in paragraph 35.

**Senator Hill**—Does the department have a view on that particular issue?

**Mr Mules**—The department does have a view on that issue. The Blunn report was commissioned by the Inspector-General of Intelligence and Security. The Blunn report has, of course, not been referred to or adopted in any formal way by the government. The Department of Foreign Affairs and Trade has some reservations about some aspects of the Blunn report, including those parts of it which refer to what Mr Blunn calls a disciplinary approach to the investigation. It is our view that the way the investigation and interview were conducted was entirely consistent with those aspects of natural justice that the minister referred to.

**Senator SCHACHT**—The recommendation in paragraph 37 in the published document states:

That all manuals and instructions on investigations be reviewed to ensure that appropriate emphasis is placed on the characterisation of investigations and on the differences between different types of investigation.

You would disagree; the department believes that that recommendation is not necessary?

**Mr Mules**—The department is always interested in any suggestions for improving procedures, and the department is taking an active part in discussions among agencies about

these matters. We are going to be involved in a working group convened by the Attorney-General's Department, which will hopefully produce some ideas for better uniform procedures across the Public Service. That does not necessarily imply, though, that either the administrative processes or the elements of procedural fairness in our existing procedures are inappropriate.

**Senator SCHACHT**—Are you trying to suggest to me that Mr Blunn would not write that recommendation without some reference to the fact that he was investigating the circumstances that led to the death of Mr Jenkins?

**Senator Hill**—He did not say that at all. He said that the recommendation has been made and it will be taken into account in a review of policy that is apparently taking place between agencies, but that, on what the department knows, they do not necessarily accept that the way in which this investigation took place was not consistent with what Mr Blunn would wish to see, according to that recommendation.

**Senator SCHACHT**—To quote Mandy Rice-Davies, 'They would say that, wouldn't they?'

**Senator Hill**—Every investigation is a different exercise.

**Senator SCHACHT**—It is a different kettle of fish, but I will not waste my time going around and around over this. The fact that it is a recommendation, after he investigated the circumstances of Mr Jenkins's investigation and death, indicates to me that you would not put it there unless you had some context—

**Senator Hill**—It should be taken seriously—I agree with that—but the officer said that they are taking—

**Senator SCHACHT**—They dispute it.

**Senator Hill**—When were they—

**Senator SCHACHT**—They do not quite agree with it, then.

**Senator Hill**—They do not quite agree with the assessment of fact that has led to it, but they do not dispute the merit of what is said. They argue that they already do that, but they are now going to see if there are other ways in which they can do it more effectively.

**Senator SCHACHT**—In the Blunn report, Mr Mules, there are a number of findings that seem pretty stark. For example, paragraph 33, states:

The relationships between DIO staff in Washington during that period but particularly after June 1998 were dysfunctional.

You will say that they are Defence people, they are not in the foreign affairs department, therefore it is not a matter for you, I presume. Is that the response?

**Mr Mules**—That is correct, Senator.

**Senator SCHACHT**—Isn't the ambassador in charge of any embassy in charge of all the staff and the good running of the embassy, and that is a foreign affairs person?

**Mr Mules**—The ambassador has a whole of government role, not just a Foreign Affairs role.

**Senator SCHACHT**—Yes. If there was a dysfunctional section—it might be in Immigration; it might be in Defence; it might be in the environment department, if they have a couple of people over there—

**Senator Hill**—We do not have people there.

**Senator SCHACHT**—I know you do not have the luxury yet, do you Minister?

**Senator Hill**—Might be a good idea, though.

**Senator SCHACHT**—It would be a good idea—it would be another couple of appointments you could make to get rid of some enemies in the Liberal Party.

**Senator HOGG**—He doesn't have any!

**Senator SCHACHT**—Any area that shows dysfunctionality in the operation of the staff in any embassy would have to be of concern to an ambassador.

**Senator Hill**—I think that is fair to say.

**Senator SCHACHT**—Although it is DIO, it is an issue that you may care to look at in your review: how better management procedures could be adopted so that this dysfunctionality does not occur again in such a circumstance which, reading the public report of Blunn, does seem to be a bizarre range of goings-on.

**Mr Mules**—I understand that the Department of Defence are pursuing their own activities in response to it, but it is certainly not for me to comment on that.

**Senator SCHACHT**—They will be questions I will put to Defence later on today. Do you agree that the ASIO assessment, in paragraph 27, is that 'ASIO is satisfied is that Mr Jenkins' actions involve no suggestion of espionage'?

**Mr Mules**—Yes.

**Senator SCHACHT**—In paragraph 26, it says:

It is not clear that all the security management aspects of the issues investigated have been adequately addressed.

Does Foreign Affairs agree with that?

**Mr Mules**—I am not sure exactly what he is getting at in that, Senator.

**Senator SCHACHT**—Security management in the—

**Senator Hill**—The answer is that it is somewhat ambiguous. It even seems ambiguous to me.

**Senator SCHACHT**—In the Blunn report, there is mention that certain correspondence between Mr Jenkins and people back in Australia—I think perhaps more in the defence area—has not been able to be found. Is that only correspondence from the defence department or does any of it deal with the Department of Foreign Affairs and Trade?

**Mr Mules**—I understand that there is some material which has not been located that was part of the substance of allegations.

**Senator SCHACHT**—In the foreign affairs department?

**Mr Mules**—Some material that forms part of allegations, part of the material which was alleged to have been handed over, has not surfaced. But I think that probably the missing documents that you are talking about are Defence documents.

**Senator SCHACHT**—But there was some material that may have gone missing or cannot be found that relates to Foreign Affairs administration?

**Mr Mules**—Not relating to Foreign Affairs administration, no. Foreign Affairs documents which were alleged to have been attempted to be handed over illegally were not available for inspection.

**Senator SCHACHT**—Has the department, in conjunction with Defence, investigated what may have happened to that material?

**Mr Mules**—We have asked, yes.

**Senator SCHACHT**—You have asked Defence?

**Mr Mules**—No, we asked the people involved.

**Senator SCHACHT**—What is their answer?

**Mr Mules**—It has been destroyed.

**Senator SCHACHT**—Did they give you a reason why they destroyed it?

**Mr Mules**—No, Senator.

**Senator SCHACHT**—Did you ask them why they destroyed it?

**Mr Mules**—Yes.

**Senator SCHACHT**—What did they say to that?

**Mr Mules**—I do not recall. I do not have any further details about that. May I say that it was one small part of the total amount of material that was being discussed.

**Senator SCHACHT**—But, as I understand it, it was reasonably germane to the defence that Mr Jenkins would put about how he was being treated. I am surprised that you cannot remember the justification for someone destroying material that was involved in what might have been a security breach.

**Mr Mules**—It was before my time in this job—it is not a matter of not remembering; I have not had access to that.

**Senator SCHACHT**—Who was in the job when all this was going on?

**Mr Mules**—My predecessor.

**Senator SCHACHT**—Your predecessor is who?

**Mr Mules**—Mr Crichton.

**Senator SCHACHT**—Where is he, in Albania or somewhere?

**Mr Mules**—No, he has retired.

**Senator SCHACHT**—Early?

**Mr Mules**—I am very happy to have a look into that issue.

**Senator SCHACHT**—I would appreciate it if you would.

**Senator Hill**—I think there was an imputation in that comment.

**Senator SCHACHT**—It was a humorous imputation, Minister.

**Senator Hill**—Well, as long as you say it was humorous.

**Senator SCHACHT**—I said Albania. We do not have an embassy in Albania. That is why I said it humorously.

**Senator Hill**—We have thick skins but there are others who are not in a position to defend themselves.

**Senator SCHACHT**—We do have thick skins but I thought I said it in a way that could only be taken humorously. In the Blunn report that is published, there was mention about the fact that ASIO was not informed at an early stage and should have been brought in to check

whether there were obvious breaches of that act. Is that an area of procedure you have now accepted ought to be changed—that in the future an appropriate body like ASIO would be brought in at the earliest possible opportunity?

**Mr Mules**—The relevant provisions of the *Protective Security Manual* say that serious apparent security breaches should be reported to ASIO. At the time we were discussing a joint investigation with Defence, we said to Defence, ‘We assume you are telling ASIO,’ and we subsequently had confirmed by them that they had done so.

**Senator SCHACHT**—This was in June 1999 at the time of Mr Jenkins’ death.

**Mr Mules**—At the time the investigation was being set up.

**Senator SCHACHT**—What about a year before in 1998 when some allegations were made that Mr Jenkins may be breaching security? Why wasn’t ASIO informed then?

**Mr Mules**—You would have to ask the Department of Defence. At that time the Department of Foreign Affairs and Trade had no indication of those allegations. The first time the Department of Foreign Affairs and Trade was made aware of the 1998 allegations was in May 1999 when the additional allegations were made.

**Senator SCHACHT**—You said before, when I asked a question about the dysfunctionality of DIO staff, which led to some of the problems which Mr Blunn talks about, that that is a matter for Defence. If it is a matter for Defence, why did the foreign affairs department seek to become very rapidly involved in conducting the investigation?

**Mr Mules**—There are two reasons for the very serious concern held by the Department of Foreign Affairs and Trade. Firstly, the allegations concerned a quantity of DFAT cables with the AUSTEO caveat attached to them and, secondly, DFAT has a level of overall responsibility for security at our overseas posts. But I would say the primary concern for DFAT was that there was quite a large amount of DFAT material involved.

**Senator SCHACHT**—Did the decision for the department to take a rapid and active involvement in this matter come from the secretary of the department?

**Mr Mules**—The secretary was involved in that and held that view, as did the then deputy secretary responsible, Mr Cooper.

**Senator SCHACHT**—Who is handling the Blunn report now in the department and this issue of your reviewing the recommendations and providing advice? The advice is confidential, but who is actually handling it? Are you handling it, Mr Mules, or is the secretary of the department in charge of it, or is there a committee or an IDC with Defence handling it?

**Mr Mules**—Within the Department of Foreign Affairs and Trade, it is my responsibility. There are a number of interdepartmental activities which are not directly related to the Blunn report but are all aimed at improving the security of information.

**Senator SCHACHT**—In paragraph 21 of the Blunn report he says:

When the decision was made in the very early stages to pursue the investigation in Washington insufficient regard was had for the possible implication and consequences of DIO involvement in the events of 1998.

Does the department have a view about that comment?

**Mr Mules**—Yes, Senator. As I mentioned, the Department of Foreign Affairs and Trade was first made aware of the 1998 allegations in May of 1999 when the joint investigation was agreed upon. The investigators’ first task was to be in touch with DIO and find out what Mr

Jenkins had been told about what he might or might not have authority to hand over. At that time, the DIO security officer told the investigators that Mr Jenkins had been warned in writing in 1998 to cease passing AUSTEO material to US nationals, and that was the clear and unambiguous advice that the investigating team had when they left for Washington. During the interview, Mr Jenkins confirmed that he had received such an instruction in 1998.

**Senator SCHACHT**—But in the evidence, even in the Blunn report, there seems to be also, at the same time, a different level of advice that he believed, in some usual practice, meant something different from what was in the published document of the Director-General, which is in dispute with the Director-General I know, but he clearly believes he was given some different encouragement.

**Mr Mules**—There is some question over what Mr Jenkins may or may not have believed at the time that the 1998 alleged mishandling occurred. However, by the time the allegations about activities in 1999 were made there is no doubt that Mr Jenkins had been unambiguously instructed not to hand AUSTEO documents to foreign nationals.

**Senator SCHACHT**—Has the American defense department or the secretary of the department of state made any formal comment to Australia about the circumstances of Mr Jenkins' investigation, his death and the subsequent report of the Blunn inquiry that this is embarrassing to our powerful and friendly allies, the United States of America?

**Mr Mules**—No.

**Senator SCHACHT**—There is nothing written? Has there been any informal verbal communication?

**Mr Mules**—No, to my knowledge, none.

**Senator SCHACHT**—So it has not affected, fortunately, our relations with the American defense department, security establishment or state department?

**Mr Davis**—I run the risk of stepping outside my area of responsibility in saying no.

**Senator Hill**—No.

**Senator SCHACHT**—I have to say I would have been staggered and surprised if you had actually had any evidence that they were very upset and that there had been a breach of security that compromised their interests as well as ours.

**Senator Hill**—That is not a question.

**Senator SCHACHT**—I am just saying I would have been surprised, the Americans being mature about these matters. When do you expect to complete the work of reviewing the issues in the Blunn report?

**Mr Mules**—I am sorry, Senator, there may be some misunderstanding. The Department of Foreign Affairs and Trade is not actively reviewing the specific recommendations of the Blunn report. The Blunn report is not a report which has a formal official standing outside of, I assume, the Department of Defence which commissioned it. We are taking part in a number of activities which are, as I said, designed to improve the way security is handled and one of those areas is investigations. One thing we have taken a very active role in is the review of the caveat AUSTEO, and I can say that the existing rules about AUSTEO, which are that it should not be given to any foreign national, have been reaffirmed and reconfirmed by the National Security Committee of Cabinet.

**Senator SCHACHT**—There is a suggestion in the Blunn report that the AUSTEO classification has been overused. That is one of the problems—it appears to be almost like

something out of a John Le Carre novel—because to give more weight or worth to what you are writing, you put the highest classification on it to try and show that it has got more weight. Therefore, if you have got access, you put an AUSTEO stamp on it—and I know there are other classifications higher than that—and you use it in that way to make it look more important.

**Senator Hill**—I don't think you can really ask that. It is not a security issue. How can you ask this officer whether that technique, as you describe it, might be utilised by people across the Public Service?

**Senator SCHACHT**—I am not asking about the technique. The Blunn report talked about the issue of overuse, although necessary use, of AUSTEO as a classification. I give that as an example that flowed out of the Blunn report about maybe one of the ways it is overused. I do not know whether or not that is correct. I am asking the officer: you talked about the AUSTEO use; is there going to be a review to make sure that it is not used in a capricious way that is not necessary in our national interest?

**Senator Hill**—The question as to whether the use of the AUSTEO classification is going to be reviewed is a fair question. Is it being reviewed or not? It either is or it is not.

**Mr Mules**—No. What it means has already been reviewed.

**Dr Thomas**—DFAT has reaffirmed its interpretation of AUSTEO. We are very clear about it.

**Senator SCHACHT**—I know what it means. What are you doing—

**Dr Thomas**—We do not accept that it is overused within DFAT.

**Senator SCHACHT**—You do not accept that it is overused?

**Dr Thomas**—On DFAT documents, no, it is not.

**Senator SCHACHT**—On DFAT documents it is not overused?

**Dr Thomas**—I cannot speak for other departments.

**Senator Hill**—This is not a debating club.

**Senator SCHACHT**—I am asking questions about it. If it is not overused in Foreign Affairs—I accept that—are you concerned that it may be overused in other departments? The foreign affairs department is in charge of international diplomacy on behalf of Australia; do you think Environment overuses AUSTEO stamps on the minister's kangaroo protection memo or something?

**Dr Thomas**—I have no idea, Senator. I do not see those documents. I would be very surprised.

**Senator SCHACHT**—As a result of this matter in the Blunn report, apart from AUSTEO, has there been any other review by the department of the use of other classifications?

**Mr Mules**—No, Senator.

**Senator SCHACHT**—I hope that, if I ask this question, the answer you give will not compromise our national security in any way. Do you have any idea each year how many documents produced in the foreign affairs department end up with 'AUSTEO' stamped on them? I want to get some idea. Is it 1,000, 500 or 10? Take it on notice.

**Senator Hill**—I think we should reflect on that question. It might be okay but it might also have some significance.

**CHAIR**—Senator Schacht, you have now been on this matter for an hour.

**Senator SCHACHT**—No, 45 minutes actually. I timed myself. We started at 3.45 p.m.

**CHAIR**—Senator Hogg has a number of questions and I do not know whether Senator—

**Senator SCHACHT**—Mr Chairman, I will finish. I was getting close to the finish. Thank you for reminding me about the time. I have one final question. Has the department in any way expressed sorrow, sympathy or an apology to Mrs Jenkins and the family?

**Mr Mules**—The minister, as you may know, was in Washington at about the same time and publicly expressed his sympathy and that of the department. The department has subsequently repeated that sympathy. I understand that the secretary to the department was in Washington not very long after the event and personally did the same to Mrs Jenkins.

**Senator SCHACHT**—The department, in all its public comments, in no way accepts a direct correlation between Mr Jenkins's death and the activities of the investigation that took place.

**Mr Mules**—That is correct, Senator.

**CHAIR**—Senator Hogg, have you got any questions on 1.2?

**Senator HOGG**—Yes, I have one question. I refer to the new secure network system. With respect to ADCNET, is that still operating?

**Dr Thomas**—Yes it is, overseas. SATIN, as the new system is called, is already rolled out in Australia and it interlinks with ADCNET its predecessor. The intention is to roll out SATIN overseas and replace ADCNET over the next 12 to 18 months.

**Senator HOGG**—Right. So ADCNET will be replaced by SATIN in the next 12 to 18 months. SATIN is currently rolled out in Australia. Can you tell me the funding arrangements for that?

**Dr Thomas**—In the budget this year, \$35.9 million has been provided to DFAT over the next 3 years to help replace that ADCNET system. In addition the department itself, from its own internal rejigging of funds, will put in \$24 million towards the cost of that roll out.

**Senator HOGG**—So that is \$35 million—

**Dr Thomas**—Plus \$24 million.

**Senator HOGG**—That is greater than what I thought—that is \$59 million. I think the PBS says \$54 million. I am not going to split hairs.

**Dr Thomas**—It is probably the difference between some cash figures and some accrual figures.

**Senator HOGG**—So there is a substantial contribution from the department.

**Dr Thomas**—Very much so.

**Senator HOGG**—Is that impacting on the budget of any other areas of operation of the department?

**Dr Thomas**—SATIN has always been high priority for us in terms of replacing our old system and we have been making some provision for that for some time. It has always been intended that we would contribute a certain amount to the new system but the equity injection we have had or the extra funds from the budget were very necessary on top of that.

**Senator HOGG**—I noticed in the PBS that your extra government funding is over four years. Is there any reason for that?



**Ms Hazell**—The contribution from the government is for the capital purchase of the equipment and obviously that is required earlier rather than later in the process of the roll out.

**Senator HOGG**—You say that in 18 months that will be operational overseas?

**Dr Thomas**—In most posts. Yes.

**Senator HOGG**—Right. And it runs, I presume, compatibly with ADCNET until is overtaken.

**Dr Thomas**—Yes. It is fully compatible.

**Senator HOGG**—That is all I had on that issue. Thank you.

**Senator SCHACHT**—You may refer this, Minister, as something that should go to Defence rather than Foreign Affairs, but does Foreign Affairs have any involvement with the operation of the Echelon network? Or is that a DIO matter?

**Dr Thomas**—I am not in a position to answer anything on that?

**Senator Hill**—We cannot answer that question.

**Senator SCHACHT**—Because it is the wrong department or just generally like it is ASIS?

**Senator Hill**—Generally.

**Senator SCHACHT**—I just put it on the record, Minister, that there have been press reports appearing around the world that Echelon ought to be revised because of claims that millions of ordinary e-mails and faxes across Europe are being spied on every day. I appreciate that you are not going to make any comment but I have raised it.

**Senator Hill**—You have put it on the record.

**Senator SCHACHT**—I have put it on the record. I do not expect a response, but I would expect that you would, at least internally, check whether the system is not breaking any of our own laws about the rights of privacy and about the rights of the citizens of this country being spied upon without judicial warrant and without the appropriate arrangements that the law of this country makes.

**Senator Hill**—We have noted your comments.

**CHAIR**—Thank you. Senator Hogg, are you happy to move on to output 1.3, services to other agencies in Australia and overseas.

**Senator HOGG**—The next issue I have is in 2.1 and 2.2.

**CHAIR**—Good. We move to ‘Consular and passport services’.

[4.34 p.m.]

**Senator HOGG**—What steps has the department taken to ensure that Australians understand the consular services that are available to them?

**Mr Kemish**—We have a very active public outreach program. It comprises a range of elements. A core element is the *Hints for Australian Travellers* booklet which, as you might know, is released with every passport issued in Australia. That is one way in which we try to emphasise the importance of Australian travellers taking certain precautions to minimise risks and difficulties when they are overseas. We also have a range of travel advisories which are updated every three months. We are constantly working to improve the quality, accuracy and frequency of those travel advices. We also have a range of publications focusing on certain target groups, including seniors and adventure travellers. In essence, the web site of the

department is the main vehicle whereby Australians can obtain updates and information on issues of concern.

**Senator HOGG**—I am familiar with all of those. Can you give me some idea of the number of hits on the web site? I think that is an important aspect of your advice to people.

**Mr Kemish**—The number of hits on the web site has actually increased very significantly in the last several years. It has increased from about 550,000 in 1997-98 to a projected 1.3 million in this financial year. That is an annual figure.

**Senator HOGG**—Has that put any additional strain on your resources to ensure that, if your web site is being used more, there is more regular updating of the information there?

**Mr Kemish**—We are certainly putting more effort into ensuring that that information is up to date and high quality. It is not something which is causing strain within the organisation.

**Senator HOGG**—I commend you for that; that was part of an inquiry that took place a number of years ago when we looked into these issues. The department is to be commended; one likes to see the recommendations of a references committee taken up. I think that was one of the recommendations that was embraced. We are pleased to see those things happen. How do you test the effectiveness of *Hints for Australian Travellers*, the travel advisories, the publications and the web site? It is one thing to have the mass of information there; how do you test the effectiveness? What audit processes do you have in place and how often are those 'audits', if that is what they are, taking place?

**Mr Kemish**—Thanks for the question, Senator. It is actually an area in which we are very interested in strengthening our mechanisms right now. I can tell you about what we are doing in this area. We have recently instituted much more regular contact arrangements with major airlines, travel and tour operators, business and insurance representatives and the media to ensure that in our regular contact with those sorts of organisations those particular clients are given the opportunity to provide us with feedback on the effectiveness of these things. We have also done a range of other things. We are in the process of ensuring that the public are encouraged, through the placement of an appropriate hotlink on our web site, to provide feedback on our travel advice. Our newsletters and brochures from now on will include special items encouraging feedback.

**Senator WEST**—Can I say that it is a little bit hard to find. I am actually at your web site now trying to find your travel advice. I used to find it easier, before the recent upgrade.

**Mr Kemish**—How is that, Senator?

**Senator WEST**—I used to be able to immediately find travellers bulletins without having it marked. I am now having to mark it in one of my favourites.

**Mr Kemish**—They are more prominent in the web pages than they were. I wonder whether it is your—

**Senator WEST**—Going through the departmental site, I am finding it difficult to find. This is from someone who is not particularly computer literate. I am not one of those 17-year-olds who can surf through.

**Senator HOGG**—You are getting feedback first hand from a user. Instantaneous.

**Mr Kemish**—Thank you for that, Senator.

**Senator HOGG**—Do you do a satisfaction/dissatisfaction type of survey to measure the effect of the campaign?

**Mr Kemish**—Yes.

**Senator HOGG**—How often is that done?

**Mr Kemish**—We have focused in on this in the last year and have decided that we do not do it regularly enough. That is why we are putting some emphasis on it now. We have recently, in collaboration with our colleagues in the passport branch of the department, included a range of questions in a broadly based questionnaire about our consular services, in particular about the *Hints* publication. This is all within a broader survey focusing on the provision of passports and consular services. That first major step is focused on the *Hints* publication, but we are looking to do more of that kind of thing.

**Senator HOGG**—When will it be commenced, and when will it be concluded?

**Mr Kemish**—That particular passport survey has been concluded. I can speak about the kinds of responses we have had to the *Hints* publication; my colleagues may be able to speak about the broader survey.

**Senator HOGG**—Yes, we would like a broad outline. Is there a report and, if so, is there a copy of it available?

**Mr Tucker**—We have just completed a consultancy arrangement for a client survey. The results of that indicated that 88 per cent of the clients surveyed were generally happy or very happy with the services provided. Only two per cent were dissatisfied. There is a report, and I would be happy to provide you with a copy.

**Senator HOGG**—I would be interested.

**Mr Kemish**—That report will also give you information about the consular aspects of that survey, if that is satisfactory to you.

**Senator HOGG**—Was the satisfaction rate similar?

**Mr Kemish**—Very much so. The focus in that case was on the *Hints* booklet. About 85 per cent of respondents knew about the *Hints* booklet, 66 per cent said they had read it, 68 per cent of those who had not read it said that they would do so, 78 per cent intended to carry *Hints* with them during their overseas travel and 89.6 per cent thought it was a useful publication.

**Senator HOGG**—From the survey, it looks as though this was done prior to people departing Australia. Do you have any feedback from people who have travelled overseas and assessed the benefit of the *Hints* booklet or other advisories that you hand out?

**Mr Kemish**—No, we do not at this stage.

**Senator HOGG**—Are you going down the path of getting some feedback? It is one thing to have the up-front knowledge; it is another thing to ensure that it is getting through to people and that people are using it to assist themselves.

**Mr Kemish**—Can I just say, quite genuinely, that it is a very good time to receive these suggestions because we are focusing right now on how we should approach it henceforth. So thank you for that suggestion.

**Senator HOGG**—Thank you. Going on to passports, how many passports were issued in 1999-2000 and 2000-01. Are you able to give me those figures?

**Mr Tucker**—Last year, 1999-2000, it was about 1.1 million, and this year we are projecting about 1.15 million, or slightly under that.

**Senator HOGG**—So it is roughly the same?

**Mr Tucker**—Yes.

**Senator HOGG**—Does DFAT maintain statistics which indicate the age of persons to whom passports are issued?

**Mr Tucker**—It is not something we gather normally. We could probably drag it off our PICS—Passport Information Control System—but it is not something we normally drag off.

**Senator HOGG**—I would think that it might be a useful tool, as we have got an ageing population, to see the brackets where people are making passport applications that might be for the first time. What brings this to mind is that, when we were in Defence estimates yesterday, we heard of a number of veterans who are now returning to places such as Crete. Many of them are going back there for the first time ever, and it is probably the only trip that they will ever make. If you could give me an age profile it might be—

**Senator Hill**—We can see if it is readily available. You do not want to go out and engage a consultant and spend a lot of money.

**Mr Tucker**—It can be done relatively easily.

**Senator HOGG**—That is the sort of issue that I was getting to, Minister.

**Senator Hill**—I do not know that the statistics are going to help you in that regard.

**Senator HOGG**—It might be something of interest. Also, are you able to tell us the estimated revenue collected from passports in 2000-01?

**Mr Tucker**—We were projecting \$131 million and it is going to be slightly lower than that. We think it will be about \$125 million, projected.

**Senator HOGG**—That is to 30 June?

**Mr Tucker**—To the end of this month, yes.

**Senator HOGG**—Those are all the questions I have there. Thank you.

[4.47 p.m.]

**CHAIR**—We move to output 3.1, Public information services and public diplomacy.

**Senator HOGG**—I have a simple question here. What is the projected cost of the department's documentary volume commemorating the 50th anniversary of the ANZUS treaty?

**Mr De Cure**—It is about \$40,000, according to my records.

**Senator HOGG**—That is the all-up production costs? What does that \$40,000 represent?

**Mr De Cure**—Perhaps I need to take that on notice, but my understanding is that it would involve the research costs as well as publication costs.

**Senator HOGG**—Just refresh my memory: how long is the publication?

**Mr De Cure**—The publication is currently being prepared. Are you asking how many pages it will be?

**Senator HOGG**—Yes, anticipated?

**Mr De Cure**—I do not know at this stage.

**Senator HOGG**—Is it going to be reproduced? Will there be multiple copies?

**Mr De Cure**—Yes.

**Senator HOGG**—What will be the cost of that?

**Mr De Cure**—I do not know the answer to that at this stage.

**Senator HOGG**—Is there a projected cost in that area?

**Mr De Cure**—I will need to take that on notice. I do not have the information here.

**Senator HOGG**—Yes, take that on notice. It would be interesting.

**Mr De Cure**—It is still in the research stage.

**Senator HOGG**—I accept that it is at the research stage and I accept that the figure there is of the order of \$40,000, but, if there is a projected cost for the publication of it as well, then that would be of interest. That ends that, Chair.

[4.49 p.m.]

**CHAIR**—We now move to enabling services

**Senator HOGG**—I understand that enabling services will be dealt with by Senator Cook, because I believe it reaches into all the programs, in terms of staffing and so on.

**CHAIR**—Well, if that is the case, unless you have some questions on the Australian Secret Intelligence Service—

**Senator HOGG**—Yes, I do. I always raise a question on this, because it is always very interesting indeed. Minister, I think this is a question for you. Has the government prepared legislation to place ASIS on a statutory basis and subject it to scrutiny by a parliamentary committee? Has that taken place at all or is it in the process of taking place?

**Senator Hill**—I do not know where it is up to, so I will take it on notice and get you a report. Legislation was being prepared.

**Dr Thomas**—Yes, I think it is the intention to introduce legislation about that.

**Senator Hill**—Let me get you an up-to-date report. I will take it on notice and get you an up-to-date report on the project.

**Senator HOGG**—All right. Just going from the sign language there from Mr Thomas, I can understand that legislation is being prepared and you will give me the update.

**Dr Thomas**—Yes.

**Senator HOGG**—Do we know when the government is likely to introduce legislation? Is there any timeframe?

**Senator Hill**—I do not think it is being worked to a specific timeframe, but I will include that in the answer. I have no further questions on ASIS.

**Proceedings suspended from 4.53 p.m. to 6.32 p.m.**

**DEFENCE PORTFOLIO**

Consideration resumed from 5 June 2001

**In Attendance**

Senator Minchin, Minister for Industry, Science and Resources

Senator Kemp, Assistant Treasurer

**Department of Defence****Portfolio overview and major corporate issues****Portfolio overview**

Dr Allan Hawke, Secretary of the Department of Defence  
Admiral Chris Barrie, AC, Chief of the Defence Force  
Lieutenant General Des Mueller, AO, Vice Chief of the Defence Force  
Mr Greg Harper, Chief Finance Officer

**Budget summary and financial statements**

Mr Greg Harper, Chief Finance Officer  
Mr Ken Moore, First Assistant Secretary Business Strategy  
Mr Rick Martin, Assistant Secretary Strategic Business Management

**Improvement initiatives (customer-supplier arrangements, efficiencies, Commercial Support Program, management information systems)**

Mr Greg Harper, Chief Finance Officer  
Mr Ken Moore, First Assistant Secretary Business Strategy  
Mr Rick Martin, Assistant Secretary Strategic Business Management  
Commodore Syd Lemon, Director General Organisational Effectiveness

**Capability development**

Lieutenant General Des Mueller, AO, Vice Chief of the Defence Force  
Air Vice Marshal Peter Nicholson, AO, Chief Knowledge Officer  
Commodore Russell Crane, Director General Intelligence, Surveillance, Reconnaissance and Electronic Warfare  
Brigadier David Hurley, Acting Head Capability Systems  
Colonel Doug Stedman, Head Reserve Policy

**Capital budget: major capital equipment and major capital facilities projects—*questions to Defence Materiel, including acquisition reform, and Defence Estate***

Mr Mick Roche, Under Secretary Defence Materiel  
Major General Peter Haddad, AM, Commander Joint Logistics  
Rear Admiral Kevin Scarce, CSC, RAN, Head Maritime Systems  
Dr Ian Williams, Head Land Systems  
Air Vice Marshal Ray Conroy, AM, Head Aerospace Systems  
Mr Mark Gairey, Head Industry Division  
Ms Shireane McKinnie, Head Electronic Systems  
Major General Peter Dunn, AO, Head Change Management Materiel  
Air Vice Marshal Norman Gray, AM, Head Airborne Early Warning and Control  
Ms Ann Thorpe, Executive Director Finance-Materiel  
Mr Jeff Whalan, Deputy Secretary Corporate Services  
Mr Ross Bain, Acting Head Infrastructure  
Brigadier Garry Kelly, Director General Project Delivery

**Responses to questions on notice from 2000–01 additional estimates hearing.****Defence outputs****Output 1: Defence operations**

Air Vice Marshal Robert Treloar, AO, Commander Australian Theatre  
Mr Kevin Pippard, Director Business Management Headquarters Australian Theatre

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**Output 2: Navy capabilities**

Vice Admiral David Shackleton, AO, RAN, Chief of Navy  
Rear Admiral Brian Adams, AM, RAN, Deputy Chief of Navy  
Mr Les Wallace, Director General, Navy Business Management  
Rear Admiral Kevin Scarce, CSC, RAN, Head Maritime Systems, Defence Materiel Organisation  
Commodore Paul Greenfield, RAN, Director General Submarines

**Output 3: Army capabilities**

Lieutenant General Peter Cosgrove AC, MC, Chief of Army  
Mr Lance Williamson, Director General Corporate Management Planning Army  
Dr Ian Williams, Head Land Systems

**Output 4: Air Force capabilities**

Air Marshal Errol McCormack, AO, Chief of Air Force  
Air Vice Marshal Ray Conroy, AM, Head Aerospace Systems  
Mr George Veitch, Assistant Secretary Resources Planning Air Force

**Output 5: Strategic policy**

Dr Richard Brabin-Smith, AO, Deputy Secretary Strategy  
Mr Shane Carmody, First Assistant Secretary Strategic and International Policy  
Commodore Warwick Gately, AM, RAN, Director General Joint Operations and Plans

**Output 6: Intelligence**

Mr Martin Brady, AO, Chair Defence Intelligence Board  
Mr Frank Lewincamp, Director Defence Intelligence Organisation

**Business processes****Defence Science**

Dr Ian Chessell, Chief Defence Scientist  
Dr Roger Lough, First Assistant Secretary Science Policy  
Ms Christina Bee, Assistant Secretary Science Corporate Management

**Inspector General (including evaluations)**

Mr Claude Neumann, Inspector General Department of Defence  
Mr Jason Brown, Assistant Secretary Security  
Ms Margot McCarthy, Assistant Secretary Security

**Public Affairs**

Ms Jenny McKenry, Head, Public Affairs and Corporate Communication  
Mr Murray Domney, Director General, Communication and Public Affairs  
Brigadier Gary Bornholt, Military Adviser Public Affairs and Corporate Communication

**Corporate Services**

Mr Jeff Whalan, Deputy Secretary Corporate Services  
Mr Patrick Hannan, Head Information Systems Division  
Mr Peter Sharp, Head Service Delivery  
Mr Ross Bain, Acting Head Infrastructure  
Brigadier Garry Kelly, Director General Project Delivery

**People****Defence Personnel**

Major General Simon Willis, CSC, Head, Defence Personnel Executive  
Brigadier Robert (Bob) Brown, CSC, Director General Personnel Plans

Air Commodore Roxley McLennan, Director General Career Management Policy  
Mr Felix Bleaser, Acting Director General Resource Management-Personnel Executive  
Mr Brendan Sargeant, Director General Personnel Policy and Employment Conditions  
Brigadier Wayne Ramsey, AM, CSC, Director General Defence Health Service  
Ms Bronwen Grey, Director Defence Equity Organisation  
Colonel Mark Bornholt, AM, Director Defence Force Recruiting Organisation  
Commodore Michael Smith, Director General, Defence Legal Office

**Department of Defence**

**CHAIR**—We now continue consideration of particulars of proposed expenditure for the Department of Defence. I welcome the minister, Senator Minchin, and officers of the Department of Defence. The committee will now put to the department questions relating to particulars of proposed expenditure, continuing with output 4, then public services and then output 6. Minister, would you like to make an opening statement?

**Senator Minchin**—No.

**Air Marshal McCormack**—Air Vice Marshal Conroy has some corrections for some evidence he gave on special purpose aircraft last night. If you do not mind, he can just read that in.

**CHAIR**—Certainly.

**Air Vice Marshal Conroy**—My correction relates to a statement that I made about the inclusion of the option for a discount on the VIP aircraft in the AEW&C tender itself. In fact, the issue of the AEW&C tender predated the government decision to proceed with the SPA project, and so the request for an option for a discount was actually added via a letter, rather than being included in the RFT. The RFT was issued for AEW&C on 27 September 1998. Government decided to proceed with the SPA project in the November/December time frame. On 22 December, which is approximately a month before the RFT closed, a letter was sent to Raytheon and Boeing. It read:

1. You will probably be aware that the Australian Government has recently announced approval for the lease of new special purpose aircraft for VIP use. The approval includes two aircraft of the Boeing 737 BBJ/Airbus A319 CJ class.
2. In preparing your tender for AEW&C you may wish to propose a pricing option applicable if the Boeing/Airbus aircraft is selected under the SPA project.

In the event, the Raytheon Consortium chose not to provide that option and the Boeing Consortium did. Senator Faulkner and I discussed that in some detail last night.

**CHAIR**—Thank you, Air Vice Marshal Conroy.

**Senator HOGG**—My first question relates to page 44 of the PBS. Air Marshal, you mentioned the air-to-air refuelling capacity of Air Force in your speech last night. As I understood it, you said that within two years, the Boeing 707s, which currently provide the capacity to do the air-to-air refuelling, will be withdrawn from service. I do not want to get into the DMO argument about what might happen, when, but if you lose that capacity within two years, what will take up the slack prior to the delivery of the next platform which will take the place of the 707s?

**Air Marshal McCormack**—The Defence Capability Investment Committee has looked at options to fulfil that requirement and those options are being canvassed now. We are looking at leasing a couple of aircraft for the interim period. That is one of the options. Other options include using USAF-type aircraft. That is still open, but they are confident that they will have



an interim capability between the end of next year, or a little later, and when the new tanker comes into service.

**Senator HOGG**—Let me get this firmly in my mind. When do they go out of service? Is it at the end of next year?

**Air Marshal McCormack**—For planning purposes, it will be the end of next year. They could be stretched a little bit further if we need to do that. However, the plan is that they would go out of service at the next major servicing. In other words, we will milk every hour out of them we can now, but if they have to go in for a major service, which costs about \$7 million, we would then ground them.

**Senator HOGG**—You would retire them early?

**Air Marshal McCormack**—Yes.

**Senator HOGG**—You would retire them from service early and that would then cause you to look around to find an alternative platform to provide the service.

**Air Marshal McCormack**—No, we are doing that now. We are looking at that now because it will take about a year to get a lease in place. The Air Force plans to put the money we are spending on 707s towards the lease. No additional funding would be required. We would keep a capability within the budget that we have for the 707s now. We would divert the funding from the maintenance and operation of the 707s on to an interim arrangement until the new tanker came in.

**Senator HOGG**—Obviously, if you could retire the aircraft earlier, and you were able to secure good leases, you would do that.

**Air Marshal McCormack**—That is affirmative.

**Senator HOGG**—What is the likely time frame before the replacement platform comes along? I am not talking about the interim arrangement. Can you give us a broad-brush time frame?

**Air Marshal McCormack**—At the moment, the program is for decisions in 2004-05.

**Air Vice Marshal Conroy**—And for project approval next year, in next year's budget, and an in-service date of near the end of 2006.

**Air Marshal McCormack**—The crux there, of course, is what is available. We will have to go through that process.

**Senator HOGG**—I understand that and that is why I did not necessarily want to go down the DMO path. We just wanted to get an idea of where you were headed in that area.

**Air Marshal McCormack**—You realise that the 707 is a training and minimum operational capability; it has never been a full operational capability. We aim to keep that level of capability through until the new tanker comes in.

**Senator HOGG**—Thanks for that. Could we have an update on the F111 inquiry?

**Air Marshal McCormack**—Yes. We have the interim report from the court of inquiry. We are hoping that the full report comes out later this month—I think that is the timing of it—but that will depend on the judge, and we will go from there.

**Senator HOGG**—When you say that the whole report is to be available later this month, is that available publicly or—

**Air Marshal McCormack**—Yes, it will be a public document.

**Senator HOGG**—It will be a public document.

**Air Marshal McCormack**—I must correct that. I am not sure whether the full report will be public; that will be up to the minister, I believe.

**Senator HOGG**—No, I am sorry; it was not a trick. I understand what you are saying. The full report might be quite voluminous. Yes, I accept that. How many F111s are currently available for operation?

**Air Marshal McCormack**—I do not have that at my fingertips. It is about 12 to 20. I am not sure of the exact number.

**Senator HOGG**—Will you take that on notice for us?

**Air Marshal McCormack**—Yes, we can do that.

**Senator HOGG**—What is the number of F111 pilots and navigators that you currently have?

**Air Marshal McCormack**—No, I do not have the exact figures, but once again—

**Senator HOGG**—I am going to ask similar questions for the FA18s, the C130Es, the EHNJs and the Caribous.

**Air Marshal McCormack**—Of the C130E there is none left. The J model is still in the work-up phase, and we do not have all the crews checked out yet—they are still going through their initial conversion phase—but we can give you those figures.

**Senator HOGG**—If you could give us a to-date figure for those and for the Caribous as well, that would be very helpful.

**Senator WEST**—How many Super King Airs do you have?

**Air Marshal McCormack**—We have no Super King Airs.

**Senator WEST**—Does the Army have the Super King Airs?

**Air Marshal McCormack**—No, we have Beech 200 King Airs. We have four of those in east Sale, and we are just negotiating a Beech 350 in Darwin for the support of Tindal and Delamere. There is one under test at ARDU as well—for test purposes.

**Senator WEST**—There is no shortage of pilots for them?

**Air Marshal McCormack**—No. One of the problems with the Beech 200 for the nav training course is that they have to be very experienced captains, because it is a single-pilot operation which is training navigators, so we have to feed them through other areas before they can become a captain on the Beech 200 at Sale—32 Squadron.

**Senator WEST**—Even after they get used to flying all the smart, fast stuff?

**Air Marshal McCormack**—It is a matter of having them experienced enough to be able to do single-pilot and also do the navigation training.

**Senator HOGG**—What is the current situation in respect of air traffic controllers?

**Air Marshal McCormack**—We have a problem with recruiting from overseas and Air Services Australia.

**Senator HOGG**—You mean us recruiting from overseas or—

**Air Marshal McCormack**—In recruiting our people.

**Senator HOGG**—In recruiting our people?

**Air Marshal McCormack**—Yes.

**Senator HOGG**—That is what I was afraid of.

**Air Marshal McCormack**—The minister has just signed off on a bonus—it is an allowance for them, actually—of \$15,000 a year, which they are paid fortnightly in their pay. That has caused a couple of resignations to be withdrawn.

**Senator HOGG**—Has it stemmed the tide, though? I understood that there was some big money being offered. I heard of one being offered a substantial amount of money in Germany.

**Air Marshal McCormack**—Yes. Europe, North America and New Zealand are all short of air traffickers and they are poaching them from all over the place.

**Senator HOGG**—Everyone is poaching everyone else?

**Air Marshal McCormack**—Yes.

**Senator WEST**—Is there a ROSO on that?

**Air Marshal McCormack**—No. Most of the air traffickers, by the time they get their experience, are well and truly out of ROSO.

**Senator WEST**—With the additional payment, bonus, or whatever you want to call it, is there a ROSO attached to that?

**Air Marshal McCormack**—No, it is an allowance that they are paid fortnightly. It is not a completion bonus or any other sort of bonus. That was the thing: we needed to give them money in the hand to offset the problem. We are looking at other ways to keep them in. Of course, there is the pay review—the Nunn review—that will come out in about August. We are hoping that that will help to alleviate the problem. This is an interim measure; it is an 18-month pay scheme to keep them in until then. As I said, a couple have withdrawn their resignations, and we have had one come back under the scheme through which they are recruiting ex-military people.

**Senator HOGG**—Where do you run air traffic controllers? I know that you do so in Darwin. Do you run them in Canberra?

**Air Marshal McCormack**—We run them at all military bases in Australia—that is, all ADF bases—including Army and Navy, of course.

**Senator HOGG**—Are you able to give us an analysis of those ADF bases, their current strength, their required strength, and therefore the deficiencies that exist? I think I have seen a number of analyses of where there are shortfalls in total numbers, but not in single numbers. I raised Darwin because—and I was up there a couple of months ago—there is a lot of traffic that passes in and out of Darwin, of which you, no doubt, are aware.

**Air Marshal McCormack**—We had a particular problem with Darwin, and the numbers were down. In fact, we are 72 short on an establishment of 337.

**Senator HOGG**—How critical is the shortage in terms of your operational capacity?

**Air Marshal McCormack**—It was critical at Darwin for quite a while, and we were on contingency manning. In other words, we would not allow anyone to go on leave, and we had to take steps to make sure that they were not working additional duties. Since we have had ADATS on line—the new air traffic system—the training is being shortened considerably, because there is now a simulator that they can use. The time taken to bring them up to speed is much shorter; it has gone from about seven weeks down to about two or three weeks. That is allowing us to get people in. The problem before was that I could not rush a lot of people up to Darwin because they would actually use the training time of the people who were there. Sending a lot of other air traffic controllers to Darwin did not help, because that ate up the

manpower that I had there, and those people were very busy working in controlling. But now, with ADATS on line, we can actually train them with simulation as opposed to having them train with a supervisor. That has alleviated the problem, and we have gone back to the situation where air traffic controllers can now go on leave, have time off and things like that.

**Senator HOGG**—Did that situation exist at any other airport?

**Air Marshal McCormack**—No. On the military bases we have actually reduced the hours that are available. In other words, it is a programming issue, so we make sure that the program is such that we can fit it in with air traffic controllers.

**Senator HOGG**—You said that you are short 72 out of 337.

**Air Marshal McCormack**—Yes.

**Senator HOGG**—That would still appear to me to be a substantial shortage.

**Air Marshal McCormack**—It is a significant shortfall.

**Senator HOGG**—Are you able to provide the figures now, or take the question on notice, for each of the various bases?

**Air Marshal McCormack**—I could not give them to you now, but we can take the question on notice.

**Senator HOGG**—Take it on notice, and let us know the shortfall at each particular site.

**Air Marshal McCormack**—I had grave concern last year because our recruiting numbers were down. In fact, we used to have half of the course male and half female, and sometimes even a higher percentage of female, but last year the numbers of females were very low. There were only one or two females on the course. But in the latest course we have over 50 per cent female, and the numbers are coming up again. For some reason—I do not know why—last year we had a real problem recruiting air traffic controllers, and this year they are starting to come through the doors again.

**Senator HOGG**—That raises an issue we will pursue at another inquiry—that you know is coming up—on recruitment and retention. But can you give us a thumbnail sketch of how recruitment and retention are proceeding this year, given that you have just pulled back some of the people who were leaving to go to more lucrative offers overseas.

**Air Marshal McCormack**—Most of our training organisations are full and we are meeting most of our requirements. We have made a lot of changes in pilot recruiting, for example. The central pilot agency now is working well and in fact Navy and Army are going to come on board with that because they can see that it is the way to do business. What it used to be before was that each recruiting agency would have a quota and they would try to meet their quota. But what I have done is pull them all in together so each region does not do its own recruiting; all they do is vet people through. If they can meet the minimum requirements, they go to Tamworth and do all the tests there. So it is a single area, and if you are getting a lot of people from one area and not from another, you do not miss out on the quota system. We have had cases where people who are very good candidates have been knocked back because we are above the quota for that area, which is a crazy system.

**Senator HOGG**—Yes. I agree with you.

**Air Marshal McCormack**—So now there is a central pilot selection agency which does the selecting, and it is going to do it for Army, Navy and Air Force, at Tamworth.

**Senator HOGG**—The bonus that you are currently paying, that \$15,000 that you have just recently announced—

**Air Marshal McCormack**—For air traffickers?

**Senator HOGG**—Yes. It is too early to say that it will work, I would imagine, other than that you have got those two recent cases where people have withdrawn their resignations, and I think you said one other person has come back—which I accept. But given that the concept of that bonus has not necessarily worked with air pilots before, is there any reason to believe it will work successfully in this instance? I am not wishing you bad luck here.

**Air Marshal McCormack**—No. I do not think it will work in the long term. But what it has proved to air traffickers is that we are working the problem. They understand the Nunn review is under way. They understand that, by giving them this bonus, it is sort of saying that yes, we are really working the problem; we are not forgetting about you. And so I think it is for the short term; that is why it is only for 18 months. We hope that by that time we can have better things. There is a lot of career structure things involved with it too that we need to actually develop for them.

**Senator HOGG**—All right. Thank you. Yesterday I asked a question in respect of Halifax Bay and the reduction of that in the first instance, I understand, and then the potential withdrawal of Halifax Bay as a bombing range. Are you able to give the committee an idea of just how much that will cost each year in terms of the operational costs for Air Force? I understand it will mean that you have a longer flight to the range and that it is in a more difficult position to access. Is that correct?

**Air Marshal McCormack**—No, that is not strictly correct. Cordelia Rock, which is the target itself—

**Senator HOGG**—Yes.

**Air Marshal McCormack**—It is very close to Townsville, so if you are going up to do HE weapons work at Cordelia Rock you are based at Townsville. In the worst case, we would have to send people to Tindal instead of Townsville, if we were above the maximum level that we were allowed to go to. But I understand that we are looking at a range somewhere in the Townsville area that is on land.

**Senator HOGG**—Yes. I understand that it is west of Townsville.

**Air Marshal McCormack**—Yes, that is right.

**Senator HOGG**—Yesterday we had here Minister Ian Macdonald, who comes from that region, quite proudly telling us of his knowledge of the region.

**Air Marshal McCormack**—But I believe there is not that significant a difference between that range area and Cordelia Rock. So I do not think that it will be a significant problem.

**Senator HOGG**—Right. So to the best of your knowledge it will not mean additional operational costs at this stage.

**Air Marshal McCormack**—To the best of my knowledge.

**Senator HOGG**—All right. I understand RAAF is building a fence around the Salt Ash Weapons Range just north of Williamtown. Is that correct?

**Air Marshal McCormack**—Well that would be Defence Estate doing that for us. We have had some people coming on to the range and doing some foolish things, yes.

**Senator HOGG**—You have? That is the reason for it?

**Air Marshal McCormack**—Yes.

**Senator HOGG**—So there were no existing fences on that weapons range to your knowledge?

**Air Marshal McCormack**—I am not sure. There were fences but whether they were boundary fences I am not sure.

**Senator HOGG**—All right. It may well be that we need to put some of this on notice to Defence Estate.

**Air Marshal McCormack**—They would be the better people to ask.

**Senator HOGG**—So you have got no idea of the associated costs? They are obviously not your costs?

**Air Marshal McCormack**—No.

**Mr Veitch**—I refer you to page 92 of the PBS.

**Senator WEST**—Yes, about two-thirds of the way down—half a million.

**Mr Veitch**—Yes, there is half a million in the budget for it.

**Senator WEST**—In next year's budget, but nothing this year.

**Air Marshal McCormack**—It is planned new commencement 2001-02.

**Senator HOGG**—That has not commenced at this stage. Are you aware of any health risks associated with fallout from flares and chaff in that area?

**Air Marshal McCormack**—No, I am not aware of any.

**Senator HOGG**—I understand that there are claims that some of it is getting into people's water tanks. What are the current usage rates of Salt Ash by the Air Force? You will recall the good old days—

**Senator WEST**—We used to have photos. We are sorry that we do not have photos any more.

**Senator HOGG**—when we used to have two or three hours of discussion about Salt Ash, but could you tell us what the current usage rates are?

**Air Marshal McCormack**—Yes, we can, but not now; I do not have that with me.

**Senator HOGG**—Please let us have that answer on notice. Do any aircraft from other air forces use the range? If not, have any other air forces used it in the last three years?

**Air Marshal McCormack**—I would have to take that on notice as well.

**Senator HOGG**—I appreciate that.

**Senator WEST**—Has the usage of the range increased over the last couple of years?

**Air Marshal McCormack**—I do not believe so. We have done lots of studies on it, and the big concern was whether the Hawk was going to make a lot more noise than the Macchi. That is the latest issue we have been having on that. They have done NEF studies, and I do not think that it makes any difference at all. The latest thing I read is that it is within the same parameters.

**Senator WEST**—Are you still operating within the data that has been published—the ANEF data?

**Air Marshal McCormack**—The ANEF data, yes.

**Senator HOGG**—Are you able to give the committee an idea of the units or squadrons that are being moved around the country, from where to where, and when? You might have a unit or a squadron that is currently resident at, let us say, Pearce, being moved to Richmond.

**Air Marshal McCormack**—We have not moved any flying squadrons for quite a few years. There has been some renaming of base support units. A headquarters has been formed at Amberley—the Combat Support Group.

**Senator HOGG**—Are you considering moving it?

**Air Marshal McCormack**—We are studying whether No. 2 Flying Training School should come from Pearce, but that is still under study.

**Senator HOGG**—Is there a program as to where that school might go?

**Air Marshal McCormack**—Yes. The most likely place is east Sale. We have studied what bases we need for operational training and initial training, and we could cut down to four bases. If there were no other considerations, we could do all our training in the south on four bases.

**Senator HOGG**—Those four bases being?

**Air Marshal McCormack**—Amberley, Williamstown, East Sale, and either Edinburgh or Pearce. In theory, if you had one base it would be a lot less expensive to run the whole airforce but you just cannot do that. The Defence Estate did the study and it is available.

**Senator HOGG**—This study is available?

**Air Marshal McCormack**—I believe it is available.

**Senator HOGG**—If that study is available, it might be useful if the committee has a copy of that.

**Senator WEST**—Does that mean that there is likely to be one base closed?

**Air Marshal McCormack**—Well, that is a political situation. I am talking about what the Air Force needs to do its training.

**Senator WEST**—Yes, you need four. I am just running a mental picture. Edinburgh, of course, is tied up with DSTO and—

**Air Marshal McCormack**—It has the Aircraft Research and Development Unit. It has the P3s.

**Senator Minchin**—You cannot close Edinburgh.

**Senator HOGG**—Self-interest comes out in this committee all the time. There is no doubt about it, Minister.

**Senator WEST**—Thank you, Minister, because you have just narrowed the field a bit more.

**Senator Minchin**—I am sure Martyn Evans would have the same feeling.

**Senator WEST**—I am sure he would too.

**Air Marshal McCormack**—We did this study because of things like Badgerys Creek. We understand that we will never build another large airfield in a situation where we can have spouse work, child education and all those sorts of things, so we are taking action now so that in 50 years time at least four bases are still useable. We are buying land around Williamstown and Amberley and doing things like that to make sure that we do not get moved out in 25 years time. The P3s are going to be at Edinburgh for another 20 years, and we would not

move the P3s. It would be crazy to move from a base while the aircraft are still there. The time to move is when you are getting new aeroplanes so that you can actually have a new project.

**Senator WEST**—They will see you out, Minister.

**Senator HOGG**—So you are safe.

**Air Marshal McCormack**—That is for someone else to worry about. When we get a new aircraft project, that would be the time to say, ‘We will do those other things.’

**Senator WEST**—I think we will all be well past worrying about it.

**Senator HOGG**—If you move that squadron from Pearce, will that leave Pearce underutilised or do you have other uses that you will put Pearce to?

**Air Marshal McCormack**—There is a requirement in Pearce to do fleet support for the western Navy, so 79 Squadron would stay there. The Singaporeans would stay there.

**Senator HOGG**—Yes, I have seen that operation.

**Air Marshal McCormack**—There are moves—only discussions at this stage—for an international aviation training organisation to go in there, but that is very embryonic. The reason we would move FTS across is that the airspace at Pearce is getting more congested at the low level and the PC9 uses low level airspace, so it is becoming a bit tight. The ILS for Guildford runs over the top of Pearce, so that restricts either us or the civilians. In the long term, if you have jets there they can get up and out of the way quickly, but the PC9 is restricted to low level airspace. It is a long-term view of where we should be going.

**Senator HOGG**—Other than training squads, are there any other squadrons that might be moved? Are there any considerations there?

**Air Marshal McCormack**—Once again, if you look at the long-term study, in the next 50 years—

**Senator HOGG**—This is the study that you are going to table?

**Air Marshal McCormack**—If it is releaseable, yes I will.

**Senator HOGG**—I always accept that. So what would be the other considerations, other than training squadrons, such as—

**Air Marshal McCormack**—Air space, availability of what their main job is, what they do—

**Senator HOGG**—I am sorry, are there any other squadrons, other than training squadrons, that you are considering moving from—I am not saying this is happening—Pearce to East Sale?

**Air Marshal McCormack**—Point Cook has been down for closing for quite a long time and the RAAF College there would have to move in the next few years. They are looking at studies of whether it should go to Wagga or to East Sale. They are the two options that are being studied but no decisions have been made on that, yet.

**Senator HOGG**—There are no other operational air squadrons, where you have got planes involved, that you would be moving from one place to another?

**Air Marshal McCormack**—Under the long term?

**Senator HOGG**—Yes.



**Air Marshal McCormack**—The long-term plan is that in 25 or 50 years time we would have the transport fleet at Amberley, the jet fleet at Williamstown, the training fleet at East Sale, and, depending on whether Senator Minchin is still here, the P3s at either Edinburgh or somewhere else.

**Senator HOGG**—Will you still be here for that?

**Air Marshal McCormack**—No.

**Senator HOGG**—So I will not be able to ask you that question at estimates, then?

**Air Marshal McCormack**—No.

**Senator HOGG**—There will be a couple of questions that we will put on notice. One question that we have asked of other groups is: are you able to provide a list of all publications and newsletters that are produced weekly, fortnightly, monthly, quarterly and annually; the purpose of the publication; and the annual cost or estimated annual cost for each of the publications to RAAF? That may well be a very limited number of documents, but we would appreciate it if you would take that on notice and give it to us in due course.

**CHAIR**—I would like to ask the air marshal about the upgrade of the P3s. I know the upgrade continues, but what effect will the New Zealand decision not to upgrade their P3s have on our interoperability with them?

**Air Marshal McCormack**—I do not yet know the full extent of what the government over there is going to do. But if they go completely out of the antisubmarine operation, which is one of the rumours that is going around, it will mean that we would have to carry more of the load if the operation came along. At the moment, we are just in a training capacity for antisubmarine operations, but if they went out of that, that would be a loss to the region. For surface surveillance, I do not have any firm indication from the Kiwis yet, but I believe that they will still be doing surface surveillance type operations. That is where they mostly did their work in the south-west Pacific.

**CHAIR**—Is the surface surveillance done by them done in instant coordination with us—daily or weekly coordination with us?

**Air Marshal McCormack**—We tend to make sure that we are not patrolling the same area at the same time. That is done from the headquarters, headquarters to headquarters.

**CHAIR**—The agreement goes back a long time, doesn't it? We first settled in 1977. I think Ministers Killen and McCreedy signed the first arrangement.

**Air Marshal McCormack**—Every now and then it has got off track. I remember in the early eighties we were actually crossing each other; we would find each other in areas. We got back onto an even keel again early in the eighties. That was the south-west Pacific, where we would go out to the islands and actually give them some fisheries patrols with their people on board. We coordinated that.

**CHAIR**—Senator Hogg.

**Senator HOGG**—Thank you. We had some difficulties last night which were a bit unfortunate, but which were not necessarily of our making. We thank you for returning this evening to answer our questions.

[7.08 p.m.]

**CHAIR**—We return now to Business processes—Public Affairs.

**Mr Harper**—I would like to read in an elaboration to an answer I gave yesterday. I clarified that Defence currently had three SES officers engaged as non-ongoing employees.

**Senator HOGG**—Yes, I was interested in them.

**Mr Harper**—One of the points at issue was whether any of those officers accepted a redundancy prior to being engaged by Defence. The answer is no. I can say that they are two SES band 1s and one SES band 2. I can say with authority—which I was not able to do yesterday—that non-ongoing employees are engaged for a specified period, for the duration of a specified task, or for duties that are irregular or intermittent.

**CHAIR**—I think we will have to take that definition and have a close look at it. It is a new definition.

**Senator HOGG**—What is the estimated actual total budget for the Defence public affairs group for this financial year and also for the next financial year?

**Ms McKenry**—Before we start, Mr Chairman, a question was taken on notice yesterday in respect of which we now have an answer. That question was about the budget media releases. Perhaps we could answer that question now.

**Senator HOGG**—Yes, answer that first and then we can proceed to my question.

**Mr Domney**—Senator Hogg, I think you asked Dr Hawke on Monday about the budget media releases. The question related to their preparation, the departmental involvement and the costs to the department.

**Senator HOGG**—I don't think I asked that question; I think it was Senator West.

**Mr Domney**—In any case, the response was that factual information for the media releases was provided by the department, but the releases were finalised in the minister's office. The cost to the department was \$15,585. That included the preparation of document folders, floppy disks, CD-ROMS, betaSP video tapes, photocopying and the cost of the electronic distribution through AAP.

**Senator HOGG**—Yes, that was me. Just tell me the cost again.

**Mr Domney**—\$15,585.

**Senator HOGG**—And that was for the preparation of document folders?

**Mr Domney**—Yes, 900 document folders, floppy disks.

**Senator HOGG**—That is for the computer literate.

**Mr Domney**—Yes. CD-ROMS.

**Senator HOGG**—How many of those?

**Mr Domney**—Nine hundred.

**Senator HOGG**—Nine hundred of everything?

**Mr Domney**—Not quite of everything. I will read through the list. There were 900 copies of the document holder with plastic sleeve insert, designed in-house and printed by National Capital Press. The cost of that was \$3,144. Nine hundred floppy disks at a cost of \$328 to purchase with an estimated \$500 to replicate and some \$10 for 900 labels. For the photocopying of 900 copies of 13 documents the cost was \$4,500. There were 700 copies of the CD-ROMs plus plastic sleeves costing \$3,080. The images were from the Defence files.

**Senator HOGG**—So why were there only 700 of them when there were 900 of everything else? Were you short-changing some of the people you were giving the information to?

**Mr Domney**—We were short-changing the senior officials of the Department of Defence because we used 200 copies to put out to the senior officials on the morning after the budget, but we did not include the CD-ROMS.

**Senator HOGG**—What was their reaction to that?

**Mr Domney**—I don't think they noticed.

**Senator HOGG**—They will know now—those back at Russell will have seen and heard this.

**Mr Domney**—In addition, there were 20 copies of video footage at \$50 a copy. That was \$1,000. Footage was from Defence files. And finally AAP Medianet electronic distribution at a cost of \$3,021 for 12 media releases.

**Senator HOGG**—Obviously, the AAP cost is readily identifiable. I think I have narrowed down the distribution of the 900 folders: 200 went to senior Defence personnel. Is that correct?

**Mr Domney**—Correct.

**Senator HOGG**—And are they effectively the 200 who reside within the senior leadership group?

**Mr Domney**—That is correct, both civilian and military.

**Senator HOGG**—So that is basically the senior leadership group, although I thought I heard within the last couple of days that the leadership is a bit bigger than that.

**Mr Domney**—It is a bit, but of course there were some who were not available to attend on the morning after the budget.

**Senator HOGG**—That is fine. So it is basically the senior leadership group. Who were the other 700 lucky souls who got the CD-ROM?

**Mr Domney**—I do not have the exact distribution details of those.

**Senator HOGG**—Do you have a distribution list?

**Mr Domney**—I think I can probably get one for you but, of course, a large number would have gone to the people who were in the budget lockup; so the members of the media.

**Senator HOGG**—Of the 700 who were there, let us say 400 went to the budget lockup. If you said to me that 400 went to the budget lockup; that is fine. However, I would like to know whether they went to industry groups; whether they went to individuals or whether they went to various bases.

**Mr Domney**—I think it would probably be sensible for me to take that on notice.

**Senator HOGG**—Yes, I was expecting you to do that, but I am just trying to give you the flavour. I do not want a list 400 metres long telling me that Mrs Jones in the back of Woop Woop got one, and if I need to expand on that at a later date I most certainly will. It was \$15,585. Has that exercise been undertaken before?

**Mr Domney**—Yes.

**Senator HOGG**—What were the costs when it was done previously?

**Mr Domney**—I do not have a figure on that.

**Senator HOGG**—Will you take that on notice and let me know what the costs were? Is this an annual event for promoting the initiatives contained within the budget for Defence?

**Mr Domney**—Exactly. We get a large number of queries—particularly from the media saying, ‘I am from Victoria. What is going to be spent on Defence matters in Victoria in this budget? We have that on tap and can feed it to them; similarly with all the states and the territories. The main thing that we did differently this year was to include the CD-ROMs and the vision, which was mostly done for the media so that they would have rapid access to vision for television presentations and so on.

**Senator HOGG**—I think the media would watch estimates enough to have footage of things at that point of play.

**Mr Domney**—Yes. What we can do is give them up-to-date footage.

**Senator HOGG**—All right. I accept that. Thank you very much for that: it was a very good response to a question that was raised a couple of days ago. Coming back to my question, can you tell me what is the estimated total budget for Defence public affairs group for this financial year and next?

**Ms McKenry**—Our baseline budget for this financial year is \$11,693,000.

**Senator HOGG**—That is \$11.69 million?

**Ms McKenry**—That is right. And the baseline for next financial year is \$12,365,000.

**Senator HOGG**—That is \$12.365 million. When you say ‘baseline’, is there a budget over and above your baseline?

**Ms McKenry**—The baseline includes the salaries for civilians and our military; it also includes our capital expenses et cetera, and the operations that we would have to operate normally—without any peak activities. Above that—for example, if we take this year—we have received some money above and beyond that for the Centenary of Federation; there is some money there for our involvement in East Timor; and there is a small amount for the involvement with the white paper et cetera.

**Senator HOGG**—Can you tell me how much for the Centenary of Federation?

**Ms McKenry**—Yes. We have \$2 million allocated to the Centenary of Federation. This year there is \$750,000; the remainder will carry over into next year.

**Senator HOGG**—You have spent \$750,000?

**Ms McKenry**—Yes. We will have spent that by the end of this financial year.

**Senator HOGG**—And you will have a carryover of \$1.25 million?

**Ms McKenry**—That is correct.

**Senator HOGG**—And for East Timor?

**Ms McKenry**—There is an amount there of \$190,000. There is also \$125,000 there for the white paper.

**Senator HOGG**—And that \$125,000 for the white paper was fully expended?

**Ms McKenry**—That was fully expended, yes.

**Senator HOGG**—What was that spent on?

**Ms McKenry**—The majority of that was for the launch—and the materials around the launch—of the white paper.

**Senator HOGG**—So you get your baseline budget of \$11.69 million and you get additional funding. Is that supplementary funding, or is it funding found from within an overall budget?

**Ms McKenry**—No. All of our funding comes within the overall budget.

**Senator HOGG**—Really, if I were to look: you were very good in highlighting your base-line budget, but there is a top up, on top of that, as well.

**Ms McKenry**—There is a top up for specific events.

**Senator HOGG**—Yes. I accept that. So this year you have gone to \$12.365 million

**Ms McKenry**—There is an amount of \$340,000 which was there just for our restructuring.

**Senator HOGG**—So that is \$340,000.

**Ms McKenry**—So the total in fact was \$13.098 million.

**Senator HOGG**—That was for this financial year?

**Ms McKenry**—Correct.

**Senator HOGG**—And \$340,000 for restructuring. What was that total?

**Ms McKenry**—It was \$13,098,000.

**Senator HOGG**—Thank you. You have a baseline of \$12.365 million this year. You will not have to restructure again this year; you will not have a white paper again this year; you could have East Timor; you will not have the Centenary of Federation. What have you been given over and above the \$12.365 million to accommodate any other contingencies that may be placed upon you?

**Ms McKenry**—Above the \$12.365 line there is the \$1.25 million that we spoke about earlier, which is a carryover from the Centenary of Federation.

**Senator HOGG**—Yes.

**Ms McKenry**—We have also put forward some proposals which are under our overarching strategy, and we have a proposal to actually look at our military capability and how we might improve that.

**Senator HOGG**—What does that mean?

**Ms McKenry**—Our military public affairs capability. That is how we operate and use public affairs officers on deployments in the fields. For example, we have them in East Timor and we have them in other locations where we are in Bougainville.

**Senator HOGG**—Is that a ‘Peter Harvey in East Timor’ type of thing?

**Ms McKenry**—Perhaps Brigadier Bornholt can elaborate a bit more.

**Brig. Bornholt**—I am the military adviser for public affairs. Certainly we do not do ‘Peter Harvey in East Timor’. This is a proposal that looks at enhancing our existing capability to ensure that we are able to provide to the community, to the government and to the ADF itself the public affairs support that our people require on operations.

**Senator HOGG**—Thank you very much. I had better move on because we have to finish by 7.30 p.m.

**Ms McKenry**—I was going to finalise by saying that above that amount of \$12-plus million, the only certainty that we have at the moment is the \$1.25 million, which is a carryover from the Centenary of Federation.

**Senator HOGG**—Is it correct that a new proposal for public relations was taken to the Chiefs of Staff Committee recently and was somehow leaked? I understand that questions were asked in the House of Representatives.

**Ms McKenry**—That is correct, and that is the one that Brigadier Bornholt was discussing with you, that is, the proposal to expand the military public affairs capability. When we did our restructure and when the Buchan review was undertaken, there was a note there that we should look at the issue of our military public affairs capability. Unfortunately, at the time, the Buchan review did not examine that. We were heavily involved in East Timor at the time and there was no time and capacity to spare. But when we did the restructure we did it with two things outstanding: firstly, we needed to have a look at our military capability—how that worked and how we trained our people; and, secondly, we needed to develop an overarching strategy. So we went ahead and did the restructure with those two things pending. Towards the end of last year, and completed in March this year, we had quite a look at the military public affairs component, based on the lessons we had learnt from the deployment in East Timor and the demands that were there within our region. Perhaps I can hand over to Brigadier Bornholt, who can take you through that a bit more and tell you what that actually means and details.

**Brig. Bornholt**—When we deployed to East Timor, we deployed with a military organisation that had no planning or training experience in what they were about to embark upon. We had 43 people, of which we had to deploy 38. I would say that the mother of all issues management challenges for anyone is military operations. When we looked into East Timor and the lessons that we learned from there, we certainly decided that we could not in the future rely on just professionalism to make things work. We needed to have systemic rigour in our operations. Of those 43 people that we have had in the organisation for some time, a survey we did indicated that our officers are absent from home for about 7½ months of the year and our NCOs for about 4½ months. There is no organisation that can sustain a work force under those arrangements, so we needed to examine closely our structure.

**Senator HOGG**—You are talking to parliamentarians! Keep going. Game, set and match, I think.

**Brig. Bornholt**—My guys get paid about \$40,000 to put up with this. Anyway, we will not go there. We really did have to look at how we actually delivered this capability. As we move on into the information age, there is no way we can shy away from being able to provide our community and our international supporters with the reality of what we are actually doing in the field. So we put together a proposal based on those lessons learned and the difficulties that we had, and we put that to the Chiefs of Staff Committee. The CDF at the moment is considering forwarding a ministerial submission to the minister, but it is currently not with the minister.

**Senator HOGG**—Do you have any idea when it will be, roughly—are we looking at a month, two months, six months?

**Brig. Bornholt**—I would hope that it would be in the next month.

**Senator HOGG**—What changes, if any, have occurred to the staff structure in public affairs since last hearing? Have there been any changes in the public affairs executives' remuneration packages in the last six months?

**Ms McKenry**—On the remuneration packages, I do not think we have had any changes. In terms of the structure, there has been no change. I think when we spoke last time there were some positions outstanding, and they have been filled.

**Senator HOGG**—So there are no vacancies currently?

**Ms McKenry**—There are currently three vacancies: one is an acting—that is the head of our media area—and within that there are two other vacancies, and they are just based on staff turnover.

**Senator HOGG**—And they are currently being advertised?

**Ms McKenry**—They are in the process of being advertised. Two of them have been advertised and one is about to be advertised.

**Senator HOGG**—Are there any plans to relocate public affairs out of Canberra to another location?

**Ms McKenry**—Again, that is the issue that relates to our military public affairs capability. We need to find a home for our joint military capability. That, again, is under discussion and consideration. There are no other structural changes.

**Senator HOGG**—So potentially down the track you will have a capability external to Canberra and a capability in Canberra itself?

**Ms McKenry**—We currently have capabilities external to Canberra. For example, we have a regional structure.

**Senator HOGG**—I am talking about your main capability.

**Ms McKenry**—The main capability will remain within Canberra, so our headquarters will be here. We hope to bring together the military capabilities, so we can train and deploy from that capability, but a location for that is yet to be finalised.

**Senator HOGG**—As the head of this department of public affairs, do you have performance requirements in your contract? If so, are you able to tell us what they are?

**Ms McKenry**—I have a plan on the page with the secretary, and that is reviewed regularly. It is reviewed on the basis of the agreed plan that I put forward about what public affairs will deliver. It is on that basis that, like every other senior executive officer in the Public Service within the Department of Defence, I either progress or I do not, but that is the limit. I do not have a contract, per se.

**Senator HOGG**—You do not have a contract?

**Ms McKenry**—Not particular to this job. I have the same arrangements as every other SES officer within Defence.

**Senator HOGG**—Are you personally involved in briefing portfolio ministers or does that fall to members of your staff?

**Ms McKenry**—It is a combination of members of my staff and me, but mainly we deal with the minister's staff in the daily contact.

**Senator HOGG**—Do you keep records of the amount and type of support that you provide to media outlets and journalists each month?

**Ms McKenry**—We have a record of the issues that are raised each week, so we would have a monthly record of issues that are raised with us. As to the details of the type of support, I would have to look at that. I do not think we would keep those details.

**CHAIR**—I understand the minister has got a commitment that he must keep. We are very grateful to him, and we shall be adjourning until after the dinner break, unless you can finish up quickly.

**Senator HOGG**—I just want to know if that list is available to the committee. If it is, will you take it on notice? If you can provide it to the committee, I would be appreciative of that.

**Ms McKenry**—Yes.

**Senator HOGG**—The other question is the one that I have raised with all other sections: can you provide us with a list of all the publications and newsletters that are produced weekly, fortnightly, monthly, quarterly or annually by public affairs?

**Ms McKenry**—Yes.

**Senator HOGG**—Can you also provide us with the purpose of each publication and the annual costs or estimated annual costs for each of those publications? If I happened to have missed any questions, we will put them on notice and get them to you. Thank you very much, and thank you, Minister. We appreciated you defending South Australia.

**CHAIR**—Thank you, Minister, and thank you to your officials.

**Proceedings suspended from 7.31 p.m. to 8.30 p.m.**

**CHAIR**—We continue consideration of the particulars of proposed expenditure for the Department of Defence. I welcome a new minister, Senator Rod Kemp, and officers of the Department of Defence. The committee will continue with questions, commencing at Output 6: Intelligence. I make the point to you, Minister, and to the officers of the department that we will be adjourning from consideration of the estimates for the Department of Defence at 10 p.m. All questions of Department of Defence will be finalised by that time.

**Senator HOGG**—Those that are outstanding will go on notice.

**Senator Kemp**—Sounds like great news!

**CHAIR**—I thought you would like that, Minister.

**Senator HOGG**—Yes, I thought after a decent day in tax, you would be enjoying it here. What is the situation in the Wispelaere case?

**Mr Brady**—The next event will be Mr Wispelaere going before the court for sentencing this Friday. I think that is US time, so it may be this Thursday our time.

**Senator HOGG**—It does not matter. I understand what you are saying—it will be in the United States. Who made the decision to allow the US to prosecute this matter?

**Mr Brady**—There was no requirement for an Australian decision. Mr Wispelaere was arrested in the United States for offences against United States law. He was charged and prosecuted for those offences under US law. The question of his prosecution under Australian law would only arise in the event that either that prosecution had not been successful or he had returned to Australia.

**Senator HOGG**—Was Mr Wispelaere rejected for a job with any other Australian intelligence agency at any stage?

**Mr Brady**—I do not know the answer to that question.

**Senator HOGG**—Could you take that on notice? If he was rejected, what were the reasons for the rejection? How often was he employed by DIO? Was it just on the one occasion, or were there a number of appointments and employment contracts for Mr Wispelaere?

**Mr Brady**—He was employed only on the one occasion. That, to the best of my recollection, was for less than a year before he resigned.

**Senator HOGG**—How far back was that, Mr Brady? You can take that on notice.

**Mr Brady**—I am a historian by trade, but dates are my weakness.

**Senator HOGG**—That will get a run somewhere tomorrow, Mr Brady!



**Mr Lewincamp**—I might be able to help. Mr Wispelaere was employed by the Defence Intelligence Organisation in 1998-99 for a period of slightly less than 12 months.

**Senator HOGG**—And he left of his own accord on that occasion?

**Mr Lewincamp**—Yes, he did.

**Senator SCHACHT**—With secrets in his pocket!

**Senator HOGG**—Do you check with other agencies before you employ people such as Mr Wispelaere—it does not matter who they are—in intelligence areas to see whether they have been employed and rejected elsewhere or whether they have been employed there before and left, or what their employment history might be?

**Mr Lewincamp**—At that time we did not. There were concerns about privacy considerations in making those inquiries. What we have done as a result of the Wispelaere case and the Lappas case is introduce a range of new security measures. We now ask all potential recruits to our organisation to sign a form allowing us to make such inquiries of other agencies, and we now conduct that as a matter of routine.

**Senator HOGG**—There were privacy considerations beforehand?

**Mr Lewincamp**—Yes, there were.

**Senator HOGG**—Thank you.

**CHAIR**—Have you finished?

**Senator HOGG**—Yes, I will stop there.

**CHAIR**—I have indicated to Senator Schacht that he has 15 minutes to ask questions on the Jenkins matter. If there is some more time at the end of your further questions, Senator Hogg, we can come back to Senator Schacht.

**Senator SCHACHT**—Mr Brady, at the estimates hearings in February I asked you a question in relation to the Jenkins case. I asked whether you were aware of the fact that it was asserted that there was a practice of DIO officers and other similar officers in our Washington embassy informally providing AUSTEO material to their equivalents in the American intelligence services—security and defence, whatever. You unequivocally said that you were unaware of the speculation but that there was absolutely no basis to that matter. Do you remember saying that in the estimates hearings in February this year? I think I challenged you twice as to the accuracy of your words, and then I stopped. Do you remember that?

**Mr Brady**—I do not have the transcript in front of me. I would need to refer to that to confirm that they were the words that were used.

**Senator SCHACHT**—A well placed ministerial adviser, or someone from corporate, has given it to you. Would you care to read it out? I have just misplaced my transcript, unfortunately. I am getting tired.

**Mr Brady**—I am happy to read that out, and I think I should start at the beginning.

**Senator SCHACHT**—Yes, of course.

**Mr Brady**—Your first statement was:

**Senator SCHACHT**—Isn't it true that the matter that led to the unfortunate death of Mr Jenkins related to a dispute within the defence and intelligence establishment at our embassy in America over what should formally be provided to our powerful and friendly allies, the Americans, and what was provided on a wink, a nod and a nudge?

**Mr Brady**—I have heard those claims made. There is no substance to those claims.

If I could add to that, my reference there was to the claims that there was a dispute over what was to be provided. You went on and said:

**Senator SCHACHT**—I beg your pardon?

**Mr Brady**—There is no substance to such claims.

You said, in a questioning manner:

**Senator SCHACHT**—There is no substance to the claims—

Senator Macdonald intervened at that stage and said:

That is what he said twice.

You proceeded to say:

I just want to make this absolutely clear: there is no substance to the claims that what Mr Jenkins may have been doing as a practice, although not within the rules of what was provided, had been a practice that, for many years, officers had informally done with our American allies—informally providing access to classified material from the Australian government. With respect to such material, which had been classified as not to be shown to anybody else, it had been accepted informally for many years that it would be provided to our powerful and friendly ally.

My response to that was:

To the best of my knowledge, Senator—and I have reviewed this matter carefully—there was no such understanding and no such practice.

**Senator SCHACHT**—On the next line, I then say:

Mr Brady, I will not take the matter any further in this venue, but I will make some comments elsewhere. But I have to say I am surprised by your answer.

That is on the record. Since then, Mr Brady, *Four Corners* on ABC television did a program on the Jenkins affair, to use that phrase. In that program they asserted something similar to what I raised. Subsequently, they put on the ABC Internet, which is freely available, those parts of the Blunn report that had been excised before being released to the public. Has the defence department, which commissioned the Blunn report, taken any action against the ABC for releasing, in a public way—the Internet is public—such material?

**Mr Brady**—I have a very strong belief that we should not and we do not comment on material that is purported to be classified material. I simply will not comment on whether the material quoted by the ABC was accurate or not.

**Senator SCHACHT**—I can understand that proposition; it is the usual variation of neither confirming nor denying anything in this area. I understand that that has been the practice for all governments of all persuasions for a long time. That is why I ended the discussion and why I did not take it any further at the February hearings. Although I, like many others, am somewhat concerned that, as a result of an investigation, it appears that an officer of the Australian Public Service took his own life within a matter of a day or so, at the most, of being interviewed by a representative of the Australian foreign affairs department and the Australian defence department in Washington. I normally do not tread into this area but, in view of the fact of the seriousness of the circumstances, I am obliged to raise with you a bit more of this information.

**Mr Brady**—Can I make an observation about one of the—

**Senator SCHACHT**—No, let me finish and then you can make an observation. I just want to finish this point. I expect that you will refuse to confirm or deny something that is on the

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Internet, even something that has come from a prestigious organisation such as the ABC, which is also funded by the government. If Senator Kemp had his way, I expect it would have no funding at all; nevertheless, it is funded by the government.

**Senator Kemp**—That is not correct, Senator. I am not quite as fulsome in my praise—

**Senator SCHACHT**—The Blunn report, which was released to the public earlier this year, states in paragraph 159:

There are however more liberal views about dealing with information bearing the AUSTEO caveat.

Then there is a deletion, possibly of a sentence. It then continues:

However, even the most liberal view did not extend to condoning handing over possession of AUSTEO material without the appropriate material.

There is then another deletion; I presume it is another sentence. Paragraph 159 in the ABC's web site reads:

There are however more liberal views about dealing with information bearing the AUSTEO caveat. Statements made to the inquiry indicate that it is not unknown for foreign officials to be provided with information contained in AUSTEO documents and in some circumstances for caveated documents to be shown to foreign officials.

However, even the most liberal view did not extend condoning handing over possession of AUSTEO material without the appropriate approval. That said the suspicion remains that there is some traffic in AUSTEO material. It is stated to be a two-way traffic.

That completes paragraph 159. In view of what Mr Jenkins said when he was interviewed, and in view of the material that is on the record officially, his defence was that this was a practice that he believed he had an informal approval for from the director general of DIO or an appropriate official. That is disputed in the Blunn report, most certainly. I find in this tragic circumstance that, if we want to get to the bottom of this and see that this never occurs again, it is unfortunate that I have to refer to that excised extract to get to the nub of Mr Kemp's defence. Do you still wish to say that you know of no circumstances where AUSTEO material was exchanged with officers in the American defence establishment?

**Mr Brady**—In my experience, Senator? Absolutely I stand by the statement I made to you on the previous occasion and in my knowledge of the operations of the intelligence community. Let me state to you that I was an officer, a senior executive, in the Defence Intelligence Organisation, as the head of the assessment staff in the period 1986 through to 1990. I again returned to the intelligence community and served for 5½ years as the Director of the Defence Signals Directorate. At no time during that experience or any other experience I have had in defence or in the intelligence community have I been aware of—let alone participated in—any disclosure of AUSTEO material to people not authorised to receive it. I might add that there was an extra element in this particular case, because the material concerned was not produced by the Defence Intelligence Organisation. It was material that was produced by another agency.

**Senator SCHACHT**—Foreign Affairs?

**Mr Brady**—As Director of DSD, if I may refer to that experience, I had the authority to authorise the release of material by its downgrading from AUSTEO to another level, if that were appropriate. I did not have, in either that role or any other role that I have held in the intelligence community, the authority to release material that had been classified by another Australian agency with the AUSTEO classification. And nobody else in the Australian government has the authority to downgrade material that does not belong to their agency and has been classified by another agency.

**Senator SCHACHT**—I know that they do not have the formal authority, but this matter apparently had been going on for some time. This informal arrangement had been going on for some time. Although you will not comment about the leaked document, if that is the comment of Mr Blunn—I accept that it seems to be a reasonably fitted exercise of putting those sentences in—the independent inquiry has stated that there is a suspicion that this has been a standard practice. If that is a suspicion, what is the department going to do to stop it from happening in the future?

**Mr Brady**—In relation to the specific point you make, the government has made a decision that reinforced the strength of the AUSTEO caveat. I was surprised by Mr Blunn's comments in regard to that matter, but I accept them. The government therefore decided that it needed to reinforce the strength of the AUSTEO caveat, and it has done so. That has been implemented within Defence and in the wider Australian government.

**Senator SCHACHT**—And our powerful and friendly allies, the Americans, have been informed that this informal practice will no longer proceed?

**Senator Kemp**—Mr Chairman, I think Mr Brady has made his views very clear.

**Senator SCHACHT**—Have the Americans been informed—

**Senator Kemp**—Just hold on, Senator; let me finish. Mr Brady has stated his views at least twice—perhaps three times—about the understanding of the situation that he has had and from his own experience. Senator Schacht is now attempting to hypothesise that—

**Senator SCHACHT**—No, no, no.

**Senator Kemp**—All I am saying is that I do not think that Mr Brady should be required to respond constantly to the same type of issue.

**Senator SCHACHT**—If he was saying that the Defence establishment has reaffirmed the AUSTEO caveat, out of courtesy to our American friends, have you informed them as a matter of course that, as a result of the Blunn inquiry, what may have occurred in the past, even accidentally or informally, will no longer occur in the future? Have our American friends being informed of that?

**Mr Brady**—Yes, in one particular aspect. There was one change in government practice and policy and that related to the position that applied to US personnel integrated into the Australian Defence establishment. The practice under the previous regime applying to AUSTEO material was that an exemption could be granted so that such personnel could have access to AUSTEO material because they were working within the Australian government and it was necessary for them to perform their duties.

**Senator SCHACHT**—Who would grant them that approval? Would it be your level?

**Mr Brady**—I will defer to Mr Brown on this question.

**Mr Brown**—There was a process for approval for this integrate officer, the shorthand for that description, whereby—

**Senator SCHACHT**—A what officer?

**Mr Brown**—An integrated officer—an integratee. The integratee would have to be sponsored by a one-star or above officer or equivalent APS level. That would come to the Assistant Secretary Security with an undertaking by that officer not to disclose to his home country any material provided to him in that capacity. That would then be reviewed, and that undertaking would be taken, and it would also be restricted for the purpose of the posting, and only to those matters directly relevant to the job.

**Senator SCHACHT**—And the Americans accept that restriction on their own citizens?

**Mr Brown**—Yes. When they are integrated into the Australian—

**Senator SCHACHT**—When they are integrated, of course.

**Mr Brady**—Let me continue to provide the details of what happened with the change. When the government reviewed this issue, it decided that AUSTEO material should be strictly limited to Australian citizens. In order, therefore, to deal with the circumstances of the integrated officers, and I think in what was a better policy generally, the government agreed that Defence could introduce a new category of classified material which was designated ‘Australian government access only’ or AGAO to use the acronym.

**Senator SCHACHT**—I thought you were going to say, ‘One eye only’ or something.

**Mr Brady**—In practice, since that change has been made, the great majority of material that requires an Australian government restriction within the Defence organisation now bears the AGAO restriction.

**Senator SCHACHT**—Has there been any announcement about that change?

**Mr Brady**—I referred to that change extensively at the press conference at which Mr Moore released Mr Blunn’s inquiry.

**Senator SCHACHT**—Thank you for that. I appreciate it. That is obviously a good and positive development out of this sorry saga. Mr Brown, you are the assistant secretary for security. Have you conducted any investigation into the leaking of the material in the Blunn report to the *Four Corners* program?

**Mr Brown**—We did an initial examination and the material, given the wide distribution of that report, would have made an active investigation difficult, if not wasteful of resources. It would also have been what is a third-party disclosure and the likelihood of getting any outcome from that inquiry would have been minimal so we did not take it further than that.

**Senator SCHACHT**—But if you could have nailed them, you would have?

**Mr Brown**—I would pursue any breach of classified material from Defence.

**Senator SCHACHT**—So the document is freely circulating.

**Mr Brown**—That is not to say that we are not commenting on it as—

**Senator SCHACHT**—You do not like it circulating and you do not automatically agree that this material that I have read out is actually—

**Mr Brown**—Thank you, Senator.

**Senator SCHACHT**—Yes, I understand that that is a given in all of this, but we not have to keep repeating it. Mr Brady, when I read out the quote that I claim is from the document, you said you were surprised by Mr Blunn’s comments. Have you not accidentally confirmed that what I read out was actually from the formal document?

**Mr Brady**—I have no comment.

**Senator SCHACHT**—I will not push the matter any further on that particular angle. In the published document that Mr Blunn put out, there was a range of recommendations and comments. Mr Moore has said that there was a press conference at which the Blunn report was published and spoken to. Since then, has the defence department prepared any material about whether it will accept, reject or amend any of the comments or recommendations of Mr

Blunn that have been published and put on the public record, as far as processes within the department are concerned?

**Mr Brady**—Let me make two points. One is that the Department of Defence advised the minister, and the minister announced in his press statement of 1 December 2000, that the Department of Defence accepts the criticisms made of Defence in Mr Blunn's report. The second point I would make is that we have been implementing the recommendations that Mr Blunn made. I think I can say that all of the recommendations that are within the province of the Department of Defence have been implemented already, or are well on the way to being implemented. A number of the recommendations fall outside the sole scope of the Department of Defence, particularly regarding the conduct of investigations in future and the appropriate amendment of the protective security manual. The lead agency for those recommendations is the Attorney-General's Department, which is considering and making progress in dealing with those recommendations.

**Senator SCHACHT**—Have you had any discussion with Foreign Affairs about the implementation of these recommendations in the Blunn report?

**Mr Brady**—Yes.

**Senator SCHACHT**—Have they been cooperative? They did not seem to be very cooperative at estimates before mid-afternoon. They seemed as though this was all your problem: 'Talk to Defence about implementation.' I found it a very arrogant attitude, typical of Foreign Affairs sometimes on these matters.

**Mr Brady**—I have no comment on that, Senator, of course.

**Senator SCHACHT**—I wouldn't mind if you gave them a kick round the head occasionally, Mr Brady.

**Senator Kemp**—Senator, you have asked the question. Perhaps you might allow Mr Brady to respond.

**CHAIR**—The minutes are ticking away.

**Senator SCHACHT**—I know. Mr Brady has been a very useful witness.

**CHAIR**—Yes, and you said 15 minutes. It is coming up for 26.

**Senator Kemp**—This must be the first time that Senator Schacht has exceeded the limit time.

**Senator SCHACHT**—Absolutely. I am glad you agree with me.

**Senator Kemp**—I can never remember another occasion, Senator, when you have done that.

**Senator WEST**—Minister, don't you compound any problems.

**Dr Kemp**—I am praising him, Senator West. You were not listening.

**CHAIR**—He has never had a chairman who he works so closely with. He knows that, come nine o'clock, it will be Senator Hogg's turn. Mr Brady.

**Mr Brady**—Earlier this year, I convened a meeting in Defence which I am very certain—unless Mr Brown corrects me, because I think he was present—Foreign Affairs attended, to

consider the recommendations that Mr Blunn had made. We reached agreement on the way forward in regard to each of those recommendations.

**Senator SCHACHT**—I wish they had said that this afternoon. I cannot see any reason why they wouldn't have. Will you, in the end, make a report to government—I accept it would be a classified report in some senses—that you have completed the implementation of the report?

**Mr Brady**—We will. There will be issues which will require amendment of the *Protective Security Manual*, or at least consideration of the way in which the protective security manual ought to be amended. The *Protective Security Manual* is traditionally approved by the national security committee of cabinet, so any recommendations that would involve a change in the manual would need to go to the national security committee.

**CHAIR**—I am going to cut you off there, Senator Schacht.

**Senator SCHACHT**—I will have to come back with three or four more questions to conclude later on.

**CHAIR**—That is all right. Senator Hogg, have you got any questions upon output 6, Intelligence?

**Senator HOGG**—I have just a quick question on the Jenkins family. I do not know whether Senator Schacht has raised this? Has there been any claim for compensation by the Jenkins family?

**Mr Brady**—Yes, there were two claims. The first was lodged with Comcare some time last year. The Comcare claim is at arm's length from the Department of Defence.

**Senator HOGG**—Are there any claims on the department?

**Mr Brady**—Perhaps you could just let me just finish that and then go on to the next point. When the Blunn inquiry was completed and available, we made the full version of the report available to Comcare so that they could finalise their claim. Secondly, a writ was taken out in Supreme Court of the ACT—I think that was in December of last year. The writ was against the Commonwealth, and service was accepted by the Department of Defence. It was a claim for damages in respect of this matter. The Commonwealth appointed the Australian Government Solicitor as its representative to handle the matter. I understand that the Australian Government Solicitor then sought further and better particulars of the claim from the lawyers representing Mrs Jenkins. Those further and better particulars have recently been received, and consideration is now being given to the Commonwealth's response.

**Senator HOGG**—By whom?

**Mr Brady**—Initially by the Australian Government Solicitor. The Australian Government Solicitor has indicated that they will be seeking further instructions from the Department of Defence, but they have not yet done so.

**Senator COONEY**—Do you know whether the Commonwealth has put a defence in yet?

**Mr Brady**—No.

**Senator HOGG**—The other issue, the Comcare matter: whilst you supplied them with the full version of the report and you said that they were going to determine the matter, do you know whether it has been determined by Comcare?

**Mr Brady**—I do not know the answer to that.

**Senator COONEY**—Do you know whether it is being defended? Do you know whether the Commonwealth accepted liability for the Comcare case? It would be a widow's claim, I take it.

**Mr Brady**—Comcare operates at arm's length from the department.

**Senator COONEY**—But there would have to be witnesses; do you follow? I thought you might have known about that. But I am not going to anything secret there; that is just a plain question. I take it that the claim is in respect of the death; that would arise, I would have thought, within this department. Comcare would have to get evidence to proceed. I thought that they might have asked you what the position was. Do you know whether there has been a payout or whether they are fighting it before the AAT, or anything like that?

**Mr Brady**—I do not know what the final resolution was. I can answer your question I think by saying that the Department of Defence put no material, in the sense of a defence, to Comcare in relation to the matter. We left it entirely to Comcare to resolve it in accordance with Comcare's—

**Senator COONEY**—And waited for them to ask you questions if they wanted any information?

**Mr Brady**—Yes.

**Senator HOGG**—Just following on from my question: do you know whether Defence have made an offer to the Jenkins family at this stage?

**Mr Brady**—No, no offer has been made.

**Senator SCHACHT**—It would not be unreasonable if you did make some modest offer to at least lean on the side of generosity, I would have thought.

**Senator Kemp**—I do not know whether the officer needs to respond to that.

**Senator SCHACHT**—No, he will not comment on it, but I want to put that on the record.

**Senator COONEY**—You would be awaiting some advice from the Australian Government Solicitor about that matter, I take it.

**Senator HOGG**—I will get off that issue now. Perhaps I can get on to another issue that was raised in Foreign Affairs today and has been a topical issue elsewhere. Is Defence aware of the recent report by the European parliament into the echelon systems and the concerns they have that the US is using, for commercial purposes, intelligence that has been gathered? Can Defence give a guarantee that Australian citizens' privacy is not compromised by Australia's involvement in this system?

**Mr Brady**—Yes. The relevant question here relates to the Defence Signals Directorate, which is the signals intelligence organisation for the Australian government. It operates under a strict charter and a set of rules designed precisely to protect the privacy of Australian citizens.

**Senator SCHACHT**—Given your answer, what is your response to the recent report by the European parliament into the Echelon system?

**Mr Brady**—I have no comment on reports made by the European parliament.

**Senator HOGG**—Thank you very much. I have no further questions other than those that I might put on notice.

**Senator SCHACHT**—I do not want the officers to go, because I might get a chance to ask a couple more questions on this matter.

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**CHAIR**—I ask Mr Brady and his colleagues to stay in the building until 10 o'clock in case we have some more time to question them further.

[10.07 p.m.]

**CHAIR**—We will now consider business processes and the Inspector General.

**Senator HOGG**—How many investigations have you completed this financial year and how many are still ongoing? Can you provide the committee with an updated list of the types of matters investigated and the outcomes for the financial year?

**Mr Neumann**—For the year 1999-2000, approximately 70 cases were investigated, and they are published in the Australian National Audit Office report No. 22, *Fraud Control in Defence*.

**Senator HOGG**—What about for the year to date?

**Mr Neumann**—I am not sure that I have the details with me.

**Senator HOGG**—There were 70 cases in the financial year 1999-2000.

**Mr Neumann**—Yes. I will have to take that question on notice.

**Senator HOGG**—How many of those are still going? If you could provide us with an updated list—you have provided us with lists before—of the types of matters investigated and the outcomes, that would be appreciated. How far down the track is Defence with implementing a system that can properly identify fraud and theft within the organisation? I ask that question given the recent report on fraud within Defence.

**Mr Neumann**—The roll-out of the defence policing and security management system across approximately 80 sites within Australia commenced on 1 July 2000. It was introduced into operational service on 15 November 2000 for Navy and Air Force security and policing units and Inspector-General Division users. The operational introduction within Army was delayed by the formation of the 1st Military Police Battalion in January 2001, and we expect it to be complete at version 3 by June 2001.

**Senator HOGG**—Do you, as the Inspector-General for Defence, follow up within the department the ANAO report and the recommendations contained therein, and the implementation of the procedures within the department?

**Mr Neumann**—We run the audit recommendation and management system database and, yes, my area does follow up on that one. It is taken up before the audit committee.

**Senator HOGG**—Sorry, it is taken up by the—

**Mr Neumann**—The progress is monitored by the audit committee.

**Senator HOGG**—Can you give the committee some idea of the progress made thus far in the implementation of the recommendations in the ANAO audit report?

**Mr Neumann**—Sorry, which one?

**Senator HOGG**—On fraud. It is *Fraud control in Defence*.

**Mr Neumann**—I think it was covered in the Joint Committee of Public Accounts and Audit on 2 May. I will have to take that on notice.

**Senator HOGG**—All right. Some of the comments in that audit report and the recommendations that would have flowed out of it are fairly important. The report states:

The use of risk assessment plans that are up to four years old in the development of fraud control plans does not represent sound fraud control practice.

**Mr Neumann**—Each group in the department is going through a fraud risk assessment at the present moment.

**Senator HOGG**—When you come back with your answer to the question on notice, bear in mind that it is the implementation of those recommendations that appear in the audit report that I am concerned about. I await your answer, Mr Neumann. I have no further questions for the Inspector-General.

**CHAIR**—Perhaps we can move on to corporate services.

**Mr Harper**—Chair, I would like to read into the record a few shortish answers to questions that we took yesterday.

**CHAIR**—Please do.

**Mr Harper**—Senator Hogg asked Dr Brabin-Smith whether Defence had any involvement in a project allegedly code named ‘Tempest’ that was referred to in the *Far Eastern Economic Review* in April. The answer is no.

There were a number of questions taken during the examination of Chief of Navy and colleagues as to what information was provided to the US Navy on RAN trials with HMAS *Jervis Bay*. The United States Navy Warfare Development Command recently requested information regarding the outcomes of the trials involving the Incat catamaran HMAS *Jervis Bay* that were conducted by the RAN and the Defence Science and Technology Organisation. Some trials were conducted with US Navy battle group forces. A report containing trials information is currently being compiled and has not as yet been passed to the US Navy. The report should be completed by the end of June, once all the Navy inputs and Defence Science and Technology Organisation analysis has been compiled. The consolidated report will be screened by the Navy for security and commercial sensitivity issues prior to its release to the US Navy.

**Senator SCHACHT**—Would it be released to the parliament after that screening is completed?

**Mr Harper**—I am not expert in that material.

**Senator SCHACHT**—Could you take that on notice?

**Mr Harper**—We would have to take that on notice.

**Senator SCHACHT**—If it is passed to the Americans after the screening, I think it is not inappropriate that it be provided to the Australian parliament. We are on the same side.

**Mr Harper**—There were questions about the annual operating costs of HMAS *Brisbane*. The annual Defence direct operating costs of HMAS *Brisbane* are in the order of \$65 million. Those costs include fuel, ammunition, manpower, rations, stores, repairs, and suppliers’ expenses.

The last matter on this occasion is details of RAN ship collisions in the last 12 months. HMAS ships *Success* and *Arunta* were involved in a minor collision off the Victoria/New South Wales coast on Saturday, 10 February 2001. They were preparing to conduct routine replenishment, when a catastrophic electrical power failure occurred. HMAS *Arunta* commenced emergency breakaway procedures. But, despite these efforts, a glancing collision occurred within 30 to 45 seconds of the initial power loss and resulted in *Arunta*’s port shoulder contacting HMAS *Success*’s starboard side. *Arunta* regained power some 30 seconds

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after the failure, and both ships were able to resume operational duties. Two personnel from HMAS *Arunta* suffered minor injuries: one, a sprained ankle from slipping down a ladder at the time of impact; and the other, minor lacerations to the hand.

**Senator HOGG**—Thank you, Mr Harper. I appreciate those answers coming back so quickly. For Corporate Services, are you, Mr Sharp, able to tell us the total annual value of work that is done by the Defence printing service or its printing room? If you do not have that figure with you, will you take it on notice?

**Mr Sharp**—It would be in the order of \$15 million, but I will get you a more accurate figure if you wish.

**Senator HOGG**—Is that all in house?

**Mr Sharp**—They do put some work out, depending on peaks and troughs: if there is a peak of work that they cannot deal with in house, they put some out to the market. They also put work out of a specialised nature—particular type of graphics and particular types printing. So a proportion of that would be put out to the market.

**Senator HOGG**—When you are getting an accurate figure for me, it would be helpful if you would identify the value of the outsourced work there. Also, could you tell me in that response how that varies from the previous years? Is it up or is it down?

**Mr Sharp**—I will take that on notice.

**Senator HOGG**—The other question is one that we have asked of other areas. Can you provide us with a list of all the publications and newsletters that are produced. We are not talking about Defence wide; we are talking about the ones that you produce to advertise your own—

**Mr Sharp**—I will get you a list.

**Senator Kemp**—We will take it on notice and if we are uncertain we will check the *Hansard*.

**Senator HOGG**—Senator Kemp, it is wonderful to have you here.

**Senator Kemp**—That is right.

**Senator HOGG**—You will check with your other colleagues on that question that we have raised. Thank you. I have no further questions there.

[9.20 p.m.]

**CHAIR**—We will move to People: Defence Personnel.

**Senator SCHACHT**—General Willis, I asked this question in the veterans area last night and they said you will handle it. The government announced a month or so ago that they would issue a national service medal to all national service people who were called up between 1951 and 1972. The announcement said that about 330,000 people would be eligible to receive the medal from the records Defence has. Is that a correct figure? I am not sure that all of those are still alive. Some of them might not choose to apply for the medal. Is that roughly the number of people, if they were all alive and all applied, who would get the medal?

**Major Gen. Willis**—Yes. From my figures, 325,811 former national servicemen would be considered.

**Senator SCHACHT**—Has your department made any estimate of how many of those 325,000 who are still alive will, by applying, receive the medal?

**Major Gen. Willis**—Yes. Into what detail, I am not sure, but I am aware that they have broken it down over the years because it will be by application. We are working on so many per year and that will cost so many millions of dollars, et cetera.

**Senator SCHACHT**—When you break it down, does that mean you expect overall across the years 250,000 or 150,000?

**Major Gen. Willis**—I am not sure of the exact figure. We will take it on notice and see what we can get for you.

**Senator SCHACHT**—Thank you. It is actually a medal. What will be the cost to the government to make the medal and ribbon and provide it to the national servicemen? What is the expected cost per medal?

**Major Gen. Willis**—\$14 million in total. We do not have a breakdown of the individual costing—postage and research.

**Senator SCHACHT**—Overall, taking an actuarial assessment of those who will actually apply, the cost of issuing the medal will be \$14 million?

**Major Gen. Willis**—Yes, that is including all the staff work required, postage and the cost of the medals themselves.

**Senator SCHACHT**—Could you take on notice what the actual cost of the medal is? I presume it is a medal that will be made out of bronze?

**Major Gen. Willis**—An alloy of some sort.

**Senator SCHACHT**—Will it have a distinctive ribbon?

**Major Gen. Willis**—Yes, it does have a distinctive ribbon.

**Senator SCHACHT**—Has it been designed yet?

**Major Gen. Willis**—There has been some thought put into it and it has been put forward. I do not know what stage of the approval process it is at.

**Senator SCHACHT**—I appreciate you taking that on notice.

**Major Gen. Willis**—Certainly.

**Senator SCHACHT**—You may be able to draw my attention to the place in the budget papers where I can find this: is the \$14 million a call on this budget for 2001-02?

**Major Gen. Willis**—No, as I understand it, that is broken down over a couple of years.

**Senator SCHACHT**—Two years?

**Major Gen. Willis**—It is spread over three years.

**Senator SCHACHT**—Is it in the PBS?

**Major Gen. Willis**—The PBS would not drill down that far.

**Senator SCHACHT**—Could you take that on notice for us. I will have to work out from the number what the per unit cost is.

**Major Gen. Willis**—We will probably be able to give you the per unit cost, anyway.

**Senator SCHACHT**—Thank you.

**Major Gen. Willis**—Mr Chairman, I have a couple of answers to questions asked yesterday which I would like to read into the record, if that is possible.

**CHAIR**—Yes, fire away.

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**Major Gen. Willis**—The first one was a question by Senator West about defence family newsletters and the number, et cetera. There are approximately 30 local family newsletters in operation. Some newsletters are run and produced by a committee of spouses who operate as a single-interest group—their only role is to produce a newsletter—and others are produced by neighbourhood and community groups. Some newsletters are produced by the Defence Community Organisation, using DCO operational funds. Thirteen newsletters have been identified as receiving support through the provision of the Family Support Funding Program. I have a list here which I will table subsequently.

The annual funding process is as follows: in February-March, the local Defence Community Organisation puts out an advertisement saying, ‘Come forward and make your requests.’ After the requests are received, in March-April, the local office then convenes and facilitates a prioritisation meeting between all those that are involved, the local commander is requested to comment, then it is forwarded down here for consideration. We put together the appropriate list and then it comes over to the minister for approval. By mid-August the funds are paid direct into bank accounts. If, by the following year, they have not been acquitted, they are off the funding list. If they still do not pay, we follow up.

**Senator WEST**—Thank you. That was my recollection of how we drafted the guidelines 12 years ago.

**Major Gen. Willis**—There was another question from Senator Hogg, I believe, on advertising and contracts, et cetera. Contracts are for three years. The current contract for advertising for recruiting is with Young and Rubicam and Mattingly and commenced on 15 August 2000. Eight national advertising agencies tendered for the contract. The contractor was selected by the MCGC. The campaigns are reviewed on a 12-monthly schedule by engaging New Focus Research, who are also on a three-year contract. They research old advertisements for suitability, currency and content with focus groups, then they provide recommendations for improvements as appropriate. If improvement is required, new advertisements are developed and once again researched. The new advertisements and research are submitted to the MCGC for approval prior to production.

Media space for campaigns is purchased on a 12-monthly schedule by the government media buyer, Mitchell and Partners. Mitchells recommend the spread and spend to maximise effectiveness and efficiency. Each media campaign is endorsed by the MCGC during the campaign approval sponsorship. There was one other question about sponsorship. DFRO sponsors several high-profile public events and activities to sell the public image of the ADF and careers within the ADF. Several of these events and activities are being reviewed to ensure value for money with a view to transferring the majority of them to the PACC during the next financial year.

**Senator HOGG**—Thanks very much for that, General.

**Major Gen. Willis**—Mr Chairman, there was one other question about superannuation. I was not here at the time but I understand we were asked when they were indexed. They are indexed annually, on 1 July, based on the CPI at the end of the March quarter. The Nunn review started work on 15 March 2001 and is due to be completed on 31 August.

**Senator HOGG**—Thanks. I understand there is a pilot scheme for recruitment that has operated in Victoria and Tasmania. Where is that pilot scheme at? Has it been completed yet?

**Major Gen. Willis**—No. A one-year contract to conduct a pilot was signed on 4 September last year. Evaluation of the pilot scheme has been completed. It is currently being evaluated. The final decision on which way we are going has to be made by 23 July.

**Senator HOGG**—If it is a one-year trial, why is that? I am confused because I understood, when we asked questions about this previously, that it would be going through until September this year.

**Major Gen. Willis**—It was agreed with the Manpower Defence Recruiting and Manpower Australia that we should proceed with an evaluation period prior to the end of the 12-month period because, should they or should they not get the roll-out, there would be considerable administrative work to get ready to roll, so to speak. Both parties agreed that there would be an initial proposal put forward at 84 days before the contract came out and at 42 days before the contract time ran out that the decision should be made. That date is 23 July.

**Senator HOGG**—That is when the decision will be released.

**Major Gen. Willis**—Finalised.

**Senator HOGG**—Released or finalised?

**Major Gen. Willis**—It has to be released by that day on a contractual basis. We have to inform Manpower Australia by D minus 42—which is effectively 23 July—what the future is.

**Senator HOGG**—Who made the assessment?

**Major Gen. Willis**—A combination of assessments is being made. The Defence Force recruiting organisation put forward comments. We have received comments from Manpower themselves. We have collected comments over the year. The contract administrator—

**Senator WEST**—It is not a year, is it? It will only be 10½ months—

**Major Gen. Willis**—That is correct.

**Senator WEST**—by the time it is actually announced.

**Major Gen. Willis**—Over the time since it started, yes. All these issues have been approved together at an executive action committee meeting, which happens about every two months between all parties involved in the trial. And, on top of that, we had an agreement to bring in an external evaluator to put an objective assessment forward.

**Senator HOGG**—Who is the external evaluator?

**Major Gen. Willis**—Cogent Solutions, a Canberra based consulting firm.

**Senator WEST**—Who are the principals of that?

**Major Gen. Willis**—The principal is a Mr Jim Longworth.

**Senator WEST**—Do they have any former military personnel on their staff?

**Major Gen. Willis**—They certainly do and they also engage experts across the field.

**Senator HOGG**—Were the former military personnel—

**Senator WEST**—Who are they?

**Senator HOGG**—out of defence recruiting, by any chance?

**Major Gen. Willis**—The principal, Mr Jim Longworth, is an ex serving officer but has been out of the Army for, I think, at least 12 or 13 years. Some of the individuals that he engaged to assist him in the project were ex service officers who have been out for some time. I am not sure of the actual time. We also attached some serving personnel with current recruiting information to the assessment team to make sure that they had up-to-date information.

**Senator HOGG**—I find it difficult, given that there was supposed to be a 12 month trial of this—

**Senator WEST**—Ten and a half months.

**Senator HOGG**—that a reasonable assessment can be made of the effectiveness of the project in a period less than 12 months. Whether Manpower are successful or unsuccessful, it may well be a process that is open to criticism because either they were not given sufficient time to prove that they had the wherewithal to deliver, or they were given insufficient time to prove their ability. So that is a comment that I just make at this stage.

**Major Gen. Willis**—May I comment on that?

**Senator HOGG**—Yes, you may.

**Major Gen. Willis**—I would just like to re-emphasise that all these decisions about when evaluations would be made and roll-out times were done in complete agreement with Manpower. In fact, they requested the earlier initial evaluation period so, should they get the roll-out decision, they would then have time to mobilise to start moving in September.

**Senator WEST**—When is the decision made?

**Senator HOGG**—What if they did not get it?

**Major Gen. Willis**—If they did not get it, they would not have to mobilise, that is it. We would then have to mobilise. We would have to reconstitute.

**Senator WEST**—Refresh my memory: when was the decision made to go into this evaluation process and have it all finalised 10½ months after the start of what was going to be a 12-month trial?

**Major Gen. Willis**—We had a contract that did not require an evaluation period, the contract—it was pretty watertight—just said that they would do a trial and that Defence would then make a decision. We agreed that it would be appropriate that we had an evaluation period. They agreed with that and saw it as an objective way of looking at it. We all agreed, and we moved ahead on that premise.

**Senator WEST**—When was that decision made?

**Major Gen. Willis**—I would have to check, but I think it was at the Executive Action Committee meeting that we had with all parties in February this year.

**Senator WEST**—In February?

**Major Gen. Willis**—Yes.

**Senator WEST**—They started this on what day in September?

**Major Gen. Willis**—The contract was signed on 4 September.

**Senator WEST**—Less than six months into a 12-month trial the decision is made and agreed to that the pilot will not do the full 12 months and that 10½ months from the start of the trial the tick will be given that it will cease to be a trial and be permanent or not. Do you think that is adequate time?

**Major Gen. Willis**—These trial arrangements were agreed up front in contract. Putting that to one side, it was then agreed by all parties to do it. The agreement to conduct the evaluation was made in February. The evaluation did not start until late March. It reported in April. The key recruiting period is January, February and early March. Once you fall off the March period it is a very dull spot and nothing much starts to happen until the year starts to rise again later on in the year. Based on that assessment and the key figures that could be

brought out between the September and April period, it was decided and agreed by all parties that they would get near to a report at that stage, and in balance it was better to have an objective evaluation than to roll through without it.

**Senator HOGG**—I refer you to the Defence submission—you would not believe it; I cannot find it—to the Foreign Affairs, Defence and Trade references committee into recruitment and retention. I am absolutely certain that I saw the date of 8 June mentioned.

**Major Gen. Willis**—It is 11 June actually. We had to give the 84-day indication by 11 June, but because that is a holiday we made it 8 June because that is the Friday, the last working day. Effectively it is 11 June.

**Senator HOGG**—So that is this Friday?

**Major Gen. Willis**—That is this Friday, yes.

**Senator HOGG**—In terms of the assessment, what benchmarks are being used in the assessment process, given that Defence recruitment was on the downhill slide anyway and that there were difficulties in Defence recruiting? If one judges things from the low base, it may well be that any recruitment looks good. I want to establish what benchmarks were being used by the independent evaluation team, by Defence itself and by Manpower to measure the effectiveness or otherwise of the efforts at Manpower.

**Major Gen. Willis**—There were numerical targets set in the southern region where they were operating. Also, the contract administrator gathered constant reports on a number of areas, whether it was complaints or positives. That information was collected over a period and it was discussed between both parties. I refer you to Brigadier Brown for more detail. It is more in his bailiwick and he may be able to provide more answers.

**Brig. Brown**—At the initial contract stage the major KPI related to the achievement of targets, and they were given definite targets to achieve, but there was also a series of secondary KPIs that were established in that contract. They went to technical worth, which related to the number of complaints they receive; the quality of care; the process; the requirement to be innovative; and the requirement to demonstrate innovative solutions, et cetera. We could show you those if you wanted to see them, rather than go through them now.

**Senator HOGG**—Yes, if you could. Any information that you have and that you can table on this would be very helpful indeed. Are the evaluation reports available?

**Major Gen. Willis**—The evaluation has not been completed and until the evaluation decision is made it would be commercial-in-confidence. After that, I do not see any problem with releasing it.

**Senator HOGG**—Can I get it straight that you are going to be in the position where you determine the future of all defence recruiting throughout the whole of Australia. It is not just in Victoria where the trial took place, and Tasmania, as I understand it. Based on your experience in Victoria, you could roll it out for the whole of Australia?

**Major Gen. Willis**—That is an option but I will not decide that. That decision will be made by the government on recommendations provided to it.

**Senator HOGG**—Was the original contract purely and simply for what happens in the states of Victoria and Tasmania?

**Major Gen. Willis**—It was a trial for the southern region which included Victoria, Tasmania and parts of southern New South Wales.

**Senator HOGG**—Were there any former defence personnel in Manpower itself?



**Major Gen. Willis**—Yes, I understand there are some former defence members in Manpower.

**Senator HOGG**—Out of defence recruiting?

**Major Gen. Willis**—I understand, yes.

**Senator HOGG**—Former senior personnel within defence recruiting?

**Major Gen. Willis**—A lieutenant-colonel who had been in recruiting in the Army.

**Senator WEST**—Given the structure of recruiting after the DRP, recruiting is headed up by a colonel equivalent and the deputies are half-colonel equivalents?

**Major Gen. Willis**—The head is a colonel, yes.

**Senator WEST**—It may not be a colonel but a colonel equivalent?

**Major Gen. Willis**—Yes, there are colonel equivalents; it happens to be a colonel.

**Senator WEST**—So the head of recruiting is a colonel—

**Major Gen. Willis**—A colonel equivalent.

**Senator WEST**—with three deputies from the three services, or the two deputies?

**Major Gen. Willis**—I will defer to Brigadier Brown because he has intimate knowledge of the organisational charts of the recruiting organisation.

**Brig. Brown**—No, it is no longer organised along service lines.

**Senator WEST**—No, but the deputies that come underneath are half-colonel ranks?

**Brig. Brown**—There are no deputies, if you like. The next rank below the director is a lieutenant-colonel equivalent.

**Senator WEST**—And you are telling us that the person that has gone from recruiting to Manpower is a half-colonel rank and therefore has to be at that second level of seniority in defence recruiting. Do you not think there is a conflict of interest? Do you not think that that does not look very good as far as probity is concerned?

**Major Gen. Willis**—No, he had left recruiting; I am not sure when. He was engaged by Manpower as a completely individual activity. The recruiting trial was put out to tender, a number of companies applied and Manpower won a tender. Only when they won a tender, as far as I know, did we know exactly who was working for them.

**Senator HOGG**—If the trial is successful, does it automatically mean that it goes to Manpower or does it go out for further tender? Does the trial to Manpower just prove that there is an alternative way to recruit other than through defence personnel doing the recruiting themselves?

**Major Gen. Willis**—The way the contract is written, it was a two-stage program. Phase 1 was the trial and it is written that, should the trial prove successful, Manpower would then roll out to phase 2, all of Australia.

**Senator HOGG**—Across Australia?

**Major Gen. Willis**—Across Australia, should they be successful in phase 1.

**Senator HOGG**—That is a little different from the impression that I got before, because you said it may well be a policy decision of government as to whether or not to roll it out across the whole of Australia. If phase 2 is a rollout across Australia, then that leaves no doubt as to what will happen.

**Major Gen. Willis**—That is an option. Once the trial is complete, there are a number of options. One is that, if the trial was successful—and that is the caveat—and deemed to be successful, we could roll it out across Australia, expand what we are doing in the southern region. There is another step back from that: we could roll it out partially across Australia. For instance, we could have subcontractors or other groups and we would maintain the prime contractor role.

**Senator HOGG**—Is it possible to get a copy of this contract?

**Major Gen. Willis**—Yes.

**Senator HOGG**—I would welcome a copy.

**Major Gen. Willis**—Certainly.

**Senator WEST**—Why was there nothing in the original contract about evaluation and assessment of this trial?

**Major Gen. Willis**—I am unable to answer that. The contract was negotiated over a significant period and I do not know the answer to that.

**Senator WEST**—Who signed off for it on behalf of Defence?

**Major Gen. Willis**—I signed off the contract on behalf of Defence on 3 September soon after I got into the job and a lot of work had been done before that. I was happy with the contract as written, but I cannot comment on what staff work went into it in the year before I signed it.

**Senator WEST**—Should any future roll out occur, what are you going to do about the areas that have specialist recruitment needs? I am thinking specifically of ones like Norforce where you have a very large area. I do not think that Manpower has much of a presence out in far North Queensland in respect of the specialist areas out of which Norforce operates. What are you going to do about that?

**Major Gen. Willis**—Part of the evaluation is to evaluate fully how anyone, including ourselves, would address those problems, and if we are not satisfied that the solution put forward would adequately cater for regional Australia, or for any part of Australia, that would certainly be a black mark against proceeding with the contract.

**Senator HOGG**—The thing I find difficult there is that these people have not had a chance to test themselves in that marketplace. They are being evaluated upon a test—

**Senator WEST**—In Victoria.

**Senator HOGG**—in a specialised area in Victoria, probably pretty much dominated by Melbourne. I was in North Queensland the other day and I was told that something like a third of the recruits to Army come out of Queensland. That recruitment from Queensland is disproportionate in terms of the population of the rest of Australia. A range of issues there raise real concerns. It seems that you are heading headlong down this path. I understand that you have an evaluation process, but one must really question the value of the whole process. Indeed, if the trial is out for 12 months—and I have heard what you have said and I do not think we should go over that same ground again—I can do no more than register real concern.

**Major Gen. Willis**—If I could just comment quickly on that. The southern region was selected because it was easily bounded and there are significant difficulties in the southern region. The area around Melbourne, in some respects, is one of the hardest areas to get recruits from. So on a number of objective issues, it was designed to be a good test. Whilst not being an expert in corporate contracts and commercial law, the contract was agreed by

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both parties after significant work so I cannot comment on Manpower's decision to go the way they did.

**Senator HOGG**—If the trial is deemed to be successful, is there an option for Defence not to proceed with the contract or is it mandatory that Defence must then, in some way, go to phase 2 of the contract?

**Major Gen. Willis**—The contract is written such that there is no discretion for anyone to question our decision. At a minimum, all we have to do is say, 'No, we're not rolling out', and that was agreed by both parties up front.

**Senator HOGG**—So you do not have to tell the company that has trialled this whether you have deemed the trial to be a success or a failure. You could remain neutral on the issue and just decide to proceed down the path you have always gone?

**Major Gen. Willis**—Yes. There are lots of options there. It is not likely that we would go one way without a thorough explanation to them. I think that could be seen to be at fault in law under fair practices. But contractually, we do not have to. We can just make a decision whichever way.

**Senator HOGG**—Thank you.

**Major Gen. Willis**—I have one other read-in that Mr Neumann is very keen I should read in. It is about the fraud case in Townsville that Senator West asked about yesterday. I may have partially addressed it in the answer that I gave in the previous read-in about the family support measures. The question was: how was the fraud discovered? My understanding is that it was in the due process of following up from grants allocated and not acquitted, and therefore we would follow up.

**Senator WEST**—Thank you. If I can turn back to Manpower and bring you to the ANAO report entitled *Causes and consequences of personal postings in the Australian Defence Force*, report No. 41 of 2000-01, and draw your attention to page 40, 4.13. The second sentence reads:

A pilot exercise in Victoria and Tasmania is testing the use of a private sector firm to provide recruitment services to the ADF. The firm was awarded a 12 month pilot contract, which commenced in September 2000.

It is quite obvious the ANAO considers this to be a pilot. I am not aware of any pilots undertaken by any organisation within the Public Service or the ADF that does not have an evaluation written into it. What did the ADF tell the ANAO about this trial or pilot exercise?

**Major Gen. Willis**—I am not aware. I will have to take that on notice.

**Senator WEST**—Was the ANAO advised that the pilot or trial was going to be concluded and evaluated—first of all, were they told there was a pilot? Were they told what evaluation procedures were going to be followed at the end of this pilot? Were they aware that the pilot had been truncated—this is a 10-day old report; it is not one that has been out for a long time. It would appear from this report when it goes on to say:

It is expected that, if the pilot is successful, the firm would provide services for a period of five years ...

That takes me back to the question of what assessments they thought they were undertaking, were they also aware that previously senior people from recruiting now work for Manpower? Have they been made aware of all those probity issues?

**Major Gen. Willis**—I will take those all on notice bar one, which was the five-year one. I can confirm that is in the contract. Should they have rolled out to phase two, it would be for a five-year period.

**Senator WEST**—What are the escape clauses in it?

**Major Gen. Willis**—On notice, Senator, I do not know.

**Senator WEST**—What is the Defence People Council?

**Major Gen. Willis**—The Defence People Council is a group of senior officers within the Department of Defence chaired by deputy secretary corporate and with representatives from the deputy chiefs Navy, Army and Air Force, myself, my deputy, the Vice Chief of the Defence Force and an outside member whose job is to provide a strategic focus and to be an advocate for the important place of people in supporting defence capability.

**Senator WEST**—What are its terms of reference?

**Major Gen. Willis**—The terms of reference are yet to be confirmed but in draft they are almost there. We are having a Defence People Council meeting tomorrow which will confirm these as an agenda item. I can read out to you the five subparagraphs that outline—

**Senator WEST**—It is okay, I will take that on notice. What are the avenues for serving personnel and their representative organisations such as ArFFA, RSL, et cetera to contribute to the work of the council?

**Major Gen. Willis**—They have the normal access through me or through any of the services who have representatives on the council. We also have ex-service organisation days twice a year, which is sponsored by Defence Personnel Executive, which allow them to put forward issues. I have an open door policy with ex-service organisations and they can put any issue through me, should they wish.

**Senator WEST**—What role is it envisaged that the council would play in the determination of the pay and conditions of serving personnel?

**Major Gen. Willis**—The role that they would play is that, if it were a significant financial issue or a significant policy change, they would be the next step in the chain from me. I would recommend to them a change in a condition of service of a financial nature. It would be considered by the defence council who would then forward it for the Defence Committee for ratification before sending it on to the Defence Force Remuneration Tribunal.

**Senator WEST**—Which is what I want to know: how does this role relate to the powers and functions of the independent Defence Force Remuneration Tribunal?

**Major Gen. Willis**—Only as much as it is a staff process prior to getting there, and that will therefore have no direct effect on the DFRT.

**Senator WEST**—Okay. How does the Defence people plan relate to the external review of ADF remuneration and the proposed new enterprise productivity agreement which requires the approval of the Defence Force Remuneration Tribunal?

**Major Gen. Willis**—The Defence people plan is basically Defence's HR plan. There will be relationships, of course, between those other two areas in as much as the people plan will identify initiatives and directions that we will be moving for in the next 12 months. The people plan is the subset of the Defence plan, which is a drill-down from higher Defence direction.

**Senator WEST**—Has Defence been directed not to proceed with any further significant cases before the tribunal pending the finalisation of the remuneration review and people plan?

**Major Gen. Willis**—Defence has been advised by the minister in relation to the Nunn review that any significant policy changes should be held over pending the outcome of the Nunn review. That is the only direction we have received.

**Senator WEST**—In addition to the proposed new career and salary structure for medical officers, what other cases have been put on hold?

**Major Gen. Willis**—I am not aware that too many cases have been put on hold. As I understand it, the DFRT calls forward cases as they wish to hear them. Given that the Nunn review reports on 31 August, I do not believe that from my knowledge there is an issue there but I will take that on notice and check for you.

**Senator WEST**—In terms of Minister Scott's budget media release, what is the exact amount available in 2001-02 and subsequent years for additional recruitment and retention measures?

**Major Gen. Willis**—It is \$100 million a year out of which to start with there is \$6 million for cadets and approximately \$22 million for reserves, which leaves \$72 million a year for ongoing initiatives.

**Senator WEST**—Does the minister need the approval of cabinet or the Prime Minister for this funding to be accessed?

**Major Gen. Willis**—No, as I understand it, it is out of our base and we are using it from within our portfolio program.

**Mr Harper**—That is correct.

**Senator WEST**—Can I just turn to the unacceptable behaviour statistics that you have provided for us. I have a question in relation to the reporting of sexual harassment and sexual offences. Do you look at the time period between the lodging of a complaint and any investigation or action starting? It might be that you go down to the branch and to the unit level to look at what time it has taken from the complaint being lodged to the first investigation beginning to be undertaken.

**Major Gen. Willis**—We would receive comments on our 1800 numbers, and the people who man those 1800 numbers would give advice down the chain of command to what action is suggested can be taken. We do not take the action as such, because generally the action starts in another area and they take advice. But if I may defer to Ms Grey, she could probably give you a bit more detail on how that works.

**Ms Grey**—We do not monitor rigorously the time it takes for investigations to take place. However, we do monitor from the time a formal complaint is notified to us, we watch and see the actions taken and how long it takes.

**Senator WEST**—Are you monitoring what is going on within the units because I am getting complaints that women are laying a complaint and before investigation begins, there is a time lapse, time lag, and the offending material can be removed from notice boards, from various places. I have actually had complaints of that happening and I am wondering what you are doing to make sure that that is being looked at and being overcome.

**Major Gen. Willis**—We take all that very seriously and we certainly follow up as best we can in line with what Ms Grey said. I would be only too happy to receive any information you have to follow up on to make sure that we can nail some of these people, if that is the case.

**Senator WEST**—That is only one or two cases that I have heard about. I am wanting to know are you actually taking some effort to look and to make sure that units are documenting very clearly so that they cannot play ducks and drakes with it because I have heard complaints about it. When you start to correlate a person's performance, to track their rise within the organisation and when they make a complaint, there is a definite time that their reports start to

go down but there is also a gap between when the first complaint is made and when it starts to be investigated. And evidence is being removed. It might only be a mild harassment but—

**Major Gen. Willis**—We will look into that as best we can. But that happens at the unit level, and we do not find out about that until such case as you are informed or someone else. We would be only too happy to investigate any cases you have.

**CHAIR**—Senator West, if you have any further questions you want to put on notice, please do so. Minister, thank you for your attendance.

**Senator Kemp**—It is a great pleasure to be here.

**CHAIR**—Thank you Mr Harper, General Willis and the rest of the members of the Department of Defence, and we look forward to seeing you later in the year. The meeting is now adjourned.

**Committee adjourned at 10.02 p.m.**