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SENATE
FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE

Thursday, 21 February 2019

FOREIGN AFFAIRS AND TRADE PORTFOLIO

In Attendance
Senator Payne, Minister for Foreign Affairs
Senator Birmingham, Minister for Trade, Tourism and Investment

Austrade
Outcome 1: Contribute to Australia's economic prosperity by promoting Australia's export and other international economic interests through the provision of information, advice and services to business, associations, institutions and government.
Programme 1.1 Promotion of Australia's export and other international economic interests.
Programme 1.2 Programmes to promote Australia's export and other international economic interests.

Dr Stephanie Fahey, Chief Executive Officer
Mr David Hazlehurst, Deputy Chief Executive Officer
Mr Tim Beresford, Deputy Chief Executive Officer
Ms Kelly Ralston, Chief Client Officer
Mr Rob Donelly, General Manager, Strategy and Business Transformation
Ms Jenny West, General Manager, Trade and Investment
Ms Sally Deane, Acting General Manager, Government and Partnerships
Mr Nick Nichles, Chief Operating Officer
Mr Michael Koh, Acting Chief Finance Officer
Ms Lynne Ashpole, Assistant General Manager, Policy and Coordination
Mr Dom Bilbie, Assistant General Manager, Client Programs

Outcome 2: The protection and welfare of Australians abroad through timely and responsive consular and passport services in specific locations overseas.
Programme 2.1 Consular and Passport Services

Dr Stephanie Fahey, Chief Executive Officer
Mr Nick Nichles, Chief Operating Officer

Export Finance and Insurance Corporation
Ms Swati Dave, Managing Director and Chief Executive Officer
Mr Stuart Neilson, Chief Financial Officer and Chief Risk Officer
Mr John Hopkins, Chief Operating Officer and General Counsel
Mr John Pacey, Chief Credit Officer
Mr Jan Parsons, Director, Environmental and Technical Review

Tourism Australia
Outcome 1
Mr John O'Sullivan, Managing Director
Outcome 1: The advancement of Australia’s international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities

Program 1.1: Foreign Affairs and Trade Operations

Program 1.2: Official Development Assistance

Program 1.3: Official Development Assistance—Multilateral Replenishments

Program 1.4: Payments to International Organisations

Program 1.5: New Colombo Plan—Transforming Regional Relationships

Program 1.6: Public Information Services and Public Diplomacy

Program 1.7: Programs to promote Australia’s International Tourism Interests
Mr Tim Spackman, Chief Information Officer, Information Management and Technology Division
Dr Sarah Pearson, Chief Scientist and Chief Innovation Officer, innovationXchange
Ms Amanda Gorely, First Assistant Secretary, International Security Division
Mr Paul Foley, Ambassador for Counter Terrorism, International Security Division
Mr Patrick Lawless, Assistant Secretary, People Smuggling and Human Trafficking Taskforce
Dr Tobias Feakin, Ambassador for Cyber Affairs, International Security Division
Mr Simon Newnham, First Assistant Secretary, Investment and Economic Division
Mr James Wiblin, Assistant Secretary, Investment Branch, Investment and Economic Division
Mr Tony Coles, Acting Assistant Secretary, Office of Economic Analysis, Investment and Economic Division
Mr James Larsen, Chief Legal Officer, Legal Division
Ms HK Yu, First Assistant Secretary, Middle East and Africa Division
Mr Chris Tinning, First Assistant Secretary and Chief Economist—Development, Multilateral Development and Finance Division
Mr Justin Lee, First Assistant Secretary, Multilateral Policy Division
Ms Amy Haddad, Assistant Secretary, Principal Gender Specialist, Gender Equality Branch, Multilateral Policy Division
Mr Patrick Suckling, First Assistant Secretary and Ambassador for the Environment, Sustainability and Climate Change Branch, Multilateral Policy Division
Mr Graham Fletcher, First Assistant Secretary, North Asia Division
Mr Robert Christie, Assistant Secretary, Office of Development Effectiveness
Mr George Mina, First Assistant Secretary, Office of Trade Negotiations
Ms Alison Burrows, Special Negotiator, EU-FTA, Office of Trade Negotiations
Mr Andrew Jory, Assistant Secretary, Goods and Market Access Branch, Office of Trade Negotiations
Mr Kevin Nixon, Executive Director, Overseas Property Office
Mr James Gilling, First Assistant Secretary, Pacific Bilateral Division, Office of the Pacific
Ms Kathy Klugman, First Assistant Secretary, Pacific Strategy Division, Office of the Pacific
Mr Pablo Kang, Assistant Secretary, Pacific Infrastructure Branch, Pacific Strategy Division, Office of the Pacific
Ms Lyndall Sachs, Chief of Protocol, Protocol Branch
Ms Elizabeth Ward, Chief Negotiator, Regional Trade Agreements Division
Mr Andrew Martin, Assistant Secretary, FTA Goods Branch, Regional Trade Agreements Division
Mr Todd Mercer, Assistant Secretary, FTA Policy and Implementation Branch, Regional Trade Agreements Division
Mr Lachlan Crews, Assistant Secretary, Trade and Investment Advocacy Branch, Regional Trade Agreements Division
Mr Andrew Byrne, First Assistant Secretary, Soft Power, Communications and Scholarships Division
Mr Adrian Lochrin, Assistant Secretary, Communications and Parliamentary Branch, Communications and Scholarships Division
Mr Simon Merrifield, First Assistant Secretary, South and West Asia Division
Ms Julie Heckscher, First Assistant Secretary, Southeast Asia Division
Mr Philip Green, First Assistant Secretary, US and Indo-Pacific Strategy Division

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

**Program 2.1: Consular Services**

Mr Andrew Todd, First Assistant Secretary, Consular and Crisis Management Division
Mr Ross Tysoe, Executive Director, Australian Passport Office

**Program 2.2: Passport Services**

Mr Andrew Todd, First Assistant Secretary, Consular and Crisis Management Division
Mr Ross Tysoe, Executive Director, Australian Passport Office

**Outcome 3: A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate**

**Program 3.1: Foreign Affairs and Trade Security and IT**

Mr Luke Williams, Chief Security Officer
Mr Tim Spackman, Chief Information Officer, Information Management and Technology Division
Mr Kevin Nixon, Executive Director, Overseas Property Office and Services
Department of Foreign Affairs and Trade (trade programs)
Mr George Mina, First Assistant Secretary, Office of Trade Negotiations
Ms Alison Burrows, Special Negotiator, EU-FTA, Office of Trade Negotiations
Mr Andrew Jory, Assistant Secretary, Goods and Market Access Branch, Office of Trade Negotiations
Ms Elizabeth Ward, Chief Negotiator, Regional Trade Agreements Division
Mr Andrew Martin, Assistant Secretary, FTA Goods Branch, Regional Trade Agreements Division
Mr Todd Mercer, Assistant Secretary, FTA Policy and Implementation Branch, Regional Trade Agreements Division
Mr Lachlan Crews, Assistant Secretary, Trade and Investment Advocacy Branch, Regional Trade Agreements Division
Mr Simon Newnham, First Assistant Secretary, Investment and Economic Division
Mr James Wiblin, Assistant Secretary, Investment Branch, Investment and Economic Division
Mr Tony Coles, Acting Assistant Secretary, Office of Economic Analysis, Investment and Economic Division

Committee met at 09:00

CHAIR (Senator McGrath): I declare open this additional estimates 2018-19 hearing of the Senate Foreign Affairs, Defence and Trade Legislation Committee. Today the committee will examine the Foreign Affairs and Trade portfolio, as set out in the circulated program. The committee has fixed Friday, 1 March 2019 as the date for senators to provide written questions on notice in order to receive answers by the due date of 29 March 2019. Information on procedural rules governing the estimates hearings and claims of public interest immunity has been provided to departments and agencies and is available from the secretariat.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

1) If:

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

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

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

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

4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

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

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

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

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

Department of Foreign Affairs and Trade

[09:01]

CHAIR: I welcome the Minister for Foreign Affairs, Senator the Hon. Marise Payne; Ms Frances Adamson, the secretary; and officers of the Department of Foreign Affairs and Trade. Minister, do you wish to make an opening statement?

Senator Payne: No thank you, Chair.

CHAIR: Ms Adamson, do you wish to make an opening statement?

Ms Adamson: No thank you, Chair.

Senator WONG: I will start with the matter of Mr Hakeem al-Araibi. I acknowledge, as I think Labor has publicly, the work of Foreign Affairs officials and others in relation to his case. I want to speak about the issuing of what's known as a red notice. I understand that Home Affairs has given evidence that indicates that there was a human error made. But I want to go to the systems issue. Could either the minister or the secretary explain to us your understanding of how the red notice system works and of the timeline involving Mr al-Araibi?

Ms Adamson: In quite informal terms of how it works, I'm not sure that we have anything to add to the Home Affairs testimony. But we're willing to essentially—

Senator WONG: We can come back to it if you prefer, but I think it would be useful for the purposes of having a discussion about the system and any policy issues associated with the system. Would you prefer to come back to that?

Ms Adamson: We can deal with it now if you wish in terms of our understanding. I will ask Mr Larsen to take you through the steps, recognising what Home Affairs had to say in terms of the volume of these things, the different ratings of them and how it might work in practice. In terms of our understanding, Mr Larsen would be happy to talk you through that.

Mr Larsen: I have very little to add to the—
Senator WONG: I’m not trying to ‘get’ anybody here. I know it’s not your area. I just think—

Senator Payne: Senator, the way you asked your question, I’m not quite sure the officials understand the direction you’re coming from. I think you and I are in heated agreement that the practical application of the system has the potential to have the sort of impact that we’ve just seen. From the Department of Foreign Affairs and Trade perspective—the secretary and officials, Mr Larsen particularly—are there aspects of that which we should be looking at?

Senator WONG: Yes. I thought it would be useful, because not everybody carries this in their head—certainly the public don’t—and this is a matter that I have received multiple representations on. Could we start, for the purposes of having that second discussion, with at least—and I understand that you’re not the department—your understanding of how that system works. Then we can have the discussion to which the minister refers.

Ms Adamson: Senator, perhaps I can explain on a general level our understanding. It’s something that I’ve been broadly familiar with and obviously we’ve had to become more intimately familiar with in the case of Hakeem al-Araibi. In general terms, our understanding is that, through Interpol, police forces around the world at the request of their legal systems or whatever it may be do what is called ‘raise a red notice’ in relation to a particular individual. That raising of a red notice goes through Interpol head office, I think, through Interpol members around the world.

Senator WONG: That is in Europe, yes?

Ms Adamson: Yes, that's in Europe. Then each country according to its systems does what it needs to do with that red notice. My understanding is that in our system if anyone who has a red notice raised against them is in our country and chooses to travel, that will raise a flag at the border. The Australian Border Force would then see that flag and, as Border Force explained in their evidence, there are then actions that flow from that, including whether that person is of interest of us and needs to be dealt with in a law enforcement sense. There are a whole range of other issues that flow, but broadly that's how it works.

Senator WONG: What do you understand to not have occurred in relation to Mr Hakeem Al-Araibi that should have occurred?

Ms Adamson: The issue that precipitated a range of other things was that Mr Al-Araibi had been determined to be a refugee and was afforded protection. Part of our system knew about that but not our system in its entirety in the way that it was linked up. My understanding is that he was travelling on a Titre de Voyage travel document, which is not exclusively but typically the way that someone who has that kind of protection but not yet citizenship of another country is able to travel. These sorts of things, though, are not widely known. I think part of the broader issue is greater awareness within our whole system about these forms of travel documents, and communication of key bits of information in order to ensure that people are protected, because, as has been explained, Interpol has a firm practice of either not permitting red notices to be raised against those who are afforded protection or, alternatively, removing them when they become aware of that. What AFP did as soon as they became aware—

Senator WONG: So Interpol will do that?
Senator Payne: Interpol as a matter of course should—the red notice should not have been issued by Interpol in the first place.

Senator WONG: I think that's true. But to remedy that—it is obviously an error within the Australian system. I think that has been conceded. But it is the case that Interpol is not intended to issue red notices against those who've been afforded protection—is that correct?

Senator Payne: That's correct. It's in their constitution.

Senator WONG: That's good to know. I think there's the issue of how the communication failed to occur in Australia. There's the issue of Interpol, which would have acted on removing the red notice if the AFP had notified them prior to his travel—correct?

Ms Adamson: Yes or, as the minister said, they wouldn't have raised it in the first place if they'd known.

Senator WONG: There is another issue. Obviously as a general principle there will be nations whose legal systems and political systems and, flowing from that, therefore criminal justice systems whose decisions would not accord with Australia's view about the separation of powers and the rule of law. I don't propose to point the finger but one can imagine that in today's world there would be people who would have criminal convictions which Australia would not wish to recognise or would not act upon in terms of our system. My policy question is: is the current red notice system fit for purpose in dealing with those sorts of matters?

Mr Larsen: The system is inevitably subject to the weakness that you have different regimes in different countries, and some criminal law regimes are regimes with which we feel comfortable and some are regimes with which we would feel less comfortable. The red notice system is a system that has been in place for an extended period. It generally works satisfactorily. Obviously the Thailand incident is an example of where it did not work satisfactorily. That is a risk associated with the system. Generally speaking, it is important for individual travellers or persons who think they may be subject to a criminal process to make inquiries and be careful about the locations where they travel.

Senator WONG: I understand that advice. I'm actually making a slightly different point. I get what you're saying about the Interpol system. I get that there was human error in Australia which led to the red notice and the flag, which ultimately led to his imprisonment. But you can imagine a situation where someone has had a criminal conviction that we in Australia would not be enforcing. We would not be extraditing people. We would not be acting in any way, because the crime or the legal system or the fact that it's an authoritarian regime or whatever, and it should not be abstract—we would not act on it. It doesn't seem to me from what the secretary has said that the current red notice system has any capacity for discretion on the part of Australia in respect of people who might have pending protection decisions to be protected or shielded from the implementation of that coercive power by Interpol.

Ms Adamson: Senator, I know you know this: the details are really for AFP. I would agree with your fundamental premises. This is not necessarily a black and white 'flag raised, therefore act in this way in all circumstances' but—

Senator WONG: No but, for example, there are places in the world where it is a criminal act, in some cases punishable by death or long sentence, to be gay. Say someone's convicted and they flee to Australia, under the system that you've described, if they have not received protection yet, a red notice could still be issued against them and in the Australian system at
this stage, in the absence of protection, there is no discretion or no system to respond to that—correct?

Ms Adamson: I think that's right. But—again, this is where it would be handy to have an AFP official join us—in terms of the levels of notices, there are different colours and other elements of it.

Senator WONG: That's probably true.

Ms Adamson: But, to go to your point, it's not just clearly about law enforcement; there are other considerations that need to be brought into play. I think we would accept that.

Senator WONG: Is there an intention for DFAT, which has sight of these sorts of issues—it's not just an enforcement issue; there's a policy and diplomatic aspect of this—to consider the Hakeem case and to consider whether the current system of red notices and engagement with Interpol is fit for purpose?

Ms Adamson: Yes. Within the department we have been quite thoughtful about this, about what we can learn from it. But it's not just what we can learn from it; it's systemically, including in terms of the role that Australia might conceivably play in future reform of the system. That's something that we're certainly very thoughtful about. It potentially has implications for our travel advice and for the way we do our consular work in some instances. But it has bigger, broader questions. DFAT is certainly thoughtful about those. We're considered about them. We have already had some discussions with counterparts in other agencies. Your broad point is one with which I think we would agree. If there is a single answer, it's not immediately evident to me, but the nature of the problem and its dimensions is something we're increasingly thinking about.

Senator Payne: The secretary and I have had a couple of discussions recently about what constructively we might do, not just in relation to the experience of this particular application of a red notice in error but also in relation to the sorts of issues that you raise. I think you're correct: Australia can constructively contribute to this discussion in terms of the international legal constructs that apply and liaison between agencies. Part of that will include a degree of cooperation across agencies. I think that it is important to press that. We'll be doing some more work on that in the coming months.

Senator WONG: One policy front is the one you've identified, Minister, which is how Interpol and the international legal and compliance system in that world works. There is also potentially, given that this can be sensitive, the introduction of some discretionary or advisory element in Australia about how we respond. We're not going to be able to change some country's various things that women might get pinged for legally. We're not going to change their legal system. We can change how our legal system chooses to interact with it, which in many ways is less diplomatically difficult than trying to tell Interpol, 'You can't enforce this one but you can enforce that one'. I'm sure, Secretary, you're more across this than I.

Going to the APS Code of Conduct and its application to heads of mission, can you confirm, Secretary, that the APS Code of Conduct applies to all DFAT staff, whether in Australia or on posting?

Ms Adamson: That's correct. In addition we have a DFAT Code of Conduct for Overseas Service.

Senator WONG: And those two codes of conduct are applicable to heads of mission?
Ms Adamson: That's correct.

Senator WONG: The APS Code of Conduct requires Commonwealth resources to be used in a proper manner and for a proper purpose. It says, 'While on duty overseas, staff must at all times behave in a way that upholds the good reputation of Australia'. As you said, there are further obligations in the DFAT code for overseas service. Can you give me a brief rationale for why you have an additional code of conduct for those posted overseas?

Ms Adamson: Everyone who serves overseas for us is by definition a public servant. The APS Code of Conduct is the underpinning but we're also conscious that for staff serving overseas there may be situations which are not necessarily directly envisaged by the APS Code of Conduct, although it's pretty broad, so it should. But we want our staff to ensure that they're meeting the highest community expectations when it comes to their conduct. That's been of long standing. Mr Sloper, as chief people officer, can take you through elements of it if you would like him to do that. But that's broadly the reason.

Senator WONG: That DFAT Code of Conduct for Overseas Service references the statement in the Public Service Act that 'An APS employee on duty overseas must at all times behave in a way that upholds the good reputation of Australia'.

Ms Adamson: That's correct.

Senator WONG: And there's a provision that goes to integrity in the use of diplomatic and consular status and privileges and in fact extends to making sure that members of an employee's household do not engage in activity that could 'give rise to a conflict or the perception of a conflict between the official duty of the Employee and the private interest of … the person'. Do heads of mission have to sign this code of conduct prior to commencing their service?

Mr Sloper: The code of conduct applies to everyone automatically. It doesn't require a signature on commencement.

Senator WONG: Do heads of mission have any other code of conduct or standards which are applicable?

Mr Sloper: No, we expect all staff to adhere to the same standards. Annually each staff member has to declare a conflict of interest or perceived conflicts of interest, which is a disclosure of their private interests. Each head of mission does that as well. It's a requirement under the department's arrangements that all senior executive service officers and heads of mission have an annual disclosure of private financial and other interests.

Senator WONG: Is that done prior to someone being posted?

Mr Sloper: It's normally done at that point if they're appointed from outside the department. If they're internal, it's done on an annual cycle.

Senator WONG: Did Mr Hockey provide a disclosure of financial interests at the time of his appointment as ambassador?

Mr Sloper: Yes, he's met the requirements of annually putting in a submission.

Senator WONG: Do you have that here?

Mr Sloper: No, I don't. To give you background as to why—

Senator WONG: Have you sighted it?
Mr Sloper: I have sighted it. The reason I don't have it here is that they're normally a private document. The individual declares their interests. It's sent through to our employment ethics area. They review it and it's filed. We don't—

Senator WONG: Can I have whoever's in the employment ethics area, then, please?

Mr Sloper: That team works to me.

Senator WONG: Have you, since a range of allegations have been made public, acquainted yourself with Mr Hockey's disclosure of interests?

Mr Sloper: I have.

Senator WONG: Tell me when the Helloworld shareholding first appears.

Mr Sloper: I'll need to recall this. I can check and come back to you later. I didn't think we'd be going through personal interests. I thought we'd be discussing Helloworld but—I can confirm that it's—

Senator WONG: He's a shareholder?

Mr Sloper: He is a shareholder. He's declared that interest.

Senator WONG: When?

Mr Sloper: In 2017.

Senator WONG: When he was first appointed?

Mr Sloper: No, I think his appointment precedes 2017. I can confirm that now.

Senator WONG: I'm asking if, when he was first appointed, he—

Mr Sloper: The initial declaration doesn't include Helloworld shares. The subsequent one does.

Senator WONG: Can you confirm with your staff the dates on which the declarations were provided to you? And can you confirm your evidence? When was he appointed?

Ms Adamson: It was towards the end of 2015 and he commenced duty at the beginning of 2016.

Senator WONG: Okay. Is it your evidence, Mr Sloper, that Mr Hockey's disclosure of financial interests when he was first appointed does not include the Helloworld shareholding and then the subsequent one, which is done a year later, 2017, does include the shareholding?

Mr Sloper: That's my understanding. I'll confirm it and return to you on that.

Senator WONG: Was the disclosure in 2017 the annual—I think you indicated that it's an annual requirement. Is that right?

Mr Sloper: It's an annual requirement for all our senior executive service and heads of mission to submit an annual disclosure.

Senator WONG: So there's not, in the way parliamentarians have, a requirement to do it within a period of time; you just wait for each annual return?

Mr Sloper: We issue an advice through an administrative circular internally to all staff and ask them to submit. Should they not submit, we usually follow up.

Senator WONG: You misunderstood. Perhaps listen to what I'm asking. There is a requirement to do an annual disclosure. Is there a requirement, as there is, for example, for members of parliament and senators, to disclose or update that disclosure within a time frame
after an interest has been acquired which might give rise to a potential conflict of interest? In other words, was he required at any point post becoming one of the largest shareholders in Helloworld to disclose that to the department, or was he only required to disclose that in the annual disclosure?

**Mr Sloper:** I apologise for the confusion. No, we only require individual staff to declare it through their annual disclosure. However, I note that, if any individual staff member is involved in any procurement, tender or other activity where there may be a perceived conflict or a real conflict, they're required to declare that as part of that process.

**Senator WONG:** Where is that set out?

**Mr Sloper:** I think it's in our financial management manual. I'll need to confirm that with the CFO. It's a standard practice.

**Senator WONG:** I want to understand the remit of that. There are annual disclosures. There is no requirement if you acquire an interest to disclose that within a particular time frame; that is just picked up in each annual return. So you could acquire an interest one month into the year and you wouldn't have to declare it for 11 months. Is that about right?

**Mr Sloper:** That's right, but our expectation is that anybody would declare at any point a conflict of interest should it occur.

**Senator WONG:** That's what I want to get to next. Then there is an additional expectation and in fact a potential requirement that, if you acquire an interest and you are engaged in activities where that interest could give rise to a perception of or actual conflict of interest, you also declare.

**Mr Sloper:** That's right.

**Senator WONG:** But Mr Hockey didn't declare it until the annual return?

**Mr Sloper:** He declared an interest with respect to Helloworld at the time of the meeting he had, which has been reported in the media, independently of his annual disclosure.

**Senator WONG:** Let's go through that. When does his annual disclosure say he acquired the shares?

**Mr Sloper:** I would need to check that. We don't normally divulge individual interests but—

**Senator WONG:** This is a matter of public interest and his personal interests are directly relevant to his conduct as a head of mission. I would not normally do it, and I haven't in these estimates, but I am asking for, even if it is only a redacted copy, his disclosure of interests. I am asking at minimum for the dates on which he acquired them—I mean, you can interrogate the share register, so it's not a state secret and if he's got nothing to hide I'm sure he'll provide it—and the date on which the disclosure indicates he became a holder.

**Ms Adamson:** Our disclosure requirements do not require the date, and in fact there is no particular opportunity within the document to note when an interest was acquired. It's simply necessary to declare the interest. The point I'm making is that I would not expect to see in the declaration the date on which those shares were acquired.

**Senator WONG:** Perhaps you can have a look. Have you looked at it, Secretary?

**Ms Adamson:** No, I have not. But I spoke to Mr Sloper yesterday to ensure that he had.
Mr Slopert: Senator, returning to your earlier question, I can see that on 26 April Mr Hockey declared his business interests in Helloworld to Washington embassy staff. That was then relayed to Canberra.

Senator WONG: Sorry?

Mr Slopert: You asked when he declared an interest around the meeting and you asked about the annual declaration of interests. I can give you a date on both of those.

Senator WONG: Okay. I hadn't actually asked about the meeting; you volunteered that. I was going to get to that, but thank you.

Mr Slopert: I did make the point earlier that he made that declaration to us.

Senator WONG: And we have a whole range of questions about what was done about that. I am very pleased you opened that up, but I will get to it.

Mr Slopert: It was part of my response to you earlier.

Senator WONG: Do you want to respond?

Mr Slopert: Yes. He signed his annual declaration of private financial and other interests in 2017 on 9 May.

Senator WONG: Helloworld is included in that?

Mr Slopert: That's right.

Senator WONG: There seem to be a number of corporate structures that are financially relevant to the travel contract and to the business. Can you tell me in which businesses he declared an interest?

Mr Slopert: No, I can't. That's the detail of his individual declaration.

Senator WONG: You can't because you won't, or you can't because you can't remember?

Mr Slopert: Because I don't have it with me.

Senator WONG: Can someone get it?

Mr Slopert: Yes.

Senator WONG: Thank you. I thought I had a document which set out the chronology of the different contracts but—if my staff are listening—I can't find it in the folder. My recollection from when I was finance minister—this is just to be clear about where Mr Hockey's discussion occurs—is that there's a contract awarded to a panel of five, and a Helloworld subsidiary is one of five on the panel. Then in 2014 Senator Cormann makes a decision not to have a panel anymore but to give the entirety of the contract to one provider. That contract includes Australian domestic travel and travel to and from Australia. But what it obviously doesn't include is travel outside Australia, which I suppose Defence and Foreign Affairs would use. Can you confirm that since July 2015 QBT, which is a subsidiary of Helloworld, has been responsible for whole-of-government travel management services? That's your understanding?

Mr Wood: That's correct for the domestic services as you outlined.

Senator WONG: And within Australia that's used by DFAT?

Mr Wood: Correct.

Senator WONG: You have no exemption within Australia?
Mr Wood: No.

Senator WONG: I understand that another company in the Helloworld group has since 2017 had a contract for whole-of-government domestic accommodation services. So under this government they go from being a panel provider to a whole-of-government sole provider on travel in 2015, and then in 2017 another company in the group gets the contract for all government domestic accommodation services. Is that correct, Mr Wood?

Mr Wood: That's my understanding.

Senator WONG: Does DFAT use that as well or do you have an exemption?

Mr Wood: We do not have an exemption.

Senator WONG: I think they also get vehicle rental services. Is that right? They're the sole provider of that as well—booking services?

Mr Wood: I'd be happy to come back and confirm that. I'm sure we can.

Senator WONG: Tell me about the history of sourcing travel services outside Australia. We've confirmed that Helloworld or its subsidiaries under this government now have 100 per cent of the work for domestic travel and travel to and from Australia and 100 per cent of the accommodation and associated services. Now we're just talking about flights and travel outside Australia. Tell me how DFAT has gone about procuring those.

Mr Wood: Historically this has been left to individual posts. We have had historically a practice where posts effectively operate their own business. What we have been trying to do in recent years is consolidate a lot of those procurement arrangements. We recently, for example, signed a contract with Citibank for the delivery of international banking services. Part of that contract covers the Americas. We're looking at other areas where we can also consolidate our procurement arrangements. I'm sure that as this progresses we'll talk about the travel services for the Americas.

Senator WONG: Yes. I would have thought there would be substantial potential savings from not allowing every single post to make their own travel arrangements.

Mr Wood: It creates several issues. First there's the value for money. There are issues around compliance and consistency as well.

Senator WONG: The arrangement, including at the time Mr Hockey is made ambassador, is that the post itself makes procurement decisions about travel outside Australia that post staff engage in. Is that right?

Ms Adamson: That's correct. And in the United States or in other big countries where we have representation across consulates-general, typically, at least in the past, those decisions have been devolved. Value for money is obviously a significant factor for all posts. But what we're looking to do as the services become available more widely, partly through globalisation and a whole range of other things, is aggregate them, consolidate them and ideally at some point—Mr Wood and I have discussed this—move to a sort of global contract for offshore travel.

Senator WONG: I'm surprised that the department has taken so long to do that, given that Finance moved across government to do this when, I think, Mr Tanner was finance minister, and gained substantial savings over three finance ministers.
Ms Adamson: It's partly because we're in a lot of countries, obviously, and there are a wide range of agencies and departments, different travel needs and—

Senator WONG: I'm not suggesting you necessarily would have one global one. That might not work.

Ms Adamson: That's what we're aiming for.

Senator WONG: That may not be the most efficient way. But I would have thought that in the US, for example, given that we've got a presence there in more than one city, there is a pretty sound argument for consolidating and not leaving it up to each individual person to work out who their favourite provider is.

Ms Adamson: Across some countries and some posts we've been able to do that successfully. But it's essentially been devolved decision-making. What we're looking to do is try to do it more—

Senator WONG: Got it. When Mr Hockey is appointed the head of mission, the Australian ambassador to Washington, who are the travel providers that are used by the Australian embassy for travel within the US?

Mr Wood: I think it's an in-house team.

Senator WONG: What do you mean?

Mr Wood: I think it's delivered by the post. We might have to come back and confirm that.

Ms Adamson: I can confirm that. It is delivered by an in-house team. Their practice has been to source the cheapest fare of the day, to do all of those things that you would expect. It hasn't been contracted out.

Mr Sloper: It is in house. It involves also a relationship with Qantas. The embassy itself is registered to issue its own tickets. It has one dedicated DFAT locally engaged staff member and one Qantas staff member working in the office operations.

Senator WONG: In the embassy itself?

Mr Sloper: That's right.

Senator WONG: Does the in-house team report to the head of mission?

Mr Sloper: Everyone reports to the head of mission but the direct supervision would be to, I think, another locally engaged staff member, a more senior member, and then through to the senior administration officer of the post, who would normally manage the corporate management issues.

Senator WONG: It's been reported—I think you referenced this too, Mr Sloper, and I'm very keen to have a conversation about it—that Mr Hockey asked embassy staff to meet with a corporate travel company before it lobbied for government work. Tell me when DFAT Canberra first became aware of Mr Hockey doing this.

Ms Adamson: That's not correct, Senator.

Mr Sloper: Can I just correct what I said?

Senator WONG: So you didn't meet with them?

Senator Payne: No, he did not instruct them, which is what you said.
Ms Adamson: Nor was it connected to a travel contract. There are two points on which we'd like to—

Senator WONG: Tell me everything you know about Mr Hockey's engagement with Helloworld and what requests he made of the staff who reported to him who were procuring travel on behalf of the Australian taxpayer.

Mr Sloper: Mr Hockey was approached by a member of QBT.

Senator WONG: How do you know all this? Have you—

Mr Sloper: Based on the media inquiries and so on going on in the last few days we've spoken to the post.

Senator WONG: Is this all information that has come to light or has come to your attention since this matter became public, or did Mr Hockey disclose these things to you previously?

Mr Sloper: There are two parts to your question. My knowledge of it and the detail of it occurred over the last few days as I've looked into the issue more. With regard to Mr Hockey's declaration that occurred ahead of the meeting—is that your question? Am I misrepresenting—

Senator WONG: Let's do this in order. You say Mr Hockey declared in—was the date May 2017?

Mr Sloper: Yes.

Senator WONG: That he was a shareholder in—and you are going to get information to me about which companies in the Helloworld group. Is that correct?

Ms Adamson: It was April.

Senator WONG: You gave me May, didn't you, Mr Sloper? If you've got something, Secretary, why don't you table the document—if you're reading off a document that gives me a chronology?

Mr Sloper: Senator, I think the concern is your characterisation versus our evidence. I am trying to clarify on that. The annual declaration was in May. But, as I said before, Mr Hockey declared an interest with Helloworld ahead of his meeting in Washington.

Senator WONG: To whom?

Mr Sloper: To his staff in Washington, who then relayed that to Canberra. I would make the point that the meeting was not about the tender at all.

Senator WONG: You're very anxious to defend Mr Hockey, Mr Sloper.

Mr Sloper: No, you asked a question before leading with a characterisation of my evidence, and I'm just trying to make sure that my evidence matches what I believe I said.

Senator WONG: Can we do a chronology here? Mr Hockey declares in May 2017 in his annual disclosure an interest in Helloworld. Prior to that time there was no written declaration of a financial interest in that company or group of companies—correct?

Mr Sloper: No written declaration.

Senator WONG: There was no declaration by Mr Hockey to Canberra of his interest prior to that time.
Mr Sloper: Ahead of the meeting on 26 April he declared to his staff—

Senator WONG: No, listen to my question rather than simply going through what is regarded as a defence of Mr Hockey. My question was: prior to May 2017 there is no written declaration to Canberra of his financial interest in this travel company or group of companies?

Mr Sloper: Yes, I confirm that.

Senator WONG: What you're telling me is that he did declare to his staff that he had an interest in Helloworld.

Mr Sloper: That's right, ahead of the meeting on 26 April. And that was conveyed to Canberra.

Senator WONG: Did he convey it to Canberra?

Mr Sloper: No.

Senator WONG: Did he ask that it be conveyed to Canberra?

Mr Sloper: I would have to check that. But it's not unusual in that sort of situation for the individual to declare it and it be relayed to Canberra. There was no commercial discussion in that meeting. We would not have—

Senator WONG: You're answering all these questions I haven't asked, which is why I'm making the comments I'm making about your defence of Joe Hockey.

Mr Sloper: Sorry, Senator. I feel—

Senator WONG: Have you had any discussions with the minister's office or the Prime Minister's office about today?

Mr Sloper: I have had no discussions with the Prime Minister's office. I have been in touch with the Foreign Minister's office in response to media inquiries that have arisen over the last few days.

Senator WONG: He discloses to a staff member or staff members that he has an interest in Helloworld. What is the date when you say that occurs?

Mr Sloper: Before the meeting on 26 April.

Senator WONG: Who was that communicated by? Who at the post communicates with Canberra?

Mr Sloper: My understanding is that it was Justin McPhillips, the senior administrative officer.

Senator WONG: Locally engaged or—

Mr Sloper: No, he's a senior executive service member of the department.

Senator WONG: How does Mr McPhillips communicate with Canberra?

Mr Sloper: I think he did that through a phone call.

Senator WONG: Who did he speak to?

Mr Sloper: It would have been our contract and procurement team, I understand.

Senator WONG: Can someone with knowledge of that conversation come to the table, please?
Mr Sloper: I am that person. Justin McPhillips confirmed that to me when I spoke to him about that.

Senator WONG: He spoke to you?

Mr Sloper: I spoke to him in the last few days.

Senator WONG: You kept saying 'It would have been', not 'I spoke to him'.

Senator Payne: Mr Sloper has just confirmed that he's clarified with Mr McPhillips the course of the conversation, not that he spoke to Mr McPhillips himself at the time.

Senator WONG: So I go back to my first question: can whoever spoke to him come to the table?

Mr Sloper: I'll need to confirm who that person is. Part of the reason why I might not be able to give you that evidence now is that that team was restructured and has moved. I know the name of the team that he spoke to—

Senator WONG: Were there notes taken of the conversation?

Mr Sloper: No.

Senator WONG: Was there any action taken as a result of the conversation?

Mr Sloper: Yes. It later informed decisions about the tender procurement process for the American travel services. That was some time later but that advice informed those decisions.

Senator WONG: I'd like to know how that happened. The call is made. As a result of that call, whoever in—what is the team that is being advised at this point? I think you said contract and procurement.

Mr Sloper: That's right.

Senator WONG: What action was taken as a consequence of that disclosure?

Mr Sloper: They noted that, but there was no discussion within the meeting of—

Senator WONG: Mr Sloper, why do you keep going—

Mr Sloper: There was no further action required—

Senator WONG: You're immediately going to what has occurred in the meeting. I will ask questions about that. That is not the question I am asking.

Mr Sloper: I am sorry. I'm not meaning to misrepresent. I'm trying to give you context around—

Senator WONG: I'm asking what action—you have a head of mission disclosing to staff a personal interest. The staff member in the embassy feels it's important enough to contact Canberra. I didn't ask you about the meeting; I asked you what occurred as a consequence of that phone call and that advice.

Mr Sloper: It was noted and no further action was taken at that time.

Senator WONG: Why not?

Mr Sloper: Because there was no conflict of interest with regard to DFAT activities at that point.

Senator WONG: Who made that judgement?

Mr Sloper: The individual staff member.
Senator WONG: Which staff member—the one who was spoken to? Did they elevate it at all?

Mr Sloper: No, not—

Senator WONG: Which staff member? Mr McPhillips, or the unidentified person with whom he spoke?

Mr Sloper: I will need to return to who the individual—

Senator WONG: You just gave evidence that no action was taken because there was no conflict of interest identified. I’m not sure I agree with that. But, leaving that aside, who made the decision that there was no conflict of interest?

Mr Sloper: The post reported to Canberra that the ambassador had declared that he had shareholdings in Helloworld. At that point there was no commercial engagement with Helloworld. My understanding is that therefore no further action was taken at that time.

Senator WONG: Can we stop talking in the passive, please. I asked you who made the decision that there was no conflict of interest.

Mr Sloper: I don't think that at that time that issue was raised. There was not a decision to be made, because there was not a commercial arrangement in place.

Senator WONG: So why does Mr McPhillips feel he has to call him or her?

Mr Sloper: Because the ambassador has declared an interest. He conveyed that, and it was in the context of travel services. If I can talk about the types of meetings the embassy has, they meet with a range of travel providers—we talked about that. That was relayed as a matter of course. But we were not involved in a procurement activity at that time which would require a formal notification or declaration of that conflict or perceived conflict.

Senator WONG: Is 26 April when this call occurs?

Mr Sloper: It was after the meeting on 26 April. The ambassador conveyed the advice ahead of the meeting. The call to Canberra occurred after the meeting.

Senator WONG: What's the date of the meeting—26 April?


Senator WONG: I'm a little confused, I think. Mr Sloper, I thought your earlier evidence—I might have misrecalled it—was that the declaration of his interest occurred prior to the meeting.

Mr Sloper: I think we're talking about two declarations.

Senator WONG: No, I'm talking about the specific declaration ahead of the May one. There's a declaration on 9 May 2017, which is the annual declaration, then there's what you're describing as a declaration, which is the ambassador telling Mr McPhillips he has shares and McPhillips ringing DFAT, which occurs about the April meeting. They're at two different points—correct?

Mr Sloper: There are two different points. There's the annual financial declaration and there's the meeting on 26 April, ahead of which the ambassador advised his staff he had a commercial interest in that company. Subsequent to that meeting, the post advised Canberra.

Senator WONG: The email which has been made public says, Mr Hockey has asked that I set up a meeting while you are in Washington on Wednesday. Would you be available at 10
am? Hopefully the ambassador can join the meeting’. There's something about who's in charge of administration at the embassy 'will definitely meet you’. This has been reported in the papers, I think. Have you seen this email?

Mr Sloper: Yes. I saw it on Twitter last night.

Senator WONG: It's on the DFAT system. Has anyone in—

Mr Sloper: I've seen the original email, sorry.

Senator WONG: What does the original email say? Do you have it here?

Mr Sloper: I do. It is similar to—

Senator WONG: Can you table it, please?

Mr Sloper: Yes, I think so. It's got some attachments but we can give it to you later.

Senator WONG: Why don't you give me the attachments too?

Mr Sloper: Because it's my brief and I need it. It's got other—

Senator WONG: It would be useful. It would be much quicker than this process.

Senator Payne: We're going at your pace, Senator. You're asking the questions.

Mr Sloper: I can table it after this current set of questions.

Senator WONG: Who's the email from?

Mr Sloper: The email going out?

Senator WONG: Yes.

Mr Sloper: It's from the ambassador's executive assistant.

Senator WONG: So it's the ambassador's executive assistant and this is an email to someone at Helloworld?

Mr Sloper: That's right. Well, it's not Helloworld; it's a subsidiary of Helloworld.

Senator WONG: Which is?

Mr Sloper: The general manager of QBT. The individual also held a role in Air Tickets.

Senator WONG: Who is that?

Mr Sloper: The gentleman's name is Russell Carstensen.

Senator WONG: It's clear from this email that Mr Hockey has asked for there to be a meeting set up between this Helloworld subsidiary and embassy staff.

Mr Sloper: My reading of the email is that Russell Carstensen approached the ambassador for a meeting. QBT approached the embassy—

Senator WONG: How do you know that? You must be reading—

Mr Sloper: Because I have a full email exchange, not just what has been made available through the media.

Senator WONG: It says, 'Hockey has asked that I set up a meeting while you're in Washington on Wednesday'.

Mr Sloper: That follows an earlier exchange in which the ambassador received an email from QBT asking for a meeting. In response to that he asked that a meeting be arranged.

Senator WONG: Why is what I said different to the evidence you just gave?
Senator Payne: I think Mr Sloper is making it clear that the communication was initiated by Mr Carstensen.

Senator WONG: Gee, that makes everything okay. A company in which you're a shareholder writes, 'Can I have a meeting', and the ambassador's EA says, 'Hey, yeah, sure, we'll have a meeting', but that's all fine. No worries.

Senator Payne: I think a representative of QBT, at the time the government's travel provider, and still, approached the embassy. Mr Sloper is taking you through, as you have asked, the steps in this process: the email initiated by Mr Carstensen and the response that was elicited from that.

Senator WONG: That doesn't lessen the problem, does it?

Senator Payne: That's your assessment, Senator.

Senator WONG: Let's ask the public. If the meeting being set up because Hockey responded to an email from the company in which he has shareholdings, a financial interest, to set a meeting up is somehow better than him doing it off his own bat—let's see what the public reckon.

Senator Payne: Mr Sloper's job is to provide you with the facts. That is what he is doing.

Senator WONG: Take me through the chronology, then. Are we going to get a copy of the email? It might be easier if I can just ask questions from it.

Mr Sloper: I'll arrange for somebody to make a photocopy of it.

Senator WONG: I appreciate that—thank you. Did Mr McPhillips express any concern to whoever he spoke to in DFAT?

Mr Sloper: Sorry—express concern?

Senator WONG: Did Mr McPhillips express any concern to whomever he spoke to in DFAT about the fact that he was having meetings with a company in which the ambassador had a financial interest at the ambassador's request?

Mr Sloper: No, Senator.

Senator WONG: You don't regard that as odd that—I'll come back to it. But I just find it pretty extraordinary that a head of mission can ask someone to set up a meeting with a company he's got shares in and everyone at the table thinks that's hunky-dory. Maybe not Mr Wood—

Ms Adamson: Senator, QBT is the company providing, as the minister has said, travel services to DFAT. Mr Hockey and his embassy—and, having served overseas, I can absolutely say and understand that it is entirely normal for an ambassador and an administrative team in an embassy to want to ensure that travel services, given the amount of travel they do, are provided efficiently and effectively. So the engagement does not strike me as secretary on the face of it as unusual. Perceptions of conflicts of interest and conflicts of interest, of course, have to be managed very carefully—

Senator WONG: Would you do it? Would you ask your EA—if you had shares in a company, Secretary, and the department was having discussions about procurement, they approach you and say, 'We'd like to have a meeting', would you ask your EA to set up a meeting with the procurement staff?
Ms Adamson: There were no discussions about procurement at that meeting.

Senator WONG: I asked you: would you do that?

Ms Adamson: Would I do that? I think—

Senator WONG: Really?

Ms Adamson: the issue is around a declaration of a potential conflict of interest and how that is managed—

Senator WONG: That's just not true. That's just not right. I can't—you and I have crossed swords a number of times, Secretary, but I cannot imagine you doing that. I cannot imagine you ringing Mr Wood and saying, 'By the way, I've got an interest in this company, I've got shares, but can you have a chat with them anyway', and then telling us, 'They didn't talk about procurement'. I just cannot imagine you doing that. You would not regard that as reputationally appropriate for a person in your position. I put to you that it is not appropriate for a person as head of mission to one of our most important posts.

Ms Adamson: And I would simply say, Senator, that Ambassador Hockey took steps to declare his interest. Hindsight is a wonderful thing, but he took steps to declare his interest. His senior administrative officer did exactly the right thing. Heads of mission and senior administrative officers worked closely together. It's partly the role of an SAO to ensure that any conflicts of interest are identified, are drawn to attention and are properly acted upon.

Senator WONG: How long does it take to photocopy an email?

Senator Payne: Senator, it will be here when it's done.

Senator WONG: I know—I'm just asking how much longer, because I'll go on to something else or we can pause while it's being done. It might be useful to have it in front of me while we continue, that's all. Can I just be clear on the date on which Mr McPhillips advised Canberra?

Ms Adamson: Before we do table the emails, there may be some material which, in the context of estimates, does not need to be on the public record in terms of individuals. We need to have that checked. So let's continue with the questions and we'll provide that as soon as we can. That is, extraneous names and things like that, as you would understand.

Senator WONG: Okay. The date—I've asked for the date on which Mr McPhillips spoke to Canberra.

Ms Adamson: I think Mr Sloper has already said, but please—

Senator WONG: No.

Mr Sloper: Senator, I have spoken to Justin McPhillips. He cannot recall whether it was on the 26th or the 27th. But it was soon after the meeting.

Senator WONG: It was after the meeting. Was the declaration of interest to him by Mr—as you are describing it, which is the disclosure, 'By the way, you're meeting with somebody; I've got shares in'—was that prior to or after the meeting?

Mr Sloper: Prior to the meeting.

Senator WONG: Was it before he'd been requested to set up the meeting?

Mr Sloper: The request went to the ambassador's executive assistant—
Senator WONG: No—

Mr Sloper: No, there are just two points, if you would just—the characterisation of the question—if I could address that, because—

Senator WONG: Okay. I assumed that the EA then contacted the embassy staff in order to facilitate the meeting.

Mr Sloper: That's right. Justin McPhillips did not organise the meeting. That was the point I was trying to make in your question. However, the disclosure, as you characterise it, to the staff members occurred ahead of that meeting and the meeting—

Senator WONG: All right. So who attended the meeting? Let's be—so the EA, Mr Hockey's EA at his request. After a request from the company in which he has a financial interest, he asked his EA, 'Please set up a meeting'. The EA then emails whoever it is at the Helloworld subsidiary—I've forgotten his name—Russell—

Senator Payne: Carstensen.

Senator WONG: Carstensen. Someone you know, Minister?

Senator Payne: No, Senator.

Senator WONG: Are you a mate of Mr Burnes too, or is it only some of them? You don't want to answer that?

Senator Payne: I have worked with Mr Burnes in the context of the federal division of the Liberal Party.

Senator WONG: He seems to be very chummy with lots of cabinet ministers.

Senator Payne: I'm not sure I fall into that category, Senator, but—

Senator WONG: You're not chummy?

Senator Payne: I think it's one of these Sydney Melbourne things.

Senator WONG: Did you get some flights paid for you or flights that you—do you ring him to book your flights too?

Senator Payne: Self-evidently, Senator, had any of that been received, in my case it would be on my declaration. And the answer is no.

Senator WONG: Does he organise your—you don't ring him on your mobile to—

Senator Payne: The answer is no.

Senator WONG: Okay. How are we going?

Ms Adamson: Senator, just to be clear, because you can see that we're trying to pay attention to what you're saying and answer and at the same time trying to work out how we can best—

Senator WONG: But I know you would have multitasked. How many children do you have, Secretary?

Ms Adamson: A number, as you know, Senator.

Senator WONG: You must be good at multitasking. Do you want me to—I'll pause.

Ms Adamson: I think what we're going to need to do is—we'll continue, obviously, to answer your questions to the best of our ability. This is a very serious matter and we want to make sure that the information that we provide is absolutely accurate. I therefore would also
like it to be properly checked in-house, including by lawyers. I feel we need to do that. I just want to flag with you that that is what we will be doing. We will table—

**Senator WONG:** What are you getting checked by lawyers, Secretary?

**Ms Adamson:** We are checking what information we are able to provide and whether the copies of the emails in fact that we have are accurate before we then table them. So I just wanted to flag with you that, in order to avoid any doubt or a mistabling of information, I would like to be able to take the time to look at them myself and to make a decision about how we can best respond to your request for tabling.

**Senator WONG:** I will need this today, Secretary.

**Ms Adamson:** Yes—I'm not contemplating taking longer than today, Senator.

**Senator WONG:** Okay. It would be preferable to have it before lunchtime.

**Ms Adamson:** We will get it to you as soon as we can, Senator.

**Senator WONG:** Thank you. Maybe, Mr Sloper, so that I'll stop getting irritated, we can just do a chronology. Do you want to just then give me the chronology as you understand it. I'm sure—I assume DFAT might have actually prepared one.

**Mr Sloper:** Senator, do you want the chronology around the meeting or—

**Senator WONG:** You can give me anything you like.

**Mr Sloper:** Based on your earlier comments, I think it's best to wait for a specific question.

**Senator WONG:** Touche. Okay—I'll pay that. I was nice to you to start with. All right. Where would you like to start, Mr Sloper?

**Senator Payne:** You're asking the questions, Senator.

**Senator WONG:** No, where does he want to start? Where does this matter first commence?

**Mr Sloper:** I don't want to rehash previous evidence, but from my perspective it first commences when the embassy—that is, the ambassador—was approached by QBT for a meeting. That meeting request came in, it was considered and it was referred to the executive assistant—

**Senator WONG:** Sorry, what was the date of that—the meeting request?

**Mr Sloper:** I'd have to check that, but this precedes 26 April.

**Senator WONG:** Okay. So the meeting request comes in. Can I ask: is that a personal phone call to Mr Hockey? Does Mr Burnes contact Mr Hockey? How does it—

**Mr Sloper:** That was an email from the individual we talked about previously working for QBT.

**Senator WONG:** An email from QBT—

**Mr Sloper:** To the ambassador.

**Senator WONG:** Personally?

**Mr Sloper:** Yes.

**Senator WONG:** Saying?
Mr Sloper: Asking for a meeting.

Senator WONG: How long between that—do you have a date on that email?

Mr Sloper: I think it was approximately 48 hours before.

Senator WONG: Very quick!

Mr Sloper: Do you want me to provide comments or respond to it?

Senator WONG: I'm just interested that you get a meeting turned around within 48 hours. I bet, Senator Payne, it takes longer if a company wants to lobby you.

Mr Sloper: I'd suggest that might be a scheduling issue. At different times of the year, different people's calendars are busy and not.

Senator WONG: Right—okay. That's a good attempt.

Senator Payne: I'd drop everything to see you, though, Senator Wong.

Senator WONG: I've had texts go unanswered—I know. Generally when you're in a different time zone.

Senator Payne: I think you were campaigning against my football team.

Senator WONG: All right. So there is an email to the ambassador personally asking for a meeting. Were travel arrangements—do you have copies of that? Are they amongst the things you're checking?

Mr Sloper: The email exchange is the one we discussed earlier; therefore, it's an incoming email.

Senator WONG: It's part of the process that Ms Adamson is checking—

Mr Sloper: That's right.

Senator WONG: or asking to be checked. But does it mention procurement, does it mention travel or does it mention any business issues?

Mr Sloper: It mentions travel but not procurement. They're a travel provider, so they're seeking a meeting in regard to travel.

Senator WONG: Okay. Does it mention Mr Burnes, saying something like, 'Mr Burnes suggested I contact you'?

Senator Payne: I think it does say Mr Burnes provided the contact details, Senator.

Senator WONG: Personal email?

Senator Payne: I don't know what the email address is.

Senator WONG: Is it to Mr Hockey's personal email?

Mr Sloper: No.

Senator WONG: So an email from them—sorry, did you give me the date on that?

Mr Sloper: Yes, I said it was 48 hours.

Senator WONG: 48 hours before—so that's the 24th?

Mr Sloper: That's right.

Senator WONG: 24 April. In fact, Anzac Day is next day, correct?

Senator Payne: Yes, Senator.
Senator WONG: So it's 48 hours including a public holiday in between—that is speedy work.

Senator Payne: I don't think it's a holiday in the United States, Senator.

Senator WONG: As a consequence of that we then have this email—I'm sorry?

Senator Payne: I don't think 25 April is a holiday in the United States.

Senator WONG: No, but I assume embassy staff are doing lots of stuff because—

Senator Payne: I would assume so.

Senator WONG: The EA email responding to Mr Russell Carstensen is when—the same day?

Mr Sloper: No, on the subsequent day—on 25 April.

Senator WONG: And then the meeting was the next day?

Mr Sloper: The meeting was on 26 April. That's right.

Senator WONG: So they email Mr Hockey, Mr Hockey asks his EA to arrange something and then the day after a meeting occurs. Who attended the meeting?

Mr Sloper: The meeting was attended by the ambassador, Justin McPhillips and one other member of staff. I've got the list of the names, but I'm just—I'm happy to list them, but we normally wouldn't list all our members of staff at these meetings.

Senator WONG: And I wouldn't normally ask, but I am.

Mr Sloper: The individual was David Richards, who looks after travel within the mission.

Senator WONG: Is Mr Richards the Qantas person or the other person?

Mr Sloper: No. That team works to Mr Richards, as I understand it. He's not the travel unit himself. They report to him.

Senator WONG: Okay. Go on—the ambassador, Mr McPhillips, Mr Richards—

Mr Sloper: That's it.

Senator WONG: And presumably Mr Carstensen?

Mr Sloper: Yes, I beg your pardon—I was describing the Australian side.

Senator WONG: That's it?

Mr Sloper: That's right.

Senator WONG: What was discussed at the meeting?

Mr Sloper: It was a general meeting discussing the services that QBT offer and the demands and pressures on the travel within the embassy services and requirements.

Senator WONG: Are there notes from the meeting?

Mr Sloper: No, there are no notes from the meeting.

Senator WONG: And you say the ambassador disclosed to Mr McPhillips prior to the meeting that he was a shareholder?

Mr Sloper: That's right.

Senator WONG: Immediately prior or prior to the meeting being organised?
Mr Sloper: At some point between the meeting—QBT making the approach and the meeting being organised.

Senator WONG: Well, that's very quick, because the meeting was organised—

Mr Sloper: We're talking about a matter of an email coming in—

Senator WONG: No, I'm just trying to work it out. Just before he goes into a meeting, where you've got the people who make the decisions about a lot of expenditure out of—Australian taxpayer expenditure, the ambassador just says, 'Oh, by the way mate'—you know how Mr Hockey does it—'By the way, mate, I'm a shareholder'. Is that how it happened or was there something more formal?

Mr Sloper: Senator, I have to be frank—I did not ask at what point the question was conveyed in terms of timing. I asked—

Senator WONG: Well, I'm interested in why not, because one wonders why—

Mr Sloper: The reason—

Senator WONG: wait—a decision was not made to say to Mr Hockey, 'It would be better if you were not in the meeting', for example.

Mr Sloper: My understanding, Senator, as to why that would not have occurred is the meeting did not discuss any commercial procurement arrangements. It was not related to a tender.

Senator WONG: It just discussed the services that QBT offers. Come on—really? Do you think people listening to this think it's fine—'we didn't actually discuss the contract; we just told you what we could do for you'?

Mr Sloper: It's not unusual for the embassy staff in Washington to meet with travel providers on a regular basis.

Senator WONG: Yes, but—

Mr Sloper: Not only QBT but a range of others.

Senator WONG: But, Mr Sloper, you've got the ambassador, who is one of the top 20 shareholders in the group that this company is part of, in a meeting where they're telling the people who buy tickets about the services they offer and you think that's fine? Is that really DFAT's position?

Mr Sloper: Senator, I don't think there was anything inappropriate about a meeting at that point between the ambassador and his staff and a travel provider. There were other meetings held—

Senator WONG: How do you think this looks—

Mr Sloper: by that same embassy with a whole range of travel providers—hotel, car travel—

Senator WONG: But not people where the meeting has been requested by a person who has a direct financial interest in the outcome of decisions. Secretary, do you really think—I understand that public servants—this is a hard time in the political cycle for you. There is a lot of politics. But do you really—are you really telling this estimates committee, Secretary, that you have no concerns whatsoever about Mr Hockey arranging and attending this meeting in these circumstances?
Ms Adamson: We both know and everyone who works in this place knows—ministers, senators, members of the APS—that the management or declaration of conflicts of interest or potential conflicts of interest is a very serious business. My department and all of our staff take that very seriously as well. On the face of it, Ambassador Hockey, in terms of declaring the interest—both, as Mr Sloper has said in his written declaration, according to our normal procedures but also in his conversation with Mr McPhillips—did seek to manage both the perception of a conflict of interest—

Senator WONG: How do you think it looks?

Ms Adamson: What I'm saying is that, at that point, that was action that I would have regarded as appropriate. What we need to do also, of course, is look at then what subsequently happened in terms of procurement and other things and that—

Senator WONG: No, but that's just whether or not you actually—

Ms Adamson: There is a subjective—

Senator WONG: No, hang on. You cannot judge the probity or the ethics of a situation by whether or not someone managed to actually get money out of it or not. You manage it—

Senator Payne: Senator, you asked the secretary to respond—

Senator WONG: Yes, sure.

Senator Payne: and the secretary was providing you with a response.

Senator WONG: Yes, she is providing a response—

Senator Payne: You may not agree with her, but you should let her finish it.

Senator WONG: and I'm saying to her that the ethics of a situation are not determined by whether or not they managed to get dough out of it.

Ms Adamson: No, of course not, because the discussion was around—as secretary, I've had quite a lot to do with Joe Hockey has ambassador. He's a very energetic ambassador. He's very engaged with a wide range of Australia's interests in the United States. It's entirely in character that he should agree to meet someone coming through DC at 48 hours notice or whatever to discuss something which is of keen interest to the embassy. If you've travelled in the United States, and I know you have, there are many problems that emerge. I can understand why he would have wanted to have done that. He took a step, his senior administrative officer understood that that needed to be relayed to Canberra. That's what senior administrative officers do. It's what good ambassadors explicitly want their senior administrative officers to do. But, of course, public opinion on these things also plays a role. That's why, when we talk about perceptions of conflicts of interest, we're talking about something that clearly—there is a spectrum across that. Now, you've put a particular point of view and I obviously respect that. In terms of departmental processes and his actions, he met our requirements as a public servant working for the department. There are clearly bigger issues at play, but they are not really for me to comment on. In terms of my role as secretary and his—the actions that he has taken, he has done what he needed to do in terms of declaring, taking steps and then subsequently removing himself from any involvement in procurement. I know you're interested in that and we will come to that. The procurement took place the following year. He was and remains, because the tender process remains on foot, at arms length from that.
Senator WONG: Well, I again say that whether or not someone actually made personal money out of a situation is not the metric of the ethics of it.

Ms Adamson: No, and I haven't used that measure, Senator.

Senator WONG: Mr Sloper, I assume from the timeline that you've given me that Mr Hockey's disclosure to Mr McPhillips might've had occurred before the meeting but after the meeting was organised.

Mr Sloper: I'm assuming that it occurred after the email exchange organising the meeting because once the meeting was confirmed it would have occurred naturally.

Senator WONG: So Mr McPhillips agrees to a meeting, as does Mr Richards, with someone at the ambassador's request. The meeting is put in their diary before they know actually the ambassador has a conflict of interest?

Senator Payne: That's speculation, Senator—I don't think you can—

Senator WONG: No, I think that's actually precisely what he just said.

Senator Payne: You were speculating, Senator.

Senator WONG: No, I'm not speculating. The time frame is—I am responding to the time frame that Mr Sloper has confirmed.

Mr Sloper: Senator, to my knowledge the request came in. It went back seeking confirmation that the meeting was possible and at that time, I assume, the declaration or disclosure was given—

Senator WONG: Why are you—you're such a careful person. You give evidence so carefully and yet you're willing to say you assume something as important as whether or not the people making decisions about this money know about the conflict of interest before they agree to meet with someone plus the shareholder, who happens to be the head of mission.

Senator Payne: As I understand it, Senator, you are mischaracterising the role of Mr McPhillips and Mr Richards by describing them as 'the people making decisions about this money', and Mr Sloper is providing you with the information that he has available to him from Mr McPhillips at this point in time.

Senator WONG: Is that what you're doing? I thought you were just arguing—you were telling me that you were making assumptions about time frames.

Mr Sloper: Senator, I was giving you what I know based on knowledge. I felt it differed a little bit from your characterisation in the question. We may both be interpreting the sequence of events, because all I have before me is—

Senator WONG: I tell you what—why don't we find out. I think it is material as to whether or not people who are paid by the taxpayer—you may say, 'Well, they didn't make the final decision'. Again, I keep saying that the ethics of the situation are not whether actually people made money out of it. But—

Senator Payne: There has been a decision made, Senator, I reiterate.

Senator WONG: But I'm making the point that's actually not material. The standards are there for a reason. The standards—

Senator Payne: Senator, if you changed your mind and decided it was material in five minutes then I think we'd be having a different conversation. It is important—
Senator WONG: No—

Senator Payne: It is as important for you to be accurate as it is for the officials, frankly.

Senator WONG: I'm not the one with all of the chronology and all of the documents. If you want to give them all to me, I'm happy to ask from that. Okay?

Senator Payne: That is why we are—

Senator WONG: So far, despite the fact that this has been in the media for some time, nobody has come able to provide us with those documents. I'm happy to wait as a matter of courtesy, but it's not as if people have not been on notice that this is an issue. I am simply saying, unless you can indicate from that voluminous brief you have there, Mr Sloper, that the chronology appears to be that the meeting request to Mr McPhillips and Mr Richards, who are responsible for the group who are spending a lot of money on travel, occurs prior to Mr Hockey disclosing his financial personal interest in this group of companies.

Mr Sloper: Senator, Justin McPhillips was copied in the email exchange that you have. As a consequence, he was aware of a meeting being prepared. Subsequent to that, the ambassador disclosed his interest.

Senator WONG: Subsequent to—

Mr Sloper: The email exchange.

Senator WONG: Right.

Mr Sloper: That is, there was no possibility for him to do that prior to the email exchange because that was at the point that the meeting—

Senator WONG: I tell you what—there's a possibility of saying to the person, 'I've got a financial interest in you—you'll have to approach the embassy separately'. That's the possibility, isn't it. 'I'm one of your top 20 shareholders—it is not a good look for me to be asking people who report to me to meet with you. You'll have to approach them separately or approach the'—that would have been the option, wouldn't it?

Mr Sloper: That certainly is an option, but it did not occur.

Senator WONG: No, he didn't choose to do it and he chose to be in the meeting.

Mr Sloper: He was one of the participants in the meeting, yes.

Senator WONG: You said they meet with people all the time—right? I think that was your evidence—that they meet with travel providers all the time?

Mr Sloper: Yes.

Senator WONG: Which other meetings has Mr Hockey been in?

Mr Sloper: Mr Hockey as ambassador meets with hotels—

Senator WONG: No, that's—don't give me a general answer fob-off. Has Mr Hockey been in any other meetings with other competitors or travel providers apart from the Helloworld group?

Mr Sloper: Senator, if I can make a few points: I'm not familiar with which companies are in the tender process because it's still afoot and I haven't been involved in that. So I can't go to whether he's met with companies involved in that. As ambassador he has met—and I'll make a general statement and I'll come back to specifics—with a whole range of travel providers,
travel industry providers, car hire, hotels and so on through his role. Independently of that, the
mission also meets with travel providers—

**Senator WONG:** Does anybody else have meetings—

**Mr Sloper:** I can stop.

**Senator WONG:** I'm just wondering—does somebody else have a meeting within 48
hours when they email him out of the blue?

**Mr Sloper:** I don't have that information, Senator, but I expect some would be meeting at
various rates according to the schedule of the ambassador and other commitments within the
embassy.

**Senator WONG:** But you don't know that—you're just saying that?

**Mr Sloper:** I don't have access to all of calendar entries and arrangements of the
ambassador.

**Senator WONG:** This goes to whether or not they get different treatment. So what you
were attempting to do is to say, 'It's not different treatment'. I'm saying, 'Well, put up or shut
up', as it were. If you say this is not different treatment and that really is the government's
defence, tell us who else gets this.

**Mr Sloper:** Senator, I was responding to your question as to whether the ambassador had
been involved with other meetings with travel providers and the answer was yes. Independently, Justin McPhillips and his team have also met with travel providers and the
answer to that's yes—I didn't respond to—

**Senator WONG:** On which basis do you say yes?

**Mr Sloper:** Both have been involved in meetings with travel providers.

**Senator WONG:** On what basis do you say that? Do you have information about other
meetings?

**Mr Sloper:** I have information from Justin McPhillips—from him and his administrative
team, who have met with travel companies—

**Senator WONG:** I'm asking which Mr Hockey was present at.

**Mr Sloper:** I don't have a list of all the meetings Mr Hockey has been involved in.

**Senator WONG:** How can you say he met with other travel providers?

**Mr Sloper:** Because he confirmed that to me.

**Senator WONG:** When did you speak to him?

**Mr Sloper:** I spoke to him yesterday.

**Senator WONG:** Right. Do you have notes from that meeting—that—

**Mr Sloper:** I don't.

**Senator WONG:** What did he say to you?

**Mr Sloper:** I asked him whether he had declared his interest, because the embassy had
also told me that. He confirmed that he had.

**Senator WONG:** Did he tell you how?

**Mr Sloper:** He said orally to his staff.
Senator WONG: When?

Mr Sloper: Before the meeting.

Senator WONG: How long before the meeting?

Mr Sloper: I didn't ask him that question.

Senator WONG: And you didn't ask him whether that was advised prior to the meeting being established?

Mr Sloper: No, I asked what was the sequence of events. He was approached by QBT. The staff were asked to arrange a meeting. Ahead of that meeting he declared his interest.

Senator WONG: Did you ask him why he arranged the meeting?

Mr Sloper: Because he was approached by a government travel provider.

Senator WONG: Did you hear what I asked you?

Mr Sloper: I asked and that was his answer.

Senator WONG: Did you ask him whether any other travel providers had approached him?

Mr Sloper: I didn't ask that, Senator.

Senator WONG: No, so you—did you ask him why he didn't suggest someone else who didn't have a financial interest in the company attend that meeting?

Mr Sloper: I did not ask that.

Senator WONG: Did you ask him why he as head of mission felt he needed to attend that meeting?

Mr Sloper: I didn't ask him that. I asked him had he met with other travel providers and he said—he has confirmed that.

Senator WONG: I'd like a list of them.

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

Senator WONG: Of course you will. If Mr Hockey says, 'This is my defence: I meet with them all the time', I'd like to know who else he's met with. When was the tender—I think there've been some discussions about the tender still being on foot. Is that right?

Ms Adamson: That's correct.

Senator WONG: When was it—go, Mr Sloper.

Mr Sloper: I was just going to comment that the tender process started a year later, which was provided in earlier evidence.

Senator WONG: Yes, sorry. I've got a lot of questions. I may not remember everything. Did Mr Hockey meet with Mr Burnes—I'm sorry. Can you tell me—it's been reported in the media that at the meeting both Mr Hockey and Mr McPhillips were told—sorry. You said—I can't even remember how you tried to do it, but you suggested that procurement wasn't discussed at the meeting. You've just spoken to Mr Hockey in the last 24 hours. Can you tell me what his version of what was discussed at the meeting is?

Mr Sloper: Yes. It was a general discussion about the nature of business services that the embassy has and the offerings that QBT and other people in the market provide—efficiencies and not within our travel providing system.
Senator WONG: General discussion with the services—what?

Mr Sloper: About the services that the embassy draws on and what were the offerings that QBT and others in the market might provide.

Senator WONG: Offerings that others—QBT and others in the marketplace?

Mr Sloper: That's right. It was a general discussion about the travel.

Senator WONG: But nobody else—none of the others were present, only QBT.

Mr Sloper: No, but that same discussion has been held with a range of companies by the embassy.

Senator WONG: You keep saying that. I want the ones that Mr Hockey is in.

Mr Sloper: That's right, and I said I'll take that on notice. I can talk to what Mr McPhillips and his team have been doing. But I don't have details of Ambassador Hockey's schedule.

Senator WONG: Is there any documentation noting the meeting or outlining the issues in the meeting that we discussed?

Mr Sloper: No, Senator, there was no record of the meeting—no formal record taken. Sorry, I should say 'record' just to avoid—

Senator WONG: Was there any follow-up email or correspondence between Helloworld or QBT and Mr Hockey after the meeting?

Mr Sloper: I'm aware that QBT sent one follow-up email.

Senator WONG: Why didn't you disclose that, Mr Sloper?

Mr Sloper: You had not—

Senator WONG: I asked you if there were any notes taken of the meeting and any record of the meeting. Does the follow-up email talk about what occurred at the meeting?

Mr Sloper: It covers what that individual thought was covered in the meeting, and there was no response back to it and no action taken on it.

Senator WONG: Do you have a copy of that?

Mr Sloper: I think I do. I need to check. Yes, I do.

Senator WONG: Can I have a copy of that, please?

Mr Sloper: I think subject to the same checks we need to do in terms of—

Senator WONG: So when was this sent?

Mr Sloper: The email was sent on 1 May.

Senator WONG: To?

Mr Sloper: It was addressed to the ambassador.

Senator WONG: It was sent to the ambassador on 1 May?

Mr Sloper: That's right.

Senator WONG: And it is just a follow-up pitch, is it? How would you describe the email, Mr Sloper?

Mr Sloper: It's a summary from that person's view of the major discussion points.
Senator WONG: Does it accord with the general discussion line that you've used or is it more detailed?

Mr Sloper: It's a list of issues that would be described, I think, as problems or inefficiencies in contract services.

Senator WONG: And how they could resolve them?

Mr Sloper: No, it's just that issue list.

Senator WONG: Sorry, I might have missed this—remind me who it's from.

Mr Sloper: Russell Carstensen.

Senator WONG: Yes—to Mr Hockey?

Mr Sloper: To Mr Hockey.

Senator WONG: At which email address?

Mr Sloper: His work email address.

Senator WONG: Does he have an ambassador and a Joe Hockey email address? Is that how it works?

Mr Sloper: Senator, as the secretary has pointed out, I can't confirm. It just says 'Joe Hockey' on the paperwork. I'm not able to see the email address behind it.

Senator WONG: So that's how he saved it?

Mr Sloper: That's right. But I assume it has come through the DFAT system.

Senator WONG: Yes, but just in your system, do you have like an ambassador one or whatever the official email is on the website then a Joe Hockey one or something like that? How does it work?

Mr Sloper: It's customary: first name, last name@dfat.gov.au.

Senator WONG: Right. So ambassadors use that as well—there's not an ambassador email?

Ms Adamson: Senator, there is no ambassador email across the whole system, but ambassadors and embassies, particularly where there is a high volume of email relating to the position, will set up that kind of thing. I'd like to check whether one exists—

Senator WONG: Sure. I just was checking.

Ms Adamson: but it's not uncommon.

Senator WONG: Why don't you check whether or not there's a personal and official email or whether they're just the one thing and whether it just goes—

Ms Adamson: We can do that.

Senator WONG: Are you francis.adamson or are you secretary.adamson?

Ms Adamson: I have both, Senator.

Senator WONG: You see—

Ms Adamson: Most of my email—the bus vast bulk of it—comes to francis.adamson.
Senator WONG: Okay. So he sends up a summary or something like that and what action is taken as a consequence?

Mr Sloper: No action is taken.

Senator WONG: How do you have a copy of that?

Mr Sloper: I asked the post to see if they had any copy or summaries of the conversation.

Senator WONG: All right. You say no action was taken, but obviously Mr Hockey has sent it to someone else?

Mr Sloper: It was sent from him to his executive assistant.

Senator WONG: And what did the executive assistant do with it?

Mr Sloper: I have been advised there was no further action taken.

Senator WONG: Did they pass it on to Mr McPhillips or Mr Richards?

Mr Sloper: Mr McPhillips was copied in in a subsequent email to it.

Senator WONG: What's the subsequent email?

Ms Adamson: The forwarding.

Mr Sloper: It was just forwarded. Sorry—

Senator WONG: So Mr Hockey gets an email from the company saying, 'This what was discussed in the meeting'. He forwards it to Mr McPhillips—

Mr Sloper: To his EA, who then sends it to Mr McPhillips.

Senator WONG: Okay. Has any member of the post raised any concerns with DFAT prior to or following the meeting with Helloworld?

Mr Sloper: Senator, any concerns normally would be flagged with the Employee Conduct and Ethics Section, which we mentioned earlier, and we have no record of any concerns being raised by email or phone.

Senator WONG: Do you have any knowledge of any concerns being raised?

Mr Sloper: No.

Senator WONG: DFAT Canberra has no knowledge of concerns being raised by staff members of the post?

Mr Sloper: No.

Senator WONG: You may want to consider whether you need to check this any further.

Mr Sloper: Senator, I can answer that I have no knowledge of any concerns and that section has no record.

Senator WONG: Do you have any knowledge, Secretary?

Ms Adamson: No, Senator, I don't.

Senator WONG: There is in your overseas code of conduct a mechanism by which any disputes or issues as between an employee and the head of mission—a procedure laid out for how that is to be dealt with. It can either be referred to the FAS CMD—sorry, what's CMD?

Mr Sloper: That's a dated reference. That's Corporate Management Division, which became the Corporate Management Group, of which it would now—I would now be that contact point.
Senator WONG: So people have got to come to you, Mr Sloper?

Mr Sloper: Normally a concern would be raised with me or through the section I mentioned before, and it's more customary for any concerns to be raised, be they performance related, harassment, bullying allegations and so on to the—

Senator WONG: No, but what is actually considered here is 'In the event of a difference between an Employee and the Head of Mission over the lawfulness or reasonableness of a direction'—the employee, I interpolate—'either may refer the matter to the FAS'—dated reference—'for decision'. Was that process utilised at all in relation to a member of staff at the embassy in Washington in relation to any directions or requests Mr Hockey had indicated?

Mr Sloper: I'm not aware of any record. The only reason I'm pausing is that I have asked specifically in regard to the issues we're discussing, so I don't have an understanding at this time if there were allegations raised in regard to any other issues. I would normally be alerted to that. At least since I've taken on the position six months—in July last year, I'm unaware of that. We can take on notice the other question if you wish.

CHAIR: Senator Wong, we have four minutes before we break.

Senator WONG: Okay. Perhaps we can try to facilitate the documents thereafter. But I do have this question: in light of the evidence today, Helloworld Ltd issued a Stock Exchange statement yesterday in which it said that Mr Burnes did not request a meeting with Mr Hockey—sorry, did not request a meeting with DFAT officials. Did you sight that?

Mr Sloper: Yes.

Senator WONG: So, as I understand it, he didn't personally request it; what he did do was give Mr Carstensen Mr Hockey's contact details and encourage him to email Mr Hockey directly with a reference in the email to Mr Burnes.

Mr Sloper: That's my understanding.

Senator WONG: So when did the decision—have you gone to open tender? Is that what you've done, Mr Wood?

Mr Wood: This procurement process has been in two stages. The first stage was a request for expressions of interest, so an EOI. That was released on 15 August 2018. That was sent to nine suppliers who registered their interest. There was then a request for tender that was issued on 8 November. I would be—if you're interested, I'm happy to table those documents if that might help.

Senator WONG: That would be great.

Mr Wood: It has a lot of background information in terms of how travel is organised. I would highlight that the request for tender covers potentially 18 posts, so it's the Americas—from Ottawa down to Buenos Aires.

Senator WONG: Okay. But the request—I'm sorry. Where are we at now—post November 2018?

Mr Wood: This is the current procurement process for the travel.

Senator WONG: Okay. So you're post the RFT and you're now in the consideration of the various tender proposals?

Mr Wood: Correct.
Senator WONG: Is it public who has tendered?

Mr Wood: The tenders were advertised on the Washington embassy website, so they were publicly available.

Senator WONG: Is QBT a tenderer?

Mr Wood: I don't have the names of the suppliers—I have the fact that there were nine responses to the expression of interest and there have been four responses to the tender. The tender team is currently evaluating those. The tender closed on 6 December. I'm the delegate for this procurement.

Senator WONG: Is that usual?

Mr Wood: It is for—it's not unusual, Senator, particularly where there are the more global activities. I mentioned earlier on this morning the banking contract and I was the delegate for that.

Senator WONG: Okay. Was the decision to make you the delegate for this tender made—when was that made?

Mr Wood: It was made prior to the request for tender going out—so as part of the process around how we would conduct the tender. The tender evaluation team involves representatives from the embassy. There is a representative from the Department of Defence—Defence are the major spenders at the post—and also a representative from the Canberra-based travel team.

Senator WONG: Mr Wood, can you tell me the value of the annual expenditure—the value of the Washington post travel?

Mr Wood: Sure. In the document that I will shortly table, in our expressions of interest, it states:

The Embassy has an average expenditure of approximately US$8-8.5million per annum, covering both Domestic (US) and International air travel …

That's just for the Washington embassy. Of that $8 million, about three-quarters is Defence.

Proceedings suspended from 10:30 to 10:47

Senator IAN MACDONALD: Good morning, minister and officials. I just wanted an update, if I could, on the comprehensive strategic partnership with Singapore. We did yesterday in Defence estimates talk about the Army element of it and the training in Townsville and Rockhampton. We got the information about that yesterday, so I'm not really looking at that. I'm just wondering—in addition to that, can you just tell me about the comprehensive strategic partnership, how it's going, what it's achieved, what it's planning to achieve and how it's going? I know that this is something the minister has been very involved in herself. Could someone just give me a brief update?

Ms Adamson: Senator, let me just make some broad remarks and then I'll ask Ms Heckscher, who would have more detail. The comprehensive strategic partnership with Singapore has played a very valuable role, actually, in the development of relations with a very close partner—a partner which sees our region, I suppose, in very similar respects that we do; a partner which understands the importance of maintaining security and prosperity in our immediate region and more broadly across the Indo-Pacific; and a partner which has a very heavy reliance on freely flowing international trade and investment. It's through that
partnership that we've been able to step up our engagement given visibility by annual leaders
meetings; by regular meetings between ministers; and by something that is close to unique in
our system, which is the Singapore-Australia Joint Ministerial Committee—the SAJMC—
which brings together ministers for foreign affairs, ministers for defence and, in our case, the
Minister for Trade, Tourism and Investment. There is a whole lot that sits under that and, to
the extent that you're interested in delving into particular areas, Ms Heckscher can answer
your questions.

Senator IAN MACDONALD: Thanks, Ms Adamson.

Ms Heckscher: Thank you, Senator. You asked specifically for an update on progress
under the CSP—the comprehensive strategic partnership. There has indeed been, as you
would expect with such close partners, really strong progress across all of the pillars of the
CSP. The pillars are economics; trade and investment; foreign affairs, defence and security;
science and innovation; and people-to-people links. I won't touch on defence, first because
that's beyond my ken but also because I know that this was the subject of a number of
discussions with Defence yesterday. But the—some of the things that have happened in the
last little while over the course of the last year have been the agreement to amend SAFTA—
the Singapore-Australia Free Trade Agreement—was negotiated and came into effect on 1
December 2017. That upgrade reflected the increasingly globally competitive and connected
business environments between the two countries. We also signed MoUs on strengthening
tourism cooperation and cooperation on sport, again in 2017. There's been a lot of
developments on the defence side. In 2018 CSIRO and its Singapore counterpart signed a
range of agreements covering research arrangements and access to research facilities. CSIRO
opened a regional office based in our high commission in Singapore. The post in Singapore
has, with our Singapore counterparts, undertaken a number of major events in the science and
innovation space. The Australia-Singapore Arts Group as well supported two major events in
the first year of its operation—2017: an Erub Arts exhibition and a two-day cultural leaders
forum. In 2018 the Melbourne Symphony Orchestra and the Singapore Symphony Group
signed a four-year partnership for 2019 to 2222 and the National Library of Australia also
entered into an MoU with the National Library Board of Singapore. So that's an awful lot of
work that has already been done.

In addition, we've increased the annual visa cap on the Working Holiday Maker program
from 500 to 2,500 places per annum. We commenced negotiations in November 2018 to
upgrade the Australia-Singapore Military Training Initiative MoU to a treaty. That might be
something that you discussed with Defence. So there's a great deal of development and a lot
of work that is ongoing. I regularly participate in and lead senior officials talks with
Singapore, part of which is to discuss the comprehensive strategic partnership and the
roadmap of activities that we have under it. I chair an RDC ahead of that with agencies. I'm
not entirely sure we have a room big enough in our department to actually seat all of the
agencies that are doing an enormous amount of work with Singapore directly on various
activities, such as the depth of the partnership that would go beyond the normal to really, as
you heard, delve into library-to-library partnerships. The science step-up and collaboration
has been really prospective and the people-to-people links at the state level and at the federal
level are really already strong but very much growing.


Senator IAN MACDONALD: Thank you very much. That's a very concise summary and I appreciate that. I was in Singapore privately recently and spoke to the High Commissioner. I also took the opportunity to visit James Cook University, which has a campus there and which, I believe, is the only foreign university accredited to Singapore. As you know, JCU is based in Townsville, where I'm based, so I'm a bit parochial about these things. JCU are telling me that they have a wide course in Singapore but particularly focusing on aquaculture. They also indicated to me that—I don't think I'm giving away any secrets here—for internal university political reasons they were looking at opening up a campus in China to teach or interact with Chinese students in China rather than in Singapore. Are you conscious of that or—is that something the foreign affairs department would be in any way involved in at all or—

Ms Adamson: Senator, I'm not personally conscious of it, but there is ongoing interest on the part of Australian universities in the provision of education in all its various forms in China. I'm sure we could follow that up for you if you would like further information.

Senator IAN MACDONALD: Well, I can follow that up with JCU myself. But I was just wondering if it was something that had come across either the minister's desk or your desk or—

Senator Payne: Not at this stage, Senator, no.

Senator IAN MACDONALD: It just seemed to me to be an interesting extension. As you know, James Cook University has been to the forefront, I might say, in relating Northern Australia, which I also have a particular interest in, and the immediate world and the world between the tropics, which JCU has a bit of an expertise in. I'm just wondering what if any interaction is directly and currently involved, but from what I take it, you're saying not directly at this moment.

Ms Adamson: Not that I'm aware of, Senator.

Senator IAN MACDONALD: Okay—thanks for that. Can I very briefly pass to PNG—again, our closest neighbour and a country that I always think we have an obligation to as our perhaps one and only colony at some time in the past. Of course, APEC was there recently and again I know the minister spends half of her time there in one role or the other. But am I able to ask without going into any secrets about the general relationship: it did seem to me as an outside observer following APEC that there seemed to be a ramping-up in a tangible way of Australia's interest. Australia has always I think been No. 1 in PNG and the south-west Pacific, but there seemed to be a lot more happening, particularly the upgraded Defence base on Manus. I'm just wondering if you could generally talk to me about the increasing interaction with PNG.

Ms Adamson: Senator, we'd be very happy to do that. Can I perhaps just start by making the general observation that what you've said or what you've noticed I think is absolutely correct. Of course, we've long had a very close and in many ways, as you you've alluded to, special relationship with Papua New Guinea. I think the hosting of APEC was one of those real milestones. I think Papua New Guineans themselves can look back on that even a few months afterwards with a great deal of pride. I think probably historians in future will regard it as a seminal moment too. But, of course, we worked hand in hand with Papua New Guinea in many respects. It was their show and they deserve all of the credit that came with a really
very strong performance. In terms of our bilateral relationship and the many elements to it—also, of course, part of our specific step-up—I will ask our two first assistant secretaries to come in and comment, but could I just by way of introduction note that at the last estimates in October we had one Pacific division. At this estimates we have two Pacific divisions—Pacific Bilateral Division and Pacific Strategic Division. Those two divisions sit within the Office of the Pacific, which we've created in order to be able to implement the Pacific step-up, about which the Prime Minister and of course the foreign minister have spoken a great deal. Ministers themselves are very actively engaged in doing that. But I just wanted to draw that to the committee's attention, because I know from time to time you take interest in our organisational chart. But we've got two first assistant secretaries at the table now instead of one.

Mr Gilling: Thank you very much for your question, Senator. In relation to your characterisation and the secretary's characterisation of the relationship, I agree that it's in very rude health at the moment. An example of some of the dimensions of the strength of that relationship would include the visit by the Minister for Foreign Affairs, Senator Payne, to Port Moresby for APEC from 14 to 16 November and also from 11 to 12 October. Also, Senator Ruston was in Port Moresby a couple of weeks ago. She went on a fact-finding mission to look at a range of areas of our assistance, including our agricultural assistance up in Lae and beyond. She went to our new office in Lae and spoke with business leaders there. That goes to the point about the size of our financial interest as partnership. Australian investment in PNG is worth $16.3 billion at the moment. Of course, as you talked about the Lombrum base, we have a close and a longstanding partnership on defence and on security. It's the recipient—PNG is the recipient of our largest Defence Cooperation Program and the closeness of that relationship, which, of course, you can speak with Defence about, is very impressive. We also have very strong people-to-people links between the two countries. For example, around 600 PNG students study each year in Australia and since 2007 over 1,700 Australia Awards Scholarships have been offered to PNG students. Indeed, it goes both ways, so we have—through the new Colombo Plan, 73 Australian students have been to PNG between 2015 and 2019. In addition to this, we have a strong engagement with the young leaders of Papua New Guinea. Both sides—Australia and Papua New Guinea—take part in an emerging leaders dialogue that adds to that very strong relationship between our ministers at the young leaders and emerging leaders level that allows us to build a very strong partnership across a range of levels within society.

Senator IAN MACDONALD: Ms Klugman, did you want to add anything to that at all?

Ms Klugman: Perhaps I can add the regional overlay into this relationship. As Mr Gilling and the secretary have said, the bilateral relationship with Papua New Guinea is very thick and very deep. It is very hard to think of an Australian government institution that doesn't have ongoing links or a history of links, personal and institutional, with counterpart agencies in Papua New Guinea. Papua New Guinea is high in our mind as we roll out the new suite of government initiatives under the step-up.

You're aware already of the work we have been doing with Papua New Guinea and with the Solomon Islands on the Coral Sea cable—a major and potentially transformative initiative in the telecommunications sector in a triangular relationship between us and those two countries. We expect that Papua New Guinea and projects in Papua New Guinea will feature
in the rollout of the Australian Infrastructure Financing Facility for the Pacific—the $2 billion investment facility for infrastructure in the Pacific. Papua New Guinea will play, we hope, a bigger role in the future as a source of Pacific workers in a way which feeds back in a virtuous loop into skilling up important parts of the Papua New Guinean workforce for the purpose of economic development in Papua New Guinea as well. Papua New Guinea will feature as we roll out the increased people-to-people initiatives the government has initiated, whether that be churches—as you know, religion is extremely important for communities across the Pacific but in Papua New Guinea as well.

Papua New Guinea has featured in our scholarships programs and will feature in our new scholarships program, which goes to the secondary level, which I think is important and connects with the point Mr Gilling was making about future leadership. Papua New Guinea will continue to be prominent in our defence and security relationships across the region and Papua New Guinea is alone in the Pacific Islands as a partner for us, for example, in APEC. We are very active in that.

**Senator Payne:** Senator, there is a really I think quite fascinating example of the circle connecting at the top, which is the recent reopening of the refurbished Papua New Guinea National Museum and Art Gallery in Port Moresby. If you have a chance on your next visit, because I know that you are a semi-regular visitor, Australia built the gallery many decades ago and we supported Papua New Guinea to refurbish it. It was opened again in the presence of Grand Chief Sir Michael Somare in October. I was honoured to be able to attend that opening. But, in terms of the relationship between Australia and Papua New Guinea, it's almost a tangible demonstration of the trajectory that it's followed. It has more than 700 extraordinary artefacts from Papua New Guinea—so many communities and regions—and it really is an amazing piece of work between our two governments that tells a great story. It's really worth a visit.

**Senator IAN MACDONALD:** My time is relatively limited, because I know that there are other senators who want to ask questions. I just have two more questions of the first assistant secretary. Can I say that the last time I was there I did go to the museum and at the time they were anxiously looking forward to the Australian assistance to upgrade the museum because they were telling us they had a lot of stuff that couldn't be displayed.

**Senator Payne:** It's fabulous. It's worth a standalone visit to Port Moresby, in my view.

**Senator IAN MACDONALD:** That's great. There are two other matters very quickly. I had what I'd call a passing in the corridor discussion with the minister a couple of weeks back. My understanding is that PNG has 873-odd different clan groups, 999 different language groups—those figures probably are not quite correct, but it gives the impression—but my way of thinking was the only thing that really unifies PNG as a nation is rugby league. I know there is a bit of rugby league diplomacy and other sports, I might say. But, of course, coming from the town that has the best national rugby league team—that's the Cowboys—we are very interested and, of course, we are very close to PNG. The minister, as we passed, was mentioning there were limitations on what we could do, but I understand and I have heard the minister and the Prime Minister talk about rugby league in the context of Australia's associations with PNG and, indeed, the wider south-west Pacific. Could you just very briefly, bearing in mind my time, tell me what you can tell me about rugby league diplomacy?
Ms Klugman: I studied up on this point, because I am acutely aware that, although I grew up in Parramatta, my understanding of rugby league is a bit dated and I was aware that I might have to—

Senator IAN MACDONALD: You should talk to the Prime Minister then. He is a bit of a follower of another rugby league team.

Senator Payne: It's very disturbing—

Ms Klugman: You can't imagine how intimidating it is to answer a question on rugby league when you have Senator Payne at the table. Nevertheless, here I go. One of the major new initiatives the government announced or the Prime Minister announced late last year was the Australia Pacific Sports Linkages Program. The Prime Minister and Senator Payne have already announced some further early harvest initiatives under that program. They include support for preseason NRL, which is National Rugby League; and matches in the Pacific with PNG in 2020 and Fiji in 2021. There's a great deal of potential for us to roll out, through this program, a much bigger government-supported effort for Pacific teams, including rugby league teams from Papua New Guinea—

Senator IAN MACDONALD: Is that the Australian government or the PNG government or both?

Ms Klugman: Australian government—to have Papua New Guinean teams playing in Australia. You're aware that the Hunters already play in Queensland Cup and do quite well or very well there. We want to see more of that and we'll support more of that. We want to support Australian rugby league teams and other codes going into the Pacific and playing with the Pacific teams in a preseason sense or otherwise and we want to pursue a program of support for young athletes of potential, including players of the football codes, to be supported through that program to develop their own skills, including with linkages to organisations like the Australian Institute of Sport.

Senator IAN MACDONALD: Can I be more direct, because it's often spoken about and I've said this myself: if Australia wants to provide some aid, why don't we help them financially to get into the National Rugby League competition? You're a diplomat and, of course, you'll give a very diplomatic answer. But why don't we do that?

Ms Klugman: That's not out of the scope of the program that the Prime Minister announced late last year. There are a whole lot of factors, of course, as you would know, Senator, going to decisions that the National Rugby League makes about teams playing in its competitions at various levels. There are decision-makers with all of the state competitions as well. But we are quite ambitious with this program and we would like to see more Papua New Guinean teams playing in significant competitions in Australia in rugby league.

Senator IAN MACDONALD: When you say it depends on the NRL organisation, obviously the NRL have what they consider to be the playing standard to take into account on which competition different teams play in. Is that what you're referring to?

Ms Klugman: That's right, and there are always potential claimants to become new teams, including from Australian communities, in the NRL competition. So we'll work in very close partnership with the NRL and with the government of Papua New Guinea and other governments as we step this forward. But, as I said, we are quite ambitious about the potential for Papua New Guinea to play at the highest levels in the Australian codes.
Senator IAN MACDONALD: We couldn't drop out the Sharks and put PNG in instead of them, notwithstanding that they won the premiership last year?

Senator Payne: I don't think that's a goer, no. The Sharks and the Dragons will be there forever, Senator.

Senator IAN MACDONALD: Are you a Sharks supporter as well as the PM?

Senator Payne: No, I'm a Dragons supporter, just to be very clear about that.

Senator IAN MACDONALD: Finally—and thanks for that; I know my time perhaps has run out—on a not-so-bright note, constituents in North Queensland tell me they'd like to be more involved in trade in PNG, but there seems to be—and my own experience as well is that the PNG government—it's a matter for them, not for us; I acknowledge that. But their difficulty in getting foreign exchange which allows them to—not only the government but also other businesses in PNG—pay for goods and services that come from other countries. Of course, I'm interested in Australia. Do you have any comment on that, appreciating that it's often a sensitive issue and it's a matter more for the PNG government than our government? Do you have any broad comment, Ms Adamson, or—

Mr Gilling: You rightly identified what has for some years been one of the principal constraints to trading with Papua New Guinea—that is, the availability of foreign exchange. One of the reasons that has been in place is because of the dependency of the country on the natural resource cycle. As you know, Senator, at the moment they are coming to the end of a cycle and starting to rebuild a new one, so government revenue and tax revenue have fallen off and they've been forced to run a budget deficit. In running that budget deficit, one of the things that has suffered, of course, as it has in many other countries, is availability of foreign exchange. Over the last couple of years, one of the main focuses of our engagement with Papua New Guinea has been to help plug that gap and to smooth that cycle. As a consequence, we have helped to broker a number of loans, whether it's with international financial institutions or with commercial operations, which have stepped in to help provide some of that foreign currency. My feedback from Port Moresby is that that is slowly building. So, while I completely agree with your analysis that that has been a problem, I think we've passed the worst and I think it's getting better. So I think you can carry some good news to some of your constituents on that.

Senator IAN MACDONALD: Thanks for that, Minister and officials. Thanks, Chair and colleagues, for allowing me perhaps a little more time than others might have had.

CHAIR: We won't tell other senators.

Senator WONG: How are we going, Secretary? It's not an existential question; it's a document question.

Ms Adamson: I understand, Senator. I was going to give you and the committee an update and simply say that when we left immediately before the morning tea break we were obviously discussing emails related to our inquiries in regard to the Washington embassy and to contact with the travel companies. I said to you that we would table those emails and we will. We will table them in an unredacted way. But before we table them we want to contact individuals whose names will appear in those emails and we are in the process of doing that.
Senator WONG: The only thing I would say is that, obviously, Mr Burnes has been in the public arena. I don't want this to be held up because he is not contactable and doesn't give his consent.

Ms Adamson: No, Senator. That is my update.

Senator WONG: There was a lot of evidence before the break. Can I summarise where I understand we've got to. Mr Hockey did attend the meeting on 26 April between embassy staff and a company that provides travel services. That company is part of a group in which he has a financial interest. The meeting was organised at his request after the company emailed him. The meeting was with embassy staff who have overarching responsibility for those who procure travel, one step removed. The value of the travel services that the Washington embassy purchases, on Mr Wood's evidence, is between US$8 million and US$8½ million per annum.

Mr Sloper: I think that's a correct characterisation. I would make two points. The individuals who were in the meeting aren't in the procurement process.

Senator WONG: That's why I said 'oversight'.

Mr Sloper: And the representatives from Washington—that was a joint one. I can leave it at that. The quantum you mentioned in terms of the tender process I think is managed in Washington but covers the Americas.

Senator WONG: No, they are two different pieces of evidence from Mr Wood. He talked about the tender being for all of the Americas, then I asked him specifically about what was transacted out of that post and the answer was US$8 million to US$8½ million. Mr Wood is sitting there—you don't have to come forward. Only come forward if I'm wrong.

Ms Adamson: That was correct, Senator.

Senator WONG: As part of the mateship campaign, Mr Turnbull addressed the opening plenary of the National Governors Association meeting in 2018, which was attended also by a range of state premiers, chief ministers and business leaders. Correct?

Ms Adamson: That's correct, Senator.

Senator WONG: As part of this, there was an Australian business leaders delegation. Is that right?

Ms Adamson: I think that's broadly correct. I'll ask my colleague responsible for that element of our relationship with the United States to come forward to the table.

Mr Green: Senator, can I ask you to repeat the question?

Senator WONG: I'm asking questions about the National Governors Association 2018 winter meeting bilateral. I understand that the then Prime Minister, Mr Turnbull, addressed the meeting, and a group of CEOs from major Australian companies were also part of a business delegation which was occurring at the same time. Is that correct?

Mr Green: That is correct.

Senator WONG: I just need some clarity: was there a delegation and then a business delegation or were they all part of the one delegation to the NGA?

Mr Green: I don't know the answer to that, Senator.

Senator WONG: It says here in the media release:
A group of CEOs from major Australian companies will also accompany the delegation to engage in high level business discussions with a group of CEOs from major United States companies with interests in Australia.

Is the 'delegation' Mr Turnbull, Mr Ciobo and premiers et cetera?

**Mr Green:** That sounds right.

**Senator WONG:** Was anyone from civil society invited or was it just business?

**Mr Green:** I'm not aware that anyone from civil society—

**Senator WONG:** What role did Mr Hockey have in putting together the list of CEOs?

**Mr Green:** I don't know exactly, Senator, but he was heavily involved in managing the delegation.

**Senator WONG:** Right. Was it at Mr Hockey's request that Mr Burnes was included in that delegation?

**Mr Green:** I don't know the answer to that, Senator.

**Senator WONG:** Did you know that Mr Burnes was included in that—

**Mr Green:** I didn't know.

**Senator WONG:** Does anyone know anything more about this?

**Ms Adamson:** Senator, no, I think it's unlikely that we would, simply because it was a prime ministerial visit normally coordinated by the Department of the Prime Minister and Cabinet, obviously with input from DFAT and the Washington embassy. We can check on questions related to that. I don't have knowledge myself and I would be surprised if any of my colleagues did.

**Senator WONG:** I'd like to know how you usually put business delegation lists together.

**Ms Adamson:** I can talk to you a little bit about that if you'd like me to.

**Senator WONG:** And whether that was the process followed on this occasion and what involvement Mr Hockey had in putting that list together, because it does include not only his mate Mr Burnes but also other people who I think it's a matter of public record he knows—Mr Norman, Mr Freyberg, Mr Forrest, Mr Mike Baird.

**Ms Adamson:** From my own experience—I understand the question you're asking and will check—normally the process is one that involves the Department of the Prime Minister and Cabinet, the Prime Minister's office, the department, given the particular business interests at play, and the post, including head of mission but also, normally, the senior trade commissioner and others involved in trade promotion work. Normally that list would go through a significant number of hands before it's finalised and the delegation is assembled. There is also often a process where the business community is aware that a visit is about to happen and express interest themselves in being part of the delegation. So that's the normal practice. We can certainly check back and see what practice was followed in the lead-up to something that took place, as you know, about a year ago. But we'll do that.

**Senator WONG:** I want to know what role Mr Hockey had in putting that delegation list together.

**Ms Adamson:** And I would say I'm sure he had a role, but let's just check precisely how it—
**Senator WONG:** In particular, was Mr Burnes put on the delegation list at his request?

**Ms Adamson:** We'll see if we can check that. We may not be able to get an answer to that, but we will try.

**Senator WONG:** Mr Hockey must, I'm sure, be aware this is a matter of public interest. Can he disclose to you if he did request that Mr Burnes was included in that delegation?

**Ms Adamson:** Mr Hockey is on a plane at the moment travelling across the US, but we'll do our best to check.

**Senator WONG:** Presumably not going to an opening of some premises that the company has an interest in?

**Ms Adamson:** I think he is returning to the embassy after an official visit to Australia, Senator.

**Senator WONG:** Did he meet with Mr Burnes while he was here?

**Ms Adamson:** I don't know the answer to that.

**Senator WONG:** Minister?

**Senator Payne:** I don't know, Senator.

**Senator WONG:** I'd like to know with this particular business delegation list whether there was any recommendation from the department either directly to post or to PM&C or to the FMO or PMO and what involvement, if any, Mr Hockey had in putting it together.

**Senator Payne:** To clarify, Senator, that would not obviously have been my office and—

**Senator WONG:** No, I'm sorry, it would have been Ms Bishop's office. That's why I used FMO.

**Senator Payne:** That may not be information that I'm readily able to obtain.

**Senator WONG:** While Mr Burnes was on that delegation, were there any further meetings or discussions with the embassy or Mr Hockey in relation to embassy travel arrangements?

**Mr Green:** I don't know the answer to that, Senator.

**Senator WONG:** Is Mr Sloper here? Does he know whether or not that's the case?

**Ms Adamson:** We'll need to check that for you.

**Senator WONG:** Does Mr Sloper know? I don't have my glasses on, but I think he is shaking his head.

**Senator Payne:** Senator, if I may say, I think it is important to note for the record that yesterday Helloworld Travel Ltd issued a statement to the Australian Stock Exchange.

**Senator WONG:** Yes, I referenced it earlier.

**Senator Payne:** That statement indicates in the penultimate paragraph that at no time has the ambassador or the CEO discussed the tender or had any involvement in the tender process, amongst other facts that it places on the record. You would be aware, given your experience, that ASX companies don't make statements to the Stock Exchange lightly. This is obviously a statement to clarify matters which were raised in the media and I think it is important to have it referred to on the record.
Senator WONG: Yes, and I have referred to it on the record. I would make very clear—and it's a matter for Helloworld and the Stock Exchange—that they are very careful in the words they use about tenders, whereas in fact what we are talking about is essentially a pitch meeting, where Mr Hockey is contacted by a representative of the company which Helloworld has an interest in, the corporate group, and a meeting occurs. Mr Sloper used the same distinction, which is, 'They didn't discuss procurement or the tender.' This was a pitch meeting. This is a meeting where they tell people, 'This is the sort of thing we could do.' I think that is clear. Helloworld can disclose in the terms that they have. What they haven't talked about and they actually don't mention in this disclosure to the Stock Exchange was that Mr Hockey was in the meeting. That is conveniently left out. That's a matter for them and the Stock Exchange. It's up to them how they comply with the disclosure requirements under the ASX listing rules. But I would make the point that the evidence here today is very clearly that Mr Hockey was in the meeting that I would describe as a pitch meeting, organised at his request with a representative from QBT. That is not disclosed in this as far as I can see. It says that QBT requested a meeting with DFAT personnel. Do I infer from your answer, Senator Payne, that, as to my question about whether or not Mr Burnes held any further meetings with Mr Hockey or members of the embassy in relation to embassy travel arrangements, you were saying they didn't, because of this ASX exchange, or is the answer that DFAT doesn't know?

Senator Payne: Are you asking me, Senator?

Senator WONG: I am asking people at the table.

Senator Payne: I don't think you could take that inference from anything that I said. What I can say is that I am unaware of anything of that nature.

Senator WONG: Do we know? You don't?

Mr Sloper: Senator, my response is the same as the minister's. I am unaware of any other contact.

Senator WONG: Mr Sloper, I asked you earlier—sorry, I will come back to you, Mr Green—whether or not there was any complaint or concern raised by embassy staff in relation to this meeting or the engagement with QBT. Your answer was very clearly no. I am now going to ask you whether there was any reporting from post in relation to that meeting or engagement with QBT.

Mr Sloper: I restate my advice from before. I'm not aware of any reporting from the post in regard to complaints on this issue of the meeting.

Senator WONG: No, I deliberately didn't use the word 'complaint' in my second question. I don't want to get into this lawyerly thing: 'There might have been reporting, but it wasn't actually a complaint, so I don't have to tell her.' You've said no complaints. You're good at this, Mr Sloper, so I'm making my question quite precise. You've answered 'no complaints or concerns'. I've asked you to check that. I'm now saying: was there was any reporting arising out of that meeting or the engagement with QBT?

Mr Sloper: No, Senator.

Senator WONG: I wasn't asking—I invite you to check, please.

Ms Adamson: Senator, I've been listening, obviously, very carefully to your questions.

Senator WONG: You do listen carefully.
Ms Adamson: Mr Sloper has provided his evidence. But I would like an opportunity, please, for us to—

Senator Wong: I'm happy to give you that opportunity.

Ms Adamson: check carefully, because we do encourage staff, obviously, to ensure that we are true to our principles and true to our values—and there are a range of ways in which staff can raise issues. Mr Sloper referred to one in particular this morning, but let us check carefully and see whether there is anything else. I'm certainly not personally aware of anything else, but we will check.

Senator Wong: I'd also like you to check as part of that, if you're able, whether or not there is reporting in relation to any other activity of Mr Burnes in relation to conversations with the embassy on these issues.

Senator Payne: At the National Governors—

Senator Wong: No. I've asked about that, but then more generally.

Ms Adamson: Certainly.

Senator Wong: Did Mr Burnes meet with Mr Trump?

Mr Green: If you're asking me, Senator, I don't know the answer.

Senator Wong: Does anyone know in DFAT Canberra know much about this visit or is it really organised through the post? I'm not having a go at you, Mr Green, but I think there are some public photos of Mr Burns with President Trump.

Ms Adamson: We'd need to check with the post.

Senator Wong: Does anybody know whether Mr Burnes was invited by Mr Hockey to have dinner at the embassy or whether they caught up informally?

Mr Green: I don't know the answer, Senator.

Senator Wong: Was Mr Burnes invited to come to the embassy or did he stay there whilst on the visit?

Mr Green: I don't know the answer, Senator.

Senator Wong: Was anyone asked to organise accommodation or meetings for Mr Burnes during his trip?

Mr Green: I don't know the answer.

Senator Payne: There were over 50, I think, business members in that delegation, Senator. I asked for that list as well so that we have the full record.

Senator Wong: I've got the list. It's on the public record. Was he the federal treasurer of the Liberal Party or the state treasurer? What's his position?

Senator Payne: Federal.

Senator Wong: The federal treasurer of the Liberal Party is on a delegation. I think Mr Cormann has said he's a friend of his; Mr Hockey has said he's a friend of his; you know him. I'm just wondering what treatment he got. Going back to the time frame, at the time the meeting occurred on 26 April, there had not yet been a decision made to change the way in which travel services in the US were procured. Is that correct?

Mr Sloper: Yes.
Senator WONG: So would it be a correct assessment to say that that meeting was part of an exploration of how the post might go forward in terms of its travel procurement?

Mr Sloper: Yes.

Senator WONG: We know—and thank you, Mr Wood for providing documents—that in August of 2018 there was a call for registration of interest for travel management services for the Australian embassy in Washington, which left the option for expansion beyond the Washington post to Australia's wider diplomatic missions throughout the Americas. Is that correct? You were, I suppose, hedging your bets. You were saying, 'We'd like your expression of interest in relation to the travel services Washington procures and we also want to know what options you could give us if we wanted to expand it to the Americas'. Is that a reasonable assessment?

Mr Wood: That's correct. And that's consistent with some of the hubbing and spoking that we're aiming to do out of the Washington post in terms of them delivering more services to the Americas.

Senator WONG: Tell me about the lead-up to this decision. What's the decision-making process which leads to a decision for this expression of interest? We've got time frames. In April 2018, this decision has not yet been made; people are thinking about it.


Senator WONG: Sorry, 2017. Then we have in August 2018 going to market. I want to know the decision-making process which leads to a decision that leads to the expression of interest.

Mr Wood: My understanding is that principally early in the 2018 calendar year, from January to June, there were discussions. First we engaged very closely with the Washington post, given their role as a hub in terms of delivery of corporate services, in relation to a particular matter on the travel side. It was principally early in the 2018 calendar year that there were consultations between Canberra and the post around this procurement exercise. As the documents note, principally the request for tender, we hadn't tested this for many years. I think something like the late nineties—that has been the current process. There were discussions with the post around the type of exercise that we could undertake.

Senator WONG: Between who were those discussions?

Mr Wood: They were between the corporate staff at the post and staff from the travel and procurement teams in Canberra.

Senator WONG: Who are in your group?

Mr Wood: Correct. We assist a range of posts on a range of procurement matters, whether it's security or other matters, in terms of their procurement exercises.

Senator WONG: Were you involved in those, Mr Wood?

Mr Wood: No.

Senator WONG: Was Mr Hockey involved in those discussions?

Mr Wood: I don't know.

Senator WONG: Does anybody know? You said there were discussions with the post et cetera and with relevant DFAT Canberra staff.
**Mr Sloper:** I've been told by Ambassador Hockey that he wasn't involved in any of those processes.

**Senator WONG:** He also doesn't think there's a conflict of interest, so I'm not sure I'm just going to take that as the evidence I want to elicit.

**Mr Sloper:** We can go back and see what notes were taken in terms of the individuals.

**Senator WONG:** Okay. So there was a discussion. Then what was the decision-making process? Who's the decision-maker? Not on the tender process—who makes the decision that you will go down this path of expression of interest and tendering out, leading to a request for tender for travel? Was that made at post level or in DFAT Canberra?

**Mr Wood:** The initial consultations occurred between the two parties. We from the Canberra side provided advice and suggestions about how we would go about this. Often what we do with procurement exercises is that first of all we'll test the market. This is quite ambitious. It's new. It's something we haven't done for a long time, so let's test the market with an expression of interest to gauge the—

**Senator WONG:** I don't have a problem with that. That is not an unusual procurement process, particularly where there's high risk. That's been done. Finance and others have done it previously to clarify better the scope of what could be provided and how one might manage the risks in terms of how you construct the tender. That's not the question I'm asking. It's not about the process once you commence it. I'm asking about the substantive decision that we're looking to move, or we will move, from an in-house provision to an external provider model. Who was that decision-maker?

**Mr Wood:** This doesn't exactly answer your question. I was the decision-maker for the request for tender.

**Senator WONG:** That's not the question, is it?

**Mr Wood:** Correct; that's what I said. As to the previous step to that, I don't have that answer. I wasn't the decision-maker. I would have to speculate that it would be a joint decision between the post and advisers from Canberra. But I would need to take that on notice.

**Senator WONG:** Secretary or Mr Sloper, is it correct that nothing here has changed the original proposition that you put to me earlier, or that you gave in answer to a question, which is that ultimately procurement decisions are decisions for post?

**Ms Adamson:** I wouldn't necessarily say 'ultimately', because of the hubbing and spoking and the even bigger picture—and I have been driving this as secretary—that we have to bring down our corporate costs. We absolutely have to bring them down. We are being asked by government to do—

**Senator WONG:** You should listen to him. He knows.

**Ms Adamson:** I know—a whole lot of things. We have therefore been looking at ways in which we can do that. Hubbing and spoking is part of it. Global contracts potentially for—

**Senator WONG:** Can we stop now? Was Mr Hockey part of the decision? Were late changes made—

**Ms Adamson:** We would have to check that, but not to my knowledge.
Senator WONG: Can I finish the question. I'm not asking if he was part of the tender process. I get that that's been—

Ms Adamson: I understand.

Senator WONG: I am asking about the policy decision to move from an in-house provision model to going down the path of expression of interest leading to an RFT for a third-party provider. Was Mr Hockey involved in that decision?

Ms Adamson: We will need to check that for you.

Senator WONG: Mr Sloper?

Mr Sloper: I will need to check that.

Senator WONG: Who makes that decision? This goes directly to the issue.

Ms Adamson: I know. I understand that it does. The management and leadership of the department—it would be a pretty rare mission for a head of mission not to be involved in those things. The details are driven by the senior administrative officer, but often it's the head of mission who spots the opportunities and seeks to take advantage of them, and then the SAO implements them in consultation with Canberra.

Senator WONG: So you will check?

Ms Adamson: We will check.

Senator WONG: You're giving me the evidence with a caveat but it is your evidence that the usual process would be that a head of mission would be involved in that kind of decision?

Ms Adamson: Involved in the broad decisions, yes, because we expect heads of mission to look for opportunities to drive costs down.

Senator WONG: Given that that directly goes to a commercial opportunity for a company in which he has a shareholding—

Ms Adamson: Well—

Senator WONG: He does. Given the fact that the Australian mission is making a decision to go to market on something that has previously been in house, that is a direct potential benefit to him, a personal benefit, do you think he should have ensured he was not part of that decision?

Senator Payne: We will have to check, as the secretary said, what Mr Hockey's involvement or otherwise was, before you start making presumptions about that.

Senator WONG: I thought the evidence was that that would be the usual process. So it would be an exception.

Senator Payne: We are checking, as the secretary has said.

Senator WONG: Do you want to answer my question, Secretary?

Ms Adamson: I've said we're checking. From DFAT's point of view the whole arrangements around the tender and procurement were part of that broader decision. But I understand why you're asking and where you're going. So part of the answer is what we've said: let's look and ask directly. We have to—

Senator WONG: I think the difficulty—and it's a little like my comments about the Helloworld disclosure to the ASX—is that the probity issues here are obviously most acute at
the end point: that is, who makes the decision on the procurement contract. I accept that. I accept, unless Mr Wood is somehow changing the habit of a lifetime and is not telling me the truth, that he's the delegate; he's going to deal with it appropriately. I've got that—fine. But the fact that he's even making a decision at all is a consequence of a whole series of decisions previously which overturn an arrangement which has been in place since the 1990s to contract out these services. And if Mr Hockey is involved in that, he's basically involved in creating a commercial opportunity for a company in which has a financial interest.

Ms Adamson: I understand what you're saying. We will check.

Senator WONG: And I'm saying to you that surely he should have recused himself from being part of that process.

Ms Adamson: I'd like to have the opportunity to check first before making a comment.

Senator WONG: Secretary, I think we had an exchange at the outset where I put to you various extracts from the APS Code of Conduct and also your code of conduct for overseas services. I think we agreed that the expectation is that the conduct of our heads of mission must be of the highest level. What all of the details of those codes really go to is that you have to behave in a way that reflects the seniority of the position and the fact that you represent the country—correct?

Ms Adamson: Not just the seniority of the position. I would say that high standards apply to all heads of mission, no matter how big or small their posts, so I would not distinguish. But it is a very important aspect of their service as heads of mission, and in fact of the conduct of all DFAT officers overseas.

Senator WONG: This is a particularly senior and important appointment for Australia, isn't it: the ambassadorship to our ally and partner the United States?

Ms Adamson: Yes.

Senator WONG: Can you as secretary of the foreign affairs department tell this committee that you believe that Mr Hockey's behaviour through this process reflects the high standards expected of someone in that position?

Ms Adamson: I think that throughout this process Mr Hockey and the staff who worked closely to him were paying attention to what he needed to do. They were aware of a potential conflict of interest. They did, on my own reading of it, what they thought was sufficient to enable him to acquit those responsibilities. There are a whole range of things that you've raised today that I think we need to think about and we need to provide answers to you on. I am not in a position right now to say that in all respects those actions have met the standard.

But when I looked at this yesterday—you will understand, Senator, that this has been news to us. We've had to quickly get up to speed on all aspects of it. All my experience tells me that I should not now be making judgements about those things, that understanding the facts, looking at it from a range of different perspectives—you've put a perspective today that I obviously respect. Looking at it internally from the department my view was that Mr Hockey had done what was required. But we are still in the process of looking at all exchanges and all facts, including paying attention to the issues that you've raised today.

Senator WONG: I think that's a reasonable answer from a person in your position. I'm happy to leave it at that point. We'll come back after the secretary and Mr Sloper have
undertaken the discussions that they say they want to undertake on the email exchanges, which include the follow-up email to what I've described as the pitch meeting, the meeting of 26 April. I also asked, I think, for information about meetings with other travel companies. I'm happy with the time frame, if you want, to be the year 2017. I just want a bit of factual back-up for the assertion you made that the ambassador meets with a range of travel companies. Was that all? What else are you coming back on, Secretary?

Mr Wood: Senator, could I just—

Senator WONG: You already gave me this; you were quick.

Mr Wood: That's okay, thank you. We talked earlier about car rental providers and I wasn't sure. I've just checked the Department of Finance website. It's Hertz. Hertz are the sole—

Senator WONG: Yes but I thought the bookings—it's fine; nothing really turns on it. I thought part of the travel contract included their facilitation of those bookings with the provider, Hertz or whoever it was.

Mr Wood: Bookings can be made through QBT as well.

Senator WONG: I'm happy to await those things. What are the approximate time frames? Are we likely to get them possibly before the luncheon session?

Ms Adamson: As soon as we can.

Senator WONG: You're very careful to say that.

Mr Green: We will come back to you on those questions about Mr Hockey's role in in the delegation which went to the United States.

Senator WONG: More broadly we want to know what, if any, consular assistance Mr Burnes has received while Mr Hockey's been the ambassador, assistance in setting up meetings with US officials, ground support and any hospitality that's been provided, or facilitation by the ambassador. I am interested in one thing. Mr Hockey had time to very quickly organise this meeting and attend it. I know that on at least one occasion Mr Hockey didn't have time to meet the foreign minister when she flew into Washington. I think there have been other people that he hasn't had time to meet while he was there. It's an interesting relative priority.

Senator Payne: I think that's a statement of your opinion.

Senator WONG: Do you think that's a reasonable—

Senator Payne: I think it's a statement of your opinion.

Senator WONG: Did he meet you at the airport?

Senator Payne: On the last occasion, Mr Hockey met me at the train.

Senator WONG: You were coming from Washington to New York or vice versa?

Senator Payne: I took the train from New York to Washington.

Mr Green: Senator, in relation to the questions you've asked me, I doubt that we'll be able to get the answers today, since very largely the answers will reside in our embassy in Washington and it's dark hours there.

Senator WONG: Which were the questions I asked you?
Mr Green: They related to the delegation which went to the United States.

Senator WONG: That's okay. I get that. But the questions I asked of Mr Wood and the secretary, which were about the process of making a decision to go down an expression of interest and RFT process, are ones that I would like answered.

Senator Payne: I think you said, Senator, you have the list of the delegation. We can provide you with the 270 media articles that covered the events as well, if you'd like those, across 75—

Senator WONG: You're very helpful on some things, Minister.

Senator Payne: The Australian premiers who attended and participated, Senator?

Senator WONG: I think I expressed the view that there was a delegation of premiers and ministers and then there was a business delegation and what I was interested in was the business delegation.

Senator Payne: It was a strong delegation.

Senator KITCHING: I understand that Mr Burnes has since deleted his Twitter account, but he tweeted, 'It was a pleasure to visit the White House last month with the Prime Minister and meet the President. Our ties with the US are so vital with defence, economic and cultural interests.' Sadly, because he has deleted his Twitter account recently, we don't have the accompanying photograph. But it's timed 1 am on 4 April 2018 and he refers to a meeting 'last month'. So we would like to know all of the times that Mr Burnes might have met with the President of the United States, whether they were facilitated by Mr Hockey or the embassy staff, whether Mr Hockey accompanied Mr Burnes to those meetings and where those meetings were—maybe not just Mr Burnes but also Ms Burnes, Cinzia Burnes, who's also a shareholder.

Senator WONG: Secretary, I've got an org chart of January 2019. Did you already table this, or have my staff just been very—

Ms Adamson: No, we haven't. You're obviously very well—

Senator WONG: I've got very diligent staff. This is the most up-to-date one?

Ms Adamson: I think so. We do try to keep it completely up to date.

Senator WONG: You're not doing a PM&C and having a whole bunch of people as acting?

Ms Adamson: Typically not. Of course we occasionally do, but not large numbers of people.

Senator WONG: I asked some questions, and I know how generally well prepared DFAT people are, about the Nauru-US resettlement arrangements—Nauru and Manus. I asked PM&C some questions about this. Some were referred to Home Affairs and some were referred to you. I just want to get some sense of DFAT's involvement in this. Did the request for a resettlement arrangement with the United States first come from Australia to the Obama administration?

Mr Lawless: I don't know which side initiated the deal.

Senator WONG: Who does?

Mr Lawless: I presume the people who were there at the time do, but I don't.
Senator WONG: I'd like to know that.

Mr Lawless: I do know that the—

Senator WONG: Mr Lawless, I asked this question on Monday, so I actually would like to know. Are we able to find that information?

Mr Lawless: I can check.

Senator WONG: Thank you. I'm just trying to understand the sequence. Was it first put to the Obama administration by Australia? And I'd like to know whether the request at that time was for all persons who were then on Manus and Nauru.

Mr Lawless: I don't know that.

Senator WONG: What do you know?

Mr Lawless: What I do know is this. The question of the details of those negotiations has come up before. Home Affairs have answered questions on that. I'm not proposing today to add any detail.

Senator WONG: You can't actually make that decision, Mr Lawless. Those may well be the talking points the department gives you. The Senate decides what you should and shouldn't add. If you have a PII claim you refer it to the minister in accordance with the procedures that the secretary can provide you with. It's not 'not proposing'. I'm asking what you know and what DFAT knows. That is perfectly appropriate.

Mr Lawless: Senator, what I'm saying is that I'm not proposing to make any comment on the details of those negotiations at any stage. Home Affairs has made comments about—

Senator WONG: You should have a conversation.

Ms Adamson: I understand that what he is trying to do is to say he's not 'not proposing' in the sense that he's not wanting to; he's not proposing to, because he does not have the information to add to the testimony that was provided by Home Affairs officials or indeed officials from the Department of the Prime Minister and Cabinet. We've obviously looked at that. I'm not aware of any information that we have as a department that would add to their testimony.

Senator WONG: Is it your understanding that the first request from this came from Australia, or from the US?

Mr Lawless: I don't know. I do know that the two leaders met in January 2016 and subsequently there was a series of discussions at officials level. Eventually the deal was agreed and announced in November of that year.

Senator WONG: Who were the DFAT officials at the meeting and then participating in the process of implementation post the January 2016 meeting?

Mr Lawless: I don't have all the details but I do know that our then ambassador for people smuggling, Andrew Goledzinowski, was present for at least some of the meetings. I think PM&C indicated—

Senator WONG: Is he here?

Mr Lawless: No, he's not.

Senator Payne: He's in Malaysia, Senator, as the high commissioner.
Senator WONG: Tell him that visits to Sabah are very important.

Senator Payne: I will remind him. I think he's acutely aware of the importance you place on that.

Senator WONG: It often gets ignored. Everybody thinks of just the peninsula.

Senator Payne: Not the high commissioner.

Senator WONG: Who had the lead on those negotiations? Was it DFAT, or Home Affairs?

Mr Lawless: My understanding is that it was Home Affairs. They were called DIBP, the Department of Immigration and Border Protection, now Home Affairs. They also had the lead on the implementation of it in terms of—

Senator WONG: I haven't got to that. I haven't asked that question. But DFAT had officials involved in the negotiation, led by the then ambassador. Was someone from post involved?

Mr Lawless: I don't know. You would expect that normally there would be some involvement by embassy officials, but not necessarily in the whole range of discussions. I'm not sure that necessarily our former ambassador, Mr Goledzinowski, was involved in all the discussions either.

Senator WONG: Why are people so reluctant to talk to me about this?

Mr Lawless: Senator, what I'm trying to do is to be consistent with the evidence we've given—

Senator WONG: I'm really struck by the fact that people are so nervous. Both PM&C and you are nervous about telling us how that arrangement was negotiated. What is it that you don't want to tell us?

Mr Lawless: One thing is that this is a live agreement. It's still in active operation. We're hoping that more people can be resettled under the agreement that is currently being done. We're hoping that it's going to continue. So it's not as though it's an old agreement that's now irrelevant. Also it's the general point that we don't talk about the details of negotiations with foreign governments, particularly on sensitive issues like the one that's covered here.

Senator WONG: I am actually trying to be reasonably careful about the questions I am asking. I am struck by the fact that officials are so consistently nervous about talking about it. The Washington Post article dated 22 February 2017 stated that the deal was to 'take in 1,250' refugees. Does that number ring a bell?

Mr Lawless: Yes, it does.

Senator WONG: Does it reflect the current status of the agreement, or a prior status of the agreement?

Mr Lawless: That announcement said that the US was using an indicative planning number of 1,250. That was in February 2017, as you said. As has been indicated in previous estimates by Home Affairs and others, I think, how many the US actually takes in the end—

Senator WONG: It's a matter for the US. I haven't actually asked you that; nor have I asked you about implementation. I am just asking about the process of the negotiations and
the numbers. You can't tell me who made the first move, whether the administration offered it or whether it was at our request—correct? You don't know?

Mr Lawless: Yes. But also what I'm saying is that I'm not commenting on any of the details of the negotiations, numbers or otherwise, because it's been our consistent approach not to—

Senator Wong: Someone needs to explain to you the process by which you make a PII claim. It is not for you to make that assertion from the table. I don't want to have an argument about this. You need to refer it to the minister, who has to make a PII claim in accordance with—and generally DFAT is pretty good at understanding what the Senate has indicated here. Let's move on from that at the moment. At any point, to your knowledge, did Australia change its demand in terms of the number of people it sought to resettlement?

Mr Lawless: Also on that question, I'm not commenting on any aspect of the negotiations, including that. That's been consistent with our practice since—

Senator Wong: I'm going to get advice from the Clerk, and they can provide it. It's embarrassing for a department of this calibre to have to be in that position.

Senator Di Natale: Minister, I want to talk to you about the situation of the Uyghur in China. A report in the Channel 9 papers this morning notes that it's now beyond doubt that China is undertaking a program of mass incarceration of the Uyghur population. It also notes the existence of hundreds of so-called re-education camps. In the Australian government's view, how many people are being arbitrarily detained in Xinjiang? And perhaps we could have, more broadly, an update on the human rights situation for the Uyghur people in China.

Mr Fletcher: The situation for Uyghurs in China is quite serious. It seems that the Chinese government has adopted a comprehensive approach to combat what they see as a very serious risk of terrorism, extremism and separatism, which are the three 'isms' they group together. In order to do that, they have apparently developed a system of internment facilities where large numbers of people have been kept. We don't know how many camps there are and we don't know how many people are in them. I have read many media accounts which have been produced by journalists from a range of countries, and some academics and other experts. I think the dimensions of what is occurring are fairly clear. That is of concern to us. It's an issue which the foreign minister and the government generally have raised in Geneva and with the Chinese government.

Senator Di Natale: I will go to that in a moment. Do you support the reports that more than 2.5 million people in Xinjiang have had their movements tracked through a mass surveillance program? Do you have a view on that?

Mr Fletcher: I have read the reports. I don't think we have a considered view as to whether they're fully accurate or not.

Senator Di Natale: What representations has the Australian government made to the Chinese government regarding these quite horrific human rights abuses that are being perpetrated against the Uyghur people?

Mr Fletcher: We have expressed the Australian government's serious concern at what is occurring. It's in the context of discussions about human rights conditions more generally. But it is evident to us that this situation is of greater concern than others that we have dealt with in
recent times. That is why the government has made it such a prominent issue in its conversations with China.

Senator DI NATALE: Have you pressed for independent monitors?

Mr Fletcher: I have personally told the embassy here that the way to deal with conflicting reports about what's going on is to allow independent media to visit. Our own embassy has sought to travel to Xinjiang on several occasions in recent years. The ambassador is currently seeking a visit.

Senator DI NATALE: But you haven't obtained permission yet?

Mr Fletcher: No. The last visit we had there was in June 2016.

Senator DI NATALE: So you've requested access?

Mr Fletcher: Yes.

Senator DI NATALE: And you've been denied access?

Mr Fletcher: Access has not been granted. We have asked for official visits to Xinjiang. The ambassador has signed a letter, together with some of her colleagues, seeking a meeting with the party secretary of Xinjiang to discuss these issues. That meeting has not occurred either.

Senator DI NATALE: Have you considered supporting an international fact-finding mission through the Human Rights Council?

Mr Fletcher: We are considering advice for the foreign minister as to next steps that we can take.

Senator DI NATALE: What do the next steps look like? What are the options for next steps?

Mr Fletcher: The options that we have are private representations to China, public representations—

Senator DI NATALE: Obviously they are not working very well at the moment. Since 2016 you haven't even been granted access to Xinjiang. So private representations clearly are failing. What are the other options?

Mr Fletcher: There are a range of possible options that we will consider, assess and then provide advice to the minister on.

Senator DI NATALE: But can you give me a sense of what theoretical options exist?

Mr Fletcher: We have views on this subject and we will convey them to China. That is our responsibility.

Senator DI NATALE: You've been doing that and it's not working. For example, in the last estimates my colleague Senator Rice talked about specific cases where several Australians went missing. You were going to consider further steps in those specific cases. What was done about them and what other steps are we taking?

Mr Fletcher: I can ask my colleague who deals with consular matters to respond on the cases of Australian citizens. We have had a lot of contact with China about people who are relatives of Australians.
Senator DI NATALE: My understanding is that there are 17 Australian residents who are still being detained. Is that number accurate?

Mr Fletcher: We can't substantiate that report.

Senator DI NATALE: Are you prepared to indicate the scale of the number of Australian residents who might be detained?

Mr Fletcher: We don't know of any Australian residents who are detained. We know of Australian residents who are in Xinjiang and have not been in contact with their families, and in some cases contact has now been established.

Senator DI NATALE: But, in cases where's there no contact, that surely is ringing alarm bells.

Mr Fletcher: As part of China's program of dealing with what it regards as a serious extremism problem in Xinjiang, it seems to be discouraging contact between residents of Xinjiang and relatives abroad. So, when someone comes and says they have lost contact with someone, we are not confident to say that therefore they have been detained or not.

Senator DI NATALE: But, if a family member's not making contact, that surely indicates a significant degree of concern that the person is—

Mr Fletcher: We know of individuals who have refrained from contacting their family because of the political environment they are in and the consequences that might occur if they did continue certain contacts.

Senator DI NATALE: Has Australia decided to work in collaboration with other concerned countries on this issue? If so, how?

Mr Fletcher: We do talk to like-minded partners and others frequently about these—

Senator DI NATALE: I would assume that Muslim-majority countries like Indonesia, Malaysia or Turkey would have very serious concerns about what's going on. Are you working with—

Mr Fletcher: Some of those countries have expressed concerns as well.

Senator DI NATALE: Are you working with them?

Mr Fletcher: We are in discussion with a wide range of partners about this.

Senator DI NATALE: Are you working with them on this issue?

Mr Fletcher: We're talking to them.

Senator DI NATALE: You indicated that there might be a range of options available. What are some of those options that could potentially be available?

Mr Fletcher: We are developing advice for the foreign minister. I would prefer not to canvass options publicly before we provide that advice to her.

Senator DI NATALE: To be clear, China has refused to approve any official visits to Xinjiang, and 2016 was the last time we were granted access?

Mr Fletcher: Yes, for an official visit. There may have been private visits by individuals.

Senator DI NATALE: Moving on to a UAE consular case, I'd like to ask about the case of an Australian citizen who's been jailed in the UAE for over a year, Naim Aziz Abbas. I understand he's been accused of spying on behalf of Qatar, which he denies. He may be facing
the death penalty, I'm interested in what sort of consular assistance the Australian government has been providing to Mr Abbas.

Mr Todd: We've been providing consular assistance to Mr Abbas and his family since his detention in the UAE. We have visited him in detention on 11 separate occasions to check on his welfare, most recently on 16 January. We've been maintaining very close contact with his nominated next of kin and we've been making representations to local authorities regarding his health and wellbeing. Each time we visit Mr Abbas we check on his health and welfare, and we have addressed a number of concerns that he's raised.

Senator DI NATALE: We've made representations to the UAE government about the case?

Mr Todd: That's correct.

Senator DI NATALE: Have we raised the issue of the British academic Matthew Hedges, who was recently pardoned for espionage charges?

Mr Todd: We have not raised that case. That's the responsibility of my British colleagues.

Senator DI NATALE: Have you had any conversations with the UK government regarding the work they did to facilitate Mr Hedges' pardon?

Mr Todd: We as a matter of course consult regularly and closely with our British counterparts on a range of issues relating to consular cases and the management of complex matters.

Senator DI NATALE: And on this one?

Mr Todd: On this one I have not specifically been engaged. I think our post has spoken, as it would as a matter of course, with their colleagues in the UAE.

Senator DI NATALE: But not with the UK government?

Mr Todd: They would have met with and discussed with UK government representatives in the UAE, the British—

Senator DI NATALE: If you could provide some information on notice, that would be helpful. I want to raise the issue of the alleged white phosphorus chemical weapons attack by Indonesian authorities in West Papua late last year. At the time, I believe, the Australian government said it would monitor the situation. Can you detail what the Australian government's knowledge of that incident is?

Ms Heckscher: The Australian government is aware of the unverified allegation concerning the use of what I think the media referred to as phosphorous projectiles. Through our diplomatic representatives in Indonesia, officials were in contact with the Indonesian government at the time that the allegations first surfaced, which was December. The Indonesian government refuted that claim. Our officials were referred to the official statement of the Indonesian government, which firmly denied the allegation that Indonesian security forces had used any type of chemical weapon in Papua.

Senator DI NATALE: Was the embassy's assessment in Jakarta consistent with that denial? Have we received any reporting from our embassy in Jakarta about the incident?

Ms Heckscher: This reflects the views of our embassy in Jakarta.
**Senator DI NATALE:** What steps is the Australian government taking to ensure that this is going to be more thoroughly investigated, particularly through international channels? We've got the Organisation for the Prohibition of Chemical Weapons. Does the Australian government take those claims of the use of phosphorous weapons seriously enough to ensure that there's a thorough international investigation?

**Ms Gorely:** The question you raise about whether the Organisation for the Prohibition of Chemical Weapons is seized of the allegations of white phosphorous use in West Papua—that is not the case, because white phosphorous is not, under the Chemical Weapons Convention, listed as a chemical that the OPCW has coverage of. So, no, the OPCW is not seized of the matter.

**Senator DI NATALE:** Because it's not listed, there's no vehicle to conduct an international investigation through the Organisation for the Prohibition of Chemical Weapons. Is there any other vehicle through which to investigate this claim?

**Ms Heckscher:** Not that I'm aware. We saw the reports. Our embassy asked the Indonesian government. The Indonesian government issued a denial and public statement.

**Senator DI NATALE:** When was the last official visit from an Australian official to West Papua?

**Ms Heckscher:** I'll have to check whether this was absolutely the last visit. Our embassy and consulate-general staff visit Papua, as I think we've discussed earlier, very regularly. In November 2018, Australian officials conducted three separate visits to the Papua provinces: 19 to 21 November, 19 to 23 November—

**Senator DI NATALE:** Is that the most recent visit?

**Ms Heckscher:** I'll double-check and get back to you if that's not the most recent visit.

**Senator DI NATALE:** Was the issue of human rights in West Papua raised? Were there any specific concerns raised?

**Ms Heckscher:** Among the reasons why our embassy officials go is in order to make contacts on the ground and to discuss what's going on.

**Senator DI NATALE:** And I'm asking about the outcome of that.

**Ms Heckscher:** The specific outcome?

**Senator DI NATALE:** I'm asking whether there were any concerns raised. They've obviously visited the field and spoken with people on the ground. Obviously there have been significant allegations of human rights abuses and escalation in the conflict there. I'm asking whether any specific concerns were raised as a result of that visit.

**Ms Heckscher:** Our embassy and our officials are constantly engaging with Indonesian officials both in Papua and in Jakarta and in the other areas where we are, and they are regularly discussing any human rights concerns we have.

**Senator DI NATALE:** Did they discuss an escalation in the conflict and human rights abuses occurring through that time?

**Ms Heckscher:** I don't have specific dates and numbers, but our embassy officials are constantly discussing things with the Indonesian government. As I referred to earlier, we had
certainly been in contact with the Indonesian government to ask about the allegations of white phosphorous use, for example.

Senator DI NATALE: The Indonesian government has agreed in principle to allow the office of the UN human rights commissioner into West Papua. Is the Australian government doing what it can to make that happen?

Senator Payne: They've actually just reissued the invitation, in January of this year, for the United Nations High Commissioner for Human Rights to visit Papua.

Senator DI NATALE: Do we know how that is proceeding?

Senator Payne: No, I don't know how that is proceeding. It was reissued last month. I am happy to seek further information on that. It's the second time the invitation has been issued.

Senator DI NATALE: Thank you. Going to Palestine, I want to talk about the Trump administration announcing that it wouldn't fund the UN Relief and Works Agency for Palestine Refugees in the Near East. Was the government aware of this decision before it was announced?

Ms Yu: No, we were not.

Senator DI NATALE: Have we made any representations to the US about this?

Ms Yu: The decision about the aid by the US is really a matter for the US government, so we have not.

Senator DI NATALE: In terms of the impact that it's having on the ground in Palestine and Jordan, have we seen an impact as a result of that significant cut?

Ms Yu: It is true that as a result of the US's announcement there was a bit of a shortage in UNRWA's funding for last year. But the shortfall was filled by other donors that came forward. We understand that, for this current financial year, they are once again facing a bit of a shortage, but once again they are going through measures to try to fill the shortage.

Senator DI NATALE: Is the Australian government considering increasing its ODA budget to the Palestinian territories?

Ms Yu: The Australian government's decision on UNRWA funding is through the strategic partnership that we have with them. For 2018-19 that will be at $15 million.

Senator DI NATALE: The ODA estimate I've got for 2018-19 is $43 million.

Ms Yu: That's the total for the PT aid. I think you were referring to funding to UNRWA.

Senator DI NATALE: Yes—perhaps both, actually.

Ms Yu: For the whole of the PT it's $43 million, as you stated. For UNRWA it's $15 million, because we put forward $5 million from this year to the previous year when they had a shortfall. So, instead of providing $20 million last year, we provided $25 million.

Senator DI NATALE: What was that decision based on?

Ms Yu: This is what usually happens with our aid bucket of money. We'll talk to some of our recipients, and there is room for us to bring forward some of the payments, depending on the shortfall.

Senator DI NATALE: Was that partly based on the fact that there was a cut from the US?
Ms Yu: That may have had some impact, but this was a request made by UNRWA. We considered it carefully and it was decided that we would bring forward the $5 million.

Senator DI NATALE: Is the government on track to spend the $43 million?

Ms Yu: Yes. We have actually committed parts of it. For others we are currently considering the options.

Senator DI NATALE: But there won't be an underspend? You're not anticipating that?

Ms Yu: We're not at this stage. At the moment we have committed and spent a certain amount.

Ms Adamson: Senator, we don't want to underspend that aid anywhere.

Senator DI NATALE: Good. There's precious little of it, so it needs to be spent. Can I get a breakdown of the ODA spending for Palestine for the current financial year and for the last financial year, if possible, including the contracts and dates of funding disbursement? Could you take that on notice?

Ms Yu: Yes.

Senator DI NATALE: Since last estimates, what representations has the Australian government made to the Israeli government regarding illegal settlement construction?

Ms Yu: There hasn't been further demolition. As you know, leading up to the last Senate estimates we made a number of representations because of concern that there may be demolition. Since then, all of that has been put on hold. I'll have to check with our post whether they've made additional representations, but we haven't since.

Senator DI NATALE: Could you take that on notice, please?

Ms Yu: Yes.

Senator DI NATALE: I want to ask some questions on Cambodia. Minister, last estimates I think you said all options in relation to responding to the situation in Cambodia remained on the table. You expressed, I think—

Senator Payne: I'm not sure I used that language. I think you might have conflated my response about Saudi Arabia. But certainly—

Senator DI NATALE: No, I've got a quote here: 'All options in relation to responding to the situation in Cambodia remain on the table.'

Senator Payne: Okay.

Senator DI NATALE: You also expressed some reticence about sanctions. I think you indicated that obviously we've got a relationship with a number of Asian countries. Are you still considering options, and targeted sanctions as one of those options?

Senator Payne: We continue to raise our concerns. I'm sure Mr Lee or Ms Heckscher will add anything further to my observations. We continue to raise our concerns and make representations to the Cambodian government. My response remains the same.

Senator DI NATALE: Are you aware that individuals linked to Hun Sen have been using the Cambodian armed forces to illegally clear timber in a number of protected areas? If you don't have that information on hand, I'm happy for you to take it on notice.
Senator Payne: I'm happy to take these questions on notice. Do you have anything further on that matter?

Senator DI NATALE: No, I'm done. I want to finish with the human rights in the Philippines at the moment. We know that a peace advocate, Randy Malayao, was assassinated on a bus a few weeks ago. I've got a long list of atrocities, particularly relating to Duterte's so-called war on drugs. I want to know what action the Australian government is taking to address these very serious human rights abuses in the Philippines.

Ms Heckscher: The Australian government of course remains deeply concerned about the human rights situation in the Philippines and in particular the deterioration in a number of areas. You've mentioned the war on drugs and the extrajudicial killings. There are other issues as well. We continue to monitor them closely. We watch closely. We engage with individuals, civil society, human rights organisations and the like, and we make representations regularly and frequently in our official-level engagements with the Philippines government. We also raise concerns in the context of our appearances in multilateral events, including through the Human Rights Council.

Mr Lee: In addition to what Ms Heckscher just said, we did specifically name the Philippines in our statement to the Human Rights Council on 11 September, calling on the Philippines to respect the right to life, liberty and security of persons in its war against drugs. I didn't have the opportunity to say this earlier, but in relation to Cambodia we have also taken similar action in the Human Rights Council.

Senator WHISH-WILSON: I have some questions for the consular section. I congratulate the consular section at DFAT for their recent intervention on behalf of Australian citizens arbitrarily detained overseas. Regarding another Australian citizen arbitrarily detained overseas, I understand that two consular officials visited Julian Assange in the Ecuadorian embassy on 7 June 2018. Can you confirm that that's correct? What can you share about that visit?

Mr Todd: I can confirm that two officers from the high commission in London did visit Mr Assange on that date.

Senator WHISH-WILSON: And what can you share about that visit?

Mr Todd: The visit was at the request of Mr Assange's family to visit him. We undertook our standard consular visit. We spent some time with Mr Assange. He indicated some details of the nature of his current living circumstances and advised our officers about a range of matters concerning his health.

Senator WHISH-WILSON: Can you confirm that his health is deteriorating, that the general living conditions are deteriorating as well and that he's under pressure at the embassy?

Mr Todd: I'm not a medical practitioner and nor were the two people—

Senator WHISH-WILSON: Did he communicate that to you?

Mr Todd: I don't think it's appropriate, for privacy reasons, that I divulge the nature of private conversations between a consular client and the consular officers who visited him.

Senator WHISH-WILSON: I've certainly had that indication from meeting his father myself. The Australian Consular Services Charter notes that, if an Australian is arrested, consular officials will visit or contact a person to check on their welfare and do what they can
to make sure that the person is treated fairly under the law. Given this charter, how many times have consular officials visited Mr Assange since 1 January 2017?

Mr Todd: Since 1 June 2017—that would have been on two occasions.

Senator WHISH-WILSON: How many times has he been contacted by Australian officials?

Mr Todd: For that period of time I would have to check. We have a very detailed record of all the contact we've made. Until very recently Mr Assange had not responded to the approaches that we had made via the Ecuadorian embassy. The two occasions when we have met with him have been as a result of him or his family requesting that we make those visits.

Senator WHISH-WILSON: I'll put a number of detailed questions to you on notice about what consular services have done.

Senator Payne: My advice is that the last visit to Mr Assange by Australian consular officials was on 29 January this year to check on his welfare.

Senator WHISH-WILSON: Thank you. I wasn't aware of that. Minister, could you tell me what you or your government have done to try to secure Mr Assange's release?

Senator Payne: We don't necessarily agree with the premise inherent in your question. We do continue to offer him consular support, as I have just indicated. We are not in a position to interfere in his legal matters in the United Kingdom or elsewhere. But we will continue to support him as we are able to do.

Senator WHISH-WILSON: In December last year the UN working group put out a statement and a paper, which I have here and am happy to table, claiming that Mr Assange is arbitrarily detained. This is following up on a 2015 position that they'd already stated. It stated: 'In addition, the recommendations of the WGAD Opinions are expected to be implemented by all States, including those which have not been a party in the case concerning Mr. Assange.' Given that the UN working group is clearly calling on all states to cease violating international law in his case, if you don't agree with the premise of my question, are you saying you don't believe his release should be secured?

Senator Payne: I'm not aware of the report that you have referred to specifically. But I'm happy from my personal perspective to take that on notice and respond to you further. Mr Larsen may be able to assist.

Mr Larsen: The Australian government doesn't share the view of that UN committee. We don't believe that Mr Assange is being arbitrarily detained.

Senator WHISH-WILSON: If I have time I'll come back to that. Is the Australian government aware of criminal charges against Mr Assange in the United States?

Mr Larsen: The Australian government is not aware of that, no.

Senator WHISH-WILSON: Did the Australian government follow up with the US authorities following the mistaken publication of a document that suggested Mr Assange was facing criminal charges? Did you seek information on that?

Mr Larsen: I don't know the answer to that question. Is there a particular date that you're—

Senator WHISH-WILSON: I'll get that for you. You're not aware of that report?
Mr Larsen: Personally I'm not aware, no.

Senator WHISH-WILSON: You are not aware of any reports that he is facing criminal charges in the US?

Mr Larsen: I have seen media references to the possibility of criminal charges, yes.

Senator WHISH-WILSON: They haven't been followed up by you?

Mr Larsen: I would need to check that.

Senator WHISH-WILSON: I'll get you those details. Is the Australian government aware of any extradition request from the US to the United Kingdom?

Mr Larsen: The Australian government is not aware of any extradition request from the United States to the United Kingdom in relation to Mr Assange.

Senator WHISH-WILSON: Have you sought any assurances that an extradition notice doesn't exist?

Mr Larsen: I don't know that we've sought assurances in precisely those terms. I will check that. We have of course informed ourselves concerning the United States judicial system and asked questions where there have been references. But I don't know the precise answer to those inquiries.

Senator WHISH-WILSON: Briefly, what sorts of processes does the Australian government undertake and what sorts of safeguards are in place when an Australian citizen is facing extradition and could face the death penalty?

Mr Todd: In the case of Mr Assange and the United Kingdom, the extradition processes would be undertaken in accordance with UK law. He has a full entitlement to use every legal avenue available to him in the UK to defend his interests and pursue those matters.

Senator WHISH-WILSON: There's a petition being circulated at the moment that's got over 30,000 signatures asking for the Prime Minister to intervene and bring Mr Assange back to Australia. Are you able to comment on whether there have been any briefings that you have provided? I'm not asking for the advice. Have you provided any briefings at all to the Prime Minister or to the minister about bringing Mr Assange back to Australia?

Mr Todd: Our view is that Mr Assange is free to return to Australia at any time that he chooses to leave the Ecuadorian embassy.

Senator WHISH-WILSON: Are you saying he should be free at any time he chooses to leave the Ecuadorian embassy?

Mr Todd: If he leaves the Ecuadorian embassy, as I've said previously before this committee, he would be subject to any outstanding judicial processes in the UK. We have assurances from senior government representatives in the UK that he'll be given all due legal process. I understand that that relates to an outstanding bail matter. As Mr Larsen said at the last hearing of this committee, he has a current Australian passport.

Senator WHISH-WILSON: Are you aware of the petition that's been circulating calling for his release?

Mr Todd: I have seen a copy of that petition.

Senator WHISH-WILSON: Going back to the issue Mr Larsen mentioned about seeking assurances that an extradition notice doesn't exist in the UK, because I think this is the critical
problem, you said 'not quite in those terms'. Could you elaborate a bit on what kinds of conversations you have had with the UK government about any potential extradition of Mr Assange?

Mr Larsen: I know that we have had extensive conversations with the United Kingdom government concerning Mr Assange. I will need to check precisely what discussions we have had about the possibility of a United States extradition request. I don't have that answer with me.

Senator WHISH-WILSON: Is it possible for me to seek a private briefing with you, on your indulgence, Minister, on this matter?

Senator Payne: We'll facilitate a briefing, Senator Whish-Wilson.

Senator WHISH-WILSON: Thank you.

Proceedings suspended from 12:35 to 13:32

Senator WONG: Chair, over the lunch break, the secretariat received a letter which deals with some matters from a third party—a person who was mentioned in the hearing—relating to the meeting with Mr Hockey. It's appropriate that this letter be tabled, so I'm seeking to do that. It is directly in relation to his version of events, about which evidence was taken. I want to make it clear that at the time I was asking questions I had never spoken to this gentleman. I didn't know who he was until, I think, the minister mentioned his name. Anyway, I seek to table this and provide it to the witnesses.

Senator Payne: Could I get some clarification from the chair about what we're talking about?

CHAIR: It is an email that was sent to Senator Abetz, as the chair; Senator Gallacher; the secretariat and Senator Wong. It's from a person who was named in relation to—reading it now—the circumstances regarding how they are involved with the matter at hand.

Senator Payne: The department obviously is at a disadvantage insofar as we have not been able to see the correspondence.

Senator WONG: I'm happy for you to get it. I'm just moving to table it.

Ms Adamson: Could I also table, because I undertook—

Senator Payne: I'm sorry. If you don't mind, if we just finish on this.

Ms Adamson: Sure.

Senator Payne: Senator; you have me at a disadvantage. Is it something that would be appropriate for the secretary at least to see first before you table it?

Senator WONG: I don't think it's the secretary's call; I think it's the committee's call. We've got a person who has been named in these hearings. As I said, when I asked these questions, I did not know this person. This email deals with matters about the meeting that we asked a lot of questions about. There are no swear words, if that's what you're asking!

Senator Payne: No, Senator.

Senator WONG: It is not an unusual thing for committees to accept evidence from people who are named in the hearing. Chair, I'd like you to rule on this. I'm seeking that we table this. You may wish to take advice; you may need to take advice.
Senator Payne: I want to ensure that, if there are reflections—positive or negative—on officials, an appropriate opportunity is provided to address those.

Senator Wong: Of course. My proposal would be that we table it, I'll move on to other matters associated with this—I don't know if anybody is going to give me any documents—and you have the opportunity, Secretary, for you, the minister and Mr Sloper to consider what's in it and then I will ask questions about it, if that's what you're asking about.

Senator Payne: Thank you, yes.

CHAIR: We might take a break for a couple of minutes so we can read the correspondence properly.

Senator Payne: Thank you, Chair.

Proceedings suspended from 13:37 to 13:40

CHAIR: The hearing is resumed and the decision will be that we will accept this being tabled. I'm mindful, though, of the concerns that were raised by you, Ms Adamson, regarding any reflections that may appear on departmental staff or such. We will certainly make time available to you, if that is the case and your officers feel that that is the appropriate course of action.

Ms Adamson: Thank you, Chair.

Senator Wong: So we're tabling it now but not asking questions about it until they've had a chance to read it?

CHAIR: I think we should give them a chance to read it. We've just given it to them now.

Senator Wong: Okay.

CHAIR: We're back in open session. I think we can give them a couple of minutes to read the document and then, if you wish to ask questions, you have the conch, as such. Senator Wong, I think the document is ready to be tabled.

Senator Wong: Thank you. So is it tabled?

CHAIR: Yes.

Senator Wong: Thank you. Can I ask questions about this?

Ms Adamson: By all means. I undertook earlier to table the emails in which you had a keen interest this morning. I can now do that.

Senator Wong: Thank you. Thank you for dealing with that promptly too, Ms Adamson. So the answers from Ms Adamson are tabled too, are they, Chair?

CHAIR: Yes, we'll take those as having been tabled.

Senator Wong: Let's go first to the emails that you've provided—and I appreciate your providing them. They show that Mr Carstensen wrote to Mr Hockey, cc-ing Mr Burnes, saying, 'Andrew gave me your details, I assume there has been a discussion had about our business; I'll be in Washington on Wednesday—happy to see your team,' et cetera. Then, consistent with your evidence, Mr Sloper—is it a Ms Keedle?

Mr Sloper: Yes.

Senator Wong: Ms Keedle, the ambassador's EA, wrote to Mr Carstensen, cc-ing Mr McPhillips, as per your evidence, saying, 'Tell us who; 10.30, minister counsellor will meet
you; hopefully, the ambassador can join the meeting.’ Mr Carstensen confirms. There is an
email exchange about the address et cetera. Then there's the follow-up e-mail:

Dear Joe

I want to follow up on my meeting. I put them in dot-point form so I can be clear about my
discussion points with WoAG travel—

Whole-of-Australian-government travel; is that what 'WoAG' is? The email continues:

... and DFAT in Australia after your approval.

There are a series of dot points which essentially deal with complaints or concerns about
travel arrangements. It then says:

Based on your thought about having an Australian government travel hub for the Americas based in
Washington (this could be duplicated in the UK, Europe, Africa, Middle East, Asia-Pacific, in London
and Tokyo) via QBT's sole contract with WoAG for their travel requirements, QBT runs a travel service
for all travel originating out of Australia. The after-hours services required for the Americas could be
covered by the normal hours of the QBT DFAT team in Canberra and our dedicated team in Melbourne
...

There are various other propositions and it then says:

If mandatory use of the travel service provider within the Americas can be achieved, as it has quite
easily in Australia, all your current issues would be resolved.

Were you aware, Ms Adamson—you must have been, because Mr Sloper has this email—that
the idea about having an Australian government travel hub for the Americas based in
Washington appears, from this email, to be identified as Mr Hockey's idea?

Ms Adamson: There are many things that are identified as Mr Hockey's ideas; that doesn't
necessarily mean they're his sole ideas. But I was not aware, until I saw this email exchange
this morning, of that. As Mr Wood said in his testimony this morning, this general approach is
something that we've been looking to pursue from an efficiency point of view.

Senator WONG: I'm sorry; I don't accept that answer. I think it's pretty clear that this is
from Mr Carstensen to Mr Hockey and he's saying 'your idea'. That view is confirmed by the
email from Mr Carstensen to the committee, of which I received a copy, which details Mr
Burnes advising Mr Carstensen that his long-term friend Mr Hockey was frustrated that his
travel arrangements were unprofessional and with limited hours of operation. He also says on
the second page of that email 'we'-this is 'we' as in Mr Hockey, Mr McPhillips and Mr
Richards—'spoke for about an hour'—that is a lot of time associated with this meeting—'and
was provided with Mr Hockey's travel frustrations'. There's a lot of focus on what Mr Hockey
wants, anyway. No?

Senator Payne: What's the question?

Senator WONG: Do you think this is all fine, Secretary?

Ms Adamson: No, Senator. 'A lot of focus on Mr Hockey': the reality is that, when
ambassadors hold meetings and people respond to ambassadors, they are the focus. That's
how it works.

Senator WONG: My point is that the last email which you have had—I'm surprised that it
wasn't something that rang some alarm bells, as Mr Sloper saw it previously and you saw it
this morning—suggests that the thought of actually contracting out on a whole-of-government
arrangement for the Americas was Mr Hockey's. As I have said to you, that is a decision which provides a company, in which he is a shareholder, a commercial opportunity.

Ms Adamson: Yes.
Senator WONG: And you'd accept that?
Ms Adamson: But they'd need to compete in a tender, should they choose to tender.
Senator WONG: Sure.
Ms Adamson: I don't even know whether they have tendered.
Senator WONG: We'll come to that. But it doesn't concern you that—
Ms Adamson: As I said this morning, I'm obviously concerned to ensure that our posts and our heads of mission all operate in ways that withstand public scrutiny. There is a lot of detail in here, and we've just now got an email from Mr Carstensen. I would obviously like Mr Hockey to have an opportunity to see Mr Carstensen's email and to respond, but let's go through some of the detail.

Senator WONG: Okay. Mr Carstensen says that he was in Europe on 23 April on personal leave and was going to go straight from Europe to Melbourne—where he lives, apparently—when he was contacted by Mr Burns via email, SMS and voice call to 'tell me he had arranged a meeting with Mr Hockey and I had to fly home via Washington to meet with him. I asked Mr Burns how this could be done so quickly and he verbally advised me, "Hockey owes me."' I find that 'owes me' comment strange in the circumstances. Still all good? No comment from the minister?

Senator Payne: You're reading an email from a third party.
Senator WONG: Yes, who claims that a meeting—which was a 'pitch' meeting; and I would put to you that that is a reasonable descriptor, given both this email and the emails that DFAT has now provided: a pitch email from a company in which the ambassador has a financial interest—was arranged at short notice by a bloke who claims that the ambassador 'owes' him. Does anybody consider that to be a problem? I suspect that the Australian people do, but does anybody at the table consider that to be a problem?

Senator Payne: The language that you are using, as I've tried to say, is contained in an email from a third party, and we have no opportunity to verify it with those about or of whom it is written. So you, I presume, will continue to read it into the record, and we are in the position of not being able to seek a response on any of the assertions or statements made in the letter. That does put the department and senior officials at a disadvantage.

Senator WONG: Can I go back to the official tender timeline. We were told dates earlier today which were confirmed in the documents that Mr Wood tabled: EOI, expression of interest, 15 August 2018; and request for tender, 8 November 2018. Mr Porter, in response to a question on whether QBT was a tenderer for this work, has said today publicly, 'I understand that they were unsuccessful in that tender.' Mr Wood, has there been an announcement of the result of the tender for the Washington embassy travel arrangements?

Mr Wood: No.
Senator WONG: Can you tell me why the Attorney-General might make that statement?
Mr Wood: I cannot tell you.
Senator WONG: Has anyone advised the Attorney-General or other ministers of the outcome of this tender?

Mr Wood: Not that I'm aware of. The tender is being closely managed by a small team who are undertaking the evaluation currently.

Senator WONG: Has it been finalised?

Mr Wood: No.

Senator WONG: I'm sorry; I did ask you that. I was trying to draw a distinction. Has there been a decision made by the panel which has not yet been communicated to parties?

Mr Wood: No.

Senator WONG: Minister, do you have any knowledge of the outcome of the tender process?

Senator Payne: No, nor would I expect to at this point.

Senator WONG: I agree, which is why I'm surprised. He may simply have misspoken, but it's why I'm surprised that the Attorney-General has said on national radio, TV or whatever he was doing that this company was unsuccessful. That both establishes that they were a tenderer and asserts an outcome from a tender process which Mr Wood said is not finalised.

Senator Payne: Could I ask one question? I know this is unusual. I want to seek some advice from the chair, if I may. I note that Mr Carstensen's email has an explicit request for the attachment of privilege to the email and communication. I don't know what he means by that but I presume the committee did some diligence to determine what he meant by that.

Senator WONG: I assumed that was just that evidence before the committee attracts parliamentary privilege.

CHAIR: I did check with the secretary about that, because both the deputy chair and I had that query. We've taken the assumption—it is an assumption—that that is what he's referring to.

Senator WONG: What I just said?

CHAIR: In terms of parliamentary privilege, yes.

Senator Payne: That's based on an assumption.

CHAIR: I haven't had a chance, obviously, to speak to the person concerned.

Senator PATRICK: A lot of people who are outside the parliament don't understand that, once accepted by a committee, a document is privileged.

Senator Payne: But we do always have you, Senator Patrick, to explain it to them, and that is ever helpful.

Senator PATRICK: I sometimes have to explain it to my constituents; absolutely. It's probably reasonable that he—

Senator Payne: I was just seeking the advice of the committee. Thank you, Chair.

Senator WONG: So you can't assist me with the Attorney-General's answer?

Senator Payne: No. I did not hear the interview.
Senator WONG: That's okay. Mr Wood, you can assure me that, as yet, if the Attorney-General is making assertions about the outcome of the tender, it would not be on the basis of anyone advising him of the outcome?

Mr Wood: Correct. The evaluation of the tenders is still underway.

Senator WONG: One of the questions I have goes again to this argument or proposition that, even if the tender hadn't started, the fact that there was a decision to go to tender and not provide the services in-house was the making of a commercial opportunity. Can I just note that Mr Carstensen's email—

Senator Payne: Which one?

Senator WONG: The one that was tabled today.

Senator Payne: By the department?

Senator WONG: I apologise. The one dated today, 21 February.

Senator Payne: Yes.

Senator WONG: Going to the first paragraph on the second page, Mr Carstensen says:

After the meeting I left without any further communication until I returned to Australia and debriefed Mr Burnes on the meeting.

I advised him that the Embassy business would have to go to Tender …

This was a year before the decision to actually go to tender, so how is it that Mr Carstensen knows, as a result of that meeting, that the embassy and the government were travelling down this path?

Mr Sloper: I can only speculate, and I don't know if you wish me to do so or not. There's a broader discussion underway, as the secretary outlined earlier, about hubbing and spoking across our corporate services. Washington provides some of those hubbed services already. It may have been that, as a result of the conversation, Mr Carstensen was aware that, if a service was to be provided, it would have to go to the market before they could bid for it.

Senator PATRICK: I want to ask some questions on Julian Assange, in follow-up to what Senator Whish-Wilson said before. I did hear his evidence.

Mr Todd: Yes.

Senator PATRICK: Can you confirm that Julian Assange, at the first of the consular visits made to him last year, raised the question of his desire to make a passport application, after his passport was taken from him by the UK authorities and subsequently expired?

Mr Todd: Yes. At the estimates hearing on 25 October, Mr Larsen advised that Mr Assange does have an Australian passport.

Senator PATRICK: I guess, in the process of having that Australian passport, due diligence would have been done in relation to section 13 about serious crimes?

Mr Todd: I would have to defer to my colleagues in the Australian Passport Office and the senior legal adviser in DFAT, who are responsible for those aspects.

Senator PATRICK: I think section 13 involves a check to make sure that no-one is involved in a serious foreign offence; is that correct?

Mr Larsen: I don't have the Passports Act in front of me, but my recollection is that's correct, yes.
Senator PATRICK: I presume that DFAT has then gone to the authorities in London to make sure that someone's made an assessment that the fact that he's skipped bail in the UK is not a serious foreign offence, that it's not considered to meet that threshold.

Mr Larsen: I might just make an observation upfront, and forgive me for doing this. Obviously, in a public forum such as this, it would not be conventional—even with a very high profile case—to discuss the ins and outs of a particular passport application, and we would generally be respectful of that.

Senator PATRICK: I think everyone knows that Mr Assange has skipped bail; I think that's on the public record. Indeed, it's one of the problems that, if he leaves the embassy, he will be arrested for breach of bail conditions. I don't think that's a secret.

Senator Payne: It's not. But, to be serious about this, we don't have a choice about when we observe the provisions of the Privacy Act and when we don't, and I think Mr Larsen makes a good point. But, if you continue with your questions, we'll see what we can respond to.

Senator PATRICK: I'm dealing with matters that are in the public domain. Minister, you would be aware that, unless the privacy provisions of any act explicitly state it, they are subservient to section 49 of the Constitution, which is that these hearings take place—

Senator Payne: Indeed, these hearings do. But, for the entire time that I have been in this place and associated with this committee on either side of the chair, the committee's leadership and members have gone out of their way to avoid traversing material which would be otherwise covered by the application of the Privacy Act as it relates to an individual's circumstances. I think Mr Larsen is being appropriately cautious and I'm sure that he will assist where he can.

Senator PATRICK: In this particular case, it's well known that he's breached his bail conditions. I'm really putting this generically: if someone breaches their bail conditions, I presume that doesn't constitute a serious foreign offence for the purposes of the Passports Act.

Mr Larsen: As you know, it depends on the definition of 'serious'. It goes to the type of sentence that would apply in relation to the particular offence. Where we are aware of an outstanding legal process and a passport application is made, it would not be inconceivable for us to make inquiries of those outstanding legal processes and satisfy ourselves as to whether or not the threshold of seriousness is satisfied. If I recall correctly—I don't have it in front of me—I think the threshold of seriousness is something like a term of imprisonment of 12 months or more. In the case of a breach of bail—again, I don't recall the specifics—it's quite possibly the case that the term of imprisonment which would apply to the offence of breach of bail in the United Kingdom is less than 12 months.

Senator PATRICK: Does that mean that you'd also have to go and check other jurisdictions where there were allegations of crimes?

Mr Larsen: It's always a case-by-case matter, of course.

Senator PATRICK: We know that there were originally allegations in relation to Mr Assange in Sweden, but those charges have been completely dropped, haven't they?

Mr Larsen: To the best of my knowledge, yes.

Senator PATRICK: What about in the US?
Mr Larsen: I've already answered a question on possible US proceedings in relation to Mr Assange. The Australian government does not have any knowledge of any outstanding proceedings brought within the US courts against Mr Assange.

Senator PATRICK: In terms of walking out of the embassy, one presumes that, if he walks out of the embassy, he'll get arrested and dealt with by British judicial processes in relation to the breach of bail. In terms of having safe passage back to Australia, obviously I don't think anyone's got any concerns that the UK justice system is not a fair system and wouldn't deal with him fairly; but in terms of guarantees that, once he has been dealt with by the UK judicial system, he would be returned to Australia without interference from perhaps the United States, has that been covered off in any conversations? Are the government making representations and have they talked to Mr Assange about whether or not there would be safe passage back to Australia?

Mr Larsen: I might in a moment pass to my consular colleague. First, I think, obviously there's the presumption as to whether or not Mr Assange might or might not leave the premises he currently occupies; I can't comment on that. In relation to his circumstances in the United Kingdom, it is certainly the case that the Australian government has had exchanges with United Kingdom authorities regarding his circumstances. The Australian government is satisfied that Mr Assange would be accorded due process and appropriate protections in accordance with United Kingdom law in relation to any proceedings concerning him. Insofar as there is a question of 'safe' passage to Australia, I really think that's a matter for Mr Assange; it's a matter for whatever legal proceedings might be brought against him in relation to the United Kingdom.

Senator PATRICK: I'm pretty confident that most people feel that the UK is not at issue here. The best thing for Mr Assange, noting his failing health, would be to walk out of the embassy, get dealt with by the judicial system and then return to Australia. Of course, the problem is that he has fears that he may be subject to extradition to the United States. You've said that you've made representation to the UK officials and you're satisfied that they will deal with him with due process. Have you made similar representations to the United States?

Mr Larsen: I don't have a record before me of what our engagement with the United States is specifically concerning Mr Assange. What I can say is to repeat what I've already said: we are not aware, on the Australian government side, of any legal proceedings initiated within or by the United States concerning Mr Assange. I know, of course, that there have been media reports regarding that. But, no, I'm not aware of those proceedings and, in that sense, there is nothing to discuss with the United States.

Senator PATRICK: I'll leave that there. Switching to East Timor, I just wonder whether the department could give some advice as to what plans are in play in relation to the 20-year anniversary of INTERFET.

Ms Heckscher: My apologies; could I have the question again?

Senator PATRICK: I'm just interested in what plans are on foot in relation to the 20th anniversary of INTERFET.

Ms Heckscher: As you say, this year is a very important year for Timor-Leste. We will be seeing the 20th anniversary of the popular referendum: 20 years for Timor-Leste becoming an independent country. Timor-Leste are still working out exactly what arrangements and events
they are going to host this year. We are working closely with them in order to ensure that we can collaborate with them, support them and actually take advantage of those anniversary dates coming up in order to celebrate the various events that they will do.

We recently hosted a visitor from Timor-Leste here who has been given responsibility for organising and planning the events to do with the anniversary. That visitor had a lot of useful meetings here in Canberra and elsewhere, including things like the War Memorial and the National Library, various archives and the like, so that he could go back well informed on what we might have here and what kind of collaboration there might be to ensure that the commemorative events, the anniversary events, are as fulsome and as comprehensive as they can be. What I can say at this point is that we are looking very closely at events and we're looking to work closely with Timor-Leste, including through visits and the like, to make sure that we are able to support their events and collaborate with them.

Senator PATRICK: When do you think those plans might be settled and made public?

Ms Heckscher: Our plans or Timor-Leste's plans?

Senator PATRICK: Both, I guess.

Ms Heckscher: I couldn't answer for Timor-Leste. We certainly talked a lot about various ideas and options for this coming year, so they're definitely working on them now. Our plans, to some extent, will depend upon the kind of anniversary events that they schedule, including who might attend from Australia, but we are already sitting down and thinking out with our very active ambassador, who I think you met when you were in Dili—

Senator PATRICK: Yes, I did.

Ms Heckscher: who has a lot of big ideas, but to some extent we can't advance all of them until we actually hear what Timor-Leste's plans are.

Senator PATRICK: What's our budget in relation to these events?

Ms Heckscher: I don't know that I necessarily have a budget right at this minute. I think some of the things that we can do we can do through the embassy's normal public diplomacy and other events. We're looking to find additional money and, of course, we will be encouraging and supporting visits. I gather, for example, there is a lot of interest on the Defence side as well and we'll be planning out all of those. I don't have a specific budget at the moment, but that's partly because we're not quite sure what Timor-Leste is planning.

Senator Payne: Senator, you may or may not be aware, but I know that there are some distinguished former serving personnel, both police and military, who are working assiduously on a book to commemorate the anniversary; some of them are well-known to people in this place. I know that there is a lot of interest and a lot of engagement.

Senator PATRICK: Perhaps even the Governor-General?

Senator Payne: I don't think he's writing the book, but I'm sure that he'll be engaged.

Senator PATRICK: Thank you, Minister. Thank you very much. Can I switch to travel advisories to China? Secretary, you'd be aware that, after the arrest of the chief financial officer of Huawei, there were actions that appeared to be retaliatory and that Canada changed its travel warnings to China.

Ms Adamson: I know broadly what you're referring to, of course.
Senator PATRICK: Of course, the US have changed their travel warnings to China as well, yet ours haven't seemed to have changed. I say that particularly after the events that have occurred with Mr Yang.

Ms Adamson: I'd like to ask Mr Todd to take you through that, to the extent that you're interested in our processes around travel advice to Australians and also the updating of that advice. Could I just assure you though at the outset that it's really one of the highest priorities that the department has in terms of informing the Australian public. These advisories are kept under constant review but also have a regular process of updating. I'm going to hand to Mr Todd because this is his bread and butter. He deals with it every single day. He's right on top of it, I always like to think.

Mr Todd: Would you like a brief overview of how we do our travel advice settings or do you want to go to the specific case of China?

Senator PATRICK: Canada has basically urged Canadians to exercise a high degree of caution. The United States has warned its citizens to exercise increased caution due to the arbitrary enforcement of local laws as well as special restrictions on dual US-Chinese nationals. DFAT has left its advice unchanged, even despite the events with Mr Yang, basically advising Australians to exercise normal safety precautions in China. There just seems to be quite a strong contrast between the reactions of the US and Canadian governments to make sure their citizens are aware of potential dangers in travel to China.

Mr Todd: As the secretary mentioned, we regularly update, review and keep under close review all of our travel advisories for all 176 destinations that we have them for. In relation to our advice for China and in relation to the comments that you've made about a number of other countries, I think it's important to note that none of our consular partners raised their level of advice for China. Canada has been at level 2, of the four levels it has, since at least 2012. The US has had China at level 2 since it introduced a four-tiered system in January 2018. That's the general level of travel advice. So, comparing Australia with our close consular partners—Australia, New Zealand and the UK are all at the same general level. The US and Canada are at the next level up, at level 2 of four levels.

In our particular travel advice to China, we have in the text of our travel advice specific language that identifies a number of risks for Australians travelling to China. And when we regularly review our travel advice, as we did with China, we believe that the current language in our travel advice is a fair coverage of the risks that Australians travelling to China would face. Over 800,000 Australians a year travel to China. The vast majority, the absolute majority, of those people have a safe and successful trip and do not find themselves in trouble. However, we have found it necessary to advise in a number of our travel advices that people will be subject to all local laws and penalties, including those that appear harsh by Australian standards. We remind people about what we can and can't do. We, particularly in our China travel advice, remind people about exit bans. If you're involved in a criminal matter or investigation you may not be allowed to leave China until the matter is resolved.

Senator PATRICK: The burden of my question comes to: the US has decided to have this level 2—

Mr Todd: Yes, for some time.
Senator PATRICK: for some time and so has Canada. I just wonder how we differentiate those two nationalities from an Australian.

Mr Todd: Certainly. I think the key fact is that the Australian travel advice reflects the current risks for Australian travellers to a particular location. Citizens of other countries travelling to particular locations will face other risks. Those risks could be related to civil disobedience, acts of terrorism, political demonstrations or relationships between countries. Our travel advice for China reflects our assessment of the risks faced for Australians. We do not focus on risks that may be faced for Americans or Canadians. Other travel advice that we have is at different levels to Canada and the United States. Sometimes it's higher because we perceive that there are greater risks to Australians travelling to particular parts of the world than to Canadians. So it reflects our assessment of risks to Australians travelling.

Senator PATRICK: How many Australian citizens are known to be currently imprisoned or detained in China currently?

Mr Todd: At the moment we have 47 Australians currently arrested and 40 Australians currently serving prison sentences in China.

Senator PATRICK: That is 80 detained, of which 40 are subject to a term of imprisonment?

Mr Todd: Correct.

Senator PATRICK: Do you have consular access to all of those people?

Mr Todd: We do.

Senator PATRICK: Does this include the Uygur situation?

Mr Todd: We have nobody on my list who would fall into that category. I don't believe that we have any people of Uygur origin, Australian citizens, either currently subject of active arrest cases or currently in prisons but I don't have the ethnic origins of Australians and dual nationals in China. What I do know, and what I can say, is that that's one of the key factors we would look at in determining our travel advice setting for any country. It's one of the many things we look at. What are the consular trends? What are the issues affecting Australian travellers? The analysis of the current arrest and detention cases are predominantly that people involved in illicit drug trade, or fraud or criminal matters make up the vast majority of cases that we have.

Senator PATRICK: Just to confirm in my mind, are there any of these detainees, either people who are detained or people who are in prison, to which you do not have consular access?

Mr Todd: No.

Senator PATRICK: Can I flick across to the Uygurs. Obviously there's international concern over the situation there and there are a number of Australians who have relations that have been caught up in this. Does the department have a designated embassy officer in the Australian Embassy in China as a liaison point for people in Australia who might have a concern?

Mr Fletcher: The point of contact that we have with Uygur Australians is in the department in Canberra.
Senator PATRICK: You wouldn't think it appropriate to have a point of contact in China itself, at an embassy with the secretary—

Mr Fletcher: It's a lot easier for people in Australia to contact the department in Canberra than it is to contact the embassy in Beijing. We have staff in Beijing whose responsibility it is to cover human rights issues, including Xinjiang.

Senator PATRICK: Is the department aware of any examples of Uygur people in Australia being coerced into providing details to authorities in China?

Mr Fletcher: We've seen some media reporting of that. Our basic advice to people in the Australian community is that, if they have concerns about their safety, they should raise that with police authorities. Separately, we have had discussions with law enforcement and security agencies here about that situation.

Senator PATRICK: So you haven't been contacted directly, but your advice and the advice I should give to my constituents, would be to contact the police—the Federal Police or the—

Mr Fletcher: If someone's in South Australia and has concerns about their safety, in the first instance, the local police.

Senator PATRICK: This is not safety; this is people who feel that they're being coerced to provide information about people that might be caught up in China where Chinese officials or people in China are seeking to coerce information about some of these people that are detained—not that they're feeling personally threatened by anyone but simply being asked to provide information about people in China under duress.

Mr Fletcher: We don't give advice to individuals as to how they respond to people who contact them on any matter. It's up to them how they handle inquiries made to them. We are concerned about reports that there are Chinese people involved in making threats to Australians. We have expressed those concerns to the Chinese Embassy here.

Senator PATRICK: But did I hear you correctly: you know that this is occurring but you have no advice to give people who are put in that situation; there's nothing to be said to them?

This is the Australian government—

Ms Adamson: I think your question had a number of strands.

Senator PATRICK: Sure.

Ms Adamson: But I'm sure that the advice that you would give your constituents—and I would give anyone who asks me—is that, if they feel that they are being coerced to provide information, that is something that is of interest to our law enforcement authorities and should not be happening in Australia.

Senator PATRICK: So it goes back to my question I was just trying to work out: is that something that a constituent should go to the Federal Police about, is that something that they should come to DFAT about or is that something that they should go to a state police force about?

Ms Adamson: In the first instance, and I think it's the case that many Australians wouldn't necessarily distinguish it in the way that we're able to about police in various forms or other security authorities, I would suggest—and I'd be happy to follow this up with the AFP Commissioner to ensure that we are giving you correct advice we can follow up with your
office afterwards—to local police but I will come back and correct that if the AFP has a different view.

Senator PATRICK: I'll tell you what I'm trying to achieve. I'll have people who will go to the SA Police, SAPOL, and SAPOL might say to them, 'It's not our jurisdiction.' And then they'll go to the feds and they might say, 'Well, it's not our jurisdiction.' If there's an answer that I can have tabled before us by way of a question on notice or something, that would be really helpful because I can then take it back to the relevant police force.

Ms Adamson: Sure. Let's just check. Rather than my giving advice that might go out on the grapevine, let us check and we'll get back to you with an answer.

Senator PATRICK: That would be appreciated. Is the department aware of any incidents in Australian universities where guest speakers are being rejected because of the university's links to either the Chinese government or student intakes in relation to Uighur people? Where I'm getting to is that there might be outside influences on universities in relation to Uighur people perhaps giving presentations, talks or lectures.

Mr Fletcher: No.

Senator PATRICK: If that were occurring, I presume you'd be interested in that.

Mr Fletcher: Yes.

Senator PATRICK: I might leave it at that then. Thank you very much.

CHAIR: Senator Wong.

Senator WONG: Can I just follow up on the topics that have been raised in part by Senator Patrick. And I'm sorry I may not have followed all the questioning but, Mr Fletcher, I think in October you said that you had raised—this is in relation to Xinjiang and Uighurs—specific cases with Beijing and that the response was that Australia hadn't supplied sufficient information. I just wonder, insofar as you are able, if you could tell us whether there's been any further progress in relation to those cases.

Mr Fletcher: Yes. The answer I gave in October was in relation to one individual who had 38 friends and relatives whom he was concerned about. And we passed that information to the Chinese Embassy and said, 'There's an Australian citizen who has concerns about the following individuals. Can you tell us more about them?' The answer came back, 'That's not sufficient information,' and we passed that back to the individual. No further action was taken in relation to that case.

Subsequently we have had quite a number of interactions with the Chinese Embassy, on behalf of Australians or people in the Australian community, in relation to about seven or eight persons of concern to them and the results have been not particularly satisfactory in that sometimes we get an answer back through the channels that we've been using saying that so-and-so doesn't want to contact you, or so-and-so is okay, or you need to find another channel. We were trying to be helpful to people who had concerns about family members. And I'm not sure that there is a great deal that we can do for people who are not Australian citizens.

Senator WONG: Minister, when was the foreign and strategic dialogue?

Senator Payne: November last year.

Senator WONG: So it was post the estimates?
Senator Payne: Yes.

Senator WONG: This is a public comment you've made since the estimates: you had an exchange of views in relation to Xinjiang with your counterpart during the dialogue. Can you update us? Has any progress been made?

Senator Payne: The officials have responded to a number of questions now from you and other senators. I don't think there's a great deal I can add to that, except to say that I did raise the issue in the dialogue. I remind the committee that again, in November, Australia made some very clear statements in our Universal Periodic Review in relation to China at the Human Rights Council, which are on the public record. They have also occurred since the last estimates.

Ms Adamson: It hasn't been mentioned in testimony so far that on 1 December Ambassador Adams in Beijing signed a letter, alongside 17 like-minded ambassadors, to the party secretary of Xinjiang that was delivered by the Canadians on 2 December. It noted, with concerns, the observations of the UN Committee on the Elimination of Racial Discrimination against the treatment of ethnic minorities in Xinjiang and requested a meeting with Zhang to better understand the situation. So we are one of a number of 'like-mined', as we would say, expressing our concerns in a range of ways.

Senator WONG: I understood that. There have been a few ministerial visits and engagements with China since the last estimates hearings. I suppose we could have a general assessment from you, Secretary Adamson, about the state of the bilateral relationship and the management of some of the interests which converge and those which diverge.

Ms Adamson: Certainly. I'll ask Mr Fletcher to add points of detail, if he wishes. Since the committee last met—I think our hearing with you was on 25 October—both the Minister for Trade, Tourism and Investment, Senator Birmingham, and the Minister for Foreign Affairs have visited China: Senator Birmingham for the China International Import Expo and Senator Payne for the foreign strategic dialogue. The Minister for Defence was there only a couple of weeks ago, as well for meetings with his counterpart and there has been what I would call a normal flow of high-level officials' meetings. My colleague the Secretary of the Department of Defence, Greg Moriarty, and the Chief of Defence Force were there—in December, I think—for the Defence Strategic Dialogue. In many respects, our relationship with China is functioning as it should. The capstone on all of that was the formal annual leaders' meeting conducted between the two Prime Ministers—Premier Li Keqiang on the Chinese side and Prime Minister Morrison. That took place alongside the East Asia Summit in Singapore. The Prime Minister also had an opportunity for two substantive discussions—they weren't formal meetings—with President Xi, both in the margins of the APEC economic leaders' meeting in Port Moresby and while they were both attending the G20 in Buenos Aires. In terms of diplomatic measures, things are functioning reasonably normally.

A whole range of issues affect our region on which Australia continues to express views and seek engagement; some of those have been the subject of other estimates hearings. But inevitably, in a relationship that is as broad-ranging as the one between Australia and China and, given China's continued rise as a power in our region and globally, there are also points of difference. We need to be able to discuss those openly with the Chinese and, from my perspective, we have been able to do that. But that is not to diminish their significance in our relationship, multifaceted though it may be.
Senator Wong: Is there anything you want to add, Mr Fletcher?

Mr Fletcher: No, thank you.

Senator Wong: I was going to ask about travel advice, but I think that, whilst he asked the question differently, most of that was covered by Senator Patrick. Is the consular treaty with China a public document?

Mr Todd: Yes, it is. It's on the DFAT website.

Senator Wong: I can look in more detail at the content, but there was a reference in an article in February, earlier this month, that we had lodged what is described as a 'diplomatic protest' in relation to the treaty and the detention of three Australian citizens. If you say it's not something you want to discuss in this forum, I'm not going to press it, but could you assist us with some more information about that? Is the article incorrect or not?

Mr Todd: I wouldn't categorise it as a 'diplomatic protest'. We often talk, and I engage annually under the consular agreement, with my counterpart in China; he comes to Australia and we talk about matters. Indeed, last year when I travelled to Beijing in September, one of the issues we discussed was delayed notification. At our post in Beijing, as a matter of course, if we're concerned about notification, we would raise that matter, but it's in normal diplomatic discourse rather than a form of diplomatic protest. I don't want to get into semantics—

Senator Wong: I suspect that it wasn't used as a sort of demarche or something.

Mr Todd: No; it wasn't a formal—

Senator Wong: Ms Adamson, in your answer you talked about the management of the relationship; you talked also about the example where Australia joined with like-mindeds on a particular issue. I am interested in whether there is, at least internally, a framework—obviously, principles-based—whereby there is some way of thinking through the most effective way to respond to concerns in the relationship; in other words, a framework for decision-making. So you have what is appropriate for a human rights representation and what is appropriate for, let's say in consular cases, what sorts of criteria we might apply: if it's this level of consular representation, we would do this; if it's this level, we might consider doing this; and, if it's at this level, it goes to a more public articulation. These are very difficult issues, so I'm not asking the question in a critical way; I'm asking in terms of bringing a degree of strategic consistency to our response and some predictability also in terms of what we are indicating to, in this case, China, but possibly other countries: whether we do have that kind of internal framework for assessment—or whether you just carry it in your head, Mr Fletcher?

Senator Payne: You have asked the secretary, Mr Fletcher, to respond as well, but you answered your own question by using phrases like 'predictability'. Every circumstance is different.

Senator Wong: Sure.

Senator Payne: You went through a range of categories of issues—

Senator Wong: I'm trying to give you as much room as possible to answer the question, Minister.
Senator Payne: I'm very grateful for the discourse, Senator. Every circumstance is different and it does not, as you adverted to at the end of your remarks, apply only to one country.

Senator WONG: Sure.

Senator Payne: In trying to observe strategic consistency in an 'unpredictable circumstance'—to use your words—these decisions and approaches will be underpinned by broad strategic approaches, but they have to be considered on a case-by-case basis.

Senator WONG: Sure.

Ms Adamson: Why don't we just carry on down the line? Yes, this goes to the heart of diplomacy in some ways—the conduct of state-to-state relations in all of their dimensions. As you and the minister have both said, this applies to the conduct of any of the relationship between our government and another government, but it comes particularly to the fore in our relationship with China, given the many interests which are engaged and the points of difference. Part of it has to do with consistency and precedent. There are things that we have agreed with the Chinese over the years and we have consistently raised and would always raise, no matter what. There will be other instances and obviously in discussions like the foreign and strategic dialogue, which typically last for several hours, there are opportunities to raise a wide range of issues and sometimes to have deep discussion. On other occasions the opportunities will be briefer. We always take into account the range of issues and the level at which the interaction is being conducted: whether it's something on which we want to engage the Chinese embassy here in Canberra or something on which we want to engage the Chinese system through our embassy in Beijing, or both; whether we want to write a letter or whether we want to make a demarche—how we want to do it. The consistency of the messaging is very important. Mr Fletcher's division has daily contact with our embassy in Beijing and our consulates-general throughout China; a consistent whole-of-government approach is also important. That's at a general level. I wouldn't want you to think that it's necessarily a case of an enormous grid and where this fits and how we will do it, but there's a lot of judgement needing to be applied.

Senator WONG: I like systems, and I'm not suggesting that it's an algorithm, but it does seem to me that a principles-based framework is useful. Anyway, thank you for that. I think my colleague has some questions on another topic, unless Mr Fletcher needs to add to that. Do you need to add to that, Mr Fletcher?

Mr Fletcher: I'd love to.

Senator WONG: Wow! That is really unusual. Usually I say, 'Do you have anything further, Mr Fletcher?' and you say, 'No—'

Mr Fletcher: If this problem didn't exist, I'd have nothing to do. It's going to keep me fed for some years to come, perhaps. Could I add to the answers of the secretary and the minister. We have a broad range of interests with many countries. It seems to me that the range of interests with China are unusually consequential in their upside and their downside and they all exist together. Our task is to manage them in a coherent framework to the betterment of the national interest writ large.

Senator WONG: Agreed.
Mr Fletcher: There are many stakeholders in the community involved in this relationship. Only the federal cabinet really has a responsibility for the totality. Our job with PM&C, and in coordination with all other Commonwealth agencies, is to give the government the best advice about how to manage individual issues on a day-by-day basis with regard to sequencing, timing, level of messaging, impact, precedent, future impact and possibly also the examples that we can view from partners and neighbours who are dealing with the same issues. Of the Five E yes partners and the European-North American liberal democracies, we're a little unusual: we are in this area dealing with some of these issues to a degree that are not faced by our traditional partners but are faced by our neighbours in various ways.

Senator Wong: Correct. That was a very good answer, Mr Fletcher.

Senator Payne: Senator, can I provide you with some further information about a question you asked earlier in relation to some public statements that the Attorney-General made this morning.

Senator Wong: Yes.

Senator Payne: I understand and have been advised by the Attorney's office that, in response to the statement he made in an interview this morning, when he was asked about reports concerning travel company QBT and his indication that they had not been successful in a tender for government travel, the Attorney has indicated that clearly he had conflated recent publicity concerning AOT and its success in securing a whole-of-government travel contract with the separate DFAT tender process that we've been talking about today. He has advised, as we have said publicly, that the DFAT tender process has not been settled. He was responding, I think, to—one—

Senator Wong: He got the answer wrong.

Senator Payne: a different question or a different issue. The secretary has something to add.

Ms Adamson: I'll wait until Senator Di Natale returns. He asked a question earlier.

Senator Wong: I appreciate that the political defence from the government is focused on the tender process—a decision to contract out services which were provided in house is providing a commercial opportunity to the Helloworld group, QBT or whatever they're called. I asked questions about who made the decision that there would be a tender.

Ms Adamson: I was advised—I'll check to see whether Mr Wood has anything further—about half an hour ago that I'm not able to answer that question today. We need to put the Washington end together with the Australian end and give you a consolidated answer and, given the time difference, we've not been able to get the information that we need from the Washington end. At least that's the advice that I've been given. I'll give Mr Wood an opportunity to add to that.

Mr Wood: That's correct. As I said, I was the evaluator for the request for tender. You asked previously about the EOI and that's what we're following up with the post. As I said, at the time there was close consultation between our procurement experts and the administrative staff at the post, but we just need to confirm that.
Senator WONG: And there's no documentation by which you can identify that decision? Is there a brief? For example, when I was finance minister, I would get a brief saying, 'We recommend that you go to—whatever—'EOI or RFT,' et cetera. You'd sign off on a brief and it would go down and they'd implement it. Who signs this one? Who says, 'Yep, we're going to go to an EOI'?

Mr Wood: That's what we're following up on. I have the information for the RFT; I signed off on that and I signed off on the evaluation process for the tender. What we're doing is going back to the steps in the process—

Senator WONG: Yes; because they are implementing a decision, aren't they? You implemented subsequent steps, and a decision was made to go down this path—something that hadn't been done since the 1990s, I think?

Mr Wood: The RFT refers to 1996. Also, we had, from Canberra, provided advice about that process. As you can imagine, there's lots of correspondence in the system—

Senator WONG: While you're at the table—I know that Senator Kitching wants the call for a short period—I noticed that Mr Sloper said there was no cable reporting: no reporting, no complaint, no concern that he is aware of nor any record of that. The last paragraph of Mr Carstensen's email says:

I also advised WoAG Travel I met Mr Hockey.

The feedback from the … team was that they were uncomfortable with the meeting. I decided then that I would not follow up with Mr Hockey.

I was advised later in a conversation that 'people' in DFAT were uncomfortable that Mr Hockey met me and that he was a shareholder of Helloworld.

Can anyone give me any information about that? Can anyone give me information about any concerns raised by whole of Australian government travel; and can anyone give me any information that goes to this point—that a third party asserts that people in DFAT were uncomfortable with Mr Hockey's actions?

Ms Adamson: I've read that, too, for the first time, obviously, just recently. I take it alongside your earlier questions. Mr Sloper and I have answered those questions from this morning's session to the best of our ability and we are checking in all the ways that we said we would. I have nothing to add on the basis of that. I have no additional information, but we will check carefully, as I said we would.

Mr Sloper: My answer is exactly the same as the secretary's in that regard.

Senator WONG: Until these estimates questions were asked, did you have any knowledge of any concerns in DFAT or in the Commonwealth more generally about Mr Hockey's actions?

Ms Adamson: No.

Senator WONG: Mr Sloper?

Mr Sloper: No. As I said this morning, we had checked with the relevant area—these conduct issues that would normally be raised—and we have no knowledge, and that's the extent of my knowledge.

Senator WONG: Mr Wood?

Mr Wood: No.
**Senator Wong:** I'm happy to defer to my colleague.

**Senator Kitching:** Can I ask whether Mr Hockey has hosted the South Australian Premier, Steven Marshall, at the embassy or at the residence?

**Ms Adamson:** I don't think we have access to that information; we would need to check. What I can say is that it would be entirely normal for our ambassadors in the major capitals to host state premiers of all descriptions at some point or another. In fact, during the term of most ambassadors in the key capitals, you would expect all premiers to visit.

**Senator Kitching:** I'm happy for you to take this on notice: are you aware of any correspondence between Ambassador Hockey and the South Australian Premier about Helloworld?

**Ms Adamson:** I'm not aware of any of that.

**Senator Kitching:** Are you able to check?

**Ms Adamson:** I will check.

**Senator Kitching:** It has emerged, since the change of government in South Australia last year, that the South Australian government has moved all of its travel from CWG to Helloworld. So Helloworld now has a whole-of-government travel relationship with the South Australian government. One of the selling points of Helloworld is that they have the 'right people in the right place'.

The 1 May email from Mr Carstensen to Mr Hockey says, 'Hello Joe. Good morning. I wanted to follow up on our meeting of last week to confirm the major discussion points,' and then, 'I will put them in a dot-point format so I can be clear of my discussion points with Whole of Australian Government Travel and DFAT in Australia after your approval,' and it then lists current issues. Do you have any concerns about that, because that does look like a pitch email? Do the words at the end of that first paragraph 'after your approval' cause you any concern?

**Ms Adamson:** As I said earlier, I've read this for the first time this morning. I must say that I read 'after your approval' to mean after the embassy's approval of that list of current issues as being the ones that had been frustrating them in terms of travel in the United States; and he was doing what I guess a number of people would do when they've had a meeting, and that is to say, 'Look, these are the notes I made of the things that you've raised; is that right?' before taking it forward. That was my reading of 'after your approval'.

**Senator Kitching:** So he's trying to clarify the issues that the embassy has so that he can actually have maybe a higher quality discussion about whole of Australian government travel and DFAT.

**Ms Adamson:** That's a reasonable conclusion to draw. I wasn't at the meeting, obviously, but, as I look at that list, they are all complaints, if you like, that I have heard colleagues, not only in the states but those who travel a lot, mention. As a list, it looks exactly like what you would expect.

**Senator Kitching:** At the end of that email, he says, 'I look forward to your thoughts,' and you've undertaken to look for any further correspondence. Mr Hockey may well have just phoned Mr Carstensen rather than emailed back.

**Senator Payne:** I think anything further has been provided.
Senator KITCHING: So there's nothing else?

Mr Sloper: I can advise that, at the post, Justin McPhillips advised me that there was no response from head of mission, the ambassador, to this email or from the post, and no follow-up.

Senator KITCHING: Not anything in writing?

Mr Sloper: I was advised that there was no follow-up from the post.

Senator WONG: I will go to questions on the Pacific. Mr Morrison's speech in Townsville on 8 November indicated, among other things, that the government would be working with commercial media operators to ensure that our friends in the Pacific have more access to more quality Australian content on television and other platforms. Then, on 18 January, the Prime Minister announced that the Australian government, in partnership with Free TV, will also commit $17.1 million to provide a thousand hours of new Australian television content each year for three years to Pacific broadcasters. Can I ask first: the 8 November announcement appears to be an announcement that the government would work with only commercial media operators; is that correct? Do I understand that correctly?

Ms Klugman: The announcement on 2 November, or the references in the Prime Minister's speech in Townsville, were to commercial TV networks and Free TV Australia.

Senator WONG: So that is a decision to exclude the ABC from any broadcasting.

Ms Klugman: There is ongoing activity, including activity funded by this department, that supports ABC activities in the Pacific. The ABC has its own funding, which it uses also to support some media activities in the Pacific. But, as for the Prime Minister's speech on 8 November, you're correct; that specific initiative was about the commercial networks.

Senator WONG: Was DFAT aware, prior to that speech, that the government had made an explicit decision to effectively exclude the public broadcaster and to exclusively deal with commercial media operators?

Ms Klugman: For the purposes of that new initiative, yes.

Senator WONG: When was that decision made—to exclude the ABC and only deal with commercial media operators—and by whom was it made?

Ms Klugman: In October.

Senator WONG: Was it a decision of the Prime Minister's or a decision—

Ms Klugman: It was a decision that came out of ministerial consideration.

Senator WONG: I'm not going to ask for the content, but we've already had evidence that there was a cabinet process; did it come out of that process?

Ms Klugman: It did.

Senator WONG: Then there was the 18 January announcement in Fiji that there was a $17 million provision to Free TV for that purpose. Was DFAT aware of that before the announcement?

Ms Klugman: Yes, we were.

Senator WONG: Is it consistent with any recommendation from DFAT?

Ms Klugman: It is the result of decisions collectively by ministers.
Senator WONG: A number of reviews are on foot, and I am actually a little bit lost because there are a few. There was a soft power review. In the context of past estimates, we have had a discussion about broadcasting and shortwave in the context of soft power. And there is a department of communications review of the previous decision to not provide the ABC with funding for Pacific broadcasting. Have I broadly got that right, Secretary?

Ms Adamson: For shortwave broadcasting?

Senator WONG: Shortwave.

Ms Adamson: Yes. Mr Byrne knows all about this. It seems to me, from my level of knowledge, that you're absolutely right so far, but he can—

Senator WONG: Perhaps I can ask the question and you can tell me where I'm wrong.

Mr Byrne: Sure.

Senator WONG: Neither of those have been finalised; correct? The communications department review in relation to shortwave—I thought it included Pacific broadcasting—or the soft power review, which we've discussed: have they been finalised?

Mr Byrne: I can answer both of those questions.

Senator WONG: You've got everything: soft power and communications. You can tell me everything I need to know about how it is that the government makes this decision.

Mr Byrne: The review of Australia's international broadcasting services in the Asia-Pacific region was commissioned and conducted jointly by the Department of Communications and the Arts and DFAT. That review was completed just before Christmas. We're currently still in the process of assessing its findings and providing further advice to the government on that review. The soft power review, which is a separate review, emerged from the foreign policy white paper and that commenced in August 2018. We undertook an extensive nationwide consultation process between September and early December last year and we're currently in the process of drafting the report of that review.

Senator WONG: Okay. But, essentially, the time frames that you've just given me mean that this decision by government was made before advice was received from DFAT about the two reviews that you've described and, I would put to you, are directly relevant to a decision about who is funded by the Australian taxpayer to broadcast into the Pacific.

Mr Byrne: You're correct; that particular decision was taken before either of those reviews were finalised.

Ms Adamson: That is factually correct, of course, in terms of sequencing. But what the government was doing was, of course, taking a series of decisions as part of the Pacific 'step-up' and there was a logic in dealing with the totality of our engagement with the Pacific.

Senator WONG: Sure. But Free TV have made public statements about the fact that they didn't ask for it, they didn't want it and they don't have the expertise. I'm just making the point. The outcome: $70 million is given to a group that have said they didn't ask for it and don't have any expertise—the phrase was that they don't have any Pacific content or partnerships—and there are two reviews that are directly relevant to this decision which the government doesn't even look at before it makes an announcement. Anyway, the chair is looking at me. He has been very good today, and I understand that Senator Leyonhjelm has questions. I'm sure that you can come back to me later.
CHAIR: Thank you, Senator Wong. Senator Leyonhjelm.

Senator LEYONHJELM: I have some questions following up on my questions on foreign aid to the Palestinian Authority. Good afternoon, Ms Yu. Last estimates, in reply to a question on notice from Senator Abetz, the department advised that textbooks promoting violence were provided by the Palestinian Authority to UNRWA schools and indicated that Australian aid funds haven't funded the development of these text books; it's nonetheless concerning that a UN agency supported by Australian taxpayers makes use of these textbooks. Has the Australian government made any representations to UNRWA demanding UNRWA not to use these textbooks in future upon threat of removal of Australian aid?

Ms Yu: Yes. We are in constant engagement with UNRWA and, in particular, regarding the material in the textbooks, we did actually establish that none of the Australian funds were going into purchasing textbooks, as they were being provided as an in-kind contribution by the Palestinian Authority. Nonetheless, we have been engaging with UNRWA to make sure that the neutrality principle is very rigorously followed and, through that discussion, we have discovered that they do have a good framework in place. In fact, recently the US Government Accountability Office have reviewed the systems that UNRWA have in place and that has given them an assurance that they've made huge efforts to neutralise some of this material. There is a very small component which actually is what we would regard as rather biased in its content. UNRWA have come up with complementary material to neutralise that and actually take their teachers and implementers of the textbook material through rigorous training to ensure that's properly done. We are in constant discussion with our like-mindeds about this concerning factor as well, including the UK and obviously the US and the EU members.

Senator LEYONHJELM: When you refer to 'neutralise this material', the material leads to the children in UNRWA schools in one of the refugee camps that I'm aware of chanting, 'Wave the swords; this is how Mohammed taught us how to slaughter Jews.' How do you neutralise that?

Ms Yu: It's really to try and take that material out and provide different examples that teachers can adopt. I'm not aware of that particular example and how they may have neutralised that, but the framework allows for different examples to be introduced in situations like that and training teachers to ensure that perhaps that's not the example that gets used in their teaching.

Senator LEYONHJELM: I recently became aware of some information about the Shu'fat refugee camp in Jerusalem, which has 30,000 residents. The information suggests that it's a hotbed of recruitment and activity by both Hamas and Islamic Jihad, both of which are recognised as terrorist organisations by many countries, including Australia. The people in there, because it's in Jerusalem, have the option of taking out Israeli citizenship, if they wish to, but they don't, and it is an UNRWA camp. The information that I have is that it is absolutely infested with corruption and crime, sanitation is very poor and there are drugs and prostitution; all sorts of evil things are occurring there, including ghastly anti-Semitic activities. This is happening on UNRWA's watch. My concern is, I suppose, that neutralising that or having frameworks in place may not be sufficient.

Ms Yu: Thank you for bringing that example to my attention. I was not aware of it and I'd be happy to look into it. We have staff actually on the ground to ensure that a lot of these...
things are properly implemented in line with Australian government values and Australian values, so we will make sure that we look into that.

Senator LEYONHJELM: The other matter that I'd like to raise with you is this issue of the Palestinian Authority—or the PLO, I think—providing financial support to convicted prisoners, detainees and their families, in particular those arrested by the Israelis for terrorist activities. Some of your argument has been that it's not Australian money which is contributing to this. My concern is that money is totally fungible; if you put money into a pot and a different piece of money is taken out somewhere else and spent on these undesirable activities, it doesn't really keep Australia's hands clean. If you're looking into some of these activities, you might also look at that to determine whether or not we really are, one way or another, funding the payment of terrorists.

Ms Yu: As you are aware, we have actually stopped all of our payments directly to the Palestinian Authority. So, to the extent that those payments are made by the PA, through the PLO, I think we can definitely say that there is no Australian money, fungibility or not, in the hands of the PA directly from the Australian government.

Senator LEYONHJELM: As I recall from the last estimates, our total contribution to various Palestinian causes is about $40 million; is that right?

Ms Yu: That's correct; $43 million for this year.

Senator LEYONHJELM: How many separate recipients of that would there be?

Ms Yu: Do you mean where we actually provide the funds to?

Senator LEYONHJELM: Yes. The organisations or bodies or whatever that receive it: how many separate organisations are there?

Ms Yu: There are actually quite a few.

Senator LEYONHJELM: So 10, 20 or 30?

Ms Yu: It could range to around 20, but I will have to take that on notice so that we can provide a proper list for you. I've got some names here, but it's not a comprehensive list.

Senator LEYONHJELM: What I am inviting you to do is to provide some comfort to the committee: that you've looked at each of those recipients and there isn't any possibility that those funds are funding terrorist activities.

Ms Yu: Absolutely.

Senator LEYONHJELM: I think the Australian taxpayers have a right to be comfortable that their money is not going to any terrorist causes. I appreciate the fact that funding for the PA has ceased, which is good, and you've also ceased funding another organisation that I brought to your attention in previous estimates, which is also good. But it concerns me that I had to bring them to your attention. If you haven't looked at those other 20, or however many there are, with great scrutiny then perhaps it might be time that you did.

Ms Yu: Thank you for your question. We do take this extremely seriously, as you can imagine. Given the very high standard that we set ourselves around ensuring no terrorist financing, even if it's by default, we actually have a number of reviews that we carry out rigorously, in addition to accreditation and assessment of all the recipients of the aid. But, because this is done in the Palestinian territories, we take extra measures to ensure this. We even do spot checks, kind of unannounced visits to sites, to make sure that the money is going
where it's meant to be going and that activities are being undertaken in the way that they are meant to be undertaken. Also, we regularly check against the list of terrorist organisations or identified people of concern to ensure that they are not in any way part of the program that we run in the PT area.

Senator LEYONHJELM: Finally—I didn't double-check this before I came in—am I right in saying that the United States administration has withdrawn all or some funding for UNRWA?

Ms Yu: Yes, they have withdrawn all.

Senator LEYONHJELM: All funding?

Ms Yu: That's correct.

Senator LEYONHJELM: Has there been any consideration by Australia of doing the same thing?

Ms Yu: That's a matter for government. But we certainly have provided consistent funding to UNRWA because we recognise that they provide basic services that are required by those who are in greatest need in the Palestinian territories. That has actually remained at around $20 million per year for the last three years.

Senator LEYONHJELM: Minister, do you want to add anything to that?

Senator Payne: The government does recognise that there is a significant humanitarian refugee issue to be addressed in the region and part of our approach to supporting people in those circumstances is through this funding. But we do expect the department, my department, to exercise the highest levels of diligence on the sorts of issues that you have raised—I think Ms Yu has gone into some of the detail about that—and that is an absolute expectation of government in terms of the administration of these funds. I am regularly advised of updates on these matters and, of course, you and other senators have raised separate cases which we have considered individually as they've come across our desk.

Senator LEYONHJELM: Thank you.

Senator WONG: Can I go back to the Pacific where we were before, please. I'm not sure to whom I should address this but, as I understand it, the evidence is that you were aware of this prior to the announcement as part of the government's decision-making process. I understand MrMrda at estimates on Tuesday, indicated that this was not a proposition flowing from any of the reviews that we've discussed?

Ms Klugman: Yes, that's my understanding.

Senator WONG: So where did it come from?

Ms Klugman: There was consideration, as the secretary said, given to Australia's media presence in the Pacific as part of broader consideration given to the Pacific step-up—

Senator WONG: I understand that, Ms Klugman, but neither of the two reviews which are relevant to this policy question either have been finalised or recommend the decision that the government takes. So who came up with the idea that this would be just given to Free TV? Was that a political-level idea? Did that emanate from the PMO?

Ms Klugman: It emanated from the group ministerial consideration of the next generation of the Australian step-up in the Pacific.
Senator Wong: So ministers determined it, notwithstanding the fact that those people who actually understand the Pacific didn't recommend it? You probably don't have to answer that, Ms Klugman.

Senator Payne: That might be your observation but—

Senator Wong: It is my observation—

Senator Payne: Yes, I think I said that and—

Senator Wong: and I think it's borne out, frankly, by the evidence. But anyway—

Senator Payne: I would vehemently disagree with you.

Senator Wong: You think it's a good idea? Can I just tell you what Free TV said. Do you know what they said?

Senator Payne: Yes.

Senator Wong: They said: 'I don't think there's any benefit in the industry in providing the content to the Pacific. No commercial networks are building partnerships in the Pacific.' They also advised that they didn't seek the money. Tell me how the decision is a good idea.

Senator Payne: From the government's perspective, we actually think it is important to continue to increase contact with the Pacific—

Senator Wong: So do I.

Senator Payne: and part of that—

Senator Wong: But you don't give it to people who don't want it and don't have any contact in the Pacific, no partnerships. She said this. This is not a Labor person; this is the CEO of Free TV.

Senator Payne: I don't think I was making any comment on anybody's political affiliation; you've done that. But what the Pacific media CEOs have said most recently at their summit in Auckland was that there is a very high level of interest amongst Pacific broadcasters in the new Australian content. We are in a position where we can use particularly those providers in relation to sports content, which is not necessarily available through the ABC and SBS. That is an important component of this and matches well with our Pacific Sport Linkages Program. So you might be derogatory and you might be dismissive, but we think that we can extend and further enhance those contacts into the Pacific using more than just one route. So the narrow focus that you appear to be articulating is not the narrow focus of this government. This government is taking a much broader focus in our Pacific step-up and this is a part of it.

Senator Wong: You don't need to be condescending. What I am dismissive of—and you know that is a straw-man argument; I am not dismissive of the Pacific step-up and I am not dismissive of the need to engage across the gamut of the relationships, which include Australian content and broadcasting et cetera, et cetera—is a government decision which ignores two relevant reviews and which gives money without a proper procurement process to an entity which itself says, 'We didn't ask for it and, frankly, we have no partnerships in the region.' I don't think that's actually a sound decision. It's just like the Great Barrier Reef Foundation, frankly. It's precisely the same kind of thinking: 'We'll just give it to this group.' You accuse us of having a narrow focus. It is driven by your ideological position against the ABC, and that's not a good basis for decision-making.
Senator Payne: That's absolute nonsense; it's absolutely untrue.

Senator WONG: Why were they excluded?

Senator Payne: It's absolutely untrue.

Senator WONG: Why were they excluded?

Senator Payne: Because, as you well know, they already have existing broadcasting into the Pacific.

Senator WONG: Why were they excluded?

Senator Payne: As you well know, they already have existing broadcasting into the Pacific. This is about broadening the focus.

Senator WONG: Why were they excluded from the extension?

Senator Payne: I have enormous respect for the ABC and enormous respect for SBS—

Senator WONG: Why were they excluded from the additional funding?

Senator Payne: but there is more that we can do. This government recognises that and this government is prepared to put it into action.

Senator WONG: Why were they excluded? Did this go to an open tender? No, it didn't. Can someone just confirm that it didn't go to open tender?

Ms Klugman: It is my understanding—and I'll emphasise that this was led not by the Department of Foreign Affairs and Trade but by the Department of Communications and the Arts—that it didn't go to an open tender.

Senator WONG: Excellent, because we'd want to just throw money at people who haven't asked for it without a tender process, wouldn't we? That's very good government. Was there any outreach to any Pacific nations before the announcement was made about this proposition?

Ms Klugman: I can take that one. There was outreach through 2018, through our embassies, missions and high commissions across the Pacific, seeking the views of our high commissioners and our ambassadors on Australian media content and what areas of Australian media programming and television programming might be of interest to audiences in the Pacific. Those consultations fed back into Canberra and identified children's programs, current affairs, lifestyle programs and drama as areas of content which would likely go down well across the Pacific.

Senator WONG: So it didn't go to tender. The CPRs are still applicable, which are value for money and that officials must be satisfied that there is a value for money outcome. Did you have any role in making that assessment?

Ms Klugman: That's a matter for—

Ms Adamson: No. That is—

Senator WONG: I know it's a matter for communications. I'm asking: in terms of assessing the merit of this decision, given the foreign policy implications and your engagement with the Pacific, was there any interaction with you around the decision to not go to tender on this and to assure the government that there was value for money?

Ms Klugman: We were not involved in those discussions.
Senator WONG: Thanks. I'm conscious of time.

Senator MOORE: Could I raise something?

Senator WONG: Sure. Sorry.

Senator MOORE: Ms Klugman, you've said that there was a consultation process with the Pacific, which is fabulous. Was that a separate process to the reviews?

Ms Klugman: Yes. You've put your finger on something there. I am talking about a separate process to those reviews. It was a process whereby we went out to our ambassadors and high commissioners in the region and sought their views on a range of possible initiatives that the government might wish to develop in the area of Pacific policy and the step-up. One of the areas that we canvassed views on was media. And that canvassing process came back with judgements from our high commissioners and ambassadors through the region about those areas of content that would likely be of most interest to broadcasters in the Pacific.

Senator MOORE: So that was part of the general consultation around step-up—

Ms Klugman: Correct.

Senator MOORE: so all the things that could happen. When that went out to the high commissioners and the ambassadors, was there any attempt in that process to talk with community?

Ms Klugman: About?

Senator MOORE: Particularly about this. There are two reasons I'm asking that. One is to look at what came back, saying what people wanted. But, secondly, when we had the long discussion a few years ago about shortwave, we had considerable feedback from a number of Pacific countries that were very, very clear that they were concerned about access to communication and particularly the loss of shortwave. At that time you told us at senate estimates that you would be going back in a couple of years to actually find out how people were coping and whether they'd changed their mind about that. Was that taken up at the same time?

Ms Klugman: The consultations that we did were with our embassies, ambassadors and high commissioners. In each case they drew on different discussions in their places of accreditation. In some cases they drew on conversations that they'd had at community levels, at government levels and pulled that together for us in a judgement of theirs about what areas would be of interest. On the shortwave issue, that is a broader issue that's been dealt with in the reviews that Mr Byrne was talking about.

Senator MOORE: That's what I thought. So that's going on at the same time and that's part of that particular view. This last question is: in terms of the information you gathered through that process of consultation across the Pacific, was that then fed back to the department of communications in terms of the processes that they were following up?

Ms Klugman: Yes, it was.

Senator MOORE: The information that came back through that process, is there any way that can be made public? It's a really important element. It's about step-up generally. And we'll be asking about that and we'll have ongoing discussion, I would imagine, for years about how that's working. But that is an incredibly important mechanism of consultation. With this particular range of questions about media, is there any way that we can share that
information? If it's gone from your department to communications—Minister, this is to you as well—through internal processes like that, can we find out what was being said because it is really critical because we're talking about content?

Ms Klugman: I'll have a look at what we can do. The advice—my recollection is—came back in a series of diplomatic reporting cables, which might have covered media and a bunch of other matters as well, but I'm sure that there is something that we—

Senator MOORE: They were, no doubt, asking about other matters as well. But in terms of this particular question, it's on the media aspect.

Ms Klugman: I'm sure that there's something we can pull out for you. There are also a range of public submissions that were called for and provided, including from some Pacific governments and Pacific groups, into the two processes that Mr Byrne is managing.

Senator MOORE: The reviews, and that's another area of information. At the moment we understand the reviews are incomplete. The communication one has been finalised but is not public yet. We'll be asking about those reviews and the process of the information gathering there and whether they're public. You said public—

Senator WONG: I'm sorry, just to be clear, the communications—I'm sorry what's it called?

Mr Byrne: The Review of Australian Broadcasting Services in the Asia Pacific.

Senator WONG: That was finalised in December and you're currently assessing it, correct?

Mr Byrne: Correct.

Senator WONG: For the Soft Power Review? I have August 2018 here.

Mr Byrne: It was launched in August 2018. The consultation process was through the latter half of last year. We're now drafting. I just want to say, in response to Senator Moore's previous question, that the public submissions to the international broadcasting review are available on the department of communications—

Senator MOORE: Are they all up yet?

Mr Byrne: They are, yes, except for those who made submissions that didn't want them published.

Senator MOORE: Sure. The last time I checked, they weren't all up. All the public ones to that review are up—

Mr Byrne: Yes.

Senator MOORE: But I'm after the separate process in terms of this consultation with high commissions in terms of the general process.

Ms Adamson: Perhaps I can just add that we'll do our best to give you a bit more. But really the message was very simple: 'We like watching your programs in these areas.' And that's a message that the Prime Minister was very much responding to across the board, whether through the Pacific step-up, whether it went to media or sport or the connections between community groups, faith-based connections—the whole range of them. So the message came through very strongly: 'We love watching your sports games. Where we can
get hold of them, we like watching your dramas, your current affairs.’ There’s a big attraction—

Senator MOORE: But that’s very similar to the submissions on the review? If you look at the public submissions on the review, some of those same issues came up in that?

Ms Adamson: It’d be a very consistent message. And the Prime Minister was responding, in the context of the Pacific step-up, to a message coming through loud and clear. They wanted to be able to act quickly and they wanted to be able to get things in train. We were able to help with the policy framework, not with the detail. That was taken on by the Department of Communications and the Arts.

Proceedings suspended from 15:30 to 15:45

CHAIR: Minister, I understand you would like to make a statement?

Senator Payne: There will be other times to address this matter, but I want to acknowledge the statement occurring in the House of Representatives now regarding my predecessor’s decision not to recontest the seat of Curtin. One of the things she said in the moments I had to observe her contribution was that Australia should be proud of the high regard in which we are held across the international community. That is in no small measure attributable to her leadership, her drive and her commitment as Australia’s foreign minister for five years, and many have contributed in the past. Her personal leadership has made an enormous contribution to that standing.

CHAIR: Thank you, Minister. I’m sure the committee would concur with your remarks in terms of the service she has given to Australia, particularly in areas like the New Colombo Plan. We will get back to business.

Senator Payne: The business of estimates—which Ms Bishop has never had to sit through, I observe.

CHAIR: She has missed out on that happy burden!

Ms Adamson: As much as it may be appropriate on a day like today could I also, as Secretary, associate my colleagues in the Department of Foreign Affairs and Trade, here in Canberra and all around the world, with the minister's comments about her predecessor, Julie Bishop.

Senator HINCH: I also endorse those comments. I want to talk about the passport bans for convicted sex offenders. On 2 December 2017 I received a call from the then Prime Minister, Malcolm Turnbull. He said, 'I want you to be the first to know—they turned the first one back at Sydney Airport today'. In the past 14 to 15 months, how many convicted sex offenders have had their passports pulled?

Mr Tysoe: I'll work through the figures for you. The minister has cancelled 89 Australian passports and ordered the surrender of four foreign passports, under the legislation. In addition, the minister has received requests to deny passports to 2,028 offenders who do not have current passports. At 31 December 2018, 35 offenders had been stopped at the border and prevented from departing Australia without permission. At 12 February of this year the AFP had instigated proceedings against 10 offenders under section 271A of the Criminal Code for attempting to depart the country.
Senator HINCH: I was confused. At the last estimates we talked about 800, but that's people who have had their passports pulled or cancelled, or who have been refused passports—is that correct?

Mr Tysoe: Yes. I can just clear up that language: under the legislation, 'deny' covers, cancellations and refusals, should they lodge. I want to be very clear today on cancellations and denials.

Senator HINCH: That is 2,028, but we can't know—I guess we will never know—what the deterrent factor has been. Some who have seen those figures have decided, 'I won't apply for a passport because I won't get one'.

Senator Payne: That's right.

Mr Tysoe: Yes, I concur with that. It's very widely known now. We regard the legislation as working extremely well with our colleagues at the border.

Senator HINCH: For years I have been calling them 'child rape holidays in Asia'. Those figures are very encouraging; thank you.

Senator MOORE: Secretary, we now have an opportunity, while we are moving things around, to ask a couple of country-specific questions. It won't be the easiest thing because you don't know anything about them, but we just want to knock off a few of them.

Ms Adamson: By all means.

Senator MOORE: I have a couple of questions on West Papua, to start with.

Ms Adamson: Certainly. If it is all right with you, Chair, while my colleague is coming to the table, could I come back to a couple of questions that were asked earlier?

Senator MOORE: Senator Wong has just walked in.

Ms Adamson: These were questions asked earlier in the day. Senator Whish-Wilson asked about the number of representations made since the last estimates on illegal demolitions. The answer to that is that since the last estimates the Australian government has made representations to the Israeli government on three separate occasions, both in Israel and Australia, relating to Israeli land appropriations, demolitions and settlement activity. There was a separate question from Senator Di Natale also in relation to UAE embassy meetings with British colleagues. He was interested in a consular case. The answer to that question was that the Australian government representatives discussed the Matthew Hedges consular case with British counterparts in the UAE, in late 2018 and London early December 2018. Mr Abbas is not facing the death penalty. He was sentenced to five years imprisonment and fined A$19,000. He will be deported from the UAE on completion of his sentence.

Senator WONG: While I left this hearing to attend the House and my former counterpart announced her resignation, I understand that some comments were made here. Notwithstanding that people are sometimes political opponents, we can nevertheless acknowledge their service to the country. I have said previously, and I reiterate in here, that I personally acknowledge, as we acknowledge, Ms Bishop's service to the nation.

Senator Payne: Thank you, Senator Wong.

CHAIR: Thank you.
Senator WONG: Where are we up to? We need to ask a couple of questions while I find my place.

Senator MOORE: I will kick off with West Papua. We had a couple of questions earlier from Senator Di Natale but I have a couple of other things. Previous questions on notice talked about the way that human rights concerns in West Papua are handled. We were told that there was an understanding that the human rights situation was improving and that issues were raised with the Indonesian government through the processes between ministers and between departments. How is the assessment of the human rights situation in West Papua conducted? From the parliament's point of view, we come to you and say, 'We've heard that there are these human rights concerns' and then we hear back from you that you're considering it and you're going to raise it with the Indonesian government? Where are the sources you use and how do you do that evaluation?

Ms Heckscher: Senator, that is a good question. We've had a lot of discussion this afternoon and this morning about the complexity of case management in human rights and non-consular cases and the like right across the globe. That's certainly the case right across Asia. We spend an awful lot of time looking at human rights issues right across all the countries in my patch. In Indonesia that is absolutely the case. The situation in Indonesia's Papua provinces is highly complex. Events happen all the time that mean we have to keep monitoring, change assessments, and look at things.

The way that we and our embassy work on these sorts of cases—this is true of Papua as it is of other countries besides Indonesia—is that our embassy has a lot of contacts and we talk to those contacts all the time, both in Indonesia and outside Indonesia. We engage with civil society, with human rights organisations, academics and others who know Indonesia, and we talk non-stop to Indonesian officials as well. As I mentioned this morning in response to some questions, our embassies and our posts in Indonesia are constantly on the ground. They regularly visit in Papua as well. I mentioned this morning that the most recent visits were three visits in November. On average, various officials are visiting Papua 20-plus times a year. On the ground in Papua they talk to as many people as they can—local communities, human rights organisations, local officials and the like. It is a combination of our own assessments, the information we get formally and informally, and our discussions that help us assess what is going on. That assessment is constantly evolving. As we saw late last year with the terrible developments in Papua, things can change and things happen, and we have to be constantly engaging. Your question was: how do we base our assessments? It is from a multiplicity of sources; a continually evolving assessment.

Senator MOORE: People have come to see us about the issues that happened late last year, with concerns about the resultant fleeing of people into the higher hills and the continuing isolation of people in those circumstances. Can you give us any information about issues raised that up to 1,000 women, men and children were fleeing into the forest without food, and becoming literally internally displaced? This situation is continuing; it is a real worry about how long that's going to go on.

Ms Heckscher: I don't have with me specific information in relation to those claims. I can say, though, that allegations of human rights abuses are constantly made against both sides—both government and non-government actors. One of the major episodes last year was the killing of almost 20 civilian construction workers by armed separatists in Papua in December.
The violence and the scale of the attack were a tragedy. I think it's the single worst attack that we've seen of that kind in Papua for many years. There is violence there on both sides, and allegations of human rights abuses on both sides. Whilst I can't respond to the specific question, I can say that we talk a lot to people to get the information on which we base assessments.

**Senator MOORE:** Minister, you said that the most recent visit was at the end of last year?

**Senator Payne:** November.

**Senator MOORE:** Which was before this latest incident—

**Senator Payne:** Yes; I think that is correct. It occurred in the week I was in Bali for the Democracy Forum.

**Senator MOORE:** So there hasn't been a visit since this upsurge of violence on both sides occurred?

**Ms Heckscher:** A ministerial visit?

**Senator MOORE:** No, not a ministerial visit. You said your people visit more than 20 times a year.

**Ms Heckscher:** The last visit was the end of November and the last attack was in December.

**Senator MOORE:** Before the attack on the forces of workers and then the resultant Indonesian response to the violence. There hasn't been anybody there since.

**Ms Heckscher:** I can't tell you exactly when the next visit will be but note that visits are regular and frequent; 20-plus a year.

**Senator MOORE:** We haven't talked about the fact that Australian resources are being used to train the army and the police forces, with the idea of building skills bases and being able to work; that's the standard practice. As we have been involved in training people on the ground in West Papua, is there any monitoring of their performance in putting the training into action? We've been told in questions on notice before that we are training people in issues around human rights, peace building, and the rule of law as part of the process. When people have received that training, we know they have been stationed in West Papua. Is there any kind of involvement to see how they're doing their job and whether they are subject to allegations regarding their performance?

**Ms Heckscher:** Are you talking about defence forces?

**Senator MOORE:** And police. My understanding is that we do police as well, in terms of Indonesia—that those forces can then be deployed into West Papua.

**Ms Heckscher:** I would need to refer that question to Defence and AFP.

**Senator MOORE:** But DFAT's not involved in terms of the people who are visiting and talking, in those processes?

**Ms Heckscher:** As far as I'm aware, DFAT don't have any kind of formal monitoring of Defence and police who may have received training. We certainly engage broadly when there are visits happening from the embassy, but with formal monitoring of the type that you asked about in your question, I don't have any information on that.
Senator MOORE: Can we request that when next there is a visit into West Papua, if there is any information about the violence and the post-violence issues—the allegations of the families fleeing homes and being lost in very terrifying situations—could we get a report back about whether anyone has found incidences of that kind?

Ms Heckscher: We will certainly refer the particular issues on which you sought information to our embassy.

Senator WONG: I want to ask some questions about infrastructure financing for the Pacific, the AIFFP, and the consequential changes to or reprofiling, or however it was done, for the aid program. There was a $2 billion refinancing arrangement announced for the Australian Infrastructure Financing Facility for the Pacific. Is it correct that that's $1½ billion in concessional loans and $500 million in grants?

Ms Klugman: It consists of $500 million in grants, as you say, and $1.5 billion to be funded from the Commonwealth balance sheet. The $1.5 billion is non-concessional—non-concessional loans.

Senator WONG: Because concessional would hit the budget bottom line—correct?

Ms Klugman: We are looking at it as a package. There's the $1.5 billion non-concessional and the $500 million in grants.

Senator WONG: It's interesting that you go to both extremes. Often you would have an intermediate category as well, which is concessional loans?

Ms Klugman: Effectively, the combination—

Senator WONG: With the $500 million in grants, was there any additional funding provided to DFAT for that or has DFAT had to reprioritise from existing funding?

Ms Klugman: There was no additional funding to DFAT for the $500 million.

Senator WONG: Is that ODA-eligible?

Ms Klugman: It is.

Senator WONG: Are you reprioritising from the ODA budget?

Mr Wood: Yes.

Senator WONG: Where are you taking it from?

Mr Wood: That is currently being considered by government and will be announced on budget night.

Senator WONG: On budget night?

Mr Wood: Correct. Correct; as part of the 2019-20 budget.

Senator WONG: Is there any area which is being excluded? For example, are we saying we would not make cuts to ASEAN nations in order to fund this Pacific financing facility?

Mr Wood: I couldn't comment on that process given it's still being considered by—

Senator WONG: No. This is a policy question: is there any area that is excluded for consideration as part of what one could call 'reprioritisation'? The other is 'robbing Peter to pay Paul'.
Ms Adamson: It is fair to say that the advice that we're providing and government's consideration is to look across the breadth of our aid program. Nothing has been ruled out publicly and we are open-minded ourselves about the choices government may want to make.

Senator WONG: Who's doing that?

Ms Adamson: The department is working to provide advice in cooperation with a range of other departments as well, because obviously the profiling of it, as you said before—where it might come from, over what period and to meet what needs—are discussions being had between departments in the process of formulating advice for the foreign minister directly. And there are, as you would expect, discussions between ministerial offices about relative priorities. This is being given very careful consideration.

Mr Wood: As we commented earlier today regarding the Prime Minister's speech of 8 November, as you know, in that speech he talked about doing this from within the budget, and that necessitating a rigorous prioritisation of our activities.

Senator WONG: Can you confirm, Mr Wood, or Secretary, that the financing of the Coral Sea cable, the ODA component, was all ODA-eligible?

Mr Wood: It's ODA-eligible, yes.

Senator WONG: In part that was funded by cuts to the Indonesian bilateral program?

Mr Wood: As we discussed in the last budget estimates, there were a range of reductions and reprioritisations. Some of it was founded out of growth in the program. Some of it was funded by deferral, delay in some multi-year payments, and some part was funded by those cuts.

Senator WONG: While we're on this—I will come back to this issue—I want to confirm, Mr Wood, Secretary and Minister, Senator Cormann's evidence in Senate estimates that the medium-term saving out of the foreign aid budget—that is, the medium term to 2028-29—is $80 billion. That is, cuts of $80 million.

Mr Wood: I'm not able to substantiate that. As you know, we've discussed here the cuts that have occurred to the aid program, the fact that now the aid program is at the $4 billion level. I don't know how Minister Cormann calculated that $80 million.

Senator WONG: $80 billion.

Mr Wood: I wish it was $80 million.

Senator WONG: $80 million would be easier, wouldn't it?

Mr Wood: The $80 billion figure, yes.

Ms Adamson: I'm aware of that figure but it goes beyond our working focus at the moment. I can't independently verify it, but I wouldn't normally seek to challenge what the minister for finance has to say about the beyond out-year impacts.

Senator WONG: Can I go now to capabilities? There have been some public concerns or public issues raised about capability and expertise. There are two different propositions which have been articulated. One is questions raised about DFAT's capability to manage infrastructure financing—so I'll give you the opportunity to talk to that. I suppose another argument is that the Efic amendments will lead to financing decisions without adequate foreign policy input from the department. Both of those strands of perspective have been
something that commentators and others have raised. That's the context of my questions. I want to go first to the Eyers assessment—is it John Eyers?

Ms Adamson: Yes.

Senator WONG: I haven't seen that. You haven't released that publicly, I assume?

Ms Adamson: No. I haven't seen it, either, but I'll ask Mr Tinning, who has been doing some work on this, to answer that question.

Senator WONG: I thought it was a study led by him to consider how to progress a financing facility. It wasn't undertaken at DFAT's request?

Mr Tinning: The assessment you're talking about was a feasibility study into the potential use of non-grant instruments in the aid program. That was commissioned by DFAT.

Senator WONG: Why have you not seen it, Secretary?

Mr Tinning: It was completed very recently.

Senator WONG: 5 December 2018, The Australian report said. It goes directly to the department's capability, around the new capability that's now been announced by government.

Mr Tinning: No. The newspaper report came out before the study was completed.

Senator WONG: When was it presented to the department?

Mr Tinning: In mid-January.

Senator WONG: Why was it in The Australian?

Mr Tinning: I'm not aware.

Senator WONG: Mid-January—and it's given to whom? Who receives the report?

Mr Tinning: It was submitted to my team and it is going to our aid governance board in March.

Senator WONG: With your recommendations?

Mr Tinning: Yes, that's right.

Senator WONG: But as yet the secretary hasn't been briefed about it?

Mr Tinning: Not at this stage.

Ms Adamson: I was briefed throughout the process and was supportive of the original work being undertaken, but I haven't seen the—

Senator WONG: No, briefed on the report?

Ms Adamson: No, I have not yet been briefed on that, Senator Wong.

Senator WONG: What is asserted in the report, the public report, is that—and I quote: … the new Pacific financing facility posed major challenges for DFAT to deliver in-house.

... Mr Eyers was warned, including by the Treasury, that DFAT did not have the necessary financial expertise or systems, or the right incentive structure, to attract top investment specialists.

Mr Tinning: I'm aware of the newspaper report, but those comments are not reflected in John Eyers's report.

Senator WONG: You say it is not reflected at all?
Mr Tinning: Dr Eyers did point out issues around capability that we would need to wrestle with, but he did not comment on DFAT's existing capabilities.

Senator WONG: Secretary, would you agree this is a capability that DFAT needs to invest in?

Ms Adamson: Senator, should we go down that path, yes, we would need to. But I think it's—

Senator WONG: If you don't go down that path, other agencies will do it, and there are foreign policy implications. If DFAT is going to be the primary driver of—let's call it economic diplomacy, let's call it whatever—this sort of engagement with the Pacific, if DFAT doesn't develop that expertise, this will be run by someone else.

Ms Adamson: Let me be very clear: I want the department to be able to be capable to do this to the standard to which it needs to be done. I am given some confidence that we will be able to do that by the work that Mr Kang and his team have been able to stand up on the Coral Sea cable project—which, again, was something new for DFAT, but we were able to bring together expertise and capability from within and outside the department. If you're interested in that, Mr Kang can tell you more about it. I've said publicly myself, including at the opening session of the Australasian Aid Conference at the ANU on Tuesday, that I recognise the obvious need for DFAT to have the right capability in all respects, and not just in relation to the aid program, new ways of delivering it or new ways of financing it. Australia, in my view, does need to be doing this. Only Australia and New Zealand among OECD members do not have that capability currently.

Senator WONG: Only Australia and New Zealand do not have which capability?

Ms Adamson: The ability to run—

Mr Tinning: The capacity to deliver non-grant instruments through their aid program, such as loans, equity et cetera.

Senator WONG: I want to turn to Efic, which then goes to the DFI prospect, but this is a slightly different issue that I want to raise. This requires expertise and capability which need to work alongside the more traditional DFAT capability, but it is a very different set of skills. I'm not trying to be critical but it is a different set of skills for Foreign Affairs officials.

Ms Adamson: Yes, it is, and it needs to work not just alongside but actually hand-in-glove with, in a very integrated way. We're very aware of that in our capability development. The reason Mr Sloper has come to the table is because he is actively engaged in helping to build the capability we will need.

Senator WONG: Can I ask this—I'm just conscious that we haven't got an enormous amount of time; Mr Sloper is very keen to make sure we finish on time!—have you considered, Secretary, making sure that the right message is sent, in terms of implicit and explicit incentives, in the department around this sort of capability as to whether or not, in fact, at your most senior leadership level you need to demonstrate, via appointment or someone at that level having this kind of background—

Ms Adamson: The short answer is yes. Of course, I lead the department, and I have from day one been very supportive—openly supportive—including actually messaging through estimates to our staff the importance that we attach to it, if I can be so bold as to say that.
Senator WONG: That might be a common habit!
Senator Payne: You are moving into megaphone diplomacy there!
Ms Adamson: That's at my level. At the deputy secretary level, of course, Ewen McDonald, when he held that role—
Senator WONG: I have enormous respect for Mr McDonald.
Ms Adamson: and Clare Walsh—
Senator WONG: I know Ms Walsh as well. I have enormous respect for them. I am simply asking whether or not it is important to demonstrate—this is a matter for you—that we don't just want the traditional DFAT officer career; we need people from outside who actually know how to leverage financial assistance in different ways, who can work alongside us and use this as a very substantial diplomatic tool.
Senator Payne: I think all of this work absolutely demonstrates that recognition.
Senator WONG: Did you really want to say something, Mr Sloper? No. Regarding Efic, you've read, I'm sure, Mr Howes's concerns about Efic. Was it Lowy? I can't remember where I read it.
Ms Adamson: Debt policy, I think.
Senator WONG: Yes, debt policy. That's right. He said, summarising: 'Risk of Australian business colluding with interests in the Pacific to push specific projects. Efic's lack of capacity to mandate to assess domestic infrastructure policy frameworks and to push for policy reform in host countries. No requirement for Efic finance projects to demonstrate development benefit for recipient countries and overlap between Efic and AIFFP.' Do you share those concerns? Do you think they are risks? Do you think that they can be appropriately managed in the existing structure?
Ms Adamson: The answer to that is I read—as I always do, actually—Mr Howes's critiques or his suggestions or his views on things. Obviously he remains, in some respects, in close contact with the department. I'm going to ask my experts to deal with the specifics of this in a logical way that answers your question because I think some of what he has said is based on an incorrect reading of what it is that the government's actually planning to do. I am confident that we can deal with the issues that he's raised. Some of them stem from a misunderstanding, perhaps, of the role of Efic, the work of Efic—exactly what it does and what its track record is. This is potentially quite a complex issue and that's why I've got an inordinate number of colleagues at the table to help me, but I'm going to ask them to do that because I think we can probably reasonably quickly deal with the issues that you've raised having been informed by Mr Howes's commentary.
Mr Wiblin: With respect to the changes to Efic's power on infrastructure, that is meant to have a commercial focus. They are looking at opportunities in the region which are commercially viable, which will provide some form of benefit back to Australia, and that Efic will support on a commercial basis. It's complementary, we consider it, to the AIFFP which has more of a development—
Senator WONG: That is not really an answer to the issues he raises. I'm familiar with Efic, and obviously when I was finance minister we made various provisions for it. But that's not really an answer to what he's pressing. In fact, what you just said is almost directly one of
the issues that he says, which is: there is no requirement for Efic finance projects to demonstrate development benefit for recipient countries. That's not a moral point; it's a logical point flowing out of what the remit is.

Mr Wiblin: The funding that Efic would be providing, or the support, wouldn't be, strictly speaking, development funding. However, Efic, as part of its due diligence, requires taking account of things like sustainability—debt sustainability of the countries that it lends to, which includes issues such as: does it provide a net positive return to that country? It follows the OECD sustainable development guidelines.

Senator WONG: What is the process by which they—whoever the investment decision is made by in Efic, or the financing decision—actually make that assessment? Presumably DFAT will be able to provide some information about that that goes to that point?

Mr Wiblin: Debt sustainability analyses are based on World Bank data.

Senator WONG: It is not just debt sustainability.

Mr Wiblin: The decisions are made on the commercial account of Efic under the authority of their board. They have their own internal processes for due diligence on the various factors, be it social factors, environment factors and debt sustainability factors. But with respect to the exact process they follow and to that degree, that's probably a question that Efic would be best to answer.

Senator WONG: I'm asking a policy question. I'm asking a policy question about how some of these issues will get assessed by Efic, given that the knowledge to deal with some of the risks that are identified by Mr Howes, or referenced, and some of the benefits, or to ensure the benefits that he's describing—and this goes beyond debt sustainability, although I appreciate that that's a major risk—presumably are matters that DFAT officials are going to have more knowledge of than someone sitting in Canberra. No?

Mr Tinning: Maybe I can try to clarify it in terms of the role of Efic in relation to the AIFFP vis-a-vis the additional capital Efic will have on its commercial account. With regard to the AIFFP, which is a development program, as Kathy has described, coming from both the aid program and non-concessional loans, DFAT will play a major decision-making role in terms of development impact, social safeguards, debt sustainability et cetera. Efic will play a back-office function in terms of signing contracts and due diligence and the things that it does well and has a long history of. That decision-making will have a separate process to the Efic board, which will decide what happens on the Efic commercial account.

Senator WONG: But the $1.5 billion is the commercial account?

Mr Tinning: No.

Senator WONG: How much is on the commercial account?

Mr Wiblin: The commercial account is an additional callable capital of $1 billion in addition to Efic's existing capital resources.

Senator WONG: An additional billion dollars on the commercial account. This is included in the $1.5 billion?

Ms Adamson: No.

Senator WONG: A $1.5 billion non-concessional loan to the AIFFP, $500 million in grants and then the additional billion-dollar funding on Efic's commercial account?
Ms Adamson: That's correct, Senator. Although we're talking about billions, they do quite different things.

Senator WONG: Yes, I understand.

Ms Adamson: The additional capital will enable Efic to increase its counter-party and country limits to more commercially meaningful amounts. What we discovered was that in places like PNG it was approaching its lending limit on its export financing role. What it will mean is that this additional callable capital will enable it, in addition, assuming that the legislative underpinnings or regulatory underpinnings for this are all completed as they need to be—and Efic will be able to give you an update on that—to make decisions on infrastructure in a way it wouldn't previously have done. That additional callable capital could work on the export finance side or it could be used on this side. But that provides a basis for Australian companies or other companies—

Senator WONG: What do you mean by 'this side'? You said that the additional callable capital could be used by Efic or 'on this side'. What's 'this side'?

Ms Adamson: That additional callable capital—if I'm correct, and I'll ask my colleagues to make absolutely sure I am—enables Efic, in the various work that it does, both export financing and in future this kind of infrastructure construction work, to do more with PNG on both counts if it chooses to. It is not mandated or dedicated, but it just means the limits that Efic would otherwise have come up against, the buffers, have now been expanded and that provides more opportunity when it comes to helping meet the region's undoubted very substantial infrastructure needs.

Mr Wiblin: What the secretary said is exactly correct. It contributes to Efic's total capital resources available, against which it can lend facilities on. It follows APRA guidelines with respect to things like country and counter-party limits.

Senator WONG: That doesn't actually go to the policy concerns that Mr Howes has made, though. That's a prudential measure. I get that. I don't get all the accounting about that, but I understand it conceptually. I identified or outlined four risks that Mr Howes has raised. Tell me why you don't agree with them or how they're being managed?

Mr Wiblin: The approach of Efic is to work on commercially viable transactions. Where infrastructure is being implemented which makes a normal commercial return and which will be a commercial proposition, it evaluates that in accordance with its normal due diligence standards. Due diligence is very rigorous and robust. It includes environmental and standard social issues as well as, as I said, debt sustainability. So it would do that in accordance with its normal processes to ensure that—

Senator WONG: Do you think—sorry.

Mr Wiblin: I was just saying: to ensure that any transaction it enters into is not only commercially viable but is in the interests of the country at that broader level.

Senator WONG: We can probably ask Efic some of this. But how does anything you say manage the risk or mitigate the risk of Australian businesses colluding with interests in the Pacific countries to push specific projects?

Mr Wiblin: The evaluation Efic would have to take would have to be that it was a commercial proposition and that, under debt sustainability guidelines, it had a net positive
benefit towards that country. Anything that didn't meet those rigorous guidelines and that rigorous assessment of Efic wouldn't be supported.

Senator WONG: Isn't the issue that commercial benefit and development benefit are not necessarily precisely the same thing?

Ms Klugman: Neither are they necessarily mutually antagonistic.

Senator WONG: No, I think there's a Venn diagram. I think that's true. One can imagine that there might be projects which might generate money, but you would not necessarily think the development return on them would be as great as another infrastructure project.

Ms Adamson: I think that part of the problem in the Pacific, or what it is that we're trying to address from a number of different angles, is that, for whatever reason on the part of Australian companies and some others, there hasn't been a great deal of interest in projects. We want to help build that interest; to help finance that interest and provide, across the region, whether it's governments or businesses, a wider range of options than they currently have to help develop infrastructure of a wide variety of kinds in line with the sorts of things that we're doing.

Senator WONG: Every time I ask you about Stephen Howes' concerns you talk to me about the commercial viability of projects. Is that actually your answer—that the issues that he raises are dealt with because Efic has to ensure the commercial viability of the project it funds? Is that a summary?

Mr Wiblin: That, plus the due diligence they already undertake with respect to debt sustainability, environment and other factors when they do a project.

Senator WONG: Right. But you can't point me to any—and this may not yet be the case—changes to their due diligence assessment which would ensure that the breadth of information that needs to be integrated into that due diligence process is changing?

Mr Wiblin: Not as yet.

Senator WONG: Is that something that DFAT is pressing for?

Ms Adamson: I would say that we want this to be successful, and that means the development outcomes need to be part of it. We're reasonably well developed but still, nevertheless, at an early stage in this. I sit on the Efic board and Christopher Langman is my alternate. In our engagements with the board we certainly want to generate conversations around these things. In my experience also, Efic board members, or the board itself—and the CEO, Ms Swati Dave, can talk to you this evening—are concerned to understand the broader context in which they're making these sorts of financing decisions.

Mr Tinning: When it comes to the AIFFP, the ODA eligible part of the initiative, it will have development measures that will be above and beyond what normally happened on Efic commercial account.

Senator WONG: Yes, it will. So just in terms of the international progress on these, I think a number of OECD countries have established a development finance corporation or development finance initiative. The US has, it's called, the BUILD Act.

Mr Tinning: That's correct.
Senator WONG: Does Dr Eyers' report or has the department considered a DFI model for bringing together—I assume it would essentially bring together—the various components that you have just described into one institution or one entity?

Mr Tinning: Dr Eyers' report covers both the range of international experience with these types of mechanisms and also canvasses a range of options that the Australian government could consider.

Senator WONG: Mr Wood couldn't assist me with the $80 billion. Have we got any update to the percentage of GNI figures? I think we had 0.2 per cent this year and in 2020, and 0.19 per cent of GNI in the final year of the forward estimates. Is that correct?

Mr Wood: That's correct. There hasn't been any change to those numbers. We will obviously update them at the 2019-20 budget.

Senator WONG: I can always try because I know you know them. Can you provide me with the revised table of the spending by region and country, Mr Wood? Can I have that first at least on notice?

Mr Wood: Yes.

Senator WONG: You said you couldn't correlate with Senator Cormann's statement. I'd like your response to it. Can the department, on notice, confirm the total quantum of ODA spending cut under the government over the medium term?

Mr Wood: We can provide you with a response that summarises the ODA cuts that have occurred since the 2013 election.

Senator WONG: I can probably work them out myself, and I'm very happy to receive them. His evidence is out to 2028-29. You can look at his estimates. Why don't you do that to 19 February 2019? He gives a figure of net saving of $80 billion over the medium term to 2028-29. I assume what he's looking at is the previous trajectory and then determining what the quantum of saving is from the fact it's been frozen and in real terms declining as a proportion of GNI.

Mr Wood: Yes, we can look at that.

Senator WONG: Thank you very much on that. I have a fair bit more—and people may wish to come back to me. I just want to go to the South China Sea now, please. We've had a range of discussions I think on a previous occasion about the code of conduct on the South China Sea. Can you update us as far as you are able on current process and timeline, Mr Green?

Mr Green: Yes, I can. I guess the main recent development has been the clear indication from parties principal to the code of conduct negotiations that they have an ambition to settle the code within three years and that the first step is a complete read through of the current single draft of the code, with an ambition this year to complete that first read through which mostly, in accordance with the information we've got, is to create a text that is clearer, that has fewer points of redundancy and that starts to shape what the key issues are.

There are four negotiating sessions settled for this year for the code of conduct negotiations. The first one I think will be held in coming days. We, of course, stay in touch with a number of the parties. I have the impression from some of those we speak to that the negotiations might move a little faster than we had thought in the past. That's an impression I

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE
have. I wouldn't like to be held to it but that's the impression that we have from speaking to the parties.

You will recall from my previous evidence that there are a couple of issues that give us substantial concern about the code and the draft that has been put forward. They relate in particular to a provision that would exclude parties not to the code itself to be involved in a natural resource development or potentially exclude those other parties from military exercises. Both of those provisions we have concerns with, and they have been expressed. We also want a code that makes a genuine contribution to avoiding rising tensions and to the de-escalation of incidents where they occur. We're also keen that such a code would reinforce and not take away from the current architecture of the region and, in particular, ASEAN centrality. Those are the key points that I would like to make.

Senator WONG: That's very useful. In terms of exclusion of parties from either military exercises or resource exploration, essentially is that a subset of the overarching principle I think you enunciated previously, which was that one of the things Australia seeks—obviously we're not a party to these negotiations but our position would be—is that the code does not prejudice the interests of third parties or the rights of all states under international law, including all costs?

Mr Green: Yes.

Senator WONG: And those suggestions would do that? The suggestions that certain parties be excluded would be to give those parties lesser rights than existing under international law?

Mr Green: That's correct.

Senator WONG: So I was going to ask you whether your assessment is that the current single draft meets the three principles that you outlined on the previous occasion. I think we have established that it certainly doesn't reach, currently reflect or is not consistent with the first. I think the two other points you made were: regional infrastructure, ASEAN centrality, and parties' commitments to de-escalation or strengthening the parties' commitments to cease actions that would complicate or escalate disputes, including militarisation.

Mr Green: That's correct.

Senator WONG: Are you able to tell us whether or not you think the current draft reflects that or would you rather not?

Mr Green: The current draft, as we understand it, is a series of provisions put forward by a range of parties. It's not at this point, I think it fair to say, a fully integrated document that presents as a draft, is getting ready for signature—it's not in that category at this point.

Senator WONG: A position or view or advocacy around legally binding?

Mr Green: Excuse me?

Senator WONG: Australia's position in relation to whether or not the code is legally binding?

Mr Green: Australia's position remains that we want a code that doesn't prejudice the interests of third parties or the rights of states under international law, UNCLOS; that reinforces existing regional architecture and ASEAN centrality; and that strengthens parties'
commitment to cease actions that would complicate or escalate South China Sea disputes including militarisation. A code that met those criteria should be legally binding.

Senator WONG: There's a lovely circularity about this conversation. I'll leave that. FONOPS—I assume you saw my questions of defence yesterday.

Mr Green: I did.

Senator WONG: I understand, and I think this is a fair representation of the answers, that the position of the defence department was that Mr Pyne's statement represented what they described as a change in language—I think that was Secretary Moriarty's words—or slightly different formulation.

Mr Green: The key takeout from the evidence that I saw given by Defence colleagues yesterday was that—

Senator WONG: There was no change in substantive position; hence there was a change in language.

Mr Green: It didn't represent a change in policy.

Ms Adamson: That's correct.

Senator WONG: Do you know why, or were you consulted on the change of language and/or formulation before the speech was made?

Mr Green: DFAT saw drafts of the speech.

Senator WONG: That's not the question.

Mr Green: No. We were not specifically consulted on the language that you refer to, though, as defence colleagues have said yesterday, those lines are consistent with existing policy.

Senator WONG: I just wonder why. Do you have any concerns? Were there any concerns that have been expressed from the portfolio?

Mr Green: No.

Senator WONG: This is a highly sensitive issue. Mr Ciobo wasn't disciplined, but that's a different issue which I dealt with on the last occasion. But generally—

Senator Payne: I think you have had one or two of your own variations.

Senator WONG: I think I have been very consistent.

Senator Payne: Not you personally.

Senator WONG: No, I'm actually genuinely interested.

Senator Payne: You and I have both been very consistent.

Senator WONG: We have. 'Boring' some might say.

Senator Payne: Never!

Senator WONG: Yes, I think we have been.

Senator Payne: God forbid!

Senator WONG: Sometimes boring is good, right! But I am interested whether there is a conscious decision to change language—or what you read into that. Maybe I'll ask you this:
how do you think others read it? How do you think other parties would have read it, that change in language?

**Mr Green:** I think they would be following the debate which has occurred, including the statements that were made yesterday by defence and today by me that it represents no change in policy.

**Senator WONG:** Did the department seek any clarification of that after the speech was made?

**Mr Green:** Yes. There have been discussions between Defence and DFAT about that language and what its implications were.

**Senator WONG:** When did those discussions occur?

**Mr Green:** In the immediate aftermath of our speech. Those discussions have concluded that the statement that the minister made is consistent with existing policy.

**Senator WONG:** Did any of our regional neighbours or regional countries seek clarification about the meaning of the speech?

**Mr Green:** Yes, I believe they did.

**Senator WONG:** Who?

**Mr Green:** The People's Republic of China.

**Senator WONG:** Any South-East Asian nations?

**Mr Green:** Not that I'm aware of.

**Senator WONG:** I'm not going to go to the content of that discussion. I just want to know the timing.

**Mr Green:** I can't recall the exact date. From recollection, within days, perhaps a week after the speech was given.

**Senator WONG:** Was that at an official level?

**Mr Green:** Yes.

**Senator WONG:** Or more senior?

**Mr Green:** Official. Not at a senior official—

**Senator WONG:** DFAT Canberra or—

**Mr Green:** It happened in the Department of Defence.

**Senator WONG:** Can we start with a short assessment of the state of democracy in Cambodia?

**Ms Heckscher:** I am contemplating the question, which is a big question—the state of democracy.

**Senator WONG:** It was deliberately open. I wasn't trying to be pointed. Just give us an update.

**Ms Heckscher:** The current situation is much as it was the last time we had the discussion. We had the elections in the middle of last year, where the opposition parties had been disbanded and were not able to compete. There have been some improvements since then. That was some time back. We had expressed concerns at the time and—I'm looking for
the exact information—there have been some more positive developments since then. Apologies.

Ms Adamson: There have also been negatives. We take some encouragement when positive steps are taken, but the overall picture is pretty negative.

Senator WONG: There were discussions about targeted sanctions et cetera; I don't propose to re-traverse those. But I did want to get an update on the European Commission process, and your assessment about the potential consequences of that?

Ms Heckscher: The EU—I'm looking for the exact dates of this—has announced that it's reviewing the trade preferences Cambodia receives as a lower income developing country.

Senator WONG: This is the one-year or 18-month review of whether the existing preferential tariff arrangements—I don't know if it's duty free or they just get reductions—for Cambodia should be reassessed in light of the human rights and political situation there? Is that a summary?

Ms Heckscher: It's a much better summary than I have given.

Senator WONG: The EU is one of Cambodia's largest markets, correct?

Ms Heckscher: Yes.

Senator WONG: They obviously have to go through that process. Do you think that process and the possibility of an economic penalty—it's not a technical sanction, is it?—would have any impact on the Cambodian government's behaviour?

Ms Heckscher: A number of factors, that being one of them, are going to have a negative impact on the Cambodian economy. That, plus FATA reviews that might put Cambodia back into—I'm going off the top of my head here—the grey category. A number of things will impact very hard on Cambodia's economy. It isn't clear yet how Cambodia will react to that, if at all. If they don't respond to this process with the EU and discuss how to maintain those preferences from the EU then that's the big shock the EU has to play in this debate. I don't know how well that's going to go. It's a significant issue for Cambodia to consider, because it will have a big impact on their economy. The extent to which they're able to find the kind of economic investment and the financial sort of issues that they need to replace that is very unclear. I don't think we have done a specific assessment about how Cambodia is likely to respond to this.

Senator WONG: No. I assume we will engage with the EU about this—getting some information about the capacity or the likelihood of the Cambodian political system to respond in ways that, we would hope, would be important; correct?

Ms Heckscher: Absolutely.

Senator WONG: In terms of the questions Senator Di Natale asked you—obviously he's talking about a different lever—that is an assessment that needs to be made?

Ms Heckscher: It is. On Cambodia, as with many of the countries in South-East Asia, we are regularly talking to all our normal like-mindeds to assess what different tools in different people's toolboxes we can potentially all use that might assist.

Senator WONG: That is a Secretary Adamson term—she often talks about 'toolboxes'. Thank you for that. I don't have anything further on that. Can I go to North Korea? I think the second summit is being held next week?
Mr Fletcher: That's correct—27 and 28 of February.

Senator WONG: Can you give me an assessment of what you think some of the likely outcomes of that might be?

Mr Fletcher: Frankly, we don't know. Unlike the first summit, in the intervening nine or 10 months, there have been a number of meetings between senior US officials and their North Korean counterparts. I think both sides are clearer now as to where the parameters are and the negotiation that needs to happen. The problem that we're dealing with has been decades in the making. It's not going to be fixed in a few months or even a year; it's going to be a lengthy process. There is scepticism about the bona fides of the North Korean commitment to work towards complete denuclearisation—we're not certain what that really means. But where we are is a better position than where we were this time last year.

Senator WONG: Because of the language, actions, testing, et cetera—the activities of the regime?

Mr Fletcher: Yes—and refusing to engage on the topic that the rest of the world wants them to engage on. They're now saying they will engage on that. The US has a tough job ahead of it to put that fairly vague commitment into something real and concrete.

Senator WONG: President Trump has said that North Korea will become a 'great economic powerhouse'. Are you anticipating, or do we have any sense of the possibility of, lowering sanctions, or other economic concessions being on the table?

Mr Fletcher: Yes. Part of a comprehensive settlement of this issue sees North Korea comply with UN resolutions, re-join the international community, and do what they should have done 50 years ago, which is develop their economy.

Senator WONG: Correct. But is there any serious prospect of North Korea agreeing to CVID?

Mr Fletcher: Yes, there is—a slim prospect.

Senator WONG: A slim serious prospect.

Mr Fletcher: Is it likely quickly?—no, it's not. Do I think the US is serious? Yes, they are. Are they prepared to put in the effort to get there? Certainly. It may not be one smooth process. There may be more stages.

Senator WONG: We can all probably agree that's unlikely. President Trump announced that the US will withdraw from the Intermediate-Range Nuclear Forces Treaty. How did the Australian government become aware of that decision?

Ms Gorely: The Australian government became aware of the US proposal to suspend its obligations under the INF Treaty in December, when the US government indicated it was contemplating that.

Ms Gorely: The Australian government became aware of the US proposal to suspend its obligations under the INF Treaty in December, when the US government indicated it was contemplating that.

Senator WONG: This is a public indication, or private?

Ms Gorely: I am not sure about that. Certainly we observed the public announcements, but we have regular exchanges with the US government on these sorts of matters, so it may have been raised with us privately as well. I would have to get you further information on that.
Senator WONG: That is the possibility. Were we advised of their decision to withdraw prior to the announcement?

Ms Gorely: We were aware shortly prior to the announcement that the announcement was impending.

Senator WONG: Did we know what the announcement would be?

Ms Gorely: Yes; that they would suspend their obligations—

Senator WONG: That was done at official level? How were we advised?

Ms Gorely: We were advised through our embassy in Washington.

Senator WONG: There is a history that has been asserted about Russia's non-compliance with the INF Treaty. Is it your assessment that those assertions as to Russia's non-compliance with the treaty are well-founded?

Ms Gorely: Yes.

Senator WONG: Is it your assessment that prior to this announcement of suspension the US had or had not been complying with the treaty?

Ms Gorely: It's our assessment the US was in compliance with the treaty.

Senator WONG: This may have been a possibility for some time. Your evidence is that in 20 December 2018 you became aware of the possibility. Did the Australian government, at whatever level, make representations to the US encouraging continuation of participation in, and compliance with, that treaty?

Ms Gorely: We have regular discussions with the US on these sorts of issues. We think it's regrettable that obligations under the treaty have been suspended by the US and Russia, but we completely understand the reasons why the US took that step—because of Russia's noncompliance with its obligations under the treaty.

Senator WONG: Senator Payne said in reference to the US decision—'We expect and encourage them to return to a compliance stance.' What steps have we taken to do that—if any? Representations?

Ms Gorely: Encourage Russia to return to a compliance stance?

Senator WONG: To be fair to her, I think Senator Payne was—this was in an interview post the US decision-making the broader proposition that, of course, we want compliance, and in relation to the US we would encourage them to return to a compliance stance as well. I am asking whether that has been reflected in representations which have been made by the Australian government.

Senator Payne: I think I was referring to Russia, Senator. I don't have the transcript in front of me.

Senator WONG: Surely, you would want the US to comply, too?

Senator Payne: Yes, of course, but in that specific reference it was Russia.

Senator WONG: Broadly, have we made representations to both parties or not?

Ms Gorely: No, because we don't consider the US was in noncompliance, so we would not be—

Senator WONG: No, but suspending it is walking away from it.
Ms Gorely: Suspension is a first step towards withdrawal. There's a six-month period now before withdrawal would take effect. The US has said clearly that it would welcome Russia coming back into compliance in that six-month period.

Senator WONG: How do you view, essentially, the failure of this treaty in terms of the efforts to progress nonproliferation and disarmament?

Ms Gorely: Obviously, it's not a good development when you have what has been a key non-proliferation treaty, a successful treaty, coming into a situation where the two key parties have suspended their obligations under the treaty. As with any non-proliferation treaty, it's only as good as the parties to it complying with their obligations. We understand why the US, after many years of calling out Russian noncompliance, felt the need to take this step.

Senator WONG: Chancellor Merkel called for multilateral talks to progress a multilateral treaty. I'm not sure about the detail or the remit of that, or the scope of that, but does the Australian government support the negotiation of a multilateral treaty in light of the suspension and noncompliance with the INF?

Ms Gorely: I think Chancellor Merkel's statement was a statement of principle, that she would support the development of a multilateral treaty that would bring in other countries that are engaged in a build-up of these weapons. Certainly, Australia would be open to considering the idea.

Senator Payne: If it contributes to nonproliferation, we will.

Ms Gorely: Yes, exactly. If it makes a positive step towards nonproliferation then the idea of a broader treaty, which includes countries other than the US and Russia, would certainly be a welcome development.

Senator WONG: But it was a statement of principle that hasn't led to any further diplomatic activity. Is that a reasonable—

Ms Gorely: That's true; not at this point, Senator.

Senator WONG: You never know with headlines, but there is a suggestion that President Putin has vowed to target the US if American missiles are deployed to Europe after the collapse of a key arms treaty, which is the INF. Can you give us any information about this?

Ms Gorely: I certainly saw a media report to that effect this morning, where President Putin, in a speech, made comments to that effect.

Senator WONG: This is in response to the possibility of deployment of further weapons in Europe?

Ms Gorely: Yes.

Senator WONG: Thank you very much. On climate, do you have a climate change strategy yet?

Mr Suckling: We have a failed draft of the strategy.

Senator WONG: Mr Suckling, I know you are the messenger, but I do want to go through this. In July 2016, DFAT's Development Policy Committee endorsed the development of a framework and implementation plan for climate change and development. In July 2017, the former minister agreed to develop a climate change strategy. In June 2018, DFAT said you were still working on it, and it would be published by the end of 2018. In July 2018, it went
through the department's internal governance board. In October 2018, the next step was to consult with external stakeholders. But with the date given previously, of towards the end of the year as a realistic time frame, we are now in February, so where are we at?

Mr Suckling: That time line is correct. We have been developing the strategy. As you know, we were consulting externally on the strategy last time we spoke at Senate estimates. That process has happened, inputs have been reflected and the draft is complete.

Senator WONG: It is where?
Mr Suckling: The draft is currently with the minister.

Senator WONG: Will it happen before an election, Minister?

Senator Payne: Senator, the draft—

Senator WONG: The entirety of the term?

Senator Payne: The draft came to my office 10 days or so ago, and I'll obviously deal with that accordingly.

Senator WONG: Do you have any concerns about the failure of the government to act promptly on this matter, and what that says to our Pacific neighbours?

Senator Payne: We are in regular communication, as you well know, with all of our Pacific neighbours on a whole range of issues, including climate and the challenges that they face. We are very focused on adaptation and resilience in all of our development assistance delivery in the Pacific. In the last two weeks I have been in the Solomon Islands, Tuvalu, briefly in Vanuatu, and New Zealand. Senator Ruston is, as we speak, in Palau. Our focus is considerable and it is very responsive to concerns that are raised with us in relation to climate matters. As I said, the strategy itself came to my office 10 days or so ago and, in the context of that travel, I will consider it as soon as I possibly can.

Senator WONG: Do you agree with the views of Fiji Prime Minister Bainimarama that, with respect to Prime Minister Morrison's visit last month, 'Here in Fiji, climate change is no laughing matter'?

Senator Payne: I don't think anyone suggests it is.

Senator WONG: Have people—

Senator Payne: It was an extremely successful visit, I must say.

Senator WONG: Have any of your counterparts, or have others at official level, raised again Mr Dutton's previous comments? Remember his joke from 2015? 'Time doesn't mean anything when you're about to have water lapping at your door'?

Senator Payne: I'm not aware of any comments of that nature.

Senator WONG: He definitely made them.

Senator Payne: I know that.

Senator WONG: You remember it and they do remember it. I just wondered whether—

Senator Payne: You said, 'Has anyone raised it?' I said that I am not aware of any comments of that nature.

Senator WONG: That wasn't what the 'laughing matter' comment was in reference to?
**Senator Payne:** I wasn't with the Prime Minister and Prime Minister Bainimarama. I do know that the success of the visit to Fiji and the enhancement of our relationship, the 'vale', has been a very important step.

**Senator WONG:** I will defer to my colleague.

**Senator KITCHING:** Can we turn to Saudi Arabia and Yemen? In November last year, Labor issued a statement on the conflict in Yemen calling on the government to assure itself that any Australian military cooperation in the region, including defence equipment sales, does not inadvertently contribute to the suffering of the Yemeni civilian population. Yesterday, in Defence estimates, in response to a question about whether Australia was considering a ban on weapons sales to Saudi Arabia, Senator Payne, you stated that we keep those matters under review. What is the review process? How does it work?

**Senator Payne:** Government, across relevant portfolios, is always considering and reviewing our engagements based on circumstances. That would include the matters which were raised yesterday in Defence estimates.

**Senator KITCHING:** Has the government assured itself that the defence equipment sales are not inadvertently contributing to the suffering of the Yemeni people—the Yemeni civilian population?

**Ms Yu:** My colleague Ms Gorely can talk more about DFAT's input into the defence exports and how DFAT provide our input. Certainly, with regard to this particular issue, we are also extremely concerned about what is happening in Yemen. For example, just in the last six months, we have made 12 different representations and public statements about our concern to all of the players, the parties to the crisis, to ensure that that can be settled. Certainly, with respect to the latest development around the military withdrawal commitment with the UN Special Envoy for Yemen, the envoy's leadership has been quite promising, and we're monitoring that very carefully. At this point it would be best for me to defer to my colleague, so that she can talk about the input that DFAT provides in consultation with areas like ours.

**Ms Gorely:** The Department of Foreign Affairs and Trade plays a role in the process of defence exports in the circumstances where the Department of Defence refers export requests to the Department of Foreign Affairs and Trade. We certainly aren't involved in the approval of all defence exports, just a fraction of those that are considered more complex. The process that we follow is a very rigorous one. We assess any export permit application against our obligations under the Arms Trade Treaty, which involves an assessment of whether or not that export is likely to lead to a breach of our international humanitarian law or human rights obligations in a particular country. It involves consideration of a range of different issues, including the likely end use of the product. It involves consideration of issues like regional security and international security, as well as Australia's foreign policy and bilateral interests. It is a process that involves rigorous examination of a range of factors. At the conclusion of that process DFAT will revert to the Department of Defence, but the final decision on whether or not to grant that licence is one for the Department of Defence and the Minister for Defence.

**Senator KITCHING:** Are any of those considerations considered more important than others? With the list that you've just given, for example, obligations versus—
Ms Gorely: Certainly, our international obligations under the Arms Trade Treaty are considered of very high importance, because Australia does not want to be in a situation where we are in breach of our international obligations. That's something we take very seriously.

Senator KITCHING: The US congress voted earlier this week to suspend US arms sales to Saudi Arabia for use in Yemen. It's not clear but it seems that the President might veto that. The UK parliamentary International Relations Committee has issued a unanimous report describing Saudi arms export sales as unlawful. In light of those decisions and findings by our key allies, has the department provided any briefs or advice to the minister about possible implications for Australia's engagement?

Ms Yu: That would be a matter for the Department of Defence, Senator.

Senator KITCHING: But not to your minister?

Ms Yu: We have not provided advice, no.

Senator KITCHING: Has the department sought information or updates from London or from Washington, from those posts, about those findings?

Ms Yu: I'll have to check that.

Senator KITCHING: Will you come back? You will take it on notice?

Ms Yu: I will attempt to come back.

Senator KITCHING: I think Senator Singh has some questions about the same area of the world.

Senator SINGH: I refer to the situation in Yemen and particularly whether or not Australia has provided any humanitarian aid to the situation.

Mr Isbister: The Australian government has provided assistance to the human crisis over the last two financial years. It provided just over $16 million last year and $10 million before that, so $26 million over the last two financial years.

Senator SINGH: What about going forward?

Mr Isbister: There's a high-level Yemen pledging conference next week, and we will look at making a commitment broadly in line with the funding commitments we've provided to date.

Senator SINGH: So how much will we be pledging?

Mr Isbister: It'll be announced next week at the pledging conference.

Senator SINGH: You can't share that ahead of schedule. What, where and to whom is our humanitarian aid assistance money going to?

Mr Isbister: It has predominantly gone to the World Food Program, UNICEF and Save the Children. It has predominantly been focused on, obviously, meeting the needs of the challenge around malnutrition in terms of the many vulnerable groups displaced by the ongoing conflict and fighting, and also with ICRC trying to provide health support, and UNICEF. As you know, there was a fairly large cholera outbreak. Fortunately, the trends have at least dropped, but it still remains a challenge and of concern.

Senator SINGH: It's devastating. While we're still in this region—it may be to you, Mr Isbister—I might ask about Syria. I understand that at last estimates the department indicated
that $127 million of the $220 million that had been committed by government to aid in Syria and in the region had been spent. I just wonder how much more has been spent to date.

Mr Isbister: Of the $220 million package that you're referring to, we've now expended $146 million.

Senator SINGH: I think it—that $220 million—was intended to last to the end of this financial year.

Mr Isbister: It was over a three-year period. I think it started in September. It was announced in September 2016. The bulk of it will be spent by the end of this financial year.

Senator SINGH: Are we intending to renew funding for aid to Syria?

Mr Isbister: We certainly continue to monitor the situation and look at what we are doing. We are in the process of looking at what further package or support assistance we may provide. Obviously, there is the ongoing conflict and the situations in parts of Syria. The package will look at what balance we have in terms of providing assistance inside Syria and the ongoing work we've had in Jordan and Lebanon. The answer is yes. Exactly what that will be is still being worked through.

Senator SINGH: What kinds of mechanisms have we used, if any, to evaluate the aid we've provided so far?

Mr Isbister: As part of the multi-year package, we have increased our humanitarian resources at our key posts, particularly in Beirut and Oman. Those offices and posts won't have a primary responsibility in terms of the ongoing engagement with the partners that we're providing funding to. We regularly have high-level consultations with those agencies that we are funding, looking at what the impact our support is having and how well those agencies are collaborating together in response to it. At the moment, right now, we've actually got a review of the current package which is informing what we may do on the completion of the $220 million.

Senator SINGH: Finally, I know that there was a published document by DFAT called 'Syria Crisis Humanitarian and Resilience Package—Design'. It focused on major priorities for Australia's assistance in relation to gender equality, women's empowerment, disability inclusiveness and protection. How successful have we been in our humanitarian assistance on those fronts?

Mr Isbister: I'll make a general comment in terms of what we know from our ongoing monitoring and reporting. The review that I've mentioned will give us a much clearer idea of exactly how well we're progressing on those issues. Again, the situation inside Syria for those IDPs and the situation for refugees in Lebanon and Jordan is quite different. In terms of the focus we've had around disability, which has been quite a strong focus for the government over more than a decade, I think the measures are that it's tracking okay but it could be doing better. I think the issue always with that is trying to ensure that we are fully understanding and partners are getting access to people both physically and mentally impacted by the conflict. On gender, again, I think we're making headway but we've still got a way to go. Particularly on the humanitarian area, it is one of the most difficult ones because there are a range of issues around cultural aspects to be dealing with. It's about ensuring that we've got partners who have the expertise and knowledge to be able to deal with that. What's clear to us is that those we are selecting are the ones who have the best capacity to respond to some of that.
We have deployed, through Australia Assists, quite a range of civilian deployments to work on partners to strengthen their gender protection and better understanding around disability inclusion in those priorities that we've highlighted. I think on protection more broadly across the whole Syria thing and the humanitarian coordinators, both inside Syria and in Jordan and Lebanon, it has been clear that it remains a very real problem. The ongoing fighting, obviously, is one of the most prominent issues around undermining protection of particularly women and children.

Senator SINGH: Does the government have any more plans to bring in further special humanitarian refugees from Syria?

Mr Isbister: That's a question probably for Home Affairs.

Senator SINGH: Is there any plan about any further special intake of refugees from Syria?

Senator Payne: I think Mr Isbister is correct; that is a matter for Home Affairs. Government keeps these matters at the forefront of our considerations when we're looking at the humanitarian program and the other programs that support those sorts of movements.

CHAIR: Senator Fierravanti-Wells had a question she wanted to ask.

Senator FIERRAVANTI-WELLS: Mr Isbister, can you tell me how progress is going on the Grand Bargain?

Mr Isbister: As you know from participating in the World Humanitarian Summit, one of the main things that came out of that was the Grand Bargain Commitment. I won't go through the full list, but there were 10 key commitments that came out of that. The main issue was trying to look at how to drive key reforms that were needed to deliver better humanitarian assistance to those most affected. In our case, a number of those were, as you'd know, the commitment to multi-year funding. That's what moved us, to an extent, to the first time that we've provided multi-year funding to both Syria and Iraq. Obviously, we will continue to look at how we'll take that forward in a range of other crises. There was a move towards better joined-up cash programming, ways that resources and cash could be provided most directly to people which allows them to make better decisions about how they utilise those resources. There was an issue of protection, a much stronger focus around how assessments of humanitarian crises identify what the protection needs and challenges are. I think on that one a real concern that we have is about how well those protection issues are considered by the whole humanitarian sector. Having said that, in the Rohingya crisis one of the things that really was identified in terms of the concerns was about trafficking of children, particularly children who had lost their parents or had been separated from their parents. It had a very strong focus on looking at the issues around the monsoon and what preparation there needed to be.

So, in answer, the Grand Bargain, has ambitious commitments; there are 10 of them. We've been leading on a number of those. We've chaired the global Good Humanitarian Donorship committee with Germany for the last two years and, through that, we're looking at how we can continue to really push a number of these issues.

Senator FIERRAVANTI-WELLS: On the issue of greater support for countries of first asylum, as a better means of management of humanitarian crises rather than the overseas settlement program like we have been doing over the years, how's that progressing?
Mr Isbister: Again, the focus of a lot of our humanitarian assistance, particularly in Syria and Iraq and the Rohingya situation, is acknowledging that we know that the best way to address humanitarian need, provide human dignity and address the issues of displacement is to provide assistance and services as close to home as possible—ideally, where you can, inside a country, where people have had to cross borders, and how we work with countries of first asylum. That's why, with the Syria package, it's had a strong focus on Jordan and Lebanon—to support Jordan and Lebanon—who are carrying a very substantial burden of the Syrian refugees who have fled. But also in the Rohingya crisis, it is obviously the support to meet the needs of those Rohingya refugees who have been displaced but also provide services with the Bangladesh government, which has, again, worn the majority of the burden of almost a million Rohingya refugees in Cox's Bazar.

Senator FIERRAVANTI-WELLS: Thank you.

Senator WONG: I will try and be brief because I've had a fair bit of time today; I thank my colleagues. I just have some questions about Saudi Arabia—the representations and a number of other issues.

Ms Yu: Senator, if it's okay?

Senator WONG: Sure.

Ms Yu: Senator Kitching had a question about the legislation that went through the US system and the UK. I've just received information—we've received some information from our post—just about the background both via email at official working level as well as a cable shortly after the legislation passed the Senate but not the House. Obviously, we will need to seek more information from both the posts in London and Washington.

Senator KITCHING: When you get that are you able to disseminate that to the committee? Maybe not? Okay. We'll see how we go. I won't ask for a briefing. Thank you.

Ms Yu: Thank you, Senator.

Senator WONG: First, Secretary, is there anything that you took on notice that we need to resolve before the dinner break—that the department broadly took on notice? I have not kept a list.

Ms Adamson: I've been feeding back things as I have them in relation to a set of questions you asked this morning.

Senator WONG: Subject to that, I can indicate that I don't propose to go back to Helloworld, AOT or procurement: all those issues. I think there was a request to indicate whether those officials would be needed beyond now. Certainly from my perspective, no. Can I turn to Saudi Arabia?

Ms Yu: Yes.

Senator WONG: Can you tell me if Australia has made any representations to Saudi authorities in response to the reported ongoing crackdown on human rights activists and journalists?

Ms Yu: Yes. With regard to human rights violations in Saudi Arabia, this is something we take very seriously. For example, on 5 November 2018, as part of the UNHRC, Saudi Arabia's universal periodic review was held in which Australia raised a number of issues regarding women's rights, the war in Yemen and detention of human rights advocates and the
death penalty. That's just one example of how we actually make representation. As I said, for example, in the last year there have been probably around eight different occasions where we've made representation on women's rights but also the death penalty. Of course, previously when we were talking about the Yemen crisis as well there have been number of conversations at different levels, certainly with Saudi Arabia as well about human rights violations.

Senator WONG: Would it be correct to characterise Australia's position as making representations about human rights violations and, in particular, the reported crackdown—for want of a better term—on activists and journalists and we have made those representations both bilaterally and through multilateral forums?

Ms Yu: Yes.

Senator WONG: That would be reasonable?

Ms Yu: Yes.

Senator WONG: There was obviously a recent case of Ms Alqunun seeking protection in Thailand in early January. Were there any representations made between Australia and Saudi Arabia in relation to that matter?

Ms Yu: As a result of Alqunun in particular?

Senator WONG: Yes.

Ms Yu: Not on that particular issue to Saudi Arabia's government.

Senator WONG: Was it raised with us by the Saudis at any point through that—'stand-off' is too strong a term but can you find me a more diplomatic term?

Senator Payne: Period.

Senator WONG: That period where the matter was unresolved? Obviously that took a lot of media attention but I'm wondering whether there were any representations made by Saudi Arabia to us or any other nation that we're aware of.

Ms Yu: Not to my knowledge.

Senator WONG: Thank you. There was a Four Corners report in which it was suggested, and then subsequent reporting about that, that ABF, Australian Border Force, officials ask Saudi women who arrive alone while they are travelling without a male guardian—before you say, 'That's a matter for Home Affairs,' I actually just want to know whether or not at any point DFAT, prior to this becoming public, was aware of such a practice.

Ms Yu: The male guardianship, is that—

Senator WONG: Sorry, would you like me to repeat the question? There was an ABC report on 4 February which alleged that Australian Border Force officials were asking Saudi women who arrived alone in Australia why they were travelling without a male guardian. I know this is a matter for Border Force. I'm asking about your interaction. Was this practice something that had been raised with DFAT prior to this public report?

Ms Yu: No, not to my knowledge.

Senator WONG: So you have no knowledge of such a practice, if one exists?

Ms Yu: By the ABF, no.
Senator WONG: Since that report has DFAT had any discussions with Border Force about it with Home Affairs? Border Force is within Home Affairs, isn't it, Secretary?

Ms Adamson: It is.

Senator WONG: A lot of things seem to be within Home Affairs. Have there been any discussions between departments as a consequence of that report?

Ms Yu: No, not on that particular point.

Senator WONG: What have there been discussions about?

Ms Yu: Obviously when Alqunun's case was running, we had a lot of interaction with Home Affairs, but not to raise that particular issue.

Senator WONG: Would you agree that such a practice would not be appropriate?

Ms Yu: Yes.

Senator WONG: Thank you. In the same reports, I believe, there were some reports about Saudi women in Australia being pressured to return home. Can I ask: have any such cases been brought to the attention of the department?

Ms Yu: No, it hasn't.

Senator WONG: Therefore, we have made no representations to the Saudi Arabian Embassy about these reports as a consequence of them becoming public?

Ms Yu: That's correct.

Senator WONG: Secretary, is there anything on this you can tell me? No?

Ms Adamson: Not that I'm aware of. I'm looking to Dr Lee as well and to other colleagues who may have suspected—

Senator WONG: Nobody's moving so—

Ms Adamson: Not that I'm aware of.

Senator WONG: Can you tell me what—sorry.

Ms Adamson: I would actually quite like to check with our embassy in Riyadh because they have an ongoing engagement, obviously, with the government there, and Ridwaan Jadwat, as our ambassador there is doing—to my eye, anyway—a very good job of raising these sorts of things. Could I please—

Senator WONG: Yes, absolutely, I am happy for you to take that on notice. And actually that goes to my next question, which is more broadly your assessment about what the most effective way is for us to engage with Saudi Arabia to try and afford more protection to women's rights within that nation.

Ms Adamson: It's obviously a difficult question to answer, as you know, and I think it would probably be the judgement of our ambassador on a whole range of things over a period of time from a wide range of sources, both within Saudi Arabia in some cases and on the part of partners. He's quite active himself on social media, including around what we might call the inclusion agenda here in Australia. He's done, actually, quite a lot to increase Saudi understanding of Indigenous rights in Australia and various other aspects of this. That might sound a long way from where you are but actually it's the sort of thing that over time can be quite effective.
Senator WONG: I'm not critical.

Ms Adamson: I know but I'm just saying that it's another one of these big issues. Change can come suddenly, in some respects for the positive, but I think we've all got a responsibility to assist that within the obvious limits.

Ms Yu: If I could add to that, for example, in March 2018 the post in Riyadh held an International Women's Day lunch really profiling women's rights and how women can also bring about change. We also have many female officers at Riyadh post whereby they're actually showing how women can actually be empowered and take this leadership role and, in addition, I think also encouraging Saudi Arabia on their movements, very positive movements, on women's rights such as women being able to drive, the right to drive, but also the introduction of criminalisation of gender-based violence. These are positive signs and I think we have to continue to encourage them and engage in this dialogue with them.

Senator WONG: Thank you for that. Thank you to my colleagues for letting me jump back in.

Senator KITCHING: Can I just ask some questions on Syria. Yesterday in defence we had a discussion about the announcement of the withdrawal of US troops from Syria. Subsequent to that announcement France and Britain also announced they wouldn't stay. How is that going to affect that country? I guess I also want to know: is there a variation of the great game? So is Russia going to fill a vacuum and how is DFAT thinking about that?

Ms Yu: That is a difficult question. As you know, certainly the global coalition's effort in Syria was to actually defeat Daesh. And we have actually made good progress, and only the last bit of caliphate is actually currently in play, if you like.

Senator KITCHING: I think we were told yesterday there are 700 square metres approximately.

Ms Yu: That's correct. That was really the purpose of the global coalition's presence in Syria. But that is not to say the threat of resurgence of Daesh is not there. So that's something that the global coalition is still very much focused on with regard to their activities in Syria but, more broadly, in Iraq as well of course. But coming back to your point about Syria, that's a very complex environment, as you know, and it's really difficult for me to say whether this will create a vacuum and what that will mean for the Syrian political situation itself. That's why Australia is very much in support of a UN-driven process where we believe, for the sake of Syria, what they really need is a political reconciliation.

Senator KITCHING: Are the NGOs going back in? I know the World Food Bank has gone back into Damascus. Are there other NGOs coming back in?

Ms Yu: I'm not sure. I wouldn't be able to tell you exactly which NGOs are actually going back.

Mr Isbister: There are a range of agencies that have headquarters into Damascus. The Syrian humanitarian resident coordinator spends most of his time in Damascus. There are a number, though, who either haven't been given permissions or have decided not to because their focus is on the cross-border assistance and provision. But yes, as you know, the Red Cross movement is one of the main providers of humanitarian assistance in Syria. But there definitely are a range of NGOs and others who do have headquarters, but certainly not all of them.
Senator KITCHING: When you say 'cross-border', which borders—from Lebanon?

Mr Isbister: From Jordan and Lebanon and even Turkey, though in Turkey, most of it, has been providing assistance, and refugees have crossed over into Turkey. But predominantly, Lebanon and Jordan, though in Jordan obviously most of it is having to be done through—you've been there, I assume, so you know the difficulties—with WFB and others getting food assistance across into Jordan.

Senator KITCHING: Thank you. I'll ask again next time.

Senator MOORE: I want to ask a couple of questions about Sri Lanka. I've just got an update on the Sri Lankan situation. We spoke about some of the human rights committees—the joint standing committee and also the Human Rights Subcommittee of Foreign Affairs, Defence and Trade—and about the situation. We've had briefings from DFAT about the situation with Sri Lanka. As you know, late last year there was a movement by a number of countries to put focus on the slowness of change in the progress that Sri Lanka was requested to make towards having some reconciliation in their country. We had a discussion in one of the areas about what was Australia's position in that process, and I'm just wanting to get an update on where Australia is sitting in the ongoing process with the Sri Lankan response.

Mr Merrifield: The department, the government, is in agreement with the view that progress is slower than it should be and we'd like it to be. Some of this will be a matter for consideration before the next session of the Human Rights Council.

Senator MOORE: When is that scheduled for?

Mr Merrifield: That's towards the end of next month.

Senator MOORE: It's March?

Mr Merrifield: Yes, late March, that's correct. We are still deliberating our approach to that. And there are a number of options that may arise in terms of how that's dealt with. The intentions of various parties with a stake in that, be it like-minded partners of ours or the Sri Lankan government itself—their positions aren't resolved yet either. I wouldn't want to speculate too much on that. But I would say that it's not as if there hasn't been progress. And some developments have occurred over the last couple of years that are notable and in line with the reconciliation agenda but are quite limited and I think quite a considerable distraction caused by political instability in Sri Lanka—in particular, tensions within the national unity government. We saw over the course of the latter months of last year a good deal of lost time as Sri Lanka worked its way through a very difficult political crisis.

Ms Adamson: The next Human Rights Council session, HRC/40, begins on Monday and runs until 22 March.

Senator MOORE: The Sri Lankan issue will be on that agenda. There are people going from various groups in Australia as well as some other nations to observe and to partake in the civil society element of that process. Mr Merrifield, what is the relationship with the group that was pushing for stronger change—Germany, Macedonia, Montenegro and the UK? They signed a statement, which we saw, and at that stage the report we were given was that Australia was considering its position. You've said that's continuing. Between September and now, has there been interaction with our Australian delegation, or the people who'll be representing Australia, and those other groups—particularly the UK, which has taken a strong position publicly and in their parliament on this issue?
Mr Merrifield: I'm well aware of the group you're referring to; there have been changes within it.

Senator MOORE: Yes, they change, and they talk, and more people come in and other people go out.

Mr Merrifield: That's right. We've now got Germany and Canada in there—

Senator MOORE: Canada was always taking a strong position in this space. Now they've signed up to this statement that there needs to be action from the Sri Lankan government. You said that we're still considering our position. Is Australia talking with these other nations? There's a degree of frustration from people who want greater change that our name is not part of that group that is making statements. What discussion is going on?

Mr Merrifield: We're discussing these things with our partners all the time. In relation to this statement, my understanding is that we've not been invited to join it.

Senator MOORE: Senator McGrath has issues in this area as well. Has the instability in the Sri Lankan government that we've seen publicised and their proposal to reintroduce the death penalty, which has received some media, been part of the discussion? I would have thought there's an ongoing issue at the human rights conference about the death penalty, so is added pressure being put on this session that's starting next week?

Mr Merrifield: There'll be a lot of pressure. Issues around the death penalty are front and centre for us. Our concern is that the death penalty hasn't been carried out in Sri Lanka since 1976. The announcement to reintroduce the death penalty for drug trafficking offences—which I think occurred in the last quarter of last year—is of considerable concern to Australia, and one that we have registered our protests on in Sri Lanka.

Senator MOORE: When the Australian delegation on the council is in session, do they meet with the social justice delegates who come from the community that are going to observe from Australia? Is there a process where the Australian people who are there pushing particular issues get a chance to talk with the delegation and share information and raise their concerns?

Mr Merrifield: That's an excellent—

Ms Adamson: Mr Lee is in the division that works with them, and yes, there's intensive interaction. In the spirit in which you ask the question, we'd like to contact our delegation in Geneva, raise your point—if it's not already happening, and it may be—and see whether there can be some contact with the delegation. We put a high priority on our engagement with all stakeholders in relation to our HRC participation and membership. Mr Lee may want to add something.

Senator MOORE: Mr Lee, thank you for the briefings you've given to the other committees as well—that's how we got the information.

Mr Lee: On the timing, which the secretary and Mr Merrifield mentioned, the interactive dialogue on the Office of the High Commissioner's report on Sri Lanka will be on 20 March, quite late in the session, towards the end of the session—22 March—as the secretary mentioned. In relation to civil society engagement, the department hosted a forum with the civil society on 6 February in the lead-up to the Human Rights Council session. Part of that was to get input from civil society on a range of issues in the lead-up to the session. We've
already received a lot of input, which we go through and communicate to our officers and our ambassador in Geneva to take that into account in the issues that might come up in the Human Rights Council. There will be opportunities on the ground, and we'll make sure we speak further to the mission about that.

**Senator MOORE:** And that session was here in Australia?

**Mr Lee:** Yes, that was in Canberra.

**Senator MOORE:** I know some of the people who are going to Geneva. Thank you.

**Senator FIERRAVANTI-WELLS:** I only saw last week in passing, on Twitter, that they've advertising for a couple of hangmen; I'm sure you would have seen that. I thought that was appalling. I saw advertisements calling for 'interested persons' for this role in Sri Lanka.

**CHAIR:** On that cheery note, I have a question on Sri Lanka and the Maldives. I make my usual declaration of conflict of interest in terms of the work I've done there previously. I don't know if you're the right department to ask this, but there are a number of officials in the previous Sri Lankan government and the former government in the Maldives who are under a cloud in relation to money-laundering. Indeed, the former president of the Maldives, Abdulla Yameen, was arrested two days ago. Do we have a watch list of senior officials from any country in terms of their travel to Australia and if they have transferred or have large holdings in Australia? In terms of the Maldives, I think the initial charges only concern a couple of million US dollars, but there is speculation that it might go into the tens of millions. Is that something we keep a watch on broadly around the world; in particular, in relation to the former governments of Rajapaksa in Sri Lanka and in the Maldives?

**Mr Merrifield:** In relation to those cases, I'm not aware of any action that has been triggered on the part of our authorities. We would be concerned if Australia were being used for purposes of embezzling funds.

**CHAIR:** You would probably want to hear from those governments if they had evidence that embezzled funds from those countries were being laundered in, or transferred to, Australia?

**Mr Merrifield:** Precisely.

**Senator Payne:** There's a great deal of international cooperation through a number of avenues—not the least of which is the Financial Action Task Force—the FATF, as it is known—on these issues. Australia is an active participant in this area. My recollection is that the broad responsibility in policy and portfolio terms probably sits these days within Home Affairs; but if not in Home Affairs then in the Attorney-General's Department. We have a strong reputation for our engagement through the FATF. I've seen it played out myself in the context of the 'No Money for Terror' engagements that the French government, for example, has initiated.

**Senator SINGH:** I understand there's been an agreement since June last year with the Myanmar government signed with the UN to facilitate the repatriation of Rohingya refugees. What's the department's current understanding of the repatriation situation?

**Senator Payne:** It would be an understatement of significant proportions to say that this is an extraordinarily complex situation. I had the opportunity in Myanmar in December to discuss these issues with representatives of the Myanmar government and with
representatives of the UN and other multilateral agencies involved in the humanitarian effort, both within Myanmar and, more broadly, back into Bangladesh and Cox's Bazar. There is significant effort underway to work with those displaced in Bangladesh, in Cox's Bazar, in terms of those who may wish to return. But it's not simple, and it's not straightforward.

Senator SINGH: I'm aware of that—I was there last year as well. I'm just seeing how much has progressed since your visit and mine.

Ms Heckscher: The UN's current assessment continues to be that the conditions for safe, dignified and sustainable returns don't currently exist in Rakhine State. That's an assessment with which we agree. We have continued to emphasise to the governments of Myanmar and Bangladesh that returns have to be voluntary, safe, dignified and sustainable. We are ready to assist efforts to create the conditions conducive to those returns, including through the implementation of the Kofi Annan report, which had a number of recommendations about the situation and what would be needed. The formal process for repatriation is in line with the bilateral arrangement between the governments of Myanmar and Bangladesh, signed at the beginning of last year—16 January. That's yet to commence. We think the reasons for that are a reluctance by the Rohingya to return in the absence of certainty around the conditions, and ongoing issues between Myanmar and Bangladesh. So negotiations are ongoing. The Myanmar government is progressing some physical arrangements for returns. ASEAN has been involved in these efforts recently. The AHA Centre is also going into Myanmar to do a needs assessment as to what might be put on the ground and whether they can play a role in establishing the conditions that might lead to voluntary repatriation. However, other measures will be needed to make the environment conducive to returns, including measures to address security, livelihoods, and basic rights of returnees.

In November last year there was media around the repatriation of some Rohingya refugees to Rakhine State. Those returns did not eventuate. There was a lot of media commentary. We engaged directly with Bangladesh and with Myanmar to make it clear that returns needed to be safe, voluntary, dignified and sustainable, and to see what was happening. UNHCR has a very important role in assessing the conditions for return and supporting those voluntary, safe and dignified returns, and it is working with both governments to ensure that happens. But the process is not going forward. Small numbers of Rohingya are returning voluntarily, we hear, but that's outside that formal repatriation process being negotiated.

Senator SINGH: When was the last time any Australian NGOs visited Rakhine State?

Ms Heckscher: The minister was in Rakhine State in December. Officials accompanied the minister to Rakhine late last year specifically for that purpose, but there have been separate visits to look at the conditions on the ground. I'll find the exact dates of that.

Senator SINGH: The UN has recently launched the 2019 Joint Response Plan calling for US$920 million to address the Rohingya crisis. The US and UK have already pledged 87 million. Is Australia looking at contributing?

Mr Isbister: As you know, Australia has been one of the leading donors in responding to the humanitarian crisis, both in relation to assisting the Rohingya refugees and host communities in Bangladesh, and in relation to those displaced in Rakhine state. Last year we provided about $70 million in response to it. This year we have provided $22½ million of additional assistance. As you said the joint response plan was launched last week, and we're in
the process of looking at that and at how we best target our support and assistance in line with our humanitarian strategy and the Rohingya situation.

**Senator SINGH:** I notice that the minister's press release on 14 December mentioned Australia will sustain our commitment to providing humanitarian assistance. That's why I'm asking what action has been taken since December.

**Mr Isbister:** Since then, as I said, we have continued to maintain our support. So far this financial year we have allocated $22½ million, and I'd expect, in line with the minister's comments, we'll continue to respond and provide funding in line with the commitments we made last year.

**Senator SINGH:** Minister, your press release also talked about the importance of implementing the Kofi Annan-led Rakhine advisory commission recommendations. You say 'and offer Australia's humanitarian support'. Has that offer of the minister's humanitarian support been taken up?

**Senator Payne:** It's ongoing, as Mr Isbister has pointed out.

**Senator SINGH:** But in any kind of formal way?

**Mr Isbister:** Senator, I'm not exactly—

**Senator SINGH:** Financially?

**Mr Isbister:** As I said we've allocated the additional $22½ million since then.

**Senator SINGH:** But we're halfway through this financial year. We've just had this joint response plan released. Looking at the next six months, and looking beyond the next six months, is there any plan for how the minister's words will become a reality?

**Mr Isbister:** As the minister said, we would sustain our ongoing assistance. In line with that we provided almost $70 million last year. We'd look at continuing to support that in line with that figure. The issue, with the joint response plan coming out now, is looking at how we can best align the next support we provide in line with that strategy.

**Senator Payne:** I'll be getting some advice from the department done to pursue that.

**Ms Heckscher:** I can give you the specific dates. Australian officials from DFAT in Canberra and from our embassy in Yangon visited central Rakhine state to assess humanitarian needs on 14 November 2018. Embassy officials also participated in a visit to Rakhine state from 30 September to 5 October 2018. That had a focus on education. An embassy official participated in a joint visit to northern Rakhine state with representatives from DFID and the European Civil Protection and Humanitarian Aid Operations from 17 to 21 September 2018. And there were earlier visits, but those are the most recent ones.

**Senator MOORE:** We went in early, we established a number of key programs that we were going to fund and identified them, and then have retained them. Now we've got the new plan that's come out calling for international donations. That's the point that—

**Senator Payne:** That was last week, Senator.

**Senator MOORE:** I know that. When people are asking about the funding there, that's the confusion. I think there's been large acknowledgment of the way Australia has been responding to the crisis, particularly around the people who were displaced in Bangladesh. But the focus that the civil society is talking about now is this new plan, with a significant
ask, in the midst of all the other asks that are going on in the process; that's the uncertainty. My understanding is that we only made the announcement quite recently that we are maintaining the money.

Mr Isbister: We're maintaining our commitment. The joint response plan came out last week. As Julie said, a number of those visits that went up, including with my team in the post, were to look at the design of the next phase of support and funding, both in relation to the needs in Rakhine state and in relation to Cox's Bazar. As you identified, education is one of the challenges. The issue on that is how we develop a program that is both in line with the Bangladesh government's wants and needs and will best meet the needs of the number of Rohingya refugees in Bangladesh. To answer your question, yes, we're committed to sustaining our funding and we're well progressed in designing what the longer term package support will be.

Senator MOORE: From the UN perspective—the new plan is a UN plan—will the funding that we are maintaining actually count in UN terms for Australia's contribution to the new process?

Mr Isbister: To answer your question, yes, except for the funding that we provide through the Red Cross movement, because they don't fall under the UN appeal. But everything else would be in line with that joint response plan.

Senator MOORE: With the decision on the next process—I know you have done the preliminary work—what is the time frame for the decision about future funding?

Senator Payne: Advice to me, Senator, and we'll go from there.

Senator MOORE: At this time, with the funding we've got, is there a termination date?

Mr Isbister: In terms of—

Senator MOORE: The first funding that went to the Rohingya crisis was for a particular point in time. I forget the dates; then we retained it. Does the current funding have an end date?

Senator Payne: There is $60 million in this financial year, as I understand it.

Senator MOORE: That's 2018-19?

Senator Payne: For the current financial year. I'll be seeking further advice, particularly given the report of last week, in relation to the plan, and we'll go from there.

Senator MOORE: So 2019-20?

Senator Payne: Yes.

Senator MOORE: We're looking at the next round; thank you.

CHAIR: I will go to Senator Fierravanti-Wells, who has a couple of questions.

Senator FIERRAVANTI-WELLS: I'd like to ask some questions in relation to the US. There have been reports recently about US National Security Advisor Bolton visiting Australia in coming months, and speculation about the purpose of his visit. Can I ask whether he is visiting, the purpose of the visit and whether it is in anticipation of a possible visit by Mr Trump in March or shortly thereafter?

Mr Green: Yes, I can confirm that that press commentary is correct, and Mr Bolton will be visiting in the next few days.
Senator Payne: In the next week.

Mr Green: Yes. He will be coming to Australia following President Trump's forthcoming summit with Chairman Kim of North Korea. A key purpose is to brief the Prime Minister and other senior Australian ministers on that, although I expect there will be discussions on many other things. I couldn't speculate about the other matter that you raised.

Senator Fierravanti-Wells: Is it possible that Mr Trump may be visiting soon?

Mr Green: That's possible, but I wouldn't want to speculate on that, Senator. If the committee doesn't mind, I would like to add very briefly to the evidence I gave previously in response to a question from Senator Wong about a speech at the Fullerton Forum. I was asked by Senator Wong whether any regional government had made any inquiries following the speech. I responded that, yes, that had happened. That inquiry was made to the Department of Defence. That is accurate. My vigilant staff have reminded me that a similar low-level inquiry was made to the Department of Foreign Affairs and Trade

Senator Singh: I've got some questions on India. I want to ask about the terrorist attack in Jammu and Kashmir last week—the deadliest attack against Indian armed forces since 1989. What is the department's assessment of the Indian response and likelihood of increased tensions between India and Pakistan?

Mr Merrifield: Indeed it was a terrible attack—as you say, the worst in a very long time. We're very concerned at the potential of this incident to escalate tensions. We urge both sides to avoid that situation. One party has claimed responsibility for the attack. There's video evidence in the form of the attacker speaking before he launched the attack. So there's not a lot of doubt as to where the attack came from. Beyond that, it is very important for both sides to sort their differences out—as is always the case between India and Pakistan—in a reasonable and calm way. Indian Prime Minister Modi has signalled that options for retaliation are on the table, but we have no indication of what that means and when that might play out.

Senator Singh: Do you think that, because of the upcoming general election, we're likely to see tougher measures from Prime Minister Modi?

Mr Merrifield: I wouldn't want to speculate along those lines. We are going into an election in India, and it's a very politicised time in India. But tensions between Pakistan and India are dominant preoccupations for both countries all the time. In a politicised environment such as an election campaign, you could say that the actions and words of governments will be monitored much more closely.

Ms Adamson: We are urging both sides to exercise restraint. We know their history and we very much want to urge restraint at a time when passions are inflamed. We certainly don't align with either party, but we are, through our heads of mission particularly but more widely also, urging them to exercise restraint. Of course, there are a number of reasons why we do that, but a principal one is because there is the potential for mistakes, misjudgements and miscalculations to lead to an escalation of conflict, which no-one wants to see.

Senator Singh: Based on our principal position, but also on the fact that this was such a horrific event that hadn't occurred for such a time long, and the seriousness of it, are there implications for Australia's relationship with India—cooperation with India in a regional sense or other regional issues?
Mr Merrifield: The point is that we have urged restraint on both sides. India has signalled that it will do something. We don't know what 'something' is. I think they're keeping their cards close to their chest. Hopefully, with the passage of time, they will choose a restrained response. In the current circumstances we would see no implications for our bilateral relations with either side.

Senator SINGH: Moving to another part of our bilateral relations with India, I understand the government announced in November that it had accepted in principle the 20 priority recommendations of Mr Peter Varghese AO on India's economic strategy, the 2035 report. It's taken a while, but it's good to hear. As you're aware, Mr Varghese categorises his priority recommendations, some of which are to be implemented now. I just wonder which of those priority recommendations the government is looking at implementing or has made any effort to implement since November?

Mr Merrifield: The Prime Minister did deliver the government's response to Mr Varghese's report. I know—and we have discussed this in this forum previously—there is a view that this was a long time in coming. I guess one of the things we couldn't say previously, because we attached so much significance to the report, was that we wanted to associate it with a major bilateral event. Of course, the event in question was the visit to Australia by the Indian President, which was a very historic occasion. It was the first visit to Australia by an Indian president, and a very successful visit it was. That was not something that we were in a position to disclose beforehand. So there was a bit of build-up there, but it was also the case that we wanted to give careful attention to the 90-plus recommendations of the report and have a considered response about implementation. Like Labor, the government has endorsed the 10 priority recommendations—the 10 short-term and the 10 long-term recommendations. Among its initial steps is to appoint four ministerial champions across the four top sectors, the four key sectors.

Senator SINGH: I'm aware of what the recommendations are, Mr Merrifield. The question was: out of the implement now priority recommendations, what has the government done to implement them? Labor are not in government; you're in government, so you have the opportunity to implement them. We did wait a while, as you say, for President Kovind to visit and for the Prime Minister to make the announcement. Now the announcement's been made, what's going on?

Mr Merrifield: In the lead-up to the announcement and post the announcement the business of stepping up the relationship with India on the economic front has been first order business for the department. Among the things that have occurred, of course, has been the announcement of the Consulate General in Kolkata, which is a significant new investment in the bilateral relationship—so taking our diplomatic and consular presence in India to four posts. The opening of the consulate is imminent. There's a lot of work that goes into doing that.

Senator SINGH: 'Imminent', did you say?

Mr Merrifield: Yes.

Senator SINGH: In the next month?

Mr Merrifield: Most likely. I think, in fact, the minister announced the appointment of Andrew Ford as the Consul-General while the minister was in New Delhi on, I think, 8
January for the Raisina Dialogue. He has been appointed and he will take up his position very soon. We've secured temporary premises for that to go ahead. Then we're developing long-term premises that will be ready probably next year. So that's been—

**Senator SINGH:** That's one.

**Mr Merrifield:** Indeed; that's right. I will come back to you, Senator, with the specific recommendations that are being pursued. I'll be able to do that before the end of the session today.

**Senator SINGH:** Thank you. Thank you, Chair.

**Senator KITCHING:** Can I ask some questions about Brexit?

**Ms Adamson:** I'm sure that first assistant secretary Cathy Raper, who is responsible for Brexit, has been waiting all day to be asked this question and will be happy to lead you through it.

**Senator KITCHING:** I haven't looked at any British news for the last few hours, so who knows what's happened. Could you give just a general update on the Australia-UK relationship in terms of Brexit, so security, diplomacy and maybe the economic issues—probably in light of either a 'no Brexit' or maybe a 'hard Brexit'—in six minutes?

**Ms Raper:** As you would be aware, the Brexit issue is still one that's unfolding. There's still considerable uncertainty about where this is going to land. For our part, we're following the developments very closely and working very hard to make sure that we are well prepared for all possibilities to protect and promote Australia's commercial and strategic interests. In particular, we're engaging with all relevant stakeholders across the Australian community, particularly business, and making sure that they're well aware of what's happening and thinking through the potential implications for their interests. We have also taken measures to make sure that the arrangements that Australian business relies on in trading into the UK have been protected, in particular through three agreements with the United Kingdom—one on wine, one on mutual recognition of standards and certifications, and another on nuclear cooperation. The nuclear cooperation agreement is already in force; the other two are currently tabled in the parliament.

We have a Brexit task force within the Department of Foreign Affairs and Trade that is coordinating a whole-of-government process to make sure that we are well prepared right throughout the system. That has included an engagement plan to make sure that we are reaching out to as many as possible to encourage them to be prepared. We have also been engaging the UK in preparation for their departure, or their scheduled departure, from the EU, to be prepared to potentially negotiate a free trade agreement with the United Kingdom, should that opportunity be there.

**Senator KITCHING:** Has the task force looked at any plans if there's a hard Brexit? How would we deal with a backstop issue?

**Ms Raper:** I don't think the backstop issue is directly relevant.

**Senator KITCHING:** No, but can we discuss the hard Brexit? I will just use that term. Then if we can look at the Irish backstop issue as well. What plans would we put in place for both of those situations? I know it changes daily, almost.
Ms Raper: We're of course encouraging the UK and the EU to make appropriate arrangements for what happens on the island of Ireland post-Brexit. But the issue of the Irish backstop is not directly relevant to our interests in Australia.

Senator KITCHING: There were some discussions about the UK indicating a willingness to join the TPP-11. Is that a possibility? Has that advanced? Has there been any further discussion of that?

Ms Raper: The UK government did have public consultation processes last year on the possibility of the UK joining, or being a part of trade negotiations. That included a potential FTA with Australia, but also potentially joining the TPP-11 down the track. Our position has been to be open to that, but to encourage the UK to look at a bilateral FTA with Australia as an appropriate stepping stone towards that.

Senator KITCHING: So a stepping stone before the TPP-11?

Ms Raper: We think that would be the best approach, yes.

Senator Payne: I suspect Senator Birmingham will be more than happy to discuss that further with you tonight, Senator Kitching.

Senator KITCHING: Yes; I'm sure that's right. But I won't be here tonight, I don't think. Mr Mina, did you want to add anything?

Mr Mina: Not at this point, thank you, Senator.

Senator KITCHING: There are many things I could ask about it, but I might leave it there because I think Senator Singh has questions.

Senator SINGH: I just wanted to ask a couple of questions about the Global Fund replenishment. I might be getting ahead of myself, because it's a few months ahead.

CHAIR: We've got four minutes.

Senator SINGH: I just wanted to know whether government had made any pre-funding commitments for the Global Fund's sixth replenishment this year or has it been asked to make, as well, any commitments by other nations?

Mr Tinning: No. At this point no commitments have been asked for or given. It's not yet at that point of the replenishment cycle.

Senator SINGH: When will we be at that point?

Mr Tinning: I believe late this year.

Senator SINGH: I know the final replenishment is in October this year.

Mr Tinning: That's correct.

Senator SINGH: But as far as the pre-commitment asks that are put on donor countries—

Mr Tinning: The Global Fund set a target for the replenishment, but it's not general practice to make any firm commitments before the replenishment date.

Senator SINGH: I understand President Macron made an announcement in relation to the target.

Mr Tinning: Yes. Some countries voluntarily come out in advance of the replenishment, but that is not the usual practice.
**Senator SINGH:** The minister's media announcement after the UN high-level meeting on TB in September reaffirmed Australia’s commitment to end the TB epidemic—among a list of things the Australian government have done—but didn't really talk about what we would do in that sense. I want to know what specific commitments, if any, Australia has made to help deliver that particular high-level meeting's goal of ensuring 40 million people with TB receive the care they need by the end of 2022, and also to provide 30 million people with preventable treatment to protect them from developing TB?

**Ms Rogers:** The question is about our general commitment to global TB, or is it in relation to the specific—

**Senator SINGH:** It was more in relation to the high-level meeting at the UNGA last year. But maybe we'll get to the general commitment as well.

**Ms Rogers:** The foreign minister represented Australia last year, in September 2018. The minister's statement highlighted our suite of TB investments and called for collaboration and accountability in the global TB response. That has mainly been demonstrated through our Indo-Pacific Health Security Initiative. There are a number of initiatives within that. There's quite an extensive list of initiatives within that which we can provide you with.

**Senator SINGH:** Those initiatives are things we've already done; whereas I was asking whether we had made any commitment at the high-level meeting about what we will do going forward to help live up to the outcomes of that meeting that I just read out.

**Ms Rogers:** Our ongoing initiative will be demonstrated through the commitments that we continue to make through the Health Security Initiative and other elements of our support.

**Senator SINGH:** So government hasn't committed any additional TB funding to Indonesia, Papua New Guinea or the Philippines?

**Ms Rogers:** I'd have to get back to you on that.

**Senator SINGH:** Can you take it on notice?

**Ms Rogers:** Yes.

**CHAIR:** On that cheery note, it being 6.30, this concludes the committee's examination of the department's non-trade programs. I'd like to thank officers and everyone for their attendance. Minister, thank you. I think we're saying goodbye to you.

**Senator Payne:** Senator Birmingham will be here after your dinner break.

**CHAIR:** To everyone who is going home, safe travels. Those who aren't, I will see you at 7.30. Thank you very much.

**Proceedings suspended from 18:30 to 19:30**

**CHAIR:** We will resume. I welcome Senator the Hon. Simon Birmingham, the Minister for Trade, Tourism and Investment, and officers from the department with responsibility for trade programs. Minister, do you wish to make an opening statement?

**Senator Birmingham:** Good evening, Chair and senators. No, thank you.

**CHAIR:** Secretary?

**Ms Adamson:** No, thank you, Chair.

**Senator GALLACHER:** Can I start off with trade agreements? We have previously asked questions on whether the department undertakes economic modelling on free trade
agreements it is either negotiating or has completed negotiating on. I think it's an absolute first, isn't it, that we've had the minister for trade at the table in estimates?

Senator Birmingham: I was overseas during last estimates, Senator Gallagher, so you are correct.

Senator GALLACHER: Yes. We're keen on just seeing whether there is any change in position on economic modelling. Does someone want to give us a bit of a summation of what the thoughts and thinking are there?

Mr Mina: I think the question of modelling has been traversed in previous estimates hearings. It's one that the government does address on a case-by-case basis. Of course, if you've got questions in relation to particular initiatives, we'd be happy to answer those.

Senator GALLACHER: I'm going to broader aspects. You've previously told the committee that DFAT does not do economic modelling unless directed by the minister. That's correct?

Mr Mina: Indeed. And I would just make a couple of points—

Senator GALLACHER: I'd probably prefer it if you didn't, unless you're directed—you don't do it?

Mr Mina: No, please go ahead.

Senator GALLACHER: As you know, JSCOT has called for economic modelling in multiple reports and recommendations. Do you accept that?

Mr Mina: Senator—

Senator GALLACHER: The Joint Standing Committee on Treaties.

Mr Mina: there have been occasions where JSCOT has indeed requested modelling to be conducted.

Senator GALLACHER: I'd just like to read you the government's response to the committee's recommendation to the PACER Plus agreement when again asked to commission independent economic analysis of all trade agreements. The response was:

The Government is considering its response to this recommendation in the context of responding to similar recommendations made by the Joint Standing Committee on Treaties in Report 181 on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11) (recommendation 3) as well as by the Senate Foreign Affairs, Defence and Trade References Committee in its report on the TPP-11 (recommendation 5). The Government will respond to these recommendations in due course.

So am I reading there that there is a slight variance in the only-if-asked position about economic modelling?

Mr Mina: If you're referring there to the particular case of the PACER Plus agreement, we have set out our position as you have stated it.

Senator GALLACHER: Well, it goes a bit further than that, doesn't it, Mr Mina? 'The Government is considering its response to this recommendation in the context of responding to similar recommendations.'

Mr Mina: You reference there the government's response to the TPP and the TPP-11 inquiries. In respect of those, they have been comprehensively traversed in previous hearings here and, of course, through the JSCOT process. In those instances we did make the case that
the government did not direct that modelling be undertaken and that there had been a fairly extensive body of economic modelling undertaken by independent outfits in relation to the TPP and the TPP-11 agreements.

**Senator GALLACHER:** This response is different from previous responses from government, is it not?

**Mr Mina:** As I said, in respect to that agreement, the position with respect to the PACER Plus inquiry—one with which I'm not intimately familiar—is as set out in the government's response, as you've indicated.

**Senator GALLACHER:** I know you want to continue to say this recommendation only talks about the PACER Plus, but it actually says, 'The Government is considering its response to this recommendation in the context of responding to similar recommendations made by the Joint Standing Committee'. So it's broader than just the PACER.

**Mr Mina:** Perhaps if you will allow me, I was about to say at the outset that, indeed, as you had set out at the outset of your commentary, the government does consider modelling on a case-by-case basis. And, in fact, in relation to the question of the way in which that issue is addressed in the TPP context, the government made a pretty clear decision in respect to the TPP, given the amount of economic analysis that had been out there. So, if you're asking me to compare and contrast, I really can't go much further than that, Senator.

**Senator GALLACHER:** All right. I will just ask you the questions, you'll give me the answers and we won't dance around the table. Has the government changed its position on economic modelling of new free trade agreements?

**Mr Mina:** To my knowledge, the situation is as you have outlined it at the start of your line of questioning, which is that on a case-by-case basis the government will consider the issue of economic modelling.

**Senator GALLACHER:** So will you be now undertaking economic modelling of new free trade agreements? Going forward, will you be doing anything different?

**Mr Mina:** Senator, the very set of parameters that relate to case-by-case dictates that, for particular circumstances where modelling is appropriate, or where there is a need, the government does ask the department to conduct modelling. Now, that has been the case in respect of—

**Senator GALLACHER:** So we know what the department's position is. You think you're under your riding instructions. So perhaps we can ask the minister. Is there any intent to have a different tack on modelling of free trade agreements given that your own committee—the government controlled committee, JSCOT—and other committees have recommended economic modelling? Is there any intent to move from the as-instructed, case-by-case ministerial position?

**Senator Birmingham:** No, there is not, Senator.

**Senator GALLACHER:** There's not? Thank you. Can we go to the Indonesia free trade agreement? Is it true that the—well, we know that it was supposed to be signed last year. Do we have a date on that? What was the original proposed signature date for the Indonesia free trade agreement?
Senator Birmingham: Senator, I don't think there was ever an original proposed date as such. We've been working since the conclusion of negotiations to finalise the text in both languages, of course, and to find a mutually agreeable time for signing. In recent weeks and months I've had conversations on that matter with a number of Indonesian ministerial counterparts and I am very hopeful that we will see an agreed date and progress to signing in the near future.

Senator GALLACHER: So negotiations concluded in August of last year—is that true, Mr Mina? I accept that there is the translation issue, which is—but generally negotiations concluded in August last year? Is that correct?

Senator Birmingham: Substantial conclusion of negotiations.

Mr Martin: The Prime Minister and President Widodo announced the substantive conclusion of the negotiations in August last year—that's correct.

Senator GALLACHER: I hear what the minister is saying, but there was an expectation—certainly a public expectation—that the agreement would have been signed prior to Christmas. Is that incorrect?

Senator Birmingham: I think there was certainly some commentary to that effect publicly, Senator Gallacher. However, there was initially the task of finalising the text, scrubbing the text and translating the text and then, of course, work to find a mutually agreeable time for signing.

Senator GALLACHER: So publicly, or at least in the media, there was; so why didn't we get on track before Christmas? Does anybody have an explanation for that? Why wasn't it signed prior to Christmas last year?

Senator Birmingham: We hadn't been able to find that mutually agreed time when everybody was ready to proceed to signing.

Senator GALLACHER: So there was nothing else involved—it was just that you needed to do the language translations, double check everything and find the time—

Senator Birmingham: And each country has their internal government processes.

Senator GALLACHER: No other reason? There was certainly a lot of media speculation about other reasons. They all incorrect, were they?

Senator Birmingham: Well, there's always lots of media speculation. Australia is ready and eager to see the agreement signed. We believe it's to the mutual benefit of both nations. We are pleased that consistently, I think, through this time there has been commentary from Indonesian leaders and ministers on the benefits of the agreement.

Senator GALLACHER: I mean we're all—I'm dancing around the obvious. The obvious was the Israeli embassy. Allegedly, or at least in the media, that was the reason it wasn't signed in a quicker time frame. Is that incorrect?

Senator Birmingham: Senator, I think there are a range of factors that I've outlined, and, certainly from my perspective, that issue is not a reason that has delayed Australia's signing of the agreement.

Senator GALLACHER: But we're back on track now. Is the translation issue well underway and finished? I think you have to—
Mr Martin: That is correct.

Senator GALLACHER: Okay. So there is no impediment to signing now?

Mr Martin: As the minister has said, we just need to finalise the details for working out the timing of the signing.

Senator GALLACHER: So will it be signed in March, Minister?

Senator Birmingham: Obviously, a couple of my Indonesian counterparts have indicated that that may be the case, and I'm hopeful that that will be the case.

Senator GALLACHER: Is it signed by yourself, or the Prime Minister or both?

Senator Birmingham: That would be for governments to work out.

Senator GALLACHER: How does that normally work? The Prime Minister, obviously, takes precedence?

Senator Birmingham: I'd defer to those with more experience.

Ms Adamson: Ministers regularly sign these things. Where prime ministers or leaders are on hand, as they often are in the margins of summits and other things, then they will often witness it. But it's something that ministers invariably make a very substantial contribution to and they're normally pretty keen to be the signatories. Of course, there are others who have contributed, including chief negotiators, but also often there is prime ministerial level input or leader-level input. So signatures—typically it is often trade ministers. That's what we would normally try to arrange, yes. Then it becomes partly a scheduling issue—when does it suit? But, as the minister says, there's been a strong commitment on both sides, I think, to round out and to finalise an agreement that makes tremendously good sense for both countries and will bring benefits to both.

Senator GALLACHER: So would it be incorrect of me to think that the agreement will be signed by either the Prime Minister or the trade minister in March?

Ms Adamson: I'd be putting my money on the trade minister, but I think that's the intention.

Senator GALLACHER: When will the text of the agreement be released? How does that work?

Mr Martin: The text of the agreement will be released once the signing has taken place—immediately once the signing has taken place.

Senator GALLACHER: How does that work? Do you put it on the internet or something or—

Mr Martin: It will go up on the DFAT website.

Senator GALLACHER: So after signature it's posted. Thank you.

Can we turn to coal trade with China? Can you walk us through the time line of how and when the department first identified that China was no longer accepting Australian coal exports?

Mr Fletcher: I'd have to start by saying that we don't actually accept that it's correct that China is no longer accepting Australian coal exports.
Senator GALLACHER: Fair enough. So when did we become alerted to the fact that there was some impediment to an orderly and timely unloading of coal exports?

Mr Fletcher: I can take you through that. There are a couple of phases to this. It was during the last period of the last quarter of last year when it appeared that China may have been seeking to limit the overall quantum of imports for the calendar year 2018 by a go-slow measure at the customs dock, which didn't only affect Australian exports but also exports from other suppliers.

That, in fact, was something we had seen previously, in various guises. China's coal industry is a very important part of their political and economic system and there have been times in the past where, in order to protect or sustain that industry at a certain level, they have paid a price in terms of limiting external inputs—exports from Australia, which is high in quality and cheap—in favour of the political and social benefits of sustaining their domestic industry. So we've seen that being applied from time to time through a series of measures over the past few years. So it was not particularly surprising to us that these measures were applied in the last few months of last year. In fact, our trade during the last quarter of 2018 was up by volume by nine per cent over the previous year, and up in value by 19 per cent. So our trade was still proceeding reasonably well.

Nonetheless, today I have to say that there is quite some confusion about what exactly is happening. We've had detailed consultations with industry bodies here that during the course of this month some other measures may have been adopted. These are unsourced, unconfirmed reports from individuals who are not being—we're not quoting their names. We're not hearing that out of Beijing. We are talking to the authorities in Beijing, the ministry of commerce and the National Development and Reform Commission, and we're not hearing that from officials who ought to be in a position in Beijing to confirm that.

I know this is a very serious issue. There are market implications in terms of currency etcetera. Just in the last hour or two it is clear that the uncertainty out there is having a real impact and, as a matter of urgency, the ambassador is seeking to establish exactly what is happening. We have had discussions in the last week or so, but we are renewing those with urgency today so that we can satisfy ourselves as to what's going on. I know the minister has been in touch, and his staff, with the embassy as well. We hope to be in a better position very shortly, and as soon as we are we'll make that known.

Senator GALLACHER: Am I the only one who sees the irony of having a free trade agreement and then having the other partner get indigestion and leave our ships hanging around in the ports?

Mr Fletcher: Our free trade agreement regulates the tariffs—or eliminates the tariffs that are applied to our exports.

Senator GALLACHER: So what would you call this—a non-tariff barrier?

Mr Fletcher: If there is an impediment to our trade, it would be a non-tariff barrier.

Senator GALLACHER: Was it the department in Canberra or a posting in China that identified the problem? Where did you first become alerted to this?

Mr Fletcher: We had both become aware of the problem.

Senator GALLACHER: At the same time?
Mr Fletcher: As soon as—I'm sorry, I don't know exactly. It has emerged over the last couple of weeks, and we've had correspondence from the Minerals Council to the minister in Canberra, and there have also been discussions in China.

Senator Birmingham: Mr Fletcher, obviously, just took you through the fact that there is a history of similar behaviour that we saw then cleared up in the back end of last year. Obviously, we've seen some media reports today, which as yet are unconfirmed and unsourced. But I've spoken today to our ambassador in Beijing, Jan Adams. Ambassador Adams and her team are working to try to ascertain the veracity or otherwise of the reports that exist. During the course of this week I've met with the Minerals Council of Australia to discuss some of these issues of market access. We, of course, believe that, as part of the valued partnership we have between China and Australia, our free trade agreements and commitments to each other should continue to be honoured and, of course, that the non-tariff measures, or barriers or issues that I believe have been described today by China's foreign ministry as relating to standard risk analysis or inspection measures according to the law ought to be undertaken in as timely a manner as possible.

Senator Gallacher: Mr Fletcher, just procedurally: what happens when this arises, either the notification at the departmental level in Canberra or the posting? Would you then make the minister aware and then follow that up with other ministers? Is it restricted just to the minister for trade or does it go to foreign affairs, resources and the Prime Minister?

Mr Fletcher: We're in touch with other agencies in Canberra, but it is really the Minister for Trade, Tourism and Industry who will take action, if necessary, with his counterpart in China. We can make direct representations to the ambassador here. We can write letters and use the ambassador in Beijing to make representations if required. At the moment we are—

Senator Gallacher: Okay. I can understand that. So your minister, who is directly responsible, reported to—

Mr Fletcher: Well, yes.

Senator Gallacher: Who tells foreign affairs, resources or the Prime Minister? Is that Senator Birmingham, is it? Do you notify anybody else?

Mr Fletcher: At a bureaucratic level we are in touch with all of those agencies. I'm sure the minister and his staff will be connecting in parliament with their counterparts as required.

Senator Birmingham: We are certainly all in close contact. I would note industry comments that I see as well, such as the chief executive of BHP, who has described that he believes that some of the delays are the cause of China moderating imports versus domestic coal production. They are issues, of course, that we'll explore in that regard as to what sort of domestic factors it may be that China is responding to.

Senator Gallacher: So that I'm clear, the department notifies all of its counterparts in the other departments—resources and foreign affairs?

Mr Fletcher: Well, we are Foreign Affairs and Trade.

Senator Gallacher: And then they notify their respective ministers, and Senator Birmingham, as the trade minister, coordinates all of that, does he?

Mr Fletcher: Yes.
Senator GALLACHER: Obviously, you take the lead on fixing it. Is that the way it works?

Mr Fletcher: Yes.

Senator GALLACHER: What actions have you taken to rectify the problem, or are you still describing it?

Mr Fletcher: No, the immediate step was to find out from China what was happening and that sometimes takes—

Senator GALLACHER: Find out from—

Mr Fletcher: China.

Senator GALLACHER: It's obvious—why would they be helpful if they're the cause of the problem?

Mr Fletcher: Well, they have commitments as a WTO member. We're important trading partners to each other and we want this relationship to be smooth and ongoing. So there is an interest from their side in explaining the position to us, particularly given the level of interest in the media.

Senator GALLACHER: So you seek an explanation from your respective counterpart in China—is that how it works?

Mr Fletcher: Yes.

Senator GALLACHER: Are you aware of other countries having the same problem or similar problems?

Mr Fletcher: Yes. We're aware of a number of other suppliers who are also experiencing some difficulties with their exports.

Senator GALLACHER: Who else exports coal to China? I'm ignorant of it.

Mr Fletcher: Indonesia, Mongolia and a number of other countries.

Senator GALLACHER: Malaysia and Mongolia?

Mr Fletcher: Indonesia—also Canada, I believe, and possibly Russia.

Senator MOORE: Mr Fletcher, you said that sometimes negotiations take a while, that it's very complex and you gave us an indication of that. What kind of time frame are you looking at at the moment? We've seen the media, and I know the minister has had the media and had representations from different people who are concerned. The one from The Australian Financial Review is talking 45 days at this stage. I don't know where that figure comes from, but what is the kind of time frame in terms of when you begin to escalate the process?

Mr Fletcher: When something is in the course of normal business, when we need to find something out, it can take days, if not a week, or two to arrange meetings and get answers. But when something is urgent and high profile, it's a matter of—we should be in a better position by this time tomorrow, because the Chinese realise that this is a very significant issue and they probably don't want to see it on the front pages any more than we do. We both have an interest in getting to the bottom of it.

Senator Birmingham: Senator Moore, obviously, you cited a reference there to 45 days. It's important—
Senator MOORE: That was just the most recent media.

Senator Birmingham: that, for clarity—that's right. That is some of the media reporting of speculation on how long vessels may have been in port. It's important to understand that standard practice is not same day.

Senator MOORE: No.

Senator Birmingham: So there—

Senator MOORE: Is there a standard practice, Minister? It's such a complex area, I'm not sure. But I'm just trying to get a sense of when it begins to look like it's just not a short-term thing.

Senator Birmingham: I think industry talks in the 20s as more standard practice. I believe that's what Mr McKenzie, industry and some of my discussions have spoken of. I'm sure there are times when it's faster. There's that generic issue of speed of unload, and that's been a factor in conversations up until recent days and the last couple of weeks—and, of course, with the back history that Mr Fletcher outlined before. Then there are the unconfirmed reports tonight of a particular policy setting that may be imposing some policy limits. Obviously, that is what has prompted an escalation of activity and representations in my discussions with our ambassador, and Ambassador Adams and her team. Of course, the team in Canberra will work overtime to try, as Mr Fletcher said, to ensure we are in a more informed position this time tomorrow and that, hopefully, together with our Chinese counterparts, we can provide appropriate certainty to Australian industry, as well as to the many Chinese industries that rely upon our coal exports for energy and other purposes.

Senator GALLACHER: Given the nature of coal exports—and you only have to pass by Newcastle or further up on the Queensland coast to realise that there are lots of ships at work all the time—there is no other opportunity for them to sail somewhere else and offload, is there? If they can't unload in China, they just have to wait there until they can?

Mr Fletcher: We are a big exporter of coal to other markets as well—Japan in particular.

Senator GALLACHER: But, I mean, is that feasible, or—

Mr Fletcher: But you're right. Someone with a shipload of coal may not be able to immediately divert it somewhere else, but there is certainly a market there for spot cargoes.

Senator GALLACHER: So basically they're stacking up, waiting to get in? They'd be parked in the ocean waiting to get unloaded?

Mr Fletcher: There was some reporting that cargoes were being unloaded but then not cleared from the dock.

Senator GALLACHER: Does that mean they don't get paid for it?

Mr Fletcher: It meant that the ships weren't needing to stay offshore for an extended period.

Senator GALLACHER: I'm just trying to get—

Mr Fletcher: There are so many different reports, frankly, that it's a little unclear as to the exact position.

Senator GALLACHER: Do we have any understanding of the scale?
Senator Birmingham: I think it's important just to reiterate, as Mr Fletcher referenced in his initial answer, that we went through a period of some similarity late last year. But when all of that was done and dusted, both the value and the volume of our coal exports in that fourth quarter last year to China were significantly higher. So, yes, we can see these occasional interruptions to the smooth flow, but that doesn't necessarily translate to some of the consequences that aspects of the media might seek to lead to.

Senator GALLACHER: Do we know how many physical ships are affected at the moment?

Mr Fletcher: No.

Senator GALLACHER: Will we ever, or will it just sort of—in the period last year when we had a similar situation, did we know how many ships were affected? Did we do analysis after the fact?

Mr Fletcher: No, in fact, we haven't had very much information from the Australian companies themselves. We've dealt with the industry body—the peak body—and we've had media reporting that's based on coal traders on the Chinese coast. But the main players in the industry who would come to see me three or four years ago about other issues, in terms of trade, have not contacted us about missed cargoes or anything like that. So we're still trying to establish the facts. Today has accelerated that in an unexpected way.

Senator GALLACHER: Are there any other goods that are facing the same difficulties or restrictions, or is it limited only to coal?

Mr Fletcher: Coal is a bit of a special industry.

Senator GALLACHER: So there are no other imports that are facing difficulties in the same way?

Mr Fletcher: No.

Senator GALLACHER: And just to recap and move on, your actions are to seek urgent talks with the respective counterparts in China and seek to understand what the issues are and resolve them?

Mr Fletcher: Yes. Given the level of public interest in the matter, I would propose that as soon as we have something more definite the minister can release tomorrow we will do so.

Senator GALLACHER: So you're sticking with the assessment that it's a policy setting on domestic production that's affecting the import flow?

Ms Adamson: It could be.

Mr Fletcher: Our assumption is that it's mainly about managing China's own domestic supply issues.

Senator GALLACHER: On a couple of these occasions when there has been a suggestion that it's something we've done, that causes this mysterious thing to happen. A non-tariff barrier appears. On the wine issue, I don't know why we can't get Penfolds wine into any country in the world. The minister will agree here. It is South Australian made and perfect.

Senator Birmingham: Perfect indeed.

Senator GALLACHER: Why would we have a problem with this iconic wine of the world? Having the wrong label on it apparently, was it?
**Senator Birmingham:** I've noticed a trend in my relatively short time in the job: that people, when some of these administrative issues come up, do seek to jump to conclusions sometimes. I would always urge against that. There can often be other administrative reasons—other issues of domestic policy or the like—that may be factors as well.

**Senator GALLACHER:** So we couldn’t sort of make the leap from Minister Pyne's statements in—

**Ms Adamson:** No.

**Senator GALLACHER:** that particularly contested area to be affecting coal exports. You refute that?

**Senator Birmingham:** I think it is a leap. It's a leap that we don't see evidence to support and it's probably unhelpful commentary when it is made.

**Ms Adamson:** The minister said that that was his experience over a relatively short period of time. I think it would be fair to say that it's Mr Fletcher's and mine over a much longer period of time. I endorse exactly what the minister said. It can sometimes be difficult to know absolutely. But China is a big place. There are a lot of complex issues that they're seeking to manage with a population of 1.4 billion people—environmental issues, customs issues, all sorts of things, food safety—and often the explanation is a relatively straightforward one. As Mr Fletcher says, what we're seeking to do is get definite advice and then act on it as quickly as we can to keep things moving.

**Senator GALLACHER:** Thanks very much. I want to move on to a trade delegation to Washington and I probably am going to traverse some matters quite quickly that have been traversed today. We know from media reports that Mr Andrew Burnes travelled to Washington on 21 February 2018 as part of a trade delegation with the former trade minister and former Prime Minister—is that a fact?

**Mr Green:** Yes, it is.

**Senator GALLACHER:** Thank you. Can the minister advise the committee how Mr Burnes was selected to form part of the delegation?

**Senator Birmingham:** Sorry, I cannot. I could take that on notice if you'd like. I was obviously not the minister at the time.

**Senator GALLACHER:** Mr Green, is there any formula for putting these things together? Do you have any recollection?

**Mr Green:** As the secretary explained earlier in the day, there are a number of players in a delegation such as this—relevant government departments; the Prime Minister's office and his department; the embassy, of course; ourselves; and Austrade. I couldn't say there was a single formula. It happens in different ways, but in almost all cases a number of hands are involved in identifying the members of the delegation.

**Senator Birmingham:** I do recall that, if my recollection was correct, that was quite a large delegation involving state premiers and, no doubt, large numbers of business people as well. That, I think, by all reports, had a very positive impact in Washington too.

**Senator GALLACHER:** Yes, I know. It's pretty august company—Qantas, Commonwealth Bank, Seven West. I'm curious how Mr Burnes became part of it. I have a
photo of who was in the delegation. Did the former minister select Mr Burnes? Is that public knowledge or—

Mr Green: Earlier in the day we undertook to take this question on notice and come back with an answer.

Senator GALLACHER: I've been advised I should be able to harass you about that now because you've had a few hours. You haven't got that response yet?

Mr Green: No. The question came to us well after close of business in Washington, on a day which I think was marred by difficult weather there. And we would not be able to get an answer until tomorrow, at the very earliest.

Senator GALLACHER: Fair enough. Minister, are you able to shed any light at all on Mr Burnes's selection, particularly whether it was at arm's-length from the ministerial office? Is that anything—

Senator Birmingham: I can't, and obviously those questions have been taken on notice. I would just note that a major tourism and travel company that has operations in other parts of the world would not be an unusual participant in relation to trade or tourism promotional activities.

Senator GALLACHER: I think, Mr Green, you have also taken on notice engagements, official or unofficial, Mr Burnes had with the ambassador. Was that put on notice earlier?

Mr Green: Yes, I believe so.

Senator GALLACHER: And you're still awaiting a response on that?

Mr Green: Correct.

Senator GALLACHER: Now there's a question in respect to whether Mr Burnes's attendance was in any way related to a press conference conducted at the Helloworld store by the then Treasurer, now Prime Minister, on the same day. Apparently Mr Morrison conducted a press conference out of a premise of Mr Burnes. Is that a fact?

Senator Birmingham: In Washington or—

Senator GALLACHER: I don't know. My question is: was Mr Burnes's attendance in any way related to the press conference conducted at a Helloworld store by the then Treasurer, now Prime Minister, on the same day? And I don't know. Was it in Washington?

Senator MOORE: It must have been in Washington.

Senator GALLACHER: Has he got a store in Washington where Mr Morrison did a press conference from? Was that part of the admission?

Senator Birmingham: I don't know. As I did comment before, major travel and tourism companies with a global presence who happen to be Australian companies would not be unusual on trade or tourism delegations and missions and, indeed, it would often then be where they have a presence, a physical presence, in those countries and it is not unusual to form part of promotional activities whilst there. These are missions undertaken, after all, to promote Australian businesses, Australian investment, and to help them secure more business around the world.
Senator GALLACHER: Fair enough. Could we perhaps just move on to the non-tariff barrier team in DFAT, if we could. So how many FTEs are currently working on the NTB portal?

Mr Mina: We are scaling up our non-tariff barriers team in DFAT. There is an interagency team that has been assembled and there are between five and six at any point in time in the NTB section.

Senator GALLACHER: They are DFAT employees or from other departments?

Mr Mina: As I say, they are derived from different agencies, including Austrade and the Department of Agriculture and Water Resources.

Senator GALLACHER: So if we have questions on non-tariff barriers, we won't be told to go to agriculture from now on?

Mr Mina: Part of this initiative is exactly to join up interagency efforts. We hope we can help.

Senator GALLACHER: Are all departments who would experience issues with non-tariff barriers represented in this team that's looking after the portal?

Mr Mina: You'll be aware the initiative was announced on 7 December. And not all departments have yet joined the interagency machinery. We're starting with a core of four agencies, including the Department of Foreign Affairs and Trade, Austrade, the Department of Agriculture and Water Resources and, of course, the Department of Industry and Innovation.

Senator GALLACHER: Who would not be in there that should be or that will be in the future?

Mr Mina: Over time and in coming months we wish to ensure that this initiative doesn't solely concentrate on the areas of the most immediate priority—agriculture, industrial goods and so forth—but rather extends to agencies that deal with service barriers and other regulatory barriers. So we could expect a wide range of government agencies to be engaged in the initiative as it builds out over time.

Senator GALLACHER: Do you know how much you have spent on the online portal to date?

Mr Mina: The online portal aspect of this is a very small part of the overall expenditure. In fact, it's been a very small expense. But I can get you those figures fairly quickly.

Senator GALLACHER: Perhaps on notice.

Mr Mina: I'm just checking if I have got them.

Senator GALLACHER: How much have you spent on the online portal? How much money was spent on the discussion paper? What are the future plans to deal with non-tariff barriers? Do you have a strategic plan that underpins this investment?

Mr Mina: In respect of the website build and updates, the sum of $18,000 has been spent. In respect of an IT project manager, which has been a position we have appointed not only to deal with that website but also to look at some of the broader IT associated with the project, that was a figure of $19,600. You asked about the materials. And there have been marketing materials put out to increase the awareness of the initiative and also in relation to the
awareness of the actual website and portal. Those materials come to a total of $15,000. In respect of your question on forward strategy, I spoke about building this initiative out to deal with other sectors. We are also working hard to ensure that we are better communicating the initiative to different industry groups, making sure we have an education plan for all of our missions abroad and also working in partnership with industry on prioritisation of non-tariff barriers.

**Senator GALLACHER:** I don't know whether we are getting blueberries into China or not yet but if I was a blueberry grower what would I do if I thought there was a barrier? Would I click on your website and get told what to do? Would I interact with a person or an association? How does it actually work if someone's experiencing a problem?

**Mr Mina:** What we are trying to do with this initiative is make sure there's no inquiry that falls between the cracks, so to speak, and that all agencies are joined up in dealing with particular initiatives. So in respect of the example you raise, it's perfectly normal for a particular agriculture industry to deal with the line agency—in the case that you mentioned, the department of agriculture—if they've got good contacts in that agency to work in the normal way. However, we have built a new front office website that means that people who are not aware of where to go in government can come there—through our team, and the Department of Foreign Affairs and Trade—and have access to an entry point into government. We are there to assist, navigate through into different agencies. That's why we are working with three other agencies to set up the machinery to enable exactly that experience for business.

**Senator GALLACHER:** Thank you. Who does the Australia-European Union Free Trade Agreement involve—the European Union?

**Senator Birmingham:** It does involve the European Union.

**Senator GALLACHER:** Ms Burrows, is it true that the EU trade negotiators have provided Australian negotiators with a list of geographical indicators they wish to protect, and that on that list are feta, Prosecco, parmesan and Pilsner?

**Ms Burrows:** Yes, the EU has provided us with a list. I'm certain it includes the first three you named. I'd have to check the fourth, Pilsner.

**Senator GALLACHER:** What does that mean for us? Have we got a similar list? Do we have our own GIs?

**Ms Burrows:** It means that the EU has given us a list of terms that it would like us to protect by the end of the Free Trade Agreement negotiations. This is a matter for negotiation between us at this time; we have made no commitment to protect them. This is standard practice for the EU and its FTAs. In terms of our own GIs, we already have a form of GIs working through our trademark system. Whether we decide to protect any Australian GIs through the EU FTA into the EU market, it's too early to tell. We are still consulting with industry and affected communities.

**Senator GALLACHER:** Most people would be familiar with the example of champagne. If my sister-in-law works making feta in Adelaide, does that mean she'll have to make something else? It won't be allowed to be called 'feta'?

**Senator Birmingham:** Champagne is a good example in that Australia's wine industry has a pre-existing agreement with the EU that by and large has traversed these issues before and
dealt with them and did see Australia agree not to use certain terms. Equally, there are Australian regional names, some famous ones from our home state, that we expect to be rightly protected. However, we don't concede anything as yet in relation to the list the EU has. As Ms Burrows has indicated, this is a standard practice for the EU. Ultimately, should we go down the path of considering their claims for geographical indications in other areas, finalisation of those claims will be a matter of final negotiation in the FTA.

**Senator GALLACHER:** Are we to provide a list to them? Is that the stage we're at? They have provided a list of three to us. Do we put six on the table and work it out?

**Ms Burrows:** No. The EU has indicated that it's one of their chief priorities in this negotiation with us. Our industry, our communities, have some interest in geographical indications, but if they want to go through the process and work through all the requirements needed for a GI, to protect a GI in the EU, we're not at that stage yet. We're still consulting. It won't be a matter of one GI for one GI. If we ever agree to protect EU GIs, it will be as part of a balanced outcome at the very end of the negotiation.

**Senator GALLACHER:** It's early days yet, but will there be public consultation throughout the negotiation process?

**Ms Burrows:** We've already been having consultations through the negotiation process. The first round was only held in July last year. So far, our discussions have been on a general basis about what's going on, and what our communities, our stakeholders and industry can expect from the negotiations. We've committed that those consultations will become more intense and more open as the negotiations continue. We certainly commit to talking to everyone who would be affected by the protection of EU geographical indications in order to get the best sense of what's important for Australia.

**Senator GALLACHER:** Is this a politically sensitive and policy-sensitive area? Is this new for you, or do you do this all the time?

**Ms Burrows:** This is something we have not done before in free trade agreements. We are being asked by the EU to protect their GIs in a way that has not happened in our previous FTAs.

**Senator Birmingham:** It's standard practice for the EU; they have made the same request to New Zealand in their negotiations and in many others.

**Senator GALLACHER:** It could be politically sensitive and policy sensitive if someone takes a set against the agreement and wants to go out and run a 'no' campaign because we haven't dealt with it. So you're taking it broadly, you're consulting with affected sectors and you're going as carefully as you can?

**Ms Burrows:** And as consultatively as we can.

**Senator GALLACHER:** Thank you. Can I move to beef trade with China. When did Australia and China commit to the review of the memorandum of understanding on the investment facilitation arrangement of ChAFTA?

**Mr Fletcher:** Senator, this is a question for my colleague from the Regional Trade Agreements Division, which manages our free trade agreement with China.
Mr Mercer: The IFA MOU, which sits beside ChAFTA, mandates a review of that MOU two years after entry into force. The first meeting of that review was conducted in Canberra in October 2017.

Senator GALLACHER: The first meeting of the review between Australia and China was when?

Mr Mercer: From 25 to 27 October 2017.

Senator GALLACHER: How many subsequent meetings have there been?

Mr Mercer: There have been no subsequent meetings. That's the only meeting to date.

Senator GALLACHER: What can we conclude from that—you can't agree on a meeting time, or one party doesn't want to meet again? What's happening?

Mr Mercer: Over those three days three different review processes commenced: a review of the IFA MOU and reviews of the services and investment chapters of ChAFTA.

Senator GALLACHER: I want to be very clear: there have been no subsequent meetings?

Mr Mercer: That's correct.

Senator GALLACHER: And that was the most recent meeting?

Mr Mercer: That's correct.

Senator GALLACHER: You were telling me what progress has been made on that meeting about the review.

Mr Mercer: At that meeting we had a tentative agreement to conduct a second round of meetings in the first quarter of 2018. As it resulted, we were unable to agree on dates. We, through direct contact with the Ministry of Commerce in China, which is the agency responsible for implementation of the free trade agreement and the MOU—

Senator GALLACHER: Is that usual—you can't agree on dates in a whole year? I'm sure you're available, Mr Mercer.

Mr Mercer: I won't generalise; I will just talk about this situation. Both for China and for us, our negotiators, the officials involved in such a review, have other responsibilities. As I said before, we have approached China on a number of occasions, both directly from Canberra and through our embassy in Beijing, registering with China our interest in recommencing and progressing those reviews. The response from the Chinese side is that they are very busy.

The one point I would make is that the division in the Ministry of Commerce which is responsible for our bilateral FTA—it's the only FTA this division is responsible for—is their WTO division. As you would understand, they have a lot on their plate at the moment. That has been China's response; that they are not in a position. I was in contact just three weeks ago with my counterpart in the Ministry of Commerce. He acknowledged receipt of my approach and he's undertaken to get back to me but has reiterated that they don't have the capacity to agree to meetings at this time.

Senator GALLACHER: I hear exactly what you're saying, but is this like a non-tariff barrier approach—if we don't meet, we don't have to fix it?
Mr Mercer: China has an interest in these reviews; in particular the review you raised. The IFA MoU is a particular interest of theirs. They would certainly have an interest in reviewing that arrangement and looking at that going forward.

Senator GALLACHER: How would you characterise progress at this stage? Fledgling? Halfway? Zero?

Mr Mercer: We would have liked to have seen more progress. We would have liked to have met early last year, as we had scheduled. We continue to press China for that to happen.

Senator GALLACHER: When will the review be concluded—or are you in the hands of the other side?

Mr Mercer: It's a bilateral arrangement, so we're in one another's hands, and it takes two to tango. We're hoping we can re-engage soon. The reviews will be, in the case of the services and investment chapters, looking back at our experience to date with implementing the agreement of those aspects of the FTA and discussing any changes we would like to make to the agreement. There's a clear commitment from both sides to move immediately after the review is complete to renegotiate the investment chapter.

Senator GALLACHER: If I ask specific questions, if you can be as brief as you could, that would be helpful. We signed in March 2017—is that correct?

Mr Mercer: We commenced the review.

Senator GALLACHER: We signed an agreement with China to increase access for beef producers in March of 2017?

Mr Mercer: Yes.

Senator GALLACHER: How many companies could export beef before it was signed?

Mr Fletcher: I have answered this previously. There is no change to the answer we gave last time.

Senator GALLACHER: What was the answer you gave last time?

Mr Fletcher: We don't count companies; we count establishments, and the number of establishments remains the same.

Senator GALLACHER: How many Australian companies can now export beef as a result of this agreement?

Mr Fletcher: Senator, my answer is the same: no change.

Senator GALLACHER: Do any Australian businesses currently export beef to China that couldn't before the agreement?

Mr Fletcher: No. The agreement which was reached has not been implemented to increase the number of establishments able to trade.

Senator GALLACHER: So what increase in beef exports with China can be attributed to the agreement—zero, I suppose?

Mr Fletcher: The trade with China in beef is flourishing.

Senator GALLACHER: I'm not being critical. These are just the questions.

Ms Adamson: It's a very good story.

Mr Fletcher: It increased by 56 per cent last year.
Senator GALLACHER: Yes. But under this agreement nothing can be attributed because it hasn't been finalised?

Mr Fletcher: That's correct.

Senator GALLACHER: So do Australian beef producers currently have the full market access they are entitled to under the agreement signed in 2017?

Mr Fletcher: It has not yet been implemented.

Senator GALLACHER: Does that place China in breach of any parts of the CHAFTA?

Mr Fletcher: No. The agreement we're talking about is registration and approval for particular meat establishments to trade in chilled beef.

Senator GALLACHER: Yes; I understand.

Mr Fletcher: That's got nothing to do with the FTA.

Senator GALLACHER: I've got questions on sugar and RCEP to conclude on trade. Mr Mina, can you tell me how many WTO cases Australia is currently involved in?

Mr Mina: If I heard you correctly, you asked about WTO cases.

Senator GALLACHER: How many WTO cases is Australia currently involved in?

Mr Mina: We are currently involved, as a principal party, in three and as a third party in approximately 16.

Senator GALLACHER: How is the action against Canada regarding Australian wine going?

Mr Mina: We have commenced proceedings with Canada in respect of our claims against discrimination in relation to Australian wine. We have commenced proceedings in Geneva at the WTO dispute settlement body, where we have started proceedings to establish a panel for that case.

Senator GALLACHER: These are not short actions. How long does a WTO case normally take?

Mr Mina: Typically, the first stage of a case can take approximately a year, and if the case goes to appeal it can take approximately another year, with a gap in between.

Senator Birmingham: Senator, I've raised this case with my Canadian counterpart on at least a couple of occasions. We have continued to stress to Canada that we would like to see swift resolution of this matter without needing to proceed through the full dispute resolution mechanisms of the WTO but that we will do that if required.

Senator GALLACHER: Are we over the first year; is that how it is, Mr Mina? We've got a panel, you said?

Mr Mina: No, I wouldn't characterise it as 50 per cent of the way. As the minister has made clear, at the same time as we have started proceedings in Geneva—on 12 January, in fact—

Senator GALLACHER: This January?

Mr Mina: 12 January 2018.

Senator GALLACHER: So it has been going for about a year.
Mr Mina: We did request consultations. We have been pausing while, as the minister said, we have been in discussions with the Canadians about whether it is possible to reach an understanding on the issues at stake.

Senator GALLACHER: How many WTO cases is the Australian government actively considering initiating, and in what industries?

Mr Mina: We keep under review our WTO rights on a range of issues. As I think we've traversed in this setting before, that includes those in relation to a number of agriculture sectors. You and I have discussed the matter of Indian sugar on at least one occasion, and the government continues to review its options in respect of a range of cases.

Senator GALLACHER: Would you be able to put on the public record which industries have concerns and which ones you have had discussions with?

Mr Mina: In relation to Indian sugar, we can certainly confirm that the government has been very open about its willingness to assert its WTO rights and pursue those, given the issues at stake in respect of that case. We were discussing earlier the range of non-tariff barriers facing Australian industry; they are numerous. We make reference to WTO law. We use the WTO committee system and the transparency mechanisms that are in play there. That doesn't necessarily mean that one might be contemplating resort to formal dispute settlement processes.

Senator GALLACHER: Specifically with respect to sugar, has Australia commenced WTO action against India on sugar?

Mr Mina: In respect of sugar the government has made extensive representations, both in the bilateral relationship—through diplomatic and political means—and through the WTO committee system, as I referenced earlier. We've been doing that for many months. We have been using the formal mechanisms of the WTO monitoring system, and we'll do so again next week in Geneva at the WTO committee on agriculture.

Senator GALLACHER: But you haven't actually started any action against India?

Mr Mina: There has been no formal dispute settlement action on India sugar; that's correct, Senator.

Senator GALLACHER: Will you be considering that or beginning that?

Mr Mina: As I made clear on the last occasion on which we discussed this, we are considering very carefully our WTO rights. The government is reviewing the situation. Ministers have elevated to their counterparts in the Indian government the seriousness of our concerns and the impact these subsidies are having on global prices, and we have made clear that the government does intend not only to assert those rights but to pursue them, if necessary.

Senator GALLACHER: I see the Premier of Queensland raised this issue recently with the Indian foreign minister. Can you put on the public record which of our federal parliamentary representatives have made representations on this issue?

Mr Mina: Indeed. In fact, I may have mentioned earlier that we've raised our concerns with India on at least 40 occasions over the past year, at the highest levels. Prime Minister Morrison raised the matter with Indian Prime Minister Modi on 14 November at the East Asia Summit in Singapore, accompanied by Minister Birmingham. Minister Birmingham has
Senator GALLACHER: Representations have been made at the departmental level continuously throughout that period?

Mr Mina: At all levels, from the Prime Minister down, including both Minister Birmingham and Secretary Adamson.

Senator GALLACHER: To recap, it's at the committee stage of the WTO?

Mr Mina: We have made very vigorous representations through the WTO committee system about the situation. We'll do so again next week. But we are keeping under review the option of formal dispute settlement proceedings. We've made that very clear to the Indians throughout the last recent months.

Senator Birmingham: We have made that quite clear. In addition to our work with India and the work that has been undertaken in the WTO already, we have been actively reaching out to other countries to ensure that where there are countries similarly affected to Australia's sugar producers, we are as close to standing as one as possible in supporting each other's efforts.

Senator GALLACHER: Is that satisfying the sugar industry or are they still as volatile as they normally are?

Senator Birmingham: We've had a lot of engagement from my office with the sugar industry and some of Senator McGrath's very vocal Queensland colleagues, and including Senator McGrath, over these issues. With the Australian sugar industry, it's for them to speak, but certainly the feedback I have had has been positive in terms of the level of engagement that we've had, the strength of the representations made and the fact that we are keeping every option on the table. Of course, as you reflected before, if we get to the point of formal WTO action, it's not going to deliver a quick resolution for Australia's sugar industry. Their representative organisations understand that; nonetheless they are wanting us to use every bit of diplomatic leverage we have, and we will do that.

Senator GALLACHER: Thank you, Minister. Could I finally go to the Regional Comprehensive Economic Partnership. When will the negotiations on RCEP be concluded?

Ms Ward: RCEP leaders met in a summit in November 2018, and together determined that RCEP should work together intensively to conclude in 2019. Already, the teams have started working very intensively towards this end.

Senator GALLACHER: You would anticipate the agreement being signed in 2019?

Ms Ward: Certainly, the goal is to conclude negotiations. Signature, of course, is contingent upon all the things that we've heard about earlier today—the legal verification, translation into various languages et cetera. Whether it's signed or not is a question.

Senator GALLACHER: Will the agreement include investor-state dispute settlement provisions?

Ms Ward: Ministers agreed in 2015 that ISDS would be included in any final RCEP deal, on the basis that it would encapsulate a proper and appropriate balance between rights of investors and the government's right to regulate in the public interest.

Senator GALLACHER: A sort of modified version?
Ms Ward: It would include all the contemporary safeguards that we've seen in the CPTPP and other more recent negotiations.

Senator GALLACHER: Has Australia agreed to waive labour market testing for contractual service suppliers?

Ms Ward: That's a matter for the negotiations at this point. As a matter of fact, Australia has labour market testing waivers with RCEP parties already, courtesy of our WTO commitments, and also various FTA commitments, but that matter for RCEP is still under negotiation.

Senator GALLACHER: Does the agreement include a labour chapter?

Ms Ward: I would have to take that on notice.

Senator GALLACHER: If it does, is it enforceable or is it a statement of best endeavours?

Ms Ward: Again I would have to take that on notice.

Senator GALLACHER: Does the agreement include an environment chapter, in the same way?

Ms Ward: I will have to take that on notice.

Senator GALLACHER: And whether or not the environment chapter is enforceable.

Ms Ward: Senator, I do know the answer to those questions. The answer is no; it includes neither a labour nor an environment chapter.

Senator GALLACHER: Has Australia agreed to give greater concessions on procurement than currently exist in existing agreements?

Ms Ward: I would have to take that on notice.

Ms Adamson: Could I perhaps finish, Senator Gallacher, with what I hope is some good news on Pilsner. We have been able to confirm that Pilsner is not on the list of GIs which the EU has given us.

Senator Birmingham: Senator Gallacher, I did learn something about Budweiser the other day.

CHAIR: Yes, don't drink it!

Senator Birmingham: It may have certain geographical terms, apparently.

Senator GALLACHER: Is that right?

Ms Adamson: One final answer: I've just been made aware that government procurement will not be included in the RCEP agreement.

Senator GALLACHER: Excellent; thanks very much.

CHAIR: That concludes the committee's examination of the Department of Foreign Affairs and Trade. Secretary, could I thank you and your officers for your attendance today.

Australian Trade and Investment Commission

[20:44]

CHAIR: We will now move to an examination of the Australian Trade and Investment Commission. I welcome the Chief Executive Officer, Dr Stephanie Fahey, and officers from the commission. Dr Fahey, do you wish to make an opening statement?
Dr Fahey: No.

CHAIR: Excellent. Minister, are you okay? Brilliant.

Senator Birmingham: Even better.

CHAIR: Going terribly well. I'll hand over to my Labor colleague.

Senator GALLACHER: We'll move on straightaway to the topic of the day. Dr Fahey, I'm sure you've followed the detailed questioning from Senator Wong throughout the day in foreign affairs estimates regarding the interactions of Mr Andrew Burnes and his company, Helloworld. We have a number of questions there. Have you, or any officials at Austrade, had interactions with Mr Andrew Burnes, who is the CEO of Helloworld?

Dr Fahey: Austrade has had some connection. I think we first had a connection with Helloworld in 2013. As you're aware, Andrew Burnes accompanied the delegation that went to Washington, DC. I was also part of that delegation.

Senator GALLACHER: Was that in a former employment capacity? You weren't at Austrade in those days?

Dr Fahey: I'll ask my colleague, Kelly Ralston, to go into the detail.

Ms Ralston: Austrade has no record in our system of having provided services to Helloworld or to Mr Burnes in our normal course of events in terms of providing export assistance. We have had dealings through the mission, as Dr Fahey mentioned.

Senator GALLACHER: Perhaps on notice—if it comes to light that there was something there? Does anybody know your part of the whole-of-government travel approach? So what is your hotels, motels and inns bill as your share of the whole-of-government approach? With Defence it's $156 million. What's Austrade's share?

Mr Hazlehurst: I might ask Mr Nichles, our chief operating officer, to answer to that, but we may need to take it on notice. I will just check.

Senator GALLACHER: While you are looking I might just go on to the next question. Has Austrade been asked to provide assistance to any Helloworld employees, QBT employees, Mr Burnes or any of his associates?

Ms Ralston: As I've said, no, we have not provided export assistance to Helloworld or to Mr Burnes.

Senator GALLACHER: What presence does Austrade have in Washington? Do you operate from the embassy?

Dr Fahey: We have a senior trade commissioner and a team in Washington, DC. I think they're co-located with the embassy.

Senator GALLACHER: Are they still at 1601 Massachusetts Avenue? Haven't they moved into a temporary embassy? Weren't they going to pull that place down?
Ms Ralston: I was in the embassy up until 2015. I understand we're still in that same location. There is an intention to move some time in the next period. I don't know the details. DFAT would be the responsible agency.

Senator GALLACHER: So what is the Austrade role in Washington?

Dr Fahey: Austrade's role around the world is to support Australian exporters and also to encourage productive foreign direct investment to come to Australia. So in Washington, DC we also have this role. We both deal with companies that are wanting to export to the US and have a very strong focus on encouraging investment from the US to come to Australia.

Senator GALLACHER: Has Ambassador Hockey asked Austrade to provide any assistance to Helloworld, QBT, its employees or, indeed, Mr Burnes?

Dr Fahey: Not to my knowledge.

Ms Ralston: Not to our knowledge.

Senator GALLACHER: If you just want to check on those; but you have no knowledge of that?

Ms Ralston: We have no record. We have a fairly comprehensive system of recording our interactions with Australian companies.

Senator GALLACHER: And you have only one person in Washington, is that right?

Ms Ralston: No. We have an office of about eight to 10 people, I guess—a senior trade commissioner, an Australian based official and a number of local staff.

Senator GALLACHER: So to your knowledge, no; but would you just check on those?

Ms Ralston: I can take that on notice, but I feel fairly confident that it—

Senator GALLACHER: I refer to the National Governance Association 2018 winter meeting bilateral. I understand that the minister for trade and investment at the time, Mr Ciobo, attended the delegation; is that correct?

Ms Ralston: Yes, Senator.

Senator GALLACHER: What role did Austrade play in the delegation?

Ms Ralston: As our colleagues from DFAT have shared with their evidence earlier today, a number of parties are involved in organising any business mission. Austrade's role in this one was largely around the logistics of those missions and some of the program elements.

Senator GALLACHER: 'Logistics'—which would mean?

Ms Ralston: Arranging some of the invitations and the logistics of meetings, the scheduling.

Senator GALLACHER: So everybody is responsible for their own travel but you just arrange the meeting venues and the invitations?

Ms Ralston: Elements like that. Some of the programming design and I think some of the meeting arrangements would have been arranged with various American businesses.

Senator GALLACHER: So did you have a role in developing the attendee list for the delegation?
Ms Ralston: We really don't have anything to add to the evidence given by our colleagues from DFAT. As colleagues have mentioned, a number of parties were involved in the construction of those lists, but our role was limited to the logistics around that.

Senator GALLACHER: Were any Austrade officials requested to ensure that QBT and Helloworld were on this delegation?

Ms Ralston: Not to our knowledge.

Senator GALLACHER: Was any extraordinary assistance provided to Mr Burnes during the delegation by Austrade officials?

Ms Ralston: Not to our knowledge, no.

Senator GALLACHER: Do you have any tenders that are currently underway that QBT or Helloworld are part of?

Mr Nichles: The answer is no.

Senator GALLACHER: Were you able to find out what you spend on—

Mr Nichles: Yes, I have. In the last financial year we spent $1.247 million on airfares through QBT, and we spent $988,000 on accommodation through AOT.

Senator GALLACHER: Thank you. It is a modest share of the government spend, compared to some entities. If I could go to Brand Australia—if someone can answer some questions on that? What progress has been made on the development of Brand Australia? Where are we up to?

Ms Ralston: It’s a continuing program of development. Through 2018 the focus of the efforts was around a large degree of stakeholder and community engagement conducting marketing, market research and commencing the work around creative development.

Senator GALLACHER: When will we be launching?

Ms Ralston: There's still some time to go. The initiative is led by a council who are considering each of these steps. It's a complicated business. Recommendations will be developed, but they have yet to be developed.

Senator GALLACHER: How many people have been in the consultation phase?

Ms Ralston: There are multiple layers of consultation. I think I've mentioned to the committee previously that there is a Brand Advisory Council, which comprises a number of senior business and industry leaders. There is a brand experts working group, which comprises the chief marketing officers of a number of our leading organisations in Australia. There has been a process of state-based consultations around every state; some 355 people participated in those consultations. There has been a digital platform of engagement with, I think, several thousand people engaging in that. There's a newsletter which is fairly active and goes to about 2,000 people regularly.

Senator GALLACHER: Will the final brand be signed off at a cabinet level?

Ms Ralston: Austrade will make recommendations to government.

Senator GALLACHER: So, minister, will it go to the cabinet for approval?

Senator Birmingham: I would imagine so.
Senator GALLACHER: How much money has been spent on developing Brand Australia and how much money in that spend has been on external contractors?

Ms Ralston: Sorry; I missed the last part of that question.

Senator GALLACHER: How much of the spend has been on external contractors?

Ms Ralston: To date, roughly $10 million has been allocated to the initiative over three years; $1.9 million has been spent to date and about $1.3 of that has been spent on various contractors.

Senator GALLACHER: Following on from last estimates, would it be incorrect to assume that it would be completed by now? Are we behind or on track?

Ms Ralston: There's not a fixed timetable for this. As I said, it's a complicated project. It's an industry-led initiative, so the Brand Council takes a very strong hand in shaping the direction and each step of the process.

Senator GALLACHER: So it would be incorrect to say that a proposal should have gone to cabinet by now?

Ms Ralston: There's been no fixed timetable against this. I guess, as I say, there is a lot of consultation involved. It is important to get industry buy-in to the process. I think one of the things we have learned is that it's important to keep the community engaged in every step of the process.

Senator GALLACHER: Can I go to senior investment specialists and try and understand the KPIs and the effectiveness of the senior investment specialists? Mr Beresford, how many senior investment specialists does Austrade currently employ?

Mr Beresford: It has five.

Senator GALLACHER: Five?

Mr Beresford: Yes. The senior investment specialists are focused very much on our five investment priorities. Those five investment priorities have been established in consultation with our state colleagues. Clearly, we need to work very closely with our state colleagues. Those five priority areas are resources and energy, agriculture and food, major economic infrastructure, tourism, and advanced services and technologies. Their role is very much around major project facilitation. Their job is to stand alongside the investor and, through their understanding of the sector, help the investor through both state and federal regulation, as well as actual connections with the various bodies that they're working with. So let me just give you one example.

Senator GALLACHER: Mr Beresford, I've got 12 questions. Some of them may touch on what you're trying to be helpful with now, but if we can go through them sequentially? Then if you've got something to add, I'm happy to listen.

Mr Beresford: Certainly.

Senator GALLACHER: Where are they based?

Mr Beresford: They're based in Melbourne, Sydney and Brisbane.

Senator GALLACHER: What's the total cost of their salaries?

Mr Beresford: I'd have to take that one on notice.

Senator GALLACHER: Your chief financial officer hasn't got that to hand?
Senator Birmingham: It's a subset of the Austrade team, so it probably would require separate calculation to what you might normally carry around.

Senator GALLACHER: We're asking: what's the total cost of their salaries?

Mr Beresford: I'll take that on notice.

Senator GALLACHER: What is the highest paid specialist? You don't have that?

Mr Beresford: I'll take that on notice.

Senator GALLACHER: What is the lowest paid specialist, or are they all paid the same?

Mr Beresford: I'll take that on notice.

Senator GALLACHER: What is the total cost of their positions, including benefits of out-of-office expenses? Would you have a list of their KPIs?

Mr Beresford: Their KPIs—I can go to that. Their fundamental KPIs include driving investment outcomes, both milestones and inward investment outcomes. As I touched on earlier, just to use one example, which was the resources and energy example, we're obviously doing a significant amount of work, for a whole bunch of good economic reasons, around lithium at the moment. Recently we were able to successfully get Albemarle, which is a large US player, all the way from Houston to consider setting up a lithium production processing plant in Kemerton, which is in WA. That is a classic illustration of an investment outcome driving foreign direct investment and a focus on building foreign direct investment around skills, technology and processes—in this case the lithium processing plant. That is an inward investment outcome. They are measured on those inward investment outcomes, to give you an example.

Senator GALLACHER: So the KPI is attracting—

Mr Beresford: If you want to unpack that, then underneath the inward investment outcome we are looking for the capex; we are looking for the jobs retained and created. They are the two major KPIs underneath the overarching KPI, which is an inward investment outcome.

Senator GALLACHER: Are the five position-holders meeting their current KPIs?

Mr Beresford: Yes, they are. On the major project facilitation—and we work, as I said, very closely with the state government; and let me just stick with Albemarle, because that is the one I've raised—we've been working closely with the WA government. That was a team effort to convince Albemarle to come to Kemerton in WA. And that work would not have been successful without both the SIS, our SIS, and also our team. As the minister has pointed out, there is a much bigger team to support the SIS, both onshore and offshore, so clearly in Houston. But equally I must also call out the state government; they played an instrumental role in making that happen as well.

Senator GALLACHER: Having met their KPIs, does that make them eligible for bonuses?

Mr Beresford: No.

Senator GALLACHER: No bonuses? Excellent. Do you want to put anything else on the record before I move on? All right, thank you.

Mr Beresford: Thank you.
Senator GALLACHER: Beyond Tourism 2020's Steering Committee—someone has some information on that? Who announced the creation of the Beyond Tourism 2020 Steering Committee?

Mr Hazlehurst: Sorry, could you repeat that?

Senator GALLACHER: Who announced the creation of the Beyond Tourism 2020 Steering Committee?

Mr Hazlehurst: Minister Ciobo, I believe.

Senator GALLACHER: How were the members selected?

Mr Hazlehurst: Mr Ciobo selected them.

Senator GALLACHER: So is that like a ministerial office, a minister wrote and asked people if they want to come on? Was it advertised or gazetted?

Mr Hazlehurst: No, they were invited to join the steering committee by the minister.

Senator GALLACHER: Is there any remuneration to their positions?

Mr Hazlehurst: No.

Senator GALLACHER: Was interest sought or did the department approach any of the members?

Mr Hazlehurst: I don't recall the detail of whether interest was sought but the invitations were extended by the minister directly to the members.

Senator GALLACHER: You didn't provide a shortlist after looking into the field or something?

Mr Hazlehurst: No. I believe the minister—

Senator GALLACHER: So the final determination on the composition of the steering committee was entirely in the ministerial office?

Mr Hazlehurst: The minister made the decision, yes.

Senator GALLACHER: Does that decision then go to cabinet for approval or does it just rest with the minister?

Mr Hazlehurst: I don't believe it went to cabinet.

Senator Birmingham: I wouldn't have thought that would be a cabinet level decision, for an unpaid working group.

Senator GALLACHER: They're not gazetted?

Senator Birmingham: No.

Senator GALLACHER: And there's no payment for the role?

Mr Hazlehurst: No payment, no.

Senator GALLACHER: Sitting fees or attendance, air fares and overnight or something? There's no honorarium for the place?

Mr Hazlehurst: No. Membership of the committee was voluntary and there was no remuneration provided for attendance or for travel.

Senator GALLACHER: Or for travelling?

Mr Hazlehurst: That's correct.
Senator GALLACHER: Are they all in the one city? Can we get on notice who the members of the committee are and where they work?

Mr Hazlehurst: I can provide that information to the committee tonight. That's fine.

Senator GALLACHER: How many are on the committee, who are they?

Mr Hazlehurst: Just one moment, I will refer to my notes.

Senator Birmingham: Or we can do it on notice, if you want to keep moving along.

Mr Hazlehurst: Actually, I might invite my colleague to answer that question.

Ms Ashpole: The committee membership was made up of Kerrie Mather, who was the committee chair. The other members were Todd Coates, Karen Bolinger, Cinzia Burnes, Harvey Lister, Andrew Williams, John Hart, Clark Kirby and John O'Sullivan, the managing director of Tourism Australia.

Senator GALLACHER: They were all purely voluntary, no remuneration, and if they meet in a capital city other than their home base, no remuneration, no overnight, no airfares?

Ms Ashpole: That's correct.

Senator GALLACHER: Thank you.

Senator Birmingham: I'm very grateful to them for doing the work voluntarily.

Senator GALLACHER: Most unusual. Do we have someone who can answer questions on the Chinese visitor market? An announcement on 5 February was for $11 million in funding to attract more Chinese tour groups to Australia through ADS. What specifically will the money be used for?

Senator Birmingham: Being the approved destination status, not 'ads' as in advertisements.

Senator GALLACHER: Yes. Sorry. So the $11 million in funding to attract more Chinese tour group tourists to Australia through ADS—what specifically will the funding be used for?

Senator Birmingham: It is used to continue the approved destination status. But officials can probably speak in a little more detail to exactly how that operates.

Senator GALLACHER: Is someone going to have a go?

Mr Hazlehurst: I will just invite the relevant official to the table.

Mr Bilbie: Funding was announced to support the administration of the approved destination status program on 5 February. The scheme's been administered by the government since 2005. It results from a bilateral agreement between Australia and China.

Senator GALLACHER: When you say 'the administration of the scheme', does it pay wages? What do you mean?

Mr Bilbie: It's a number of factors. There are inbound tour operators who must have an approval under that program. So there's an administration cost in receiving those applications, assessing and determining suitability. There's also a compliance program, where compliance with the approved destination status code is tested, both by visits to locations where the tours are being conducted, interviews with tour guides and sometimes tourists, and then also spot checks of inbound tour operators' offices.
Senator GALLACHER: Is it a facility where a tour operator in China which is seeking to bring tourists to Australia is getting some help in passing through all of the requirements of bringing a tour group to Australia, basically? Is that what it's about?

Mr Bilbie: Not quite. The inbound tour operators are all Australian businesses and the tour guides are all engaged in Australia.

Senator GALLACHER: What's the breakdown of the $11 million over the forward estimates?

Mr Bilbie: It's approximately $2.7 million per year. Are you asking for a breakdown of the attribution of the funding each year?

Senator GALLACHER: It's $11 million but it's over—is it over four years?

Mr Bilbie: The forward estimates, yes.

Senator GALLACHER: So it's $2.7 million and then reducing down to whatever is left? Is that how it works?

Mr Bilbie: Yes, there's a slight reduction over time.

Senator GALLACHER: Is it new funding or reallocated funding?

Mr Bilbie: It's new funding, to my knowledge.

Senator GALLACHER: How are you going to calculate your return on investment?

Mr Bilbie: On the ADS program, I will provide a general answer and may need to provide a more specific answer on notice. The bilateral agreement that I mentioned, which was first made in 1999 and which has been re-agreed a number of times, provides a number of things. So the first is that the tour operators who are approved under that program have access to or can provide the facility of a faster visa turnaround for those tourists travelling on those organised tours. What that facilitated at that time was opening up the Chinese market to promotion for Australian tourism. So prior to that time that wasn't a market that was available. So the ADS scheme, whilst it has grown over time—there were about 220,000 visitors from China participated in an ADS tour last financial year—there is an increasing number of what are known as free and independent travellers. But that free and independent traveller market is founded by, if you like, the arrangement within that bilateral agreement between Australia and China. And it's founded by that approved destination status program.

Senator GALLACHER: Has there been a pullback in Chinese travellers?

Mr Bilbie: No. That number continues to increase.

Senator GALLACHER: In this specific sector?

Mr Bilbie: There's a slight drop-off in 2016-17 and then a five per cent increase last year—so around 220,000 visitors last year.

Senator GALLACHER: Thanks very much. We dug into a bit of code of conduct stuff last time we had you here. Can we go through another. So when we last met we asked a number of questions about code of conduct investigations. Is someone able to bring us up to date on how many code of conduct investigations occurred since we last spoke?

Mr Nichles: Yes, I can. What would you like to know?

Senator GALLACHER: Hopefully it's zero but, if it's not zero, how many have we had since we last spoke?
Mr Nichles: We currently have two workplace investigations in the current financial year.

Senator GALLACHER: I think we've got something about inappropriate behaviour on a video conference call? What can you tell us about that?

Mr Nichles: That was one in the last financial year. And there was alleged misconduct during a video conference call. The investigation was undertaken internally. And the findings were sustained. The employee remained on duty pending formal investigation. The employee has been counselled at the completion of the investigation.

Senator GALLACHER: I don't want to appear salacious but what's 'inappropriate conduct on a video conference call'?

Mr Nichles: I don't know the detail of that particular circumstance. But if someone took offence at something and they made a complaint about it, then we're obliged to follow it up.

Senator GALLACHER: What was the cost of following that up?

Mr Nichles: It was done by an internal staff member.

Senator GALLACHER: So there was no additional cost?

Mr Nichles: No.

Senator GALLACHER: So you appear to have a significant cost allocated against an independent investigation into bullying and micromanagement allegations. The allegations are not sustained, the investigation identified underperformance issues with the complainant, found the conduct of the team leader was reasonable in addressing the under-performance. That cost you 30 grand.

Mr Nichles: I'm assuming you're referring to our answer to a question on notice from last time.

Senator GALLACHER: Yes.

Mr Nichles: Let me just call that up. Question 4, is that correct?

Senator GALLACHER: Yes. Question 4 is the last one on there. So basically, these are really high amounts of money to what appears an ordinary workplace. It is hard to say what an ordinary workplace is these days but not many employers would spend 30 grand working out that someone had a performance issue and made an incorrect complaint. If I look at these answers to questions on notice, I can go $30,000, $38½ thousand, $27,000 and I'm approaching $100,000 or $75,000 for investigations into an independent code of conduct investigation into allegations raised against an Australian-based overseas posted employee. 'As the investigation process is ongoing, we are not able to provide any further details'—$27,000 allocated to that. Austrade engaged Clayton Utz to provide advice on a public interest disclosure received by a former employee. The contract included an estimate for investigation. So does that mean that you didn't actually spend the $38,000? That's just a quote, is it? Clayton Utz, CBR CN3540322.

Mr Nichles: That's the AusTender number, yes.

Senator GALLACHER: The contract included an estimate for investigation, the legal advice has been provided and you're considering next steps as a consequence of the legal advice. Explain that to me: have you actually spent that money, or is that what it would cost to proceed?
Mr Nichles: That was Clayton Utz for the advice on the public interest disclosure.

Senator GALLACHER: Is that a quote or is that actual expenditure?

Mr Nichles: If it was on AusTender, then we will have spent that money.

Senator GALLACHER: What is a public interest disclosure received by a former employee? What are we talking about there?

Mr Nichles: The Public Interest Disclosure Act and legislation was implemented, I'd summarise it, as protection for whistleblowers. Any member of the APS can make a complaint under the protection of that legislation. It carries serious penalties and agencies are obliged to follow a strict process to ensure the allegations are investigated thoroughly so that there's no chance of retribution against the person who makes that complaint.

Senator GALLACHER: Is this an indicator of another issue that we don't know about?

Mr Nichles: There are obviously pros and cons to this type of legislation. Some complaints can be vexatious, and, unless they're investigated thoroughly and defensively, you need to take every PID, public interest disclosure, seriously. That's what the legislation obliges us to do. Depending on the nature of the allegation, to ensure fairness to the person making the complaint, as well as to the person about whom the complaint has been made, we would engage an external adviser to do that. It's in the interests of the complainant and the staff member and the agency to make sure they do this thoroughly, in line with the legislation. You're right—there is a cost associated with that, to protect the whistleblower and to protect the staff member.

Senator GALLACHER: Was there a cost to the allegations against an overseas-employed employee of a failure to follow Austrade policies and procedures regarding the reporting of a traffic incident whilst on official duty and of abusive behaviour towards the other party to the incident? One of the two allegations was sustained, and the employee was counselled and issued with a warning. Was he not following procedure or was he abusive?

Senator MOORE: He or she.

Senator GALLACHER: He or she. I'm betting it was a he.

Mr Nichles: I think the abusive behaviour was sustained.

Senator GALLACHER: Dr Fahey, we see this in a number of areas, but you're going to assure the committee that this is not a systemic problem. When we look at this, what does it reflect?

Dr Fahey: Austrade does take the culture of the organisation very seriously. We also have a strong diversity and inclusion policy. When a staff member makes a representation, as Mr Nichles outlined, we take that seriously as well. We don't want any staff member to feel as if they weren't heard in a fair way.

Senator GALLACHER: But you spent, in 2017-18, $40,911.03, exclusive of GST, on these various proceedings. Is that a figure you're happy with?

Dr Fahey: Austrade is a very complex organisation, in the sense that we only have 1,100 staff but we have staff members from very diverse backgrounds. Half of our staff are located offshore, and many of those come from different backgrounds, so they're locally engaged. So the culture of the organisation is actually very complex. As I said, we treat our culture as something that's unique. It's something that needs to be looked after and nurtured, and we try
to empower all of our staff members to speak up if they feel as if there is a problem within the organisation. If you don't empower staff members to have a voice, then you have endemic cultural problems. So we're trying to encourage staff to be open about any problems they may experience.

Senator GALLACHER: Thank you, Chair. That concludes my questioning.

Mr Nichles: Chair, could I correct an answer I gave earlier around travel? The amount that I gave for travel was for Australian accommodation and Australian airfares. What I will have to take on notice is the amount of money we've spent on overseas airfares originating in Australia—but it will be less than $2 million.

CHAIR: Thank you. This concludes the committee's examination of the Australian Trade and Investment Commission. I thank Dr Fahey and officers for their attendance.

Proceedings suspended from 21:21 to 21:29

Export Finance and Insurance Corporation

CHAIR: We now move to examination of the Export Finance and Insurance Corporation. I welcome Ms Swati Dave, Managing Director and Chief Executive Officer of Efic, and officers from the organisation. Ms Dave, do you wish to make an opening statement?

Ms Dave: No, I don't, thank you.

CHAIR: Excellent. I will hand over to my Labor colleagues.

Senator GALLACHER: Thanks, Chair. Could we go to the government announcement of the allocation of funding to Efic for Australian defence exporters. How exactly has that been structured? Is there an easy way of explaining that?

Ms Dave: This is the Defence Export Facility?

Senator GALLACHER: $3.8 billion, is it?

Ms Dave: It's $US3 billion, so at current exchange rates it's probably above A$4 billion.

Senator GALLACHER: How exactly is it structured? What does the government do? It says, 'Look, you've got a credit facility for $US3 billion'?

Ms Dave: It's a notional upper limit. There's no money that's actually given to Efic. It's a notional upper limit and it's a 10-year facility, so it's available for exporters that may need support in terms of financing.

Senator GALLACHER: It's a 10-year facility?

Ms Dave: It's a 10-year facility.

Senator GALLACHER: If you find successful uses for it in three years, you have to wait until it gets repaid to get some money. Is that it?

Ms Dave: In theory, the limit is the limit, so, if we use it up in three years, that closes the limit. Unless the government wants to create another limit, I would have thought that would end the limit.

Senator GALLACHER: Okay. Does this mean there's been a change in your mandate to allow this? Is this a separate facility?

Ms Dave: I wouldn't say it's a change in the mandate. What we've been asked to do is administer this facility on behalf of the government, and the way we give effect to the facility
is really to look at transactions that may apply and those transactions then are put through the National Interest Account. So the Defence Export Facility is really an allocation of the National Interest Account.

**Senator GALLACHER:** Do you get money allocated for administering this mandate or do you take it out of the mandate? How do you provide funds for the facility or do the due diligence or do the work? How does that get paid for?

**Ms Dave:** My colleague can clarify that for you, but normally, under the National Interest Account, we get to be reimbursed for the costs that we incur. It's just a straight cost recovery.

**Senator GALLACHER:** Okay. So, it's a facility that's established and, if you were to find a successful project and you do due diligence and investigation, and, whatever it costs, you then bill who—the facility or the National Interest Account?

**Ms Dave:** It's billed to the National Interest Account.

**Senator GALLACHER:** Okay. Have you found any successful projects to date?

**Ms Dave:** Yes. Our former minister had announced two projects, I think in December. One was for CEA Technologies, which is a Canberra based company, and I think we're providing $90 million for them to expand their manufacturing facilities. Another facility was for US$80 million, and that's for the government of Trinidad and Tobago to purchase some patrol boats from Austal.

**Senator GALLACHER:** Do Austal build them in Australia or the Philippines or the United States or—

**Ms Dave:** The intention is that they would be building them in Australia.

**Senator GALLACHER:** I know they've got a facility in the Philippines—

**Ms Dave:** That's correct, yes.

**Senator GALLACHER:** and obviously the United States. This goes to their Western Australian base?

**Mr Neilson:** I believe so—at Henderson, yes.

**Senator GALLACHER:** Can you take that on notice? It's US$80 million—for the government of Trinidad and Tobago, is it?

**Mr Neilson:** That's correct, yes.

**Senator GALLACHER:** And just a bit of detail on Austal's fine work in Western Australia, if it's done there.

**Senator Birmingham:** I'm pretty certain that is the intended location for the majority of the work, but obviously we'll provide you with the additional information on notice.

**Senator GALLACHER:** I'd appreciate it if you'd give us the detail about that. We'd then just like to look at the new facility for the Pacific. How is this going to fit in with you? Where does this announcement sit? Is it another billion dollars?

**Ms Dave:** It's a billion of callable capital. Again, it's not money that flows to us; it's money that's notionally available. What it allows us to do is create much higher limits on particular countries and counterparties that we deal with. I think, as we previously discussed, based on our current capital—so cash capital and callable capital, which is about $670 million—
Senator GALLACHER: What is the size of Efic's current commercial account?

Ms Dave: It's about $3 billion.

Senator GALLACHER: And how much of the new callable capital will Efic be given? Zero? Is it just that you get it when you call on it?

Ms Dave: That's right, and calling on it would only happen in very extreme circumstances.

Senator GALLACHER: Will this mean that you need new staff?

Ms Dave: We have capacity within the team we have, because that extra capital is really to enable us to do more transactions—

Senator GALLACHER: Or increase the value of transactions?

Ms Dave: It could be a combination of both, and we have capability in the organisation to do the kinds of transactions that are contemplated with that facility.

Senator GALLACHER: So there'll be no new staff?

Ms Dave: There may be, but we do have skills in house. It will really depend on the pipeline: how quickly it builds and whether the pipeline is enough for us to hire more people.

Senator GALLACHER: But, in any eventuality, the costs of that hire will be billed back to the projects, or to the national interest account, or—

Ms Dave: In those cases, it will just be a part of our normal Efic expenses.

Senator GALLACHER: How much interest has Efic had from potential customers about this new facility?

Ms Dave: It's very early days, and, because it's still not passed as legislation, all we've been able to do is just field inquiries, where people are trying to understand what it actually means. So it is very early days.

Senator GALLACHER: I think this committee's going to consider it in the next week or so. The legislation committee will consider the legislation. We're not opposed, are we?

Senator MOORE: No.

Senator GALLACHER: It should go through the next parliament, with a bit of luck.

Senator Birmingham: It passed the House this week, Senator. Perhaps even today, I think, it passed the House and I gather, as Claire indicated, bipartisan support is pending, of course, examination through the legislation committee.

Senator MOORE: How many inquiries have you fielded?

Ms Dave: There are quite a few. I would say maybe six to eight. And we have been having a number of other conversations, which are still very initial. The challenge in all of this is that it's very hard to talk definitively about something that you don't have straightaway. So we have conversations, but they can't be advanced until there's a certainty.

Senator MOORE: What kind of people are calling you? I know this got a lot of publicity when the original speech was made, including a wide range of options.

Ms Dave: That's right.

Senator MOORE: I'm really interested in what kind of people—and I know it's very early and there are all those provisos around it, but can you give us some idea?
Ms Dave: It's a range. There'll be some private sector people that are interested. There are potentially other export credit agencies that want to talk to us. There are other potential equity players that want to talk to us and may want to partner with us. So it's a range of people that have spoken to us.

Senator MOORE: And then part of the process, once the legislation is formalised, would be to do some kind of awareness raising around the industries?

Ms Dave: Absolutely. On the assumption that it is passed—

Senator MOORE: It's the intent of the speech, yes.

Ms Dave: Absolutely. Then we would make that known to all the people we're dealing with, and we would talk them through how that might help them in terms of things that they're looking to develop in the region.

Senator MOORE: And you have, as you said, the capacity for doing that in your current structure—

Ms Dave: That's right.

Senator MOORE: so that's the kind of thing you do?

Ms Dave: Absolutely. We have a very strong project finance team with a lot of experience of looking at projects in the whole region, so certainly Efic has that history and capability.

Senator GALLACHER: Are you able to share, given that knowledge, what kind of projects you think Efic could fund in the Pacific? Is there an interest—

Ms Dave: There are a range. Some of the projects that we've spoken about involve water treatment. There are projects with renewable energy and there are projects relating to telecommunications—there's hospitals. So there are a range of projects.

Senator GALLACHER: How will the new Australian benefits test be applied?

Ms Dave: I'm going to let my colleague speak to that.

Mr Hopkins: The Australian benefits test is a fairly broad test, and it requires Efic to reach a reasonable belief that, following financing of a transaction, there will be maximum Australian benefits flowing back to Australia, and those benefits may include crowding in of Australian equity and finance institutions, supporting future employment in Australia, supporting export sectors important to Australia, facilitating access of Australian business to new markets, and encouraging future Australian participation in project supply chains.

Senator GALLACHER: So, if you invest in some social infrastructure like a water treatment plant, will that meet the Australian benefits test?

Mr Hopkins: It may well because it may involve some Australian involvement in the manufacture, or the supply, of that water treatment plant on an ongoing basis. It may reduce Australia's involvement in supporting water infrastructure in the particular country that we're looking at. So there are a number of ways that we would approach Australian benefit.

Senator GALLACHER: It's a broad test.

Mr Hopkins: That's exactly right, and it has been designed to be broad to allow for those types of considerations.
Senator GALLACHER: So, if there's an investment in social infrastructure, you're not going to be saying that it all has to be Australian made and Australian IP and all that? It's a broad test.

Mr Hopkins: Much broader.

Senator GALLACHER: You can do good stuff without being constrained.

Mr Hopkins: And you can look much further forward into the future in terms of what Australia's benefit may be, as opposed to the actual immediate benefits.

Senator GALLACHER: So the evidence you're giving is that the Australian benefits test is flexible enough to provide a broad range of outcomes?

Mr Hopkins: That is our view.

Senator MOORE: Senator Wong was asking some questions today of DFAT about concerns that had been raised in the international development area about this program, and they're just raising concerns at the beginning, because it's a new project. Has Efic been aware of those concerns? Is that something that has been discussed by you?

Ms Dave: Those concerns were made aware to us, because we saw that article or blog, indeed.

Senator MOORE: Yes, it's a very widely read blog in the community.

Ms Dave: It's very widely read and commented on, so we're certainly aware of them.

Senator MOORE: And that's the kind of thing that your team looks at and are aware of in terms of your role being in the finance area as well, and it took a wider view about how international development operates, and this is a new area for you. Is that the kind of thing that Efic will be working with to respond to such concerns?

Ms Dave: We would work with our colleagues at DFAT to respond to this.

Senator MOORE: Yes. Certainly, that was the response DFAT gave.

Ms Dave: That's how we would have to work. And, if I think about the changes that have been proposed, I see them as very complementary. Efic's key capability is around commercial financing. So, whilst we're working with the AIFFP, our core skill set is looking at it from a commercial point of view, and AIFFP looks at it from a grant point of view, and they can do a blended financing. So we're looking at it with very different lenses. If I think about when we're looking at any opportunities—and I'm trying to get to some of the concerns that might have been raised—we also think about what the issue is in terms of sovereign lending. We're very mindful of debt sustainability issues. We follow the OECD sustainable lending principles, and, indeed, when we look at it through our own credit analysis, we do think about: can the country have the capacity to pay? Are there pressures within the country that might cause issues? So we're very mindful of all these things. And, added to that, whenever we look at an opportunity, we think about the environmental and social issues associated with it. So we do have a process that's a very well-worn process, and it's served us well for many, many years and we would bring that skill set. We don't pretend to be experts in development finance. That's not our mandate, and that's certainly now not how we're proposing to work with the AIFFP. They have certain skills and we have certain skills, and the approach is to try and work together to achieve an outcome.

Senator MOORE: And within that new framework?
Ms Dave: Within that new framework, yes.

Senator GALLACHER: Will Efic also be in charge of the extra $2 billion for the other new infrastructure facility?

Ms Dave: No, we're not in charge of it. We will help the AIFFP in terms of operationalising it, but we won't be making decisions on that.

Senator GALLACHER: Given that DFAT cannot loan money, will it be Efic that's charged with the responsibility for that facility?

Ms Dave: Yes, that aspect we will help them with, because that's where our capability lies and our infrastructure lies. But, in terms of decision-making for their facilities, that is something that DFAT will be responsible for.

Senator GALLACHER: So will there be any interaction between these two facilities?

Ms Dave: Interaction in what way?

Senator GALLACHER: Will they remain completely separate?

Ms Dave: There may be situations or there may be projects where it's appropriate for Efic to provide some commercial financing and the AIFFP to provide some blended financing or some grant financing. So you could have co-financings. That's one where there might be interaction.

Senator GALLACHER: Where will the $2 billion infrastructure money come from?

Ms Dave: I think that's a matter for DFAT.

Senator GALLACHER: We've let them go.

Senator FIERRAVANTI-WELLS: Who's going to be responsible for making the assessment of whether a particular country is going to be able to repay the loan? Is that going to be an Efic responsibility or a facility responsibility?

Ms Dave: For Efic loans, Efic makes that determination.

Senator FIERRAVANTI-WELLS: And how do you then take into account existing debt levels? We know that there is already a high existing debt level, particularly in the Pacific.

Ms Dave: Yes.

Senator FIERRAVANTI-WELLS: We know $5.5 billion, but that's what we know. It's what we don't know that's the problem. How do you intend to deal with that component of it?

Ms Dave: I might call on John Pacey to explain a bit more about how we would take that into consideration in assessing loans.

Mr Pacey: Efic has been in the business of sovereign lending for many decades. We have a team of country-risk economists whose skill set is sovereign lending—analysing both economic risks and political risks and lending to countries. So, as part of that analysis, they look at both the national debt levels and external debt levels of countries and evaluate whether Efic's facility would mean that the country's debt sustainability would remain intact. Also, ECAs work within an OECD framework, which includes—there are countries which are identified in terms of low-income countries that are subject to debt sustainability caps and limitations, and Efic adheres to those guidelines.
Senator FIERRAVANTI-WELLS: So when you're talking about, potentially, external debt to GDP ratios—which in some countries in the Pacific are up to 90 per cent—does that mean that, for those countries, you would still embark on lending more money when they already have such high levels of external debt?

Mr Pacey: We would have to take that on a case-by-case basis and look at what the situation was.

Senator FIERRAVANTI-WELLS: Thank you.

Senator GALLACHER: We're finished with Efic.

CHAIR: You're finished with Efic? This is brilliant. This concludes the committee's examination of Efic. I thank Ms Dave and officers for their attendance. The committee will now move to the examination of Tourism Australia. A quick meeting's a good meeting!

Tourism Australia

[21:49]

CHAIR: We will now begin the examination of Tourism Australia and I welcome Mr John O'Sullivan, managing director, and officers from Tourism Australia. Mr O'Sullivan, do you wish to make an opening statement?

Mr O'Sullivan: No.

CHAIR: Brilliant. I will hand over to Senator Moore.

Senator MOORE: I don't think there are any surprises. I think they are areas we've looked at before. The first few questions are around the Chinese visitor market?

Mr O'Sullivan: Yes.

Senator MOORE: Was Tourism Australia consulted on the $11 million in funding to attract more Chinese tourist groups to Australia?

Mr O'Sullivan: Yes, we were.

Senator MOORE: How was that done?

Mr O'Sullivan: I will pass to my colleague Karen Halbert.

Ms Halbert: We have a very close relationship with Austrade and they consulted us about the approved destination scheme program. We don't work directly in the group tour sector but it's a very valuable partner to free and independent travel, which is where we focus.

Mr O'Sullivan: And it is a key part of the Chinese market—

Senator MOORE: Absolutely.

Mr O'Sullivan: particularly for attractions in places like Bendigo and other places for first time visitors into the country—Sovereign Hill and places like that.

Senator MOORE: Yes. They were particularly focused in those regional areas?

Mr O'Sullivan: First time Chinese visitors traditionally come in groups. They will traditionally come into the major gateways around the country starting with Sydney and then dispersing into places like tropical north Queensland, the Gold Coast and Melbourne. From Melbourne they'll do day trips out to places like Sovereign Hill, for example. So whilst the free and independent traveller is the market now that's becoming more prominent for our
sector, the groups, and thereby definition the approved destination status is still a very important part of how Australia is marketed in that market.

**Senator MOORE:** Through this area there are some questions for Austrade, so we'll just put those on notice, but in terms of Tourism Australia—

**Mr O'Sullivan:** Okay.

**Senator MOORE:** When we asked a couple of questions on this issue, I think it was to Austrade earlier, there was a question about whether there had been any reduction in this element of the market. In the question here to you, it says, 'Is Tourism Australia concerned by the recently released GBS report, which found a pullback in Chinese travellers' plans to visit Australia?'

**Mr O'Sullivan:** We monitor the market. It's obviously a large market in terms of visitors and volume of expenditure—

**Senator MOORE:** And a varied market as well.

**Mr O'Sullivan:** And a varied market. I think what we're seeing with China at the moment is a natural maturation of the market. We've experienced growth of compound of around 20 to 25 per cent for the last six or seven years.

**Senator MOORE:** Compound?

**Mr O'Sullivan:** Compound. It has been a market that has been growing at a very rapid rate. It's now starting to mature, and what it's also starting to do is it's starting change in its configuration. So we're now starting to see more independent travellers, smaller groups—four or five maybe—but not these groups of—

**Senator MOORE:** The bus loads—

**Mr O'Sullivan:** 30 or 40. I think the split at the moment is around 75 to 25 independent to group travel—so 25 per cent group and 75 per cent independent travellers. So naturally what we're going to see is the growth start to slow as it becomes more mature. What we're seeing though is we're still seeing this market growing at around nine per cent in terms of volume—often an incredibly high volume of people. Putting that into context, across in New Zealand for a similar amount of people, 1.3 million, you're seeing growth rates in the order of one per cent or two per cent. So it's still a very, very healthy market. Aviation capacity has also been growing at a rate of around that 20 per cent mark and those sort of growth levels are just not sustainable. So whilst we're watching it we're not overly concerned about it. We are working with the industry and telling them about our own insights, and insights from people like UBS and others, but it's just a different phase of the market that we're now going to go through. It's still an incredibly valuable market. It's still growing. The other thing to put in context is that a lot of our other competitor destinations are going through exactly the same thing. Japan's growth has slowed, New Zealand is actually in negative growth, the US is in negative growth, the UK is growing at about two per cent, and we are still ahead of that so—

**Senator MOORE:** Is that the Chinese market?

**Mr O'Sullivan:** The Chinese market inbound into those countries. We're still doing pretty well but we're never complacent and, as I said, we're sharing our own research and that of others with the industry.
Senator MOORE: You said earlier in your response that there are similar numbers in New Zealand. Is that similar at the moment but the growth is different?

Mr O'Sullivan: No. We get about 1.3 million or 1.4 million Chinese. We get about 1.2 million or 1.3 million—

Senator MOORE: So it is really close, isn't it?

Mr O'Sullivan: New Zealanders coming to Australia.

Senator MOORE: New Zealanders coming, not Chinese going.

Mr O'Sullivan: No.

Senator MOORE: When I was listening to you answer, I was thinking you were saying similar numbers.

Mr O'Sullivan: No. We like our Anzac colleagues, but we don't like them that much that we would give them one million Chinese visitors.

Senator MOORE: Our Chinese commerce.

Mr O'Sullivan: No. I think their addressable market is something in the order of about 400,000 or 500,000.

Senator MOORE: That's what it seemed to be, yes. So we've got very similar numbers of New Zealanders coming to Australia as we have Chinese. That's interesting in itself.

Mr O'Sullivan: It's not surprising, though, is it, given of the proximity and the aviation access. It's a pretty easy flight now from places like Auckland, Queenstown, Wellington and Christchurch into Australia. It's three hours. It's actually an easier flight on your system, in terms of time zones, than, say, going to Western Australia.

Senator MOORE: Very much so.

Mr O'Sullivan: So it's not surprising.

Senator MOORE: I was just looking. There are no West Australians, so we can say that.

Mr O'Sullivan: I have a board member from West Australian, so I have to watch what I say.

Senator MOORE: It's hard work. Have you given any thought—of course you have—to how effective you think the $11 million will be in attracting Chinese tourism? I would have thought you would have been thinking—

Mr O'Sullivan: It's probably more a question for Austrade because they administer in the market. But, just as a general comment, we're really happy to see that money invested because, as I said, that approved destination status is still really important in the Chinese market insofar as saying to their citizens that Australia is an approved destination for you to travel to. As I said, that group market is still going to be important for many of our operators in our industry—many in regional Australia. But it is also very important for first-time visitors out of China, particularly as we start to open up secondary cities—places outside of Shanghai, Guangzhou and Beijing. It's not that we have direct responsibility for it. We were very pleased and, as Karen said, involved in the consultation on that money.

Senator MOORE: What is the time frame for this investment? It is $11 million when?

Mr O'Sullivan: I'd have to pass that one to Austrade.
Senator MOORE: I can't see it anywhere.

Mr O'Sullivan: It's over four years, as I understand it. It starts from 1 July.

Senator MOORE: That would be about right—into the forwards. We always talk about the International Visitor Survey. Is Tourism Australia concerned about the decline in the number of nights for the top five markets and the subsequent decline on spend?

Mr O'Sullivan: Naturally, yes, because our industry is reliant upon expenditure to support those businesses and those one million people who work directly and indirectly in the industry. But, again, I think what we're seeing not only in Australia but around the world is a contraction in the number of nights that people take for holidays. People are more time-poor and, with better aviation access, you can probably take shorter breaks into destinations than you normally would consider. As a result, it's a trend that we're seeing not only here but also in other major markets. What we're doing about it is that, again, we're educating the industry and working with the industry, and also with our colleagues at Austrade through our Investment Attraction partnership, on things like new experiences coming into the country because, if we can get people to add on a night or stay an extra couple of nights or even go to a game of AFL footy, that actually extends their stay. So, for us, to do that, that's what we're focusing on right now with the industry. Naturally, too, with currency fluctuations within the Australian dollar, you're going to see fluctuations with the spend as we go through. So, from that point of view, we're just seeing some of the natural consequences.

Senator MOORE: Has Tourism Australia undertaken any additional research as to what factors are contributing to these trends? You began to discuss that in the previous answer.

Mr O'Sullivan: As you know, and we've talked about this before here, we do our consumer demand project, we do our quarterly brand tracker. We've been doing some, what I guess you'd call, informal research with the Australian industry to get their insights into themed periods like Chinese New Year and what they're seeing. We still haven't got the completed results of that, but the trends are quite similar, in that Chinese are now arriving without having experiences booked when they get into the country but are actually doing it more ad hoc. It's about working out how we respond to that in order to address that problem. We are doing some more research into that, as we do constantly.

Senator MOORE: You talked to me earlier about the kinds of factors and what you have found—time constraints, accessibility.

Mr O'Sullivan: Time constraints, accessibility, consumer confidence in source markets, events—someone might come across, for example, for the AFL grand final. You often see fans from other countries or even expat Australians coming back for a weekend—it's a very short holiday, maybe one or two nights—and then they're gone again. It's a macro trend that we're now seeing in the industry about length of stay. People are more mobile and travel has never been more accessible.

Senator MOORE: There's also the specialist event travel. People are coming for concerts—

Mr O'Sullivan: Yes, Harry Potter opens in Melbourne this weekend. I'm sure a lot of people will be doing that. There are things like State of Origin football, AFL, a lot of the arts and exhibitions that you see in galleries around Australia. There are businesses events as well. People are just doing that travel naturally.
Senator MOORE: Were you going to say something there?

Ms Halbert: No.

Senator Birmingham: Overall, expenditure is up.

Senator MOORE: I saw that. I was looking at the background here: a six per cent increase in visitor numbers, and then the types of visits. There's a bit of concern about the overall expenditure though, Minister. It's saying visitor numbers are up six per cent, but the amount of money being spent—

Mr O'Sullivan: On that, Senator—not to cut Senator Birmingham off—but where we're tracking right now is very good. We're almost at the bottom range of our 2020 target before we've even hit the end calendar year 2019. As I said before, Australia is growing ahead of a lot of its rivals off a very big base. While that growth rate in expenditure has slowed, a lot of that growth rate was driven out of 2015 by an extraordinary Chinese market, which we're now starting to see normalise. So, again, overall expenditure is up; we're working with the industry on getting that length of stay.

Senator MOORE: What can you do to address the decline in average stay and spend, but also making it more flexible, so that you come up with options?

Mr O'Sullivan: We do a lot in the business events space because that is a very inelastic part of the sector. We're working with industry on investment in new experiences, new accommodation to make destinations more appealing. We're certainly working with the travel trade and our partners in market to have better itineraries, longer itineraries and more appealing itineraries around different parts of Australia. And something like our UnDiscover Australia campaign, which Senator Birmingham launched in Jakarta in September, is exactly that—that is, a campaign in South-East Asia that seeks to showcase Australia in a different way than it probably has been before, so challenging some misconceptions that some markets have about Australia.

Senator MOORE: The next heading is 'Regional dispersal'. Have you made any assessment, as Tourism Australia, as to the importance of regional dispersal when it comes to extending the same discussion—average stay and increasing the spend? We've begun that discussion.

Mr O'Sullivan: Yes, we have. It's why campaigns like UnDiscover feature experiences and parts of the country that are in regional parts of Australia. For example, the Northern Territory's featured quite prominently, in particular, Uluru, and we've seen dispersal increase by five per cent to September. We feature a lot of regional parts of Australia. We take travel agents and media on 'famils' into regional parts of Australia. Bear in mind we already see an expenditure where about 46c in every dollar that an international visitor spends, they spend in regional Australia. It's actually pretty high in terms of where the value is going to the industry, but we are working with our partners on showcasing different parts of Australia.

Senator MOORE: We've talked before about the Northern Territory and the concern in the Territory about their percentage dropping, and there have been lots of domestic advertisements around going to the Territory. From what you've been saying, has there been an international focus on getting people to the Territory as well?

Mr O'Sullivan: Yes, very much so. And not just Uluru, because the Territory—
Senator MOORE: The whole Territory, yes.

Mr O'Sullivan: The Territory is a story of two halves at the moment. There's Uluru, which is absolutely flying, and you've got some parts of the Territory, in the northern parts, that probably aren't going as well. To give you an example, in our aquatic and coastal campaign we featured locations like Katherine Gorge and Biddlecombe Cascades; we've done six media visits over the past six months into the Northern Territory; we've just launched a program in the United Kingdom on ITV with Julia Bradbury, called *Australia with Julia Bradbury*. She's done an episode out of the Northern Territory, looking at crocodiles. In Japan, we've done a broadcast project with *Tabi Salad*. We are featuring different parts of the Northern Territory into those countries. And we probably spend, in unison—Tourism Northern Territory probably spends with us close to $700,000 a year on promoting the Territory. And then finally, the Dundee campaign was really harnessing that whole area of outback Australia, regional Australia. Certainly we think it put a spotlight on that part of the country as well.

Senator MOORE: Have you looked at what is holding international visitors back from visiting our regions and how that can be addressed, which of course was the focus of that whole campaign? What's been identified as to why people weren't going to regional Australia?

Mr O'Sullivan: Some markets think that it is coming down to land costs and comparatively what they can buy out of other destinations for the same price. Australia is a high-cost destination; we've never shied away from that. It's why our strategy is around this high-value traveller, because we know that that's the market that for us is going to benefit the industry more, so a lot of it has to do with that.

Part of it is also about knowledge. That's why we launch campaigns like UnDiscover, to bring to light other parts of Australia and regional parts of Australia. And the other area is basically just working with travel agents and painting to them how you practically get from one part of Australia to another. One of the big challenges we have as a destination is, compared to somewhere like New Zealand, we're a complex destination; we're hard to plan for. We know that in some markets we've had travel agents think that you can book an itinerary and drive from Sydney to Cairns in a day. You'd have to be a pretty fast driver to do it, but that doesn't happen. So it's those sorts of things that we're addressing.

Senator MOORE: Knowledge of your market.

Mr O'Sullivan: Yes, so part of it is cost, part of it is complexity and part of it is about marketing those different parts of Australia.

Senator MOORE: And the particular strategies you've touched on, in terms of working in the industry?

Mr O'Sullivan: Yes. So campaigns like UnDiscover, Dundee—those campaigns that push that. Even with our business events focus, we encourage business events planners to look at smaller sized break-out groups in different parts of regional Australia. For example, out of Dreamtime 2017 we were able to get a group of about a thousand from China for an incentive group in Port Stephens.

Senator MOORE: Beyond 2030?

Mr O'Sullivan: Yes.
Senator MOORE: In what way is Tourism Australia contributing to the Beyond 2030 strategy?

Mr O'Sullivan: I was a member of the steering committee, as I think was discussed with you earlier.

Senator MOORE: Yes.

Mr O'Sullivan: As part of that, I was able to contribute Tourism Australia's perspective to that particular strategy. As part of that, I also coordinated, on behalf of the committee, engagement with the state and territory tourism organisations. We did around six consultation meetings with the states and territories, took them through modellings and then we played a role in presenting to them the economic modelling. The economic modelling that's contained in the Beyond 2030 draft plan that's out for consultation at the moment, that modelling was done by Tourism Australia through our agency BDA Marketing Planning, who did the original 2020 economic modelling as well. So we've had an extensive involvement, and we'll continue to do so as the government requests.

Senator MOORE: So what's the life of 2030?

Mr O'Sullivan: The life of 2030?

Senator MOORE: Yes, so you've got the steering committee, you've got the draft report and you've got people making submissions—closing on International Women's Day, 8 March 2019.

Mr O'Sullivan: The formal submissions have already been made, of which there were 29. These were made during the consultation process. There is a draft paper that's now out for consultation. On the duration of the strategies: we have one strategy which is current at the moment, the 2020 strategy—which, as it suggests, goes to the year 2020—and this new strategy which is for another 10-year window, which the committee thought was the most relevant time frame to look at because it gives the industry a good runway to look at issues that will come up. It's not too long that you don't miss technology changes, and, as the report also references, there's a midpoint check along five years where the strategy is assessed and relooked at.

Senator MOORE: Who is actually responsible for 2020? Is that Austrade? And which department?

Mr O'Sullivan: Ultimately, it's bigger than that. It's actually the industry as well as governments, both federal and state. If you look at the 2020 targets, for example, we go by the 2020 targets from a federal government perspective. Each of the states and territories have 2020 targets as well. A lot of the industry buys into it as well. This is the beauty of both strategies. It's not just been government saying to the industry, 'Oh, here you go, off we go, this is the direction we're going in.' There's actually been, in both sets of strategies, consultation done with the industry and through government as well. As the Auditor-General commented when they did a performance audit on us in 2017, it was a strategy based on sound logic and they could see the benefits of it. It's a bit more than saying 'Austrade owns it' or 'Tourism Australia owns it'. We like to think the industry owns it. We monitor the demand side of the strategy and Austrade monitors the supply side of it.

Senator MOORE: Where does it report to?
Mr O'Sullivan: Ultimately, it reports to the minister.

Senator MOORE: To the trade minister?

Mr O'Sullivan: Correct.

Senator Birmingham: And tourism minister, and investment minister.

Senator MOORE: I'm trying to work out the exact ministerial link as to which department, because it's got a lot of involvement in it. So it's trade and tourism, and it links in. What are Tourism Australia's priorities for the Beyond Tourism 2020 strategy?

Mr O'Sullivan: If you look at the overarching strategy, the overarching priority is around achieving the expenditure levels that the current draft paper has—between $180 billion and $250 billion. Ultimately, if you go through the paper, it looks at continuing the focus on the high yielding traveller and focusing on the yielding visitor but also, where we can, introducing some newer markets into the mix. One of the things we are approaching, which I think is quite exciting for the industry, is that from 2020 on, markets like South America, which currently aren't big markets for us, will start to become on our radar as—

Senator MOORE: It's big in students.

Mr O'Sullivan: It is big in students but not big in visitation. It's very volatile in visitation, for leisure visitors. But, as aircraft technology changes and as we start to see more aviation linkages between the two continents, I think you'll start to see that market arise. For us, it's around spend, digital and technology—it's such a big opportunity for any industry but particularly the travel and tourism industry—supporting Austrade on investment attraction and aviation development. It is not too dissimilar to what we do already but there is probably an emphasis on looking at our current core markets, maybe expanding those, and looking at digital and technology particularly because that's where we're going to see some of the excitement happen.

Senator MOORE: I know there's a focus on Indigenous tourism. Are there particular strategies being developed around Indigenous tourism?

Mr O'Sullivan: We already do that. As you know, through our Signature Experiences program, we have Discover Aboriginal experiences. I think it's 40 experiences around Australia that we're now actively marketing. One of our staff members is with Tourism Northern Territory in Europe right now, doing a roadshow on Aboriginal and Torres Strait Islander—

Senator MOORE: Because it always comes up in the surveys, doesn't it? That's one of the things that people say they want to see.

Mr O'Sullivan: Cultural tourism's a big driver of travel. It's the oldest continuous culture. We've got some great experiences around the country, and we always feature those in our marketing campaigns. It's a key part of what we do, and, as the Beyond Tourism 2020 steering group identified, cultural tourism is going to become more and more important.

Senator MOORE: On page 12 of the report, encouraging the growth of domestic travel is listed as a goal, with Tourism Australia to work with the states and territories to encourage Australians to holiday at home where appropriate. In what ways is Tourism Australia planning to do this, and how important is it to have a national agency like Tourism Australia coordinating best practice across the states and territories?
Mr O'Sullivan: There are two parts to that question. In the first part of the question, on domestic tourism, we work with the states and territories by providing them insights into what travellers are looking for. We don't have a remit in domestic tourism per se, but we work with them to look at areas of alignment and areas of research they can use to market their different states and territories. If you look at the spend that some of these STAs have, it's quite significant in the domestic market.

How do we already coordinate with them? It's mainly offshore, internationally, where we have what we call the One Voice program. In terms of travel agent training, Tourism Australia agents go out and train travel agents in markets like China, Hong Kong and others. Those roles are funded by the states and territories. The Signature Experiences program, for example, is co-funded with all the states and territories. We coordinate across marketing platforms and training of travel agents. We work in aviation development. Karen chairs a group that looks at investment attraction. Across demand and supply, we do a lot of coordination with them.

Senator MOORE: And that's an effective mechanism for the states and territories?

Mr O'Sullivan: It is, as much as Federation allows it. It's going pretty well. In all seriousness, though—

Senator MOORE: It's a peer support group as much as anything.

Mr O'Sullivan: Yes. We all share insights and we all share knowledge. They support us financially; they're big contributors to a lot of our campaigns, as are we in contributing research to their businesses.

Senator MOORE: And there's often shared appeal around some of the borders where you can actually—

Mr O'Sullivan: What we're starting to see now is that visitors don't just want to do a destination per se.

Senator MOORE: They want to do the experience.

Mr O'Sullivan: They might want to fly into Brisbane, drive to the Gold Coast, go to northern New South Wales and then exit the country from the Gold Coast back to wherever. It's trying to get the states and territories to work in that way.

Senator Birmingham: Cooperation from the states seems to come a little more naturally in this space than it did in my previous portfolio!

Senator MOORE: I was thinking the same thing, Minister, but I thought it was inappropriate for me to say it! What are some of the key opportunities you've identified when it comes to bridging gaps in visitor data sets? We've talked about the data process before.

Mr O'Sullivan: I'll have to defer that. That's in the remit of Austrade. I think Rob Donelly might be here—he's just there. I've been talking at you all night!

Senator MOORE: Rob, have I got some questions for you! You've got the data set, have you?

Mr Donelly: Would you mind repeating the question, please?

Senator MOORE: What are some of the key opportunities you have identified when it comes to bridging gaps in visitor data sets?
Mr Donnelly: There are a range of opportunities we're looking at, particularly in the range of complementary data sets. We're running a range of different pilots with a range of different providers across different types of data. We're looking at credit card data, mobile phone data and administrative data from other government departments, such as the Department of Home Affairs, and we're running a range of different pilot projects to see which of those might be useful in supplementing the data that comes from the surveys, which is still the primary data.

Senator MOORE: Tourism Australia owns the surveys, doesn't it?

Mr Donnelly: No, Austrade owns the surveys.

Senator MOORE: I've always asked Tourism Australia about the surveys. I always ask you—

Mr O'Sullivan: I don't mind.

Senator MOORE: and you always answer me!

Senator Birmingham: This is why Mr Donelly hangs around even after Austrade has gone!

Senator MOORE: We should have been talking more! We've always talked about the surveys and the importance of getting them.

Mr O'Sullivan: We do use them to track the 2020 targets. We use them as insights into how the market is performing. We're a key user of them, but I don't have responsibility for them.

Senator MOORE: So all the data responsibilities are through Austrade?

Mr Donnelly: That's correct.

Senator MOORE: Is that a special branch of Austrade?

Mr Donnelly: Tourism Research Australia is part of a branch in my division within Austrade, yes.

Senator MOORE: Rather than discuss it widely, because it's a big one, would you mind taking that on notice, Mr Donnelly—the issues about key opportunities identified with the data?

Mr Donnelly: Certainly.

Senator MOORE: You've identified the range of data, but I think getting into key opportunities might be another level of discussion.

Mr Donnelly: Indeed. Happy to take that on notice.

Senator MOORE: Would you be the person in terms of Austrade who provides an updated membership list of Beyond Tourism 2020?

Mr Donnelly: In terms of the committee?

Senator MOORE: Yes; the steering committee.

Mr Donnelly: No. Ms Ashpole is here. I think she read that into the record earlier in the hearing.

Senator MOORE: Yes, she did. I know that there were some questions on how many occasions it's met and those sorts of things. Have they already been put before you?

Mr Donnelly: Those questions weren't asked—not in my presence at least.
Senator MOORE: You may want to take these on notice, Ms Ashpole. In relation to targets for 2020, is it better to put it on notice what have been met, what exceeded, what failed—those kinds of things?

Ms Ashpole: I can give you some headline figures now, if you'd like. Perhaps, if you want some more details, we can back them up. To answer that, the tourism 2020 target, the main target, was to increase Australia's overnight visitor expenditure between two targets—the lower target of $115 billion and the upper target of $140 billion—by 2020. Overnight visitor expenditure started tracking above that lower target in 2015. At the end of September 2018, overnight visitor expenditure increased to $113.4 billion. That was up 8.1 per cent on the previous year, so we're well and truly on track for that. The forecasts from Tourism Research Australia that Mr Donelly just referred to predict an average growth of 5.8 per cent in international visitor arrivals over the next decade.

Underneath that, we have various targets around accommodation supply, domestic and international air capacity and things like that. I'm happy to go through them or, alternatively, we could answer them on notice, if you'd rather get more detailed information.

Senator MOORE: And they're a simple thing to answer on notice?

Ms Ashpole: Yes.

Senator MOORE: Because in my mind I've got that kind of thing in a box system. I would imagine that's what you've got.

Ms Ashpole: We can do that easily.

Senator MOORE: Can I ask a couple of questions about regional dispersal? I asked a couple of questions to Tourism Australia and it was an Austrade thing.

Ms Ashpole: Certainly.

Senator MOORE: I want to know the projects that have been funded as part of the $45 million for tourism related infrastructure and where they're located?

Ms Ashpole: That's not my area, so I can't answer you particularly well on that.

Senator MOORE: Who do I give that to?

Ms Ashpole: We can certainly take that on notice. Mr O'Sullivan I think mentioned some of the activity that's going on.

Senator MOORE: Yes. We talked about the activities, but I was thinking about the particular projects funded under the $45 million.

Mr Donnelly: Are you referring to the Building Better Regions Fund?

Senator MOORE: This was given to me under the Department of Infrastructure, Regional Development and Cities to improve tourism related infrastructure.

Ms Ashpole: Yes. I can indicate for that particular fund the applications have closed. They closed in November last year. Those applications are currently being assessed.

Senator MOORE: Good. In Beyond Tourism 2020 there's a general question, and it's one we talked about. It's the importance of accessible tourism and if it should be considered through this strategy. Is the whole idea of accessible tourism one of the elements being discussed in the 2020 and beyond 2020?
Ms Ashpole: It's a question that has come up. It has come up in the start of the consultation discussions that we're having, so it is something that we'll look at.

Senator MOORE: Has that come up in the draft report submissions? Has that been raised as a particular issue? I'm looking at Tourism Australia, because I know you work together on this project. Has that come up, Mr O'Sullivan?

Mr O'Sullivan: You'd have to put it on notice through Austrade to see what was definitively in the 29 submissions we received. I can say that the importance of accessible tourism was discussed around the committee table. I think we're seeing that now more broadly across the sector. We've been working with the state and territory tourism organisations to understand what each of them are doing in that space. We're now starting to actively work with segments of the industry that are in this area. I don't think we received an explicit submission on accessible tourism, but it certainly was discussed around the committee table as being important. From our perspective, if you look at the structural rollout, you have the 2030 strategy, which will have the broad based targets. We then go away and write our own strategies to support our activity to do that, like Indigenous tourism, accessible tourism and cultural tourism. These are the things that we put into our strategies to make sure that we don't miss that part of the market.

Senator MOORE: It just seems that there are pockets where this is a really big topic—the growth in this area and the need to make facilities and events more aware of responsibilities in this space. There's a cost involved in that as well.

Mr O'Sullivan: From the event space, it's actually addressed incredibly well. If you go to a lot of our major venues—

Senator MOORE: It's getting much better.

Mr O'Sullivan: I worked on the Paralympic Games, so I'm pretty aware of the requirements.

Senator MOORE: And also the skill in that industry that sometimes people don't notice until they're working in that space?

Mr O'Sullivan: That's correct.

Senator MOORE: Who does the Tourism Access Working Group?

Ms Ashpole: I can answer questions on that.

Senator MOORE: When did the Tourism Access Working Group last meet?

Ms Ashpole: It last met on 6 December last year.

Senator MOORE: When will it next meet?

Ms Ashpole: A date hasn't been set for the next meeting, but traditionally the group has met twice a year.

Senator MOORE: What are the current priorities of the Tourism Access Working Group?

Ms Ashpole: The group talks about a lot of the issues that are of general concern or interest to the industry. For example, talk often turns to visas, to labour and skills issues, and to things like aviation access and passenger facilitation—domestic security requirements around airports and what have you. They're the sorts of things that—

Senator MOORE: And that's what you're working on as well?
Ms Ashpole: the group discusses when they come together.

Senator MOORE: What contribution has the Tourism Access Working Group made to the Beyond Tourism 2020 strategy?

Ms Ashpole: Some of the attendees at the working group made submissions to the industry led steering committee, who developed the report to government that we discussed earlier.

Senator MOORE: So they made a formal submission?

Ms Ashpole: That's correct.

Senator MOORE: And then that would be part of the ongoing discussions?

Ms Ashpole: Yes. And of course, with submissions open again, everyone is more than welcome to make more submissions.

Senator MOORE: And that's going to be an ongoing model?

Ms Ashpole: The consultation process?

Senator MOORE: Yes.

Ms Ashpole: The submissions close on 8 March, as you said earlier.

Senator MOORE: How much would the Australian tourism ambassador program cost Tourism Australia, including travel, filming and distribution?

Mr O'Sullivan: You mean for the work we're doing with the Aussie Specialist Program?

Senator MOORE: Yes.

Mr O'Sullivan: I'd have to take that one on notice, but it's basically a program where we pick a travel agent out of our key markets, often in conjunction with an airline so the costs are minimised to bring them out here. We can certainly supply you with that information on notice.

Senator MOORE: How many additional trips via travel sellers are expected to be booked as a result?

Mr O'Sullivan: We don't have a specific target. That's because of the fact that you're looking at probably a handful of these ambassadors. What it's designed to do, which is a lot of the tone that we talked about earlier, is educate. It's about these travel agents going to different parts of Australia than they would normally see and then going back and providing those stories and that information to their clients.

Senator MOORE: Where have they come from? How have you chosen them?

Mr O'Sullivan: We actually threw it out to all of our Aussie Specialist Programs. There are 30,000 agents around the world, which you know about. We then asked them to submit videos of how they would be an ambassador or why they wanted to be ambassador—what was important about Australia for them.

Senator MOORE: They competed for it?

Mr O'Sullivan: That's right. To be an Aussie Specialist, you already go through a prequalification of education, training and then, obviously, selling Australia. It's already a group that we've, if you like, precleared in terms of their authenticity. They're then selected by our trade representatives in the markets. For example, in the UK there's a fellow from
Travelzoo or something like that. He's been flown out here by Qantas, and he will go around the country, co-funded by ourselves and the states and territories, learn new experiences and see different parts of Australia and then go back and use that as part of the education and create content for us.

**Senator MOORE:** And get that ongoing impact of—

**Mr O'Sullivan:** The Aussie Specialist Program is a very important part of how we sell Australia, because that retail, high-street travel agent that is still important in lots of places and supports parts of the country like regional Australia.

**Senator MOORE:** What is the timeline of the program, including the film and distribution to travel sellers?

**Mr O'Sullivan:** It will be over the next 12 months. It's an ongoing program.

**Senator MOORE:** So for the whole of 2019?

**Mr O'Sullivan:** Yes. It goes in stages. So they will come out, do an itinerary—it might be 10 days or so—and then they will go back. But we won't bring them all out at once; we'll bring them out in phases.

**Senator MOORE:** How was the UK chosen as the best program to benefit the program?

**Mr O'Sullivan:** The UK is a really important market for us from a travel agent perspective. The high-street travel agent is still really, really important because of the long-haul nature, and overarchingly the UK is still a really important market. We talk a lot about China, and a lot about—

**Senator MOORE:** When you say UK, it's including Northern Ireland?

**Mr O'Sullivan:** Yes, when I talk about 'UK', our region is northern Europe and UK. Our office is in London but that office services Scandinavia, the Republic of Ireland, Northern Ireland.

**Senator MOORE:** I didn't know that.

**Mr O'Sullivan:** Yes, I was probably being a big liberal with my language.

**Senator MOORE:** No. I have a feeling it was just the way the question was phrased: 'Why was the United Kingdom market selected?'

**Mr O'Sullivan:** Just in answer to that, it's our fourth-biggest source market, our third-most-valuable market—fourth-most-valuable market in terms of expenditure. You've got amazing flight access through Asia and the Middle East into all parts of Australia, so it's a really important market for us.

**Senator MOORE:** And what's the expected return on investment for the program? Have you got—

**Mr O'Sullivan:** No, again, Senator—

**Senator MOORE:** You are actually using a model to see how it works?
Mr O'Sullivan: Yes, and we want to—it's about education. We're not going to sit there and say, 'Are we generating a return of six-to-one or five-to-one?' It's not that type of program.

Senator MOORE: I've only got two other areas because I can sense the shaking from down here.

Mr O'Sullivan: It's probably my answers!

Senator MOORE: My two headings are: the Alipay Sydney City Card and the Australian Traveller US magazine. With respect to the Sydney City Card, to what extent is Tourism Australia or any other Commonwealth officials—I would imagine that's Austrade—involved in this pilot?

Mr O'Sullivan: We are leading that. We are working with Alipay to give them access to information for them to include in this app for Chinese travellers, with the pure intent that when Chinese travellers are here in Australia, and in particular Sydney, they can use that mechanism to better find their way around Australia. One of the big things we get out of our research from the Chinese market is the ability for them to understand where they are in a market. This program enables them to do that.

Senator MOORE: It's a card that you can use for special offers for retailers and tourist destinations and across Sydney?

Mr O'Sullivan: Yes. It's almost like an electronic guide. It's not a physical card. It's actually through the app. It's digital.

Senator MOORE: Did Tourism Australia or any other Commonwealth organisation provide funding for the pilot?

Mr O'Sullivan: My understanding is we didn't provide funding; we worked with them to give them information and access to—

Senator MOORE: You worked with Alipay. I don't know them, but I've heard of them. They're huge.

Mr O'Sullivan: Massive. Yes, companies like Tencent, Alibaba and WeChat are a key part of our partnership program out of China now, because they're so important to the Chinese consumer.

Senator MOORE: Do you have any information about return on investment?

Mr O'Sullivan: Not as yet. Because we didn't directly invest—it would be pretty good.

Senator MOORE: You're going to do well.

Mr O'Sullivan: We will debrief at the end of it. We'll sit down with them in marketing and get their insights into it. The intent is that, if it works and works well, we'll work with the industry to roll it out, because we're one of the few first destinations that they chose to work with on that, which I think is also pretty important.

Senator MOORE: Is Alipay doing the assessment of how it's going?

Mr O'Sullivan: They will tell us their results and what their users have told us, but they've also reported back that the visitor expenditure through their apps and through their payment mechanisms over Chinese New Year in Australia have been very healthy, and they've exceeded their ROIs.
Senator MOORE: Good. And how much money has been allocated to preparing and distributing the Australian Traveller magazine in the US?

Mr O'Sullivan: I will take that on notice, if that's all right.

Senator MOORE: Sure. How many online distributions have been requested?

Mr O'Sullivan: I will have to take that on notice. It changes every day.

Senator MOORE: How frequently will the magazine be prepared and distributed per year?

Mr O'Sullivan: It's quarterly. It's every three months.

Senator MOORE: Is there an intention to expand circulation beyond 50,000 or into other countries at this stage?

Mr O'Sullivan: If it works, yes. We've had some pretty positive feedback about it from other markets saying that they think it could be of use. But, again, we want to see how this first one goes.

Senator MOORE: And the evaluation strategy?

Mr O'Sullivan: Again, we'll sit down and look at that. It is run out of our North American office in Los Angeles. Our regional general manager for the Americas will sit down with the publisher at the end of that and work through that. It was really well received when it was launched at G'day USA. Again, it's part of our strategy to get to that high-value traveller from the United States.

Senator MOORE: My next question is about expected return on investment, but that will be through those evaluations—

Mr O'Sullivan: Correct. Once we give you those figures on notice, we'll be happy to discuss them.

Senator MOORE: Thank you very much.

CHAIR: This concludes the committee's examination of Tourism Australia and the Foreign Affairs and Trade portfolio. I'd like to thank the minister for coming along, all officers for their assistance, the secretariat, Hansard, other senators and those people who turn the lights on and off. Thank you very much, everybody. This committee is now adjourned.

Committee adjourned at 22:36