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SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE

Wednesday, 3 June 2015

FOREIGN AFFAIRS AND TRADE PORTFOLIO

In Attendance

Senator Brandis, Attorney-General and Minister for Arts

Department of Foreign Affairs and Trade
Portfolio and Budget Overview including Development Assistance and Corporate Executive

Mr Peter Varghese, Secretary
Ms Jan Adams, Deputy Secretary
Mr Ewen McDonald, Deputy Secretary
Mr John Fisher, First Assistant Secretary, Corporate Management Division
Mr Paul Wood, Chief Finance Officer
Mr Jeff Roach, Assistant Secretary, Executive Branch
Ms Lisa Rauter, First Assistant Secretary, innovationXchange

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.

North Asia
Program 1.1: Foreign Affairs and Trade Operations
Program 1.7: Official Development Assistance—East Asia
  Mr Graham Fletcher, First Assistant Secretary, North Asia Division

South-East Asia
Program 1.1: Foreign Affairs and Trade Operations
Program 1.7: Official Development Assistance—East Asia
Program 1.8: Official Development Assistance—East Asia (Australia-Indonesia Partnership for Reconstruction and Development)
  Mr Allaster Cox, First Assistant Secretary, South-East Asia Maritime Division
  Mr Craig Chittick, First Assistant Secretary, South-East Asia Mainland and Regional Division

Americas
Program 1.1: Foreign Affairs and Trade Operations
Program 1.9: Official Development Assistance—Africa, South and Central Asia, Middle East and Other
  Dr Brendon Hammer, First Assistant Secretary, Americas Division

Europe
Program 1.1: Foreign Affairs and Trade Operations
  Ms Louise Hand, First Assistant Secretary, Europe Division
South, Central and West Asia

Program 1.1: Foreign Affairs and Trade Operations
Program 1.9: Official Development Assistance—Africa, South and Central Asia, Middle East and Other

Mr Bryce Hutchesson, Acting First Assistant Secretary, South and West Asia Division

Middle East and Africa

Program 1.1: Foreign Affairs and Trade Operations
Program 1.9: Official Development Assistance—Africa, South and Central Asia, Middle East and Other

Mr Marc Innes-Brown, First Assistant Secretary, Middle East and Africa Division

Pacific

Program 1.1: Foreign Affairs and Trade Operations
Program 1.6: Official Development Assistance—PNG and Pacific

Mr Daniel Sloper, First Assistant Secretary, Pacific Division
Ms Kate Logan, Assistant Secretary, Papua New Guinea and Fiji Branch, Pacific Division
Mr Mat Kimberley, Assistant Secretary, PNG Development and Solomon Islands Branch, Pacific Division
Ms Jenny Da Rin, Assistant Secretary, Pacific Bilateral and New Zealand Branch, Pacific Division
Ms Elizabeth Wilde, Assistant Secretary, Pacific Regional Branch, Pacific Division
Mr Rob Christie, Assistant Secretary, Pacific Analytical and Effectiveness Branch, Pacific Division

International Security, Nuclear Disarmament and Non-Proliferation

Program 1.1: Foreign Affairs and Trade Operations
Program 1.10: Official Development Assistance—Emergency, Humanitarian and Refugee Program (De-Mining)

Dr John Kalish, Assistant Secretary, Australian Safeguards and Non-Proliferation Office
Mr Miles Armitage, Ambassador for Counter-terrorism

Multilateral Policy, Legal and Environment

Program 1.1: Foreign Affairs and Trade Operations

Dr Lachlan Strahan, First Assistant Secretary, Multilateral Policy Division
Dr Greg French, Assistant Secretary, International Legal Branch
Mr Andrew Goledzinowski, Ambassador for People Smuggling Issues
Mr Dougal McInnes, Acting Assistant Secretary, Sustainability and Climate Change Branch

Program 1.2: Payments to International Organisations (Administered Items)

Dr Lachlan Strahan, First Assistant Secretary, Multilateral Policy Division
Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division
Ms Natasha Smith, First Assistant Secretary Multilateral Development and Partnerships Division

**Program 1.4: International Climate Change Engagement**
Dr Lachlan Strahan, First Assistant Secretary, Multilateral Policy Division
Mr Dougal McInnes, Acting Assistant Secretary, Sustainability and Climate Change Branch

**Program 1.12: Official Development Assistance—UN, Commonwealth and Other International Organisations**
Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division
Dr Lachlan Strahan, First Assistant Secretary, Multilateral Policy Division
Ms Natasha Smith, First Assistant Secretary Multilateral Development and Partnerships Division

**Multilateral Banks and Funds and Global Partnerships**

**Program 1.2: Payments to international organisations (administered items)**
Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division
Mr Blair Exell, First Assistant Secretary, Development Policy Division

**Program 1.11: Official Development Assistance—Multilateral Replenishments**
Ms Natasha Smith, First Assistant Secretary Multilateral Development and Partnerships Division

**Program 1.12: Official Development Assistance—UN, Commonwealth and Other International Organisations**
Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division
Dr Lachlan Strahan, First Assistant Secretary, Multilateral Policy Division
Ms Natasha Smith, First Assistant Secretary Multilateral Development and Partnerships Division

**Program 1.13: Official Development Assistance—NGO, Volunteer and Community Programs**
Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division

**Humanitarian**

**Program 1.10: Official Development Assistance—Emergency, Humanitarian and Refugee Program**
Mr Jamie Isbister, First Assistant Secretary, Humanitarian NGOs and Partnerships Division
Mr Blair Exell, First Assistant Secretary, Development Policy Division
Public Diplomacy and Communications; Awards
Program 1.1: Foreign Affairs and Trade Operations
Program 1.3: Public Information Services and Public Diplomacy (Administered)
Program 1.9: Official Development Assistance—Africa, South and Central Asia, Middle East and Other (Australia Awards)

Mr Rob Tranter, First Assistant Secretary, Public Diplomacy and Communications Division

New Colombo Plan
Program 1.5: New Colombo Plan—Transforming Regional Relationships

Ms Kate Duff, Assistant Secretary, New Colombo Plan Secretariat Branch

Services to Other Agencies in Australia and Overseas
Program 1.1: Foreign Affairs and Trade Operations

Mr Rob Tranter, First Assistant Secretary, Public Diplomacy and Communications Division

Mr John Fisher, First Assistant Secretary, Corporate Management Division

Mr Tim Spackman, Acting Chief Information Officer, Information Management and Technology Division

Ms Victoria Bergmann, Acting First Assistant Secretary, Contracting and Aid Management Division

Mr Jeff Roach, Assistant Secretary, Executive Branch

Services to Diplomatic and Consular Representatives in Australia
Program 1.1: Foreign Affairs and Trade Operations

Mr Chris Cannan, Chief of Protocol

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 Jon Philp, First Assistant Secretary, Consular and Crisis Management Division

Program 2.2: Passport Services

Mr Bob Nash, Executive Director, Australian Passports Office

Mr Tim Spackman, Acting Chief Information Officer, Information Management and Technology Division
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.

Security, ICT and overseas property
Program 3.1: Foreign Affairs and Trade Operations
- Mr John Fisher, First Assistant Secretary, Corporate Management Division
- Mr Tim Spackman, Acting Chief Information Officer, Information Management and Technology Division
- Mr Kevin Nixon, Executive Director, Overseas Property Office and Services

Program 3.2: Overseas Property
- Mr John Fisher, First Assistant Secretary, Corporate Management Division
- Mr Tim Spackman, Acting Chief Information Officer, Information Management and Technology Division
- Mr Kevin Nixon, Executive Director, Overseas Property Office and Services

Trade portfolio (trade programs)
Bilateral, regional and multilateral trade negotiations
Program 1.1: Foreign Affairs and Trade Operations
- Ms Jan Adams, Deputy Secretary
- Ms Frances Lisson, First Assistant Secretary, Free Trade Agreement Division
- Mr Michael Mugliston, Special Negotiator, Free Trade Agreement Division
- Ms Elizabeth Ward, Chief Negotiator, Office of Trade Negotiations
- Ms Gita Kamath, Assistant Secretary, Agriculture and Food Branch, Office of Trade Negotiations
- Mr David Holly, Assistant Secretary, Intellectual Property Aid for Trade and Other Issues Branch, Office of Trade Negotiations
- Ms Patricia Holmes, Assistant Secretary, Trade Law Branch, Office of Trade Negotiations
- Ms Tegan Brink, Assistant Secretary, Goods and Investment Branch, Office of Trade Negotiations
- Mr Brendan Berne, First Assistant Secretary, Trade Investment and Economic Diplomacy Division

Trade development and policy coordination, tourism promotion
Program 1.1: Foreign Affairs and Trade Operations
Program 1.9: Official Development Assistance—Africa, South and Central Asia, Middle East and Other (Mining for Development)
- Ms Jan Adams, Deputy Secretary
- Ms Frances Lisson, First Assistant Secretary, Free Trade Agreement Division
- Mr Michael Mugliston, Special Negotiator, Free Trade Agreement Division
Ms Elizabeth Ward, Chief Negotiator, Office of Trade Negotiations
Ms Gita Kamath, Assistant Secretary, Agriculture and Food Branch, Office of Trade Negotiations
Mr David Holly, Assistant Secretary, Intellectual Property Aid for Trade and Other Issues Branch, Office of Trade Negotiations
Ms Patricia Holmes, Assistant Secretary, Trade Law Branch, Office of Trade Negotiations
Ms Tegan Brink, Assistant Secretary, Goods and Investment Branch, Office of Trade Negotiations
Mr Brendan Berne, First Assistant Secretary, Trade Investment and Economic Diplomacy Division

Export Finance and Insurance Corporation

Outcome 1
Facilitate and encourage Australian export trade by providing financial solutions to Australian companies involved in such trade.

Mr Andrew Hunter, Managing Director & Chief Executive Officer
Mr John Hopkins, General Counsel
Mr John Pacey, Chief Credit Officer
Mr Jan Parsons, Director, Environmental and Technical Review
Mr Dougal Crawford, Senior Adviser, Government and External Relations

Australian Trade Commission

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.

Program 1.1: Promotion of Australia's export and other international economic interest (includes Tourism division)

Program 1.2: Programmes to promote Australia's export and other international economic interests (Export Market Development Grants Scheme and Asian Business Engagement Plan)

Mr Bruce Gosper, Chief Executive Officer
Mr Tim Beresford, Executive Director, Tourism, Investment, Education and Programmes Group
Mr Grame Barty, Acting Executive Director, International Operations
Ms Marcia Kimball, Chief Operating Officer
Mr John Angley, General Manager, Government, Ministerial and International Education
Ms Deborah Lewis, General Manager, Tourism
Mr Ian Chesterfield, General Manager, EMDG
Mr Robert O’Meara, Chief Finance Officer
Outcome 2
The protection and welfare of Australians abroad through timely and responsive consular and passport services in specific locations overseas.

Program 2.1: Consular and passport services
  Mr Bruce Gosper, Chief Executive Officer
  Ms Marcia Kimball, Chief Operating Officer

Program 1.14: (DFAT outcome) Programs to Promote Australia's International Tourism Interests (NB: new program in 2014-2015)
  Mr Brendan Berne, First Assistant Secretary, Trade Investment and Economic Diplomacy Division
  Ms Rebecca Bryant, Assistant Secretary, Economic Engagement and Resources and Energy Branch, Trade Investment and Economic Diplomacy Division

Tourism Australia

Outcome 1
Grow demand and foster a competitive and sustainable Australian tourism industry through partnership marketing to targeted global consumers in key markets.

Program 1.1: Supporting Outcome 1
Component 1.1: Grow demand
Component 1.2: Industry Development

CHAIR (Senator Back): I declare open this hearing of the Senate Foreign Affairs, Defence and Trade Legislation Committee. The committee is due to report to the Senate on 23 June 2015 and has fixed Friday, 17 July 2015 as the date for return of answers to questions taken on notice. The committee has also decided that senators should provide their written questions on notice to the secretariat by the close of business Friday, 12 June. The committee's proceedings today will begin with examination of the foreign affairs portfolio non-trade programs until 11 pm.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee you are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate by resolution in 1999 endorsed the following test of relevance of questions at Senate hearings, 'Any questions going to the operations or financial positions of departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings.'
I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked to superior officers or to a minister. The resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised.

*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, pp 124-125)

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirement of the 2009 order. Instead, witnesses are required to provide specific indication of the harm to public interest that could result from the disclosure of the information or document.

Department of Foreign Affairs and Trade

CHAIR: I welcome Senator the Hon. George Brandis QC, representing the Minister for Foreign Affairs; Mr Peter Varghese AO, secretary; and officers of the Department of Foreign Affairs and Trade. Secretary, before I ask if you would like to make an opening statement, I place on record the fact that your department, and all in fact within foreign affairs, Defence and trade, did have the responses to questions on notice back to committee members in advance of the time required. I acknowledge you and your officers. Do you have an opening statement?

Mr Varghese: No.

CHAIR: Good morning, Senator Wong—we go to you to open the batting.

Senator WONG: Thank you. Mr Wood, we have had a number of discussions, which I am sure have been most scintillating for you, at previous estimates about the contracted committed and uncommitted accounting of the aid budget. To save time—and I wonder if this would be possible at some point later today or tomorrow morning—are you able to provide me with an update to the tables which were attached to questions on notice from the last year, numbers 38 and 39? I did bring copies, Chair, for the witness, because he may not have the questions on notice answers from last year, and I table those.

CHAIR: Please. Thank you.

Mr Wood: You are correct. We have discussed this at previous estimates. We had question on notice 159 and question on notice 39. That was focused on the commitments for our country and regional programs over the forward estimates. We did in anticipation of a question run a report last night from our aid management system, so I would be happy to provide that to the secretariat.
Senator WONG: Sure. I might come back to aid matters after we have received that if that is all right with the committee. I think people may have other questions.

CHAIR: It certainly is.

Mr Wood: We ran this report at 6:18 last night, so it is probably the most up-to-date information that we have.

Senator WONG: Very good. Thank you for that. On the last occasion, I asked quite a number of questions about the government's response on Ebola. I am not sure whether you need to update answers previously given. I understand the centre was closed on 30 April 2015. Is that right?

Mr McDonald: Yes.

Senator WONG: Whose decision was that?

Mr McDonald: The decision was taken by the government in consultation with the UK government, as I understand it, but Mr Exell can confirm that for me.

Mr Exell: To add to that: it was also in consultation with the Sierra Leone government.

Senator WONG: Okay. Do you have final figures associated with the centre?

Mr Exell: I can take that on notice.

Senator WONG: You have not brought anything? What have you brought?

Mr Exell: I have brought some figures.

Senator WONG: I am interested first in final numbers of patients admitted—I think we had a discussion about this on the last occasion—cases of Ebola recovery, cases which were not Ebola and those who have, regrettably, passed away. I want to understand the cohort which was dealt with through the Aspen Ebola treatment centre.

Mr Exell: I can give you some total figures for admissions to the centre over the period. The last admission was the week of the second of the fourth. At that point the total admissions were 216. The cumulative discharges—the total discharges—out of that figure were 156. The cumulative Ebola discharges—those patients who had been diagnosed with Ebola—were 36. Unfortunately, the cumulative deaths were 60.

Senator WONG: Were all of those deaths attributed to Ebola, or are there a range of causes?

Mr Exell: There actually was a mix of causes for deaths, yes.

Senator WONG: Do you have—

Mr Exell: I do not have those. I can get those on notice.

Senator WONG: Okay, perhaps take that on notice. So the cumulative total of persons admitted was 216, of which only 36 were for Ebola?

Mr Exell: The Ebola discharges, I guess—correct. Those patients who were diagnosed with Ebola, recovered and were discharged were 36.

Senator WONG: How many of the 216 admitted were diagnosed with Ebola? It must be 36 plus some amount.

Mr Exell: Correct. Can I take that on notice and come back to you?
Senator WONG: You cannot tell us how many people were admitted for Ebola in the centre?

Mr Exell: I can tell you the total number who were admitted. I do not have a breakdown of those who were diagnosed with Ebola or other conditions.

Mr McDonald: I will confirm this; but, based on the information I have, there were 120 patients who went in and tested negative for Ebola. That is out of the 216. There were 36 who were diagnosed with Ebola and were later discharged. The remaining number would be the 60 that we talked about earlier who, unfortunately—

Senator WONG: Except that some of the 60 might have been in the 120 if cause of death is a range of matters. There might have been some of the 60 who have passed away where the cause of death is something else.

Mr McDonald: Yes. I need to confirm that.

Senator WONG: Yes. If you could come back, that would be useful. Mr Varghese, I have a protocol question. Obviously protocol is a complex area, and governments and oppositions are always grateful for the advice of protocol officers, whether they are in CERHOS or in DFAT. Where is the guidance to public servants or to the diplomatic corps about protocol? Apart from your obvious training, is this written down somewhere? Is there a manual of procedure or those sorts of things?

Mr Varghese: It depends on the nature of the function. If we are talking about the protocol associated with travel abroad by representatives of the Australian government, what the protocol guidelines that would apply are would depend on who is travelling. In the case of prime ministerial travel, the protocol procedures and practices are the responsibility of the Department of the Prime Minister and Cabinet and the Prime Minister's Office. In the case of travel by DFAT portfolio ministers, the protocols would be the responsibility of the Department of Foreign Affairs and Trade. To the extent that travel by other ministers abroad is relevant from a protocol point of view, we would tend to cover that in the department as well.

Senator WONG: Okay. Let's start with you. In respect of the foreign minister, I think you described protocol guidelines as the responsibility of DFAT in those circumstances. I am trying to ascertain if they are reduced to writing anywhere.

Mr Varghese: We have guidelines that outline practices that should apply in the event of a visit by either of our portfolio ministers. Some of those are protocol issues. Many of them are not; they are administrative issues, logistics support issues and so on.

Senator WONG: When you say guidelines, are they online? Are they reproduced in a written form in a booklet?

Mr Varghese: They would be written advice because they normally are advice to our overseas posts. They would go out under an administrative circular or some other written form.

Senator WONG: Are they consolidated? My question is: is there an ongoing administrative circular process where people say, 'Don't forget to do this' or 'This should apply', or are they consolidated somewhere so that a new head of mission, for example, could
sit down and reacquaint themselves—I am sure they are all very experienced—with the approach as currently subsists.

**Mr Varghese:** They would be consolidated and they would be updated as required, including if we have a change of minister, because ministerial preferences will vary and therefore we would update them.

**Senator WONG:** Okay.

**Mr Roach:** To add to the secretary's answer: yes, we have a set of guidelines called the DFAT ministerial visit guidelines. They provide guidance to our heads of mission about visits by portfolio ministers and ministers of other portfolios but not covering the Prime Minister's visits.

**Senator WONG:** Okay, so they do not go to the PM's visits.

**Mr Roach:** That is correct.

**Senator WONG:** Can I request a copy of that be tabled? You will obviously want to take that on notice.

**Mr Varghese:** We can take that on notice.

**Senator WONG:** I am not sure this will be very interesting for the public, but I am actually interested in some of the guidance around ministerial visits.

**Mr Varghese:** We will take that on notice.

**Senator WONG:** Thank you for working out if you can consider that. Mr Roach, to your knowledge does the Department of the Prime Minister and Cabinet have a similar set of guidelines?

**Mr Varghese:** Perhaps I can answer that. The relevant area of PM&C, which as you suggested earlier is CERHOS, the Ceremonial and Hospitality Branch—

**Senator WONG:** I always forget what that actually stands for, so I am glad you said that.

**Mr Varghese:** does have guidelines. They would deal directly with our overseas posts in the event of a prime ministerial visit.

**Senator WONG:** I would assume that there must have been—under governments of both persuasions—at least some dialogue or consultation between DFAT and PM&C in relation to those guidelines.

**Mr Varghese:** Not necessarily. In my experience, the arrangements for a prime ministerial visit tend to be handled by the Department of Prime Minister and Cabinet and the Prime Minister's Office. The involvement of DFAT is minimal. Obviously, our overseas posts are closely involved but they work directly with the department and the office. That is, the Prime Minister's department and the Prime Minister's office.

**Senator WONG:** You are a very senior diplomat, Mr Varghese. Presumably, you would be aware of the content of those guidelines, broadly.

**Mr Varghese:** Like our guidelines, they would be updated and amended depending on who the Prime Minister is. I am more familiar with some of the past practice than I am with the current practice, but I am broadly familiar with them, yes.
Senator WONG: I turn now to the Prime Minister's visit, to Europe, in April. Can you advise me which DFAT officials accompanied the Prime Minister on that visit?

Mr Varghese: There were no DFAT officials accompanying the Prime Minister.

Senator WONG: So there were no officials on the Prime Minister's special-purpose aircraft?

Mr Varghese: No DFAT officials.

Senator WONG: Were the re DFAT officials on hand when the Prime Minister arrived in Paris?

Mr Varghese: The Australian Ambassador to France was at hand. Technically, he is not a DFAT official. He is an Executive Council Appointment.

Senator WONG: I will come back to Ambassador Brady. In addition to him, were there any DFAT officials or staff present for that arrival?

Mr Varghese: I would have to take that on notice. I am not sure whether there were other embassy officials present; I assume there would have been, but I would need to check.

Senator WONG: What knowledge do you have of the circumstances of the Prime Minister's arrival.

Mr Varghese: The department was not in any way involved with arrangements for the Prime Minister's arrival in France. My knowledge of these issues is only what has been in the media, the subsequent statements by the Prime Minister and my reading of the Hansards, in relation to your questioning of Prime Minister and Cabinet.

Senator WONG: I cannot image that you would be interested in my Hansard, Mr Varghese.

Mr Varghese: I am an avid reader, Senator.

Senator WONG: Have you had any conversations, with Mr Brady, subsequent to that incident?

Mr Varghese: Yes, I have.

Senator WONG: When did you have that conversation?

Mr Varghese: I have had several conversations, with Mr Brady, about a range of matters.

Senator WONG: I am not interested in traversing matters that you think are 'What are we going to say to the French President?' et cetera. I am interested in what conversations you had about the circumstances of the Prime Minister's arrival.

Mr Varghese: I had some private conversations, with Mr Brady, in the week of the Prime Minister's visit.

Senator WONG: Private?

Mr Varghese: Private.

Senator WONG: Did they relate to the Prime Minister's visit?

Mr Varghese: Some of our discussion related to the Prime Minister's visit, but nothing in my conversations with Mr Brady would add to what is on the public record.

Senator WONG: That is very interesting. First, I go to timing. Subsequent to the Prime Minister's visit, which I understand—from evidence that was given at Prime Minister and
Cabinet—was around 7pm on Anzac Day, when was the first contact between you and Mr Brady or Mr Brady and you after that time?

Mr Varghese: I would have to check on this. I think I had a discussion with him the day following Anzac Day.

Senator Wong: Who initiated that discussion?

Mr Varghese: Mr Brady did.

Senator Wong: Did he call you?

Mr Varghese: He did.

Senator Wong: Did Mr Brady give you an account of what had occurred upon the Prime Minister's arrival?

Mr Varghese: I do not want to go into the details of private discussions which I have with our ambassadors abroad.

Senator Wong: With respect, I am not sure why it is private. You are the secretary of foreign affairs; he is the head of mission, and he is talking to you about the circumstances of the Prime Minister's arrival. Why is that not a matter of public interest, and why is that not a matter that the Senate committee should be exploring?

Senator Brandis: Senator, it is a private conversation. Surely you understand.

Senator Wong: I do not accept that. Mr Varghese is an extremely experienced diplomat. I am sure he can be judicious about what aspects he indicates. But I am interested in the account he gave.

Senator Brandis: You have heard the official's answer, and that is the answer. He is not going to be disclosing a private conversation in a public arena, nor should he.

Senator Wong: So every conversation between the Secretary of DFAT and an ambassador is private, and not the subject of legitimate public inquiry?

Mr Varghese: In the course of my job I am required to have conversations with a number of ambassadors, some of which cover a number of sensitive issues. I think that for me to be able to do my job properly there has to be an expectation that the confidentiality of those discussions will be respected. I think it would be very difficult if we operated on any other basis.

Senator Wong: Did Mr Brady ask you to keep it confidential?

Mr Varghese: No.

Senator Wong: So you are making a decision?

Mr Varghese: I am.

Senator Wong: Did he tell you that he was asked to request that his partner wait in the car?

Senator Brandis: Senator Wong, we are not, by any process of attrition or examination or innuendo that you wish to pursue, going to put Mr Varghese or any officer into the position of being required to disclose private conversations in this forum. Full stop.

Senator Wong: I am only interested in matters of public affairs. If you discussed whether you like golf or what you thought of a particular television program, I have no
interest in that, Mr Varghese. But I, and I think many people, have an interest in the public matter. This is a matter of public affairs. It is a matter of protocol. Significant public moneys were associated with this travel. It is a matter that is appropriate to be explored before this committee. It is a legitimate inquiry.

Senator Brandis: Senator Wong, you can sermonise as much as you like, but you have had the answer. Nor is it right to say that because something relates to public affairs it should necessarily be able to be explored here. As you will know, having once been a minister yourself, conversations between ministers and those who advise them are not something to be explored here.

Senator WONG: It is not a conversation between a minister and someone who advise them. It is a conversation between a head of mission and—

Senator Brandis: I think you know that—

Senator WONG: Do I have the call or does he have the call?

CHAIR: I will let the minister finish his explanation, then I will go back to you, Senator Wong.

Senator Brandis: The basis on which you said that this was a matter legitimately to be explored is that you assert that the conversation may have related to public affairs. It may well have done. I do not know. But you also should know, having once been a minister, that there are many conversations relating to public affairs that are not properly explored in this committee—for example, conversations between ministers and their advisers. This is a conversation which, for reasons that the secretary has explained, will not be explored here.

Senator WONG: I am going to ask some questions, and you can keep on answering, 'It’s private'—

Senator Brandis: Rather than embarrass—

CHAIR: Minister, with respect, Senator Wong has the call.

Senator WONG: Mr Varghese, did the conversation relate to the Prime Minister’s arrival and what occurred then?

Mr Varghese: The conversation covered a number of issues—

Senator WONG: Is that one of the issues that was covered?

Mr Varghese: There was some discussion of that.

Senator WONG: Thank you. You have read the Hansard and there has been, obviously, a lot of reporting of versions of the incident. When did you first become aware of the allegation—I will place it no higher—that Mr Brady’s partner had been asked to wait in the car?

Mr Varghese: I only became aware of that particular reference through the media reporting.

Senator WONG: Was that something that Ambassador Brady indicated to you?

Mr Varghese: I have indicated that one of a number of things that I discussed with Ambassador Brady was the Prime Minister’s arrival. I do not want to go into any more detail on that, and I really cannot add anything useful or factual to what is already on the public record.
Senator WONG: There are quite a lot of things on the public record, Mr Varghese, and I think by the comment it does raise the issue that you are confirming a number of the reports.

Senator Brandis: Mr Varghese is not confirming anything, Senator Wong. Only an intellectually dishonest person could draw that conclusion from the statement he just made.

Senator WONG: Being lectured about intellectual dishonesty by you, Minister, is—

Senator Brandis: You are a serial practitioner of it, Senator Wong.

CHAIR: Colleagues, can we return to the line of questions.

Senator WONG: It did not take long, did it, for a bit of personal antagonism. Mr Varghese, I am going to refer you to the order of the Senate that the chair read out—which in fact was an order that Senator Cormann, in opposition, moved and the Senate supported. If you are making a public interest immunity claim I would request that you follow the procedure in there. I will take you through this. If a senator in the course of proceedings requests information from a Commonwealth official and the officer of the department or agency to whom the request is directed believes 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 it is not in the public interest to disclose the information and specify the harm to the public interest that could result from the disclosure of the document. Then we as a committee can consider that.

Senator Brandis: Mr Chair, I understand that these matters were extensively canvassed in the Prime Minister and Cabinet estimates last week. For that reason, I am at a little bit of a loss to understand why they are also being canvassed here.

Senator WONG: For the simple reason, Minister: there is only one other person on the phone call from Mr Brady and that is Mr Varghese. He is not a Prime Minister and Cabinet official.

Senator Brandis: Senator, you have heard what Mr Varghese has had to say. I support his position—

Senator WONG: Later in the hearing I would like the public interest immunity claim to be properly made and resolved—

Senator Brandis: Senator, if that is what you would like—

Senator WONG: in accordance with the procedures of the Senate—

Senator Brandis: If that is what you would like then we will consider it.

Senator WONG: It is an order of the Senate, Minister. It is not voluntary.

Senator Brandis: We will consider your request.

Senator WONG: It is the Senate, not you. Mr Varghese, I think you said you have had a number of conversations with Mr Brady. You are taking on notice how soon after the incident of 25 April—

Mr Varghese: I had two conversations.

Senator WONG: I am sorry. How long after the first conversation was the second conversation?

Mr Varghese: A couple of days.
Senator WONG: Leaving aside prime ministerial visits, obviously I did not have a lot of experience with DFAT, but my observation of ministerial visits is that the head of mission plays the critical role in a ministerial visit. And ministers rely on the head of mission for advice, as well as dealing with the organisation and so forth of the visit. In terms of non-ceremonial arrivals—arrivals which are not in front of the media, so there is no official band and cameras and so forth—would it normally be the case that the head of mission would determine arrangements for greeting the minister?

Mr Varghese: Are you asking about the arrivals by DFAT ministers—by our portfolio ministers?

Senator WONG: Or other ministers.

Mr Varghese: The guidance to a head of mission is that the minister should be met. The guidance does not specify who should meet the minister or how the minister should be greeted. It is fair to say that when our foreign minister and our trade and investment minister travel, there would be a high degree of expectation that she and he would be met by the head of mission wherever possible.

Senator WONG: Does DFAT provide any guidance or requests to heads of mission about when their partner should or should not attend an arrival?

Mr Varghese: No. The only guidance is for the minister to be met. In the case of ministers arriving, as opposed to prime ministers arriving, it is usually a very low-key affair. It is rare for them to be in a special-purpose aircraft anyway, so it is normally an arrival at a commercial gate.

Senator WONG: Is it correct to say that the arrival of the Prime Minister at Paris Le Bourget Airport around 7 pm was reasonably low key—there were no French officials present, there were no media present?

Mr Varghese: My understanding is that it was not a formal arrival. But, as I explained to you, we, as in the Department of Foreign Affairs and Trade, are not involved in any of those arrangements.

Senator WONG: In terms of the guidance that you have just referenced, is there separate guidance in relation to arrivals produced by Prime Minister and Cabinet that you are aware of?

Mr Varghese: They are the guidelines that are issued by CERHOS.

Senator WONG: Are you aware whether or not those guidelines go to the participation of spouses of heads of mission?

Mr Varghese: I think, consistent with the testimony the Department of Prime Minister and Cabinet gave, the protocol that they observe is that, when the Prime Minister is accompanied, and depending, obviously, on local arrangements, it would be appropriate for the partner of the head of mission to be there. And when the Prime Minister is not accompanied, it usually would not be the case.

Senator WONG: When did you first hear about that guidance?

Mr Varghese: I am familiar with prime ministerial travel through the course of my career.
Senator WONG: Were you aware prior to this matter being reported that there was some suggestion that heads of mission not include their spouses in any greeting party if the Prime Minister's partner was not in attendance?

Senator Brandis: It is not some suggestion. What Mr Varghese has told you is his understanding of the standard practices.

Senator WONG: Mr Varghese, I am just trying to clarify if you were aware of that before this incident. The particular guidance that PM&C have referenced—were you aware of that before this incident?

Mr Varghese: I have been aware of the practice that, with prime ministerial arrivals and arrivals ceremonies, whether or not the partner is present usually reflects whether the Prime Minister is accompanied. That has been the case for some time.

Senator WONG: Did you understand it to be a clear rule?

Mr Varghese: I would not use the word 'rule'. Protocol practices are usually worked through with the host government and the Prime Minister's party and the Prime Minister's department, so as often as not it is a case of negotiation as of rules.

Senator WONG: I am a little confused, Mr Varghese, about why DFAT seems unable to talk much about the PM&C guidance when, surely, your heads of mission would need copies of this guidance.

Mr Varghese: Our missions would have available to them the CERHOS guidelines.

Senator WONG: Okay. Does the department here have CERHOS guidelines?

Mr Varghese: I would have to check.

Senator WONG: I would like a copy of the CERHOS guidelines, which—

Mr Varghese: With respect, Senator, they are not our guidelines.

Senator WONG: Hang on—let me finish the question. I would like a copy of the CERHOS guidelines which are available to your heads of mission. I want to know what document your heads of mission have.

Mr Varghese: Can I take that on notice? They are not our guidelines, and therefore—

Senator WONG: No, but they are documents that your staff have.

Mr Varghese: No. The normal practice, as I am sure you would appreciate, is that the originator and the owner of the guidelines would need to be consulted about making the document available. I will take that on notice.

Senator WONG: You were an ambassador, weren't you, Mr Varghese?

Mr Varghese: I was never an ambassador. I was the High Commissioner to India.
Senator WONG: I am sorry; you were a high commissioner. I apologise. You were a high commissioner, weren't you?

Mr Varghese: I was.

Senator WONG: You have worked with CERHOS officers.

Mr Varghese: I have.

Senator WONG: Were you present for any prime ministerial visits?

Mr Varghese: I was.

Senator WONG: At any occasion, did CERHOS officers direct you as to whether or not your partner could be present for a prime ministerial arrival?

Mr Varghese: The issue never arose.

Senator WONG: What does that mean?

Mr Varghese: It was never an issue at any of the visits I was involved in, where anyone—

Senator WONG: Because you did not want your partner there, or because you were never told not to have your partner there? Which way did it not arise?

Mr Varghese: We all knew what we were doing and we did it. If you are asking me did a CERHOS officer ever come up to me in any of my previous postings and say, 'You can't have your partner', well—

Senator WONG: 'Have your partner wait in the car.'

Mr Varghese: No, that never happened to me.

Senator WONG: You said you had two phone calls with Mr Brady.

Mr Varghese: I did.

Senator WONG: Did you make a file note or record in any other way the content of your conversation?

Mr Varghese: No.

Senator WONG: You did not make a file note of a call with—

Mr Varghese: It is not my practice to make a file note of private conversations that I have with our ambassadors abroad.

Senator WONG: Okay. As a result of that, did you report any aspect of that discussion to the foreign minister or her office?

Mr Varghese: I did not report on the conversation. There would have been some discussions I had with the foreign minister that would have been relevant to the conversation.

Senator WONG: Okay. When did you have those conversations with the foreign minister?

Mr Varghese: I would have to refresh my memory.

Senator WONG: But at some point after the first or second phone call—would that—

Mr Varghese: Yes.

Senator WONG: Perhaps you could take on notice the date of the conversations with the foreign minister. Did you—

Senator Brandis: Sorry, did you say foreign minister or Prime Minister?
Senator WONG: Foreign minister. We were discussing the foreign minister.

Senator Brandis: I think you said Prime Minister. Perhaps it was—

CHAIR: With respect, no. Senator Wong said foreign minister.

Mr Varghese: I will take that on notice, Senator.

Senator WONG: The discussions with the foreign minister—were they directly with the foreign minister or with her office, or both? I am trying to ascertain whether, subsequent to the discussion, you had a discussion with her chief of staff and then with the foreign minister. What was the sequence?

Mr Varghese: With the foreign minister.

Senator WONG: Directly?

Mr Varghese: Yes.

Senator WONG: What about the Prime Minister's office? Did you have any discussions with the Prime Minister's office subsequent to the conversation with Mr Brady?

Mr Varghese: No.

Senator WONG: Did you have any discussions with Mr Thawley or any other official from Prime Minister and Cabinet?

Mr Varghese: I did have a discussion with Mr Thawley.

Senator WONG: When did you have that discussion?

Mr Varghese: It would have been after he returned from the visit.

Senator WONG: Mr Varghese, can you confirm if Mr Brady offered to resign?

Mr Varghese: He did not offer to resign in his discussion with me—that is correct.

Senator WONG: So at no stage in his conversation with you was there an offer of resignation?

Mr Varghese: No.

Senator WONG: What aspect of your conversation with Ambassador Brady required you to report to the foreign minister?

Senator Brandis: I think that is trespassing on the content of the conversation, so it is governed by the previous answer.

Senator WONG: So your evidence is Mr Brady did not offer to resign—that is right?

Mr Varghese: He did not offer to resign in his discussion with me—that is correct.

Senator WONG: Did he offer to resign by any other way of communication with you or the foreign minister—I should start with you?

Mr Varghese: Not that I am aware of.

Senator WONG: Do you have any knowledge of an offer of resignation being made to any DFAT officer?

Mr Varghese: No, and I think I probably would have, if it had occurred.

Senator WONG: Do you have any knowledge of an offer of resignation to the foreign minister?
Mr Varghese: No, I do not.

Senator WONG: Did he canvass resignation with you in his conversation?

Mr Varghese: That goes back to where we started.

Senator WONG: So that is a maybe.

Senator Brandis: No, it is not a maybe, Senator. You may seek to draw inferences—that is entirely a matter for you—but the position is very simply that the content of these conversations is not being commented on by Mr Varghese for the reasons he has already explained.

Senator WONG: Mr Varghese, before today’s hearing, did you discuss the answers you might give to questions about this matter with the foreign minister or her office?

Mr Varghese: No.

Senator WONG: You did not discuss it with anyone from Prime Minister and Cabinet?

Mr Varghese: In my discussion with Mr Thawley, I noted that it was an issue was likely to be raised at estimates, but that was as far as that went.

Senator WONG: I am going to go back, because I think this is a legitimate matter of inquiry for this committee. I am not asking you about why, whether he was upset, what else was discussed but I am asking you directly: did Ambassador Brady canvass resignation with you in either of those telephone conversations or by other communication?

Mr Varghese: Senator, I have confirmed that he did not offer to resign in his discussions with me and I am not proposing to go into other aspects of that discussion.

Senator WONG: On what basis?

Mr Varghese: On the basis that they are confidential discussion with an expectation of confidentiality on the part of both parties. I am not claiming a public interest immunity; I am—

Senator WONG: You need to, with respect.

Senator Brandis: Senator.

Senator WONG: It is not for an official to determine something is private without referencing standing orders of the Senate.

Senator Brandis: Mr Chairman.

CHAIR: Minister, would you respond, please.

Senator Brandis: Yes, I will respond. Senator Wong, you have explained the basis upon which you assert that these questions are legitimate questions. Mr Varghese and I have explained why it is inappropriate for them to be answered. What we will do in order to give appropriate consideration to the basis on which you assert they ought to be answered is take them on notice and consider them.

Senator WONG: Mr Varghese, we are talking about an Australian ambassador and a question as to whether on Australian ambassador canvassed his resignation with the Secretary of DFAT. If that is not a matter that is of legitimate public inquiry, I do not know what is.
CHAIR: There are two points, if I can, Senator Wong. Firstly, that question has been canvassed, and Mr Varghese has responded; and, secondly, the minister has responded and said that he will take the issue on notice. So that is where we are with it.

Senator WONG: Mr Varghese—just to make it clear—you are declining to answer to this Senate committee whether or not resignation was canvassed between Ambassador Brady and yourself.

Senator Brandis: Senator Wong, Mr Varghese is not declining to do anything other than canvass in a public arena a conversation which was understood by both parties to be a confidential conversation. Because this is a matter of interest to you, I have said that we will take this matter on notice so that we can consider the basis on which you assert the questions are legitimate questions with due reflection.

Senator WONG: I want to be very clear about what is not being answered.

Senator Brandis: Senator Wong, the fact—

Senator WONG: Chair?

CHAIR: Senator Wong should not mislead the committee, Chair.

Senator Brandis: Senator Wong should not mislead the committee, Chair.

CHAIR: I do not believe Senator Wong has tried to. I have given an explanation, Senator Wong. Would you make a comment and then we will move on, if we can, from there; thank you.

Senator WONG: Thank you. I am trying to be precise. Mr Varghese, you are prepared to disclose the content of the conversation, for the purposes of denying that resignation was offered, but you are not prepared to disclose the contents of the conversation for the purposes of disclosing whether resignation was canvassed—

Senator Brandis: That is a complete—

Senator WONG: I want to understand if that is what you are doing. You have an opportunity, now, to tell us what your position is.

CHAIR: I am going to invite the minister to respond, Senator Wong. Then we will move on.

Senator Brandis: That is a complete distortion of what Mr Varghese's evidence was. Mr Varghese was asked whether as a matter of fact an event occurred and he said, 'The event did not occur.' That is not the disclosure of anything that was said during the course of a conversation.

Senator WONG: Come on! That is laughable.

CHAIR: Senator Wong, please; allow the minister to speak.

Senator Brandis: Senator Wong, Mr Varghese could not have been clearer that he was not prepared to disclose the contents of a private conversation. He has not done so. You object to that position. Therefore, I have said that we will take the matter on notice so that we can consider the basis of your assertions carefully. That is not, by the way, a refusal to answer. We have taken the question on notice so that we can consider the position. But I am very much inclined of the view that Mr Varghese's position—that is, these issues that are the content of private conversations between the secretary of DFAT and ambassadors should not
be disclosed in the public arena—is the correct view. Out of courtesy to this committee, we will consider the matter carefully, by taking the question on notice.

**Senator GALLACHER:** Chair, I seek some clarification. Attorney-General, what you are telling me, in layman's terms, about people who are getting paid for a living to perform a function for the taxpayer is that two conversations between those people that may be about their performance or their resignation are totally private and the taxpayer has no interest and no right to know.

**Senator Brandis:** There is no evidence before the committee, whatsoever.

**Senator GALLACHER:** But you need to say that.

**Senator Brandis:** Excuse me, Senator Gallacher. If you are going to ask me a question and build into that question a false premise, then, in answering your question, I am going to address the false premise. There is no evidence before the committee whatsoever that the question of resignation by Mr Brady was canvassed. None. In relation to the broader proposition—

**Senator WONG:** It has been leaked to the papers—it is all over the papers—and you are refusing to answer questions.

**Senator Brandis:** Senator Wong, stop behaving as if you are at a Labor Party meeting. Senator Gallacher, in relation to the broader question you asked, it is absolutely the case that in some circumstances public employees, whether they be ministers, senior public servants, diplomats or political staff, may have private conversations that are not appropriate to be disclosed publicly. You know that. There are a range of different practices in these committees, and what Mr Varghese and I are telling you is that the conversation between him, in his capacity as the secretary of the department, and a diplomat is within that category of conversations that are not appropriate to be disclosed publicly. However, as I also said, out of courtesy to the committee, we will take the question on notice and reflect on the basis on which Senator Wong asserts that it ought to be answered.

**CHAIR:** Senator Wong.

**Senator WONG:** Thank you, Chair. Mr Varghese, you have been prepared to tell this committee that Ambassador Brady did not offer his resignation, in the conversation or otherwise. Correct?

**Mr Varghese:** He did not offer his resignation in his discussions with me.

**Senator WONG:** Is he prepared to tell the committee of that fact of the conversation? I know I am simply asking another fact, whether he has canvassed it with you.

**Senator Brandis:** Senator Wong, the question has been taken on notice and the answer to every subsequent question that seeks to trespass upon the content of the conversation is that it will be taken on notice.

**Senator WONG:** At any point was the foreign minister made aware that Ambassador Brady had canvassed his resignation?

**Senator Brandis:** Come on, Senator Wong. You are asserting as a premise—and I can see by your cheeky smile that you know you have just trespassed beyond the truth there. There is no evidence before the committee to support that assertion.
Senator WONG: I will repeat the question. At any point was the foreign minister advised that Ambassador Brady had canvassed his resignation with you?

Senator Brandis: There is no evidence whatsoever that Ambassador Brady had canvassed resignation. So the question is on a false premise.

Senator WONG: You should be very careful before this Senate committee.

Senator Brandis: There is no evidence before the committee whatsoever.

Senator WONG: Are you aware that the ambassador canvassed his resignation?

Senator Brandis: I have no knowledge of the matter.

Senator WONG: I am asking you the question again, Mr Varghese.

Senator Brandis: The question has been taken on notice.

Senator WONG: You are taking on notice the question as to whether the foreign minister was advised.

Senator Brandis: Senator, out of courtesy to the committee, given that we have taken the premise which you assert to be a fact as a question on notice, it would follow that we would take a subsequent question based on that unverified premise also on notice.

Senator WONG: I think everybody can see that when the minister takes all the questions the government does not want these questions asked or answered.

Senator Brandis: That is a comment. We know you are being political, Senator Wong, but the fact is there is no evidence whatsoever before the committee to support the assertion you make.

Senator WONG: Mr Varghese, I asked you whether you had had a discussion with Mr Thawley about how you would approach Senate estimates on this occasion. Can you tell me how many discussions you had with him?

Mr Varghese: Just the one.

Senator WONG: What was the purpose of those discussions—or are they private too?

Mr Varghese: I was actually talking to him about another matter and I mentioned that this was an issue that was likely to be raised at estimates. It was not the purpose of the discussion to begin with.

Senator WONG: So that conversation is not private? I am just wondering whether every discussion you have with someone else who is a public servant is also private.

Mr Varghese: I would not draw that conclusion.

Senator Brandis: It all depends on the circumstances, Senator Wong. You know that.

Senator WONG: Was Mr Thawley the only Prime Minister and Cabinet officer you discussed this matter with?

Mr Varghese: I think I had—I am trying to recall—a similar exchange, a very brief one, with the associate secretary of Prime Minister and Cabinet responsible for the international group.

Senator WONG: I am sorry—

Mr Varghese: Margot McCarthy.
Senator WONG: Dr McCarthy, yes. Have you seen, or do you have any knowledge of, any report, file note or other document in relation to the incident of the Prime Minister's arrival on 25 April in Paris?

Senator Brandis: Senator Wong, once again you build into your question an assertion that there was an incident. The evidence is that this was an entirely routine arrival in which the ordinary practices and protocols were observed. However, if you want to put your question in a less misleading way and ask whether there were any file notes in relation to the Prime Minister's arrival in Paris then we will take that on notice.

Senator WONG: Why is it being taken on notice?

Senator Brandis: So we can see whether there are.

Senator WONG: I am asking him first whether he is aware of any. Then I will ask for the provision. Mr Varghese, are you aware of any report, file note or other document in relation to the Prime Minister's arrival at Paris Le Bourget airport on 25 April?

Mr Varghese: The only documents I am aware of are media reports—if that can be classified as a document—the transcript of the Prime Minister's press comments on this and the transcript of the Hansard of the Department of the Prime Minister and Cabinet.

Senator WONG: So you have no knowledge of any report from the CERHOS officer? There is no report or file note that you have seen, in writing, from Ambassador Brady or the mission?

Mr Varghese: No, there is not.

Senator WONG: If you have as assiduously as you say you have—and I have no doubt that, when you say that, it is true—read the transcript of Prime Minister and Cabinet, you will recall that there was discussion about an article in the Daily Telegraph of 7 May in which a statement of the Department of the Prime Minister and Cabinet was quoted.

Mr Varghese: Yes, I am aware of that.

Senator WONG: Thank you. I just want to know whether or not there was any consultation with you or with any other DFAT officer before that statement was issued.

Mr Varghese: No, there was not.

Senator WONG: To your knowledge, was there any consultation or advice to Mr Brady prior to the statement being issued?

Mr Varghese: I am not aware of any consultation with Mr Brady prior to that being issued.

Senator WONG: The report starts like this: 'The Department of Prime Minister and Cabinet has confirmed Australia’s dummy spitting Ambassador’—and then it goes on to make a range of assertions. Do you think that is a fair characterisation of Australia's head of mission?

Mr Varghese: Well, I think it is an inaccurate characterisation of the statement by the Department of Prime Minister and Cabinet.

Senator WONG: Do you think it is an inaccurate statement about Ambassador Brady too?

Mr Varghese: I never considered Mr Brady a dummy-spitter.
Senator WONG: Neither here. At any point subsequent to the statement being provided to *The Daily Telegraph*, did you or any officer from DFAT discuss the content of that statement with anyone from the Department of the Prime Minister and Cabinet?

Mr Varghese: Did you say prior to the statement being issued?

Senator WONG: Post. So you have said there was no—

Mr Varghese: Well, I saw the statement in the media and I noted it in our daily media meeting.

Senator WONG: That was not my question. As I understand your evidence—please stop me if I have it wrong—you said there was no consultation with you or with anybody else at DFAT, as far as you are aware, by the Department of Prime Minister and Cabinet before that statement was released to the media. Is that correct?

Mr Varghese: That is correct.

Senator WONG: Right. And I am asking: subsequent to you becoming aware of the statement, was the content of the statement something that was discussed as between you and PM&C, or between any other officer of DFAT and PM&C?

Mr Varghese: I did ask our media people to just check with the Department of the Prime Minister and Cabinet whether in fact they had issued a statement and, if so, if they could give me a copy of it, which they did.

Senator WONG: Right. When did you receive that?

Mr Varghese: That would have been the day that the article came out.

Senator WONG: As a result of reading that statement, did you have any conversations with any officer from PM&C?

Mr Varghese: No.

Senator WONG: Did you have any conversations with the foreign minister?

Mr Varghese: No.

Senator WONG: Did you have any conversations with Mr Brady?

Mr Varghese: No.

Senator WONG: Is the statement accurate?

Mr Varghese: Well, it is a statement by the Department of the Prime Minister and Cabinet; you should ask them about their statements, Senator.

Senator WONG: Did you think it was accurate?

Mr Varghese: It is not my job to comment on the statements of other departments. If you want to check the accuracy of that statement, you should do so with the Department of Prime Minister and Cabinet.

Senator WONG: Did you raise any concerns with PM&C—

Mr Varghese: No. I did not discuss it with them.

Senator WONG: or with your staff about the content of the statement?

Mr Varghese: I did not discuss it with PM&C. I simply asked my colleagues in the department if they would check whether the statement was issued, and provide me with a copy if it were.
Senator WONG: I think the second part of my question was: did you raise any concerns about the statement with your staff after reading it?

Mr Varghese: No.

Senator WONG: I want to just confirm that we have been talking about the same document. The Daily Telegraph story quotes the Department of Prime Minister and Cabinet statement as follows: 'Longstanding and accepted practice has been for spouses/partners to form part of an official greeting line at the airport on arrival into a country when the Prime Minister is accompanied by his/her spouse.' Did you understand that to be a reference to the prime ministerial visit guidelines that we were discussing earlier? Or is there some other document?

Mr Varghese: I took it to be a reference to the CERHOS guidelines.

Senator WONG: Thank you—the ones that we were discussing earlier.

Mr Varghese: Correct.

Senator WONG: And you are taking on notice to provide your version of them, as held by your people.

Mr Varghese: That is correct.

Senator WONG: Can I just ask—and I suppose this is a definitional question—about this phrase, 'official greeting line'. Does that denote a certain type of arrival and greeting?

Mr Varghese: An official greeting line would be where there was a measure of formality or ceremony in the arrival. For instance, where there would be a senior representative of the host government present for the arrival.

Senator WONG: And there was no such person at the Prime Minister's arrival on the 25th?

Mr Varghese: That is my understanding.

Senator WONG: It is the case that if there was an official greeting line with, for example, a senior person present, then the rule about partners and spouses applies. But what I am suggesting to you is that rule is not applicable when there is no official greeting line.

Mr Varghese: It is not my rule, so I am not really in a position to comment on when it does or it does not apply.

Senator WONG: Right. But you were a head of mission?

Mr Varghese: I was.

Senator WONG: So is it your understanding, from that time, that this is a guideline which applies in relation to official greeting lines but, otherwise, who meets the Prime Minister is a matter for the head of mission?

Mr Varghese: As I indicated earlier, these arrangements are usually sorted through by consultation and discussion between the head of mission, the CERHOS area of Prime Minister and Cabinet, the Prime Minister's office and the host government.

Senator WONG: But there was no host government person present.

Mr Varghese: I do not know. I think there probably—
Senator WONG: Sorry—I thought you were aware of that. I thought we had agreed on that.

Mr Varghese: There was no senior government representative, but whether there was a protocol officer from the French government is another question. There probably was—from what I have read on the public record, anyway.

Senator WONG: I will just finish off. I will come back to something later. Mr Varghese, the *Daily Telegraph* article, apart from describing Ambassador Brady as ‘dummy spitting’, also goes through allegations about Mr Brady ‘throwing a complete fit,’ demanding that he get into a car and so forth. Did you consider, given the public attack on one of your heads of mission, engaging in any public defence of him at this point?

Mr Varghese: I did not think there was a need to engage in a public defence of him. The Prime Minister had engaged in a very proper public defence of him when he was asked about it.

Senator WONG: Somebody from the government has provided those comments to the paper.

Mr Varghese: I do not know that.

Senator Brandis: You cannot know that, Senator Wong. There is—

Senator WONG: It is actually referenced. I will move on.

Senator Brandis: Senator Wong, you have read some words written by a journalist. We know that there was a media release. The words you have read were not from the media release.

Senator WONG: There was not a media release.

Senator Brandis: The only statement from the highest level of government in relation to Mr Brady—who, by the way, I also know and have a great deal of regard for—was from the Prime Minister. When the issue was raised with the Prime Minister, the Prime Minister expressed a great deal of confidence in, and support for, Mr Brady.

CHAIR: Before I go to Senator Fawcett, Mr Varghese, for my own clarification: did Mrs Abbott accompany the Prime Minister on that occasion or not?

Mr Varghese: She was not there for the Paris trip.

CHAIR: Could I ask when Mr Brady was appointed to the position of Australian Ambassador to France?

Mr Varghese: I would have to take that on notice.

CHAIR: Was it during the term of this government or of the previous one?

Mr Varghese: It was this government’s appointment.

Senator Brandis: Mr Brady was appointed by the Abbott government, having previously been the official secretary to the Governor-General.

CHAIR: Lastly, then, can I ask: in terms of a position such as head of mission, including this one, would the Prime Minister approve that appointment?

Mr Varghese: Yes. The Prime Minister approves all appointments of heads of mission.
Senator Brandis: Given the innuendo that appears in Senator Wong's questions, I understand that when Mr Brady was appointed—when he was about to leave for Paris—the Prime Minister hosted a private dinner in his honour for Mr Brady and his partner. I do not think that usually happens with most ambassadors. I am not certain of this, but I do recall reading a press report that suggested that the Prime Minister had also taken Mr Brady and his partner to dinner after his arrival in Paris. The suggestion, or the innuendo, that comes from Senator Wong—that Mr Brady and his partner are held in other than the highest regard by the Prime Minister—is nonsense. If the Prime Minister did not hold Mr Brady and his partner in the highest regard, he would hardly have gone to the unusual trouble of hosting a special dinner in their honour.

CHAIR: Senator Wong, you wanted to make a comment before I go to Senator Fawcett?

Senator Wong: Just on this. The minister perhaps can take this on notice. If Ambassador Brady is held in such regard, can you please advise whether the Prime Minister has sought to determine which person in the government provided the quotes to The Daily Telegraph? They are direct quotes, which included describing Mr Brady as someone who engaged in a dummy spit. I would just like to know if the Prime Minister has sought to find out who that is?

CHAIR: Is it appropriate for that to be taken on notice, Minister?

Senator Brandis: I am not going to be a commentator on what a journalist might write in a newspaper based on an anonymous source. What I am telling you, and what I have pointed to, are occasions that undeniably demonstrate that the Prime Minister has a very high regard for Mr Brady and his partner; he would not have gone to the trouble of hosting a dinner in their honour, which is not the usual practice when a new diplomat is appointed to a new posting.

CHAIR: I will go to you, Senator Fawcett, please.

Senator Fawcett: An hour into this committee hearing, can I move to something that is actually of significance to the Australian people? Two questions: one—the South China Sea. I would like an update on Australia's position and engagement in that, which obviously critically affects our security, our trade and a range of other things. I would also like to ask some questions about the humanitarian disaster in the Andaman, with the Rohingya and Bangladeshi people on boats. Could we start with the South China Sea?

Mr Varghese: Do you want me to speak generally about our position on it, or is there a particular aspect that you would like me to focus on?

Senator Fawcett: Generally I would like to understand the engagement. We have had the defence minister make a comment and we have had comments in the past. I would just like a view of DFAT's position on how we are approaching this issue.

Mr Varghese: It is a serious issue, and it is one that needs to be carefully managed, because the potential for this to develop into a major security concern is clearly there. Australia has a long-standing position of not taking a position on the merits of competing claims in the South China Sea, of which there are many. We do, however, have a very strong view that these issues should be resolved peacefully, that they should be resolved in accordance with international law and that all parties should refrain from actions that are provocative, coercive or unilateral in their implementation. We think it is important for...
competing claims to be resolved through peaceful means. We would encourage China and the ASEAN states to conclude a code of conduct on handling this matter in the South China Sea. We think it is important that the basic principles of international law are consistently upheld in dealing with this matter.

**Senator FAWCETT:** Can I then move to the meeting in Bangkok about the boat people? Can you talk about Australia's representation at that meeting, and what the outcomes were at that meeting?

**Mr Varghese:** Australia was represented by our Ambassador for People Smuggling Issues and also, I think, by the commander of our Border Protection Force. Our focus at that meeting, and more broadly in relation to this issue, is to be part of regional discussions and regional consultations, and to be a constructive contributor to a regional response to this. Our emphasis has been on assisting relevant international organisations as well as contributing to humanitarian efforts. We are a very substantial donor to the International Organization for Migration, which runs a number of facilities in Indonesia and elsewhere. We are a significant donor to Burma, to Myanmar. We have more recently increased our aid contribution directed at Rakhine State, which is where most of the Rohingya live. During our participation in the Bangkok meeting, we outlined our position along those lines.

**Senator FAWCETT:** What specific measures has that assistance aid been directed at to address the push factors that are occurring there?

**Mr Varghese:** I will see if any of my colleagues can give you more detail on the nature of our contribution. But, clearly, there are a number of push factors applying and those push factors go to the position of the Rohingya in Myanmar—their access to jobs and to a decent standard of living. There are and have been for some time concerns expressed about the treatment of the Rohingya—and this has been the subject of a number of discussions that we have had over the years with the government of Myanmar. I will see if Mr Goledzinowski wishes to add to any of that.

**Mr Goledzinowski:** Sorry, I missed the question as I was out of the room. It was a general question about the situation of the irregular people movement in the Andaman Sea?

**Senator FAWCETT:** I am interested in our participation in the meeting that occurred in Bangkok at the end of last month and the outcomes of that, and in the aid we are giving both to Burma and to global organisations and how the issues are being addressed, particularly minimising pull factors and addressing the push factors. One question I have not yet asked, but I will give to you now. In terms of article 18 on freedom of religion and belief, what specific actions are we taking to work with regional countries—Myanmar, in particular—for the Rohingya and for the Karen and other minorities that make up a large part of the populations who are moving out of the country?

**Mr Varghese:** Just before Mr Goledzinowski answers that, can I add a little detail to what I have already told you. In relation to our assistance for the organisation for migration, IOM, since 2000 we have contributed over $170 million to IOM to provide food, accommodation and emergency medical assistance, and other assistance to victims of people smuggling and trafficking in Indonesia. Since 2014, we have contributed over $18 million to improve conditions in immigration detention centres and detention management practices in Indonesia. We have been one of the largest humanitarian bilateral donors to Myanmar, with additional
funding announced on 29 May bringing Australia's humanitarian assistance to Myanmar to more than $20 million since June 2014. This is providing essential food, water, shelter and education services to displaced people. We have also provided long-term development assistance of more than $11.2 million since 2011 to improve economic opportunities for all communities in Rakhine state, which is the state I was referring to earlier.

Mr Goledzinowski: The meeting in Bangkok on 29 May was called as a special meeting at the initiative of the Thai government, as you know, to respond to the emerging crisis of the irregular movement of people through the Andaman Sea, particularly towards Thailand but also with landings in Indonesia and Malaysia. Australia attended that meeting at the invitation of the Thai government along with 16 other governments and a number of international organisations. The meeting went for just one day and it was at the senior officials level rather than political level. From our point of view, it was actually quite a successful meeting. There were a number of outcomes and recommendations covering about four pages. Essentially, you could group them into about three different categories: first of all, immediate humanitarian response; secondly, coordinated action against people smugglers and traffickers; and, thirdly, attention to root causes. If I can go through those quickly.

The immediate humanitarian responses one was largely framed by the immediately preceding meeting at ministerial level between the most affected nations which were Thailand, Malaysia and Indonesia which was held in Kuala Lumpur. The meeting on the 29th was able to reflect on and welcome the decision of those countries to provide immediate humanitarian relief—in particular, the decision of the Thais to provide assistance with search and rescue and the Indonesians and the Malaysians to provide temporary resettlement or the opportunity for people to land and be looked after for a period of up to one year in Indonesia and Malaysia.

More broadly, there was discussion about other assistance that can be provided to those people who have not yet embarked on journeys from Rakhine province in Myanmar and from the Cox's Bazar area of Bangladesh. There were a couple of countries that made immediate financial pledges. Australia's was the most generous on the day. As the secretary has indicated, we pledged $5 million, which was on top of the $6 million which had been pledged just one week previously.

On the second point, about the disruption of trafficking and smuggling networks, that occupied about as much time in the discussion as did the issue of immediate humanitarian relief. It was well recognised that these are terrible practices undertaken by criminal networks. There was a little bit of debate about the distinction between trafficking and smuggling; and in fact in this context it is very much blurred. The situation as described by UNHCR and IOM is that a lot of people who start off being smuggled—that is voluntarily agreeing to be transported across the ocean—very quickly become trafficked as soon as the elements of coercion become evident. That in fact is very often the situation of people we find in mass graves on the Thai-Malaysia border—people who maybe thought they were undertaking a different sort of journey to the one they ended up experiencing.

We had a good deal to say on that front, because Australia is very much involved in the region in assisting law enforcement networks and providing assistance in legislative outcomes, and we work through the Bali process through a number of working groups and other processes to help strengthen information sharing and cooperation amongst countries in
the region. We were also able to talk a little bit our own experience through Operation Sovereign Borders, where we have been very successful in disrupting people-smuggling and trafficking networks.

We were also able to offer quite a bit of information about our strategic communications strategies. That was something which a number of people around the room responded to with a lot of interest. As you would expect, Senator, we had bilateral meetings in the margins of this meeting, and my expectation is that one and possibly more countries will come to us in the next weeks and months looking for specific assistance and advice in how to implement strategic communications strategies to try to counter the message of people smugglers and traffickers. A lot of the people who get caught up in these networks are ill-educated, often illiterate, sometimes desperate, and they make very poor decisions based on bad information. If we can assist to mitigate that then we should and we will.

Senator FAWCETT: Could I clarify: the decision to provide shelter for up to a year, and there is interest in the broadcasting message, was that a recognition by the forum that long-term settlement created a pull factor which would just exacerbate the problem?

Mr Goledzinowski: I was going to come to that. It was touched on by a number of delegations. All those who mentioned long-term settlement did so for the purposes of indicating that this was not a durable solution for the Rohingya problem and that it would constitute a pull factor. This was not just national delegations who said this. The UNHCR was in fact the most articulate and persuasive on that point.

The third element of discussion was root causes. That of course was largely to do with poverty in the Cox's Bazar area and Rakhine state but also the human rights factors in Myanmar. That was not as robustly dealt with in the outcomes document as the first two areas of discussion; but the important thing to remember there was that Myanmar was in the room. So in a sense we were really breaking new ground in the region to have a discussion about these root causes in Myanmar with Myanmar actually in the room—defending its position and its record, as you would expect; but the fact that they were there really did constitute a new step in the regional dialogue on this problem. I think it is a step that will be continued, because it is something which we hope that the ASEAN states themselves will grip up. One of the outcomes from this meeting was in fact that the key affected ASEAN states—the four affected ASEAN states, including Myanmar—have proposed to continue this dialogue at ministerial level in the future.

For all of those reasons, we left that meeting—your expectations of these things are always a bit moderated, because it is difficult in a regional setting like this to achieve significant outcomes. Given the range of possible outcomes, I would say, we were very happy that we were at the top end of the range at this meeting.

Senator FAWCETT: Given the very discriminatory policies that have been applied both to the Karen people, who are predominantly Christian, and the Rohingya people, who are predominantly Muslim, was the issue addressed from an article 18 perspective in the forum?

Mr Goledzinowski: Sorry, I am not aware of that.

Senator FAWCETT: Article 18 of the Universal Declaration of Human Rights—freedom of religion, belief in conscience.
Mr Goledzinowski: UDHR was not referenced specifically. Human rights was mentioned by a number of delegations. As I said, I think it was a matter of judgement for individual delegations as to how far they would go with Myanmar in the room. I should say that we, for our part, had a separate bilateral discussion with the head of the Myanmar delegation, who was an acting director-general of foreign affairs. In that bilateral discussion, we referenced the issues of human rights that were talked about in the main room and went a little further.

I think every delegation has its own way of approaching this, and we have quite— I think it is already—a mature but growing relationship with Myanmar where we are able to discuss and reference these issues. UDHR was not specifically referenced, but human rights, security and the 'sense of belonging' was the phase that was specifically used in the outcomes document, which I think implies the sorts of rights that you have indicated.

Senator FAWCETT: Are you able to give the committee an update of the current status of the number of people who are still on boats as opposed to those who have been provided that temporary shelter?

Mr Goledzinowski: That is a good question. This is something that has been subject to revision by those organisations that have been publishing numbers. Australia of course does not have any independent capacity to make those assessments, so we rely on others. The presentations by UNHCR and IOM—International Organisation for Migration—at the meeting indicated that earlier estimates that there would be up to 8,000 possibly on the water were, fortunately, probably at the high end of expectations. In fact the real numbers now that we are hearing, as of yesterday, are: there may be up to 3,000 people still on the water. Even that is a guess—these organisations do not have good information on this, and it is something which is probably going to be revised again.

Senator FAWCETT: The information that has been coming out indicates that there is a mix and a sizeable proportion—some reports say the majority of people—are economic migrants from Bangladesh. In terms of addressing root causes, what investment is Australia making in the region or in Bangladesh specifically from an economic aid perspective? Maybe somebody else from the department needs to take that question.

Mr Goledzinowski: I think there will be someone else who maybe can talk more about the bilateral relationship.

Mr Varghese: I can give you a little bit of information on what we are doing in Bangladesh. We are continuing our support for humanitarian efforts in Cox's Bazar, which is the area of southern Bangladesh that is most relevant to this Rohingya issue. Our support is channelled through the World Food Program to improve nutrition, increase access to education and enhance food security for vulnerable communities. We announced additional funding on 29 May that brings Australia's total commitment to humanitarian assistance to Cox's Bazar to $8.8 million, building on the more than $9 million in assistance since 2010.

Senator LUDLAM: I think we are taking a break in five, so I might come back after that break—if that is possible. I will keep this on the same topic since we have begun here. You made it sound quite persuasively as though the Australian government has increased the aid budget for Burma. My understanding is that it is actually completely the opposite. I understand we have cut our aid funding to Burma—and for the purposes of this conversation I
will include funding into the border areas, on the Thai side, at least. Can you clarify the actual position for us, please?

Mr McDonald: In relation to that earlier conversation, the funding that was referred to is humanitarian funding. That either comes out of devolved funding we have for Burma for the year or through our emergency fund, in response to humanitarian needs at the time. There have been two announcements recently. That is where that funding comes from.

Senator LUDLAM: That is good to know. So for tactical emergencies, you are able to swing funding in that might not have been on the books originally?

Mr McDonald: Yes. We have humanitarian funding of about $338 million this year. Of that, there is a discretionary amount of $120 million that applies to the year for things, like the Nepal earthquake, that come up. We have access, and that will continue under the budget for next year as well.

Senator LUDLAM: That is good to know. So for tactical emergencies, you are able to swing funding in that might not have been on the books originally?

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Senator LUDLAM: My understanding is that the minister announced funding in the order of $6 million for Rakhine province. That was coming out of that appropriation?

Mr McDonald: It was coming out of a devolved humanitarian bucket to Burma. We devolve some money out during the year. The second amount of money came out of the emergency fund, from memory.

Senator LUDLAM: I do not know whether it would make more sense to have this taken on notice: I am keen to get an idea of how much less overall we are spending on Burma than last financial year and the one before. Would you dispute my contention that it has actually been quite a steep net loss?

Mr McDonald: At the moment, in terms of our funding for 2014-15, it would be similar in terms of the bilateral program to last year. We can get those figures for you but I think you will find that, between 2013-14 and 2014-15, when you add the humanitarian in, it will either be similar or slightly increased.

Senator LUDLAM: Would you be able to clarify for us—I do not know that it is worth going through the spreadsheet, back and forth, now—what the base funding is and when the emergency funding or the humanitarian funding arrives; whether it is being drawn from other parts of the country where, presumably, there were already identified areas of need; or whether it came from a separate appropriation, just how much of the breakdown.

Mr McDonald: I can certainly confirm that the humanitarian funding that was recently announced came from a different bucket, not from elsewhere within the country.

Senator LUDLAM: That is a helpful start.

Mr McDonald: It was funding specifically for humanitarian.

Senator LUDLAM: That is helpful stuff. The only other area I am interested in is to work out what the net effect of that would be overall.

Mr McDonald: I will be able to give you that shortly after morning tea, Senator.

Senator LUDLAM: Maybe after the break. That would be greatly appreciated. At what level was the government of Myanmar represented at the meeting that Senator Fawcett had opened up about before?

Mr Goledzinowski: It was at the level of the acting director-general of foreign affairs.
Senator LUDLAM: Okay. It was not ministerial level?

Mr Goledzinowski: No. There were no ministers present with the exception of the Deputy Prime Minister of Thailand, who made an opening statement; I think he remained for part of the first session. But it was a senior officials’ meeting.

Senator LUDLAM: Before we go to the break, and we will come back on a similar line afterwards: apart from that multilateral forum—which sounds like it was timely, although maybe a bit disappointing in outcome—what representations have the Australian government made to the government of Myanmar in relation to the bigger-picture issues: the deportations, the treatment, the beatings, the killings, the rapes and the burning of towns? What diplomatic measures have we taken thus far?

Mr Chittick: We engage bilaterally, both diplomatically and through our aid program, to seek to develop and improve the situation in Rakhine State, where the majority of the Rohingyas in Burma live. The issues there are both security ones, in terms of the intercommunal violence that broke out there in 2012, and they are also economic ones. Rakhine State is the poorest state, along with Chin State in Burma, and there are both economic and security issues there. In addition to the regional advocacy the ambassador mentioned, we have ongoing diplomatic engagement in Burma and where other opportunities arise.

We held our inaugural foreign ministry consultations in Naypyidaw at the end of April. I led the delegation from Australia to that. During the course of that meeting, we had an opportunity to register our concerns about the situation in Rakhine state, which remains poor both from a security and an economic perspective. That allowed us to put forward our key points. Those key points are that we want—

CHAIR: We will come back during the morning, but I just want to let you know that we need to suspend soon. So as soon as you are in a position to do that, please let me know.

Mr Chittick: Okay. So we advocate to increase economic opportunities for both the Rakhine and Rohingya communities in Rakhine state. We asked the central and local governments to provide leadership on the issue of promoting values of tolerance and diversity, to prosecute perpetrators of violence in Rakhine state and to set a clear pathway to citizenship for all those who identify as Rohingya.

CHAIR: Thank you. We will suspend now. When Senator Singh will have some questions, and then I will go back to you, Senator Ludlam.

Proceedings suspended from 10:31 to 10:46

CHAIR: Thank you, we will resume. Before I go to you, Senator Singh, there are some answers to questions. If you would be good enough, Mr Exell, to give us those responses, and then I will go to you, Senator Singh.

Mr Exell: To the questions regarding the Ebola treatment centre, just to answer those questions, the total presentations to the Ebola treatment centre were 271. Total admissions to the ETC for suspected probable or confirmed Ebola cases was 216. Of these, total confirmed Ebola admissions following the testing on suspected probable cases was 86. I mentioned earlier the total discharges from the Ebola treatment centre was 156. Of these total confirmed Ebola discharges, only those who recovered from Ebola, was 36. The total deaths at the ETC was 60. Of these, 50 were Ebola-related and 10 were non-Ebola related deaths. These were
from a range of causes—for example, malaria—of which the symptoms actually mimic Ebola, and it is quite hard to tell apart at the initial time of diagnosis.

There was another question of the costs for the Ebola treatment centre. As at 2 June, approximately $10,700,000 has been invoiced and expensed respecting all outstanding invoices to be submitted and processed prior to 12 June. Our expectation of the final total contract value for the Ebola treatment centre is approximately $18,288,000, GST-inclusive.

CHAIR: Thank you. Senator Singh.

Senator SINGH: I have some questions in relation to aid and development, specifically relating to eye health and vision care—so to you, Mr McDonald?

Mr McDonald: Yes, I will start.

Senator SINGH: I wanted to ask if you could advise the committee of the strategy the government is employing to continue targeting avoidable blindness and vision impairment across Asia and the Pacific region.

Mr McDonald: I will ask Mr Exell to come up as well. In relation to the government's approach to the delivery of aid, you would be aware of the new aid policy that was released in the middle of last year. That informs how we prioritise our program. Within avoidable blindness, there are some existing programs—one, I think, that ends this financial year, and one that ends next financial year.

As a result of all those programs, we evaluate all of them at the end. We assess whether they have met their outcomes, and then they are considered in the context of further funding with other priorities for those countries. As you know, priorities within countries are country-driven, so we have discussions around those priorities. Mr Exell can add to that, if I have got any of that wrong.

Mr Exell: Just to give some specific details: the Pakistan-Australia Prevention of Blindness Project runs through from 2013 to 2017; the East Asia Vision Program commenced 2012-13 and runs through to 2015-16; and the International Agency for Prevention of Blindness—Western Pacific region also run through to 2015-16.

Senator SINGH: You mentioned two existing programs—you have listed three.

Mr McDonald: Sorry, I was doing it off memory—just to try and give you some information.

Senator SINGH: Can you advise the total overseas development assistance allocated within the 2015-16 international development budget for programs targeting avoidable blindness, eye health and disability support for people with unavoidable blindness and vision impairment? So specifically this.

Mr Exell: Senator, I will probably have to take the specifics for 2015-16 on notice, because those three activities that I just listed have a multiyear budget and I do not have in front of me or with me the year-on-year allocations. In order to give you the 2015-16 total, I would have to work through or get information about the 2015-16 expenditure.

Senator SINGH: Not all those three programs that you listed carry over into the 2015-16 budget. Do you want to have a look at that?

Mr McDonald: Yes.
Mr Exell: According to my information, those three activities do carry into the 2015-16 year. I will check that, Senator, but that is my understanding.

Senator SINGH: So you do not have any kind of figures on the amount in the 2015-16 budget that targets avoidable blindness? You do not have that figure?

Mr McDonald: Senator, this is a broader issue than avoidable blindness.

Senator SINGH: No, that is what my question is about: avoidable blindness, so I do not know what broader issue you are talking about. That is what I am talking about.

Mr McDonald: Can I clarify? Within the aid program there are, as you would know, many priorities. In terms of the budget for 2015-16 and beyond, we need to go through and have discussions with those partner countries about those priorities. So the first thing that happens is the country or bilateral programs are agreed with those countries around the priorities for 2015-16. Once those priorities are known, then we can aggregate up the expenditure on each of those health related items—for example, avoidable blindness, or it could be other health issues like malaria or TB. Until we have got—

Senator SINGH: So you are saying those priorities have not been known?

Mr McDonald: We go through those priorities and have a discussion with the partner governments. The partner governments have priorities; they are joint priorities, and we agree with those. The budget was allocated three weeks ago, and we are in the process of discussions with them now.

Senator SINGH: So you will take that on notice.

Mr McDonald: Yes.

Senator SINGH: I am aware, as I am sure you are very aware, of the proposal for eye health and vision care programs delivered through the Vision 2020 Australian Global Consortium and that that proposal has been entirely rejected by this government. I am also aware that their original proposal, I think, was in November last year. Then, through advice from DFAT, they revised their proposal to specifically remove, following advice from DFAT, the service delivery component that was included in their original November proposal. That entire funding proposal has been rejected. Can you advise on the basis of this entire rejection of their proposal—and I understand there has been funding since 2010 from the Australian government to some $100 million, specifically in addressing eye health and vision care in Asia and the Pacific to now being $0. Can you provide the committee with how eye health and avoidable blindness assistance is going to be delivered when this Australian government has completely rejected a proposal that they actually gave advice to Vision 2020 to revise? How is it going to be achieved?

Mr McDonald: I will ask Mr Exell to talk about the specific proposal. In terms of ongoing programs, Mr Exell has already mentioned three programs that are ongoing into 2015-16 and he might also elaborate on our approach to health more generally. So I will ask Mr Exell to—

Mr Exell: Thank you, Mr McDonald. Senator, I would not agree with the assertion that our approach to—or activities in—eye health has been entirely rejected. As Mr McDonald mentioned, there is a process at the country level where there are conversations with partner governments around the particular priorities of those countries. Those conversations are
occurring now. Through that process in the 2015-16 year there remain opportunities for specific countries to put forward proposals where they see areas of priorities. So—

Senator SINGH: Sorry, Mr Exell: did you just say that that was incorrect? Can I seek a clarification—I put it that the proposal for eye health and vision care programs delivered through Vision 2020 Australia—a government consortium—has been entirely rejected by this government. Entirely. Are you saying that is incorrect?

Mr Exell: Let me be more specific—

Senator SINGH: That is a proposal of $42.5 million over four years for 10 countries.

Mr Exell: In regard to the specific proposal put forward by Vision 2020—which was originally, as you said, put forward for $90-odd million over four years—the government has taken a decision, for that specific proposal, not to support it. But I was referring to the process that happens for all country programs, that they work in partnership with their relevant country, and they can put forward proposals and priorities. In this case, what was put forward was a request for funding from a central overview, if you like, and that was rejected. That was decided not to be supported.

Senator SINGH: Why was that?

Mr Exell: It is fair to say it is a difficult decision. Budgets are tight. In many cases, we have to prioritise activities that support and sustain health systems that deliver high-impact, across-the-board, life-saving interventions and, indeed, provide foundations for regional health security. That is the focus—

Senator SINGH: So are you saying that this proposal does not provide high-impact interventions? It is avoidable blindness we are talking about. I am sure you saw in the Vision 2020 proposal where it says that 'research has shown interventions to improve eye health in developing countries are among the most cost-effective public health programs available, and return four dollars for every one dollar invested'.

Mr Exell: Senator, there are difficult decisions that need to be made across a range of interventions—whether that be polio, or eye care, or whether it be health systems that can benefit of a range of disease-specific issues. We have limited dollars. We need to look across the range of these issues. Vision impairment ranks outside the top 25 health issues that have been identified in the Indo-Pacific region. That is not to say that curing sight is not a very important and very useful thing but we have worked through—as Mr Donald referred to, there is the overall aid policy strategy that prioritises issues that have a catalytic impact, on health systems in this case, and on other parts of the economy that lead to long-term changes. And that was why, in the conversations with Vision 2020 there were aspects of delivery service. Where can the Australian aid dollar have the biggest impact that will lead to the longest-lasting change? So we have had to weigh up and look at priorities in that context, consistent with the overall development policy framework, and consistent with the health strategy that the minister has signed, which prioritises health systems and regional health security issues.

Senator SINGH: Look, I understand the department is having to deliver a difficult budget where the government has cut in relation to foreign aid. It has been a shocking cut to foreign aid. But I am still trying to understand, Mr Exell: how does blindness not have a catalytic impact on an individual in these regions—in these 10 countries that Vision 2020's proposal

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outlines? And if this is part of a broader perspective on the health sector strategy, I also want to know in what way the programs proposed by Vision 2020 do not align with that strategy. I understand it is a difficult decision, but you have to make decisions on the basis of something—and that is what we want to know here.

There was input by DFAT to revise their proposal, yet even after that input it was still rejected. It is just not making sense how you have made your decision to just knock off unavoidable blindness and eye health. This is a disability support for people with unavoidable blindness and vision impairment. I am sure you are aware as much as I am of the benefits, be it in Timor-Leste, Fiji, Cambodia and so many parts of the Indo-Pacific. For this government to now give zero dollars in this program area just does not make sense. I am trying to give you the opportunity to explain to the committee why the government has taken this decision.

**Senator Brandis:** If you care to look to your left, you will see your colleague Senator Wong, who was the finance minister in the government that left the country in $667 billion of projected debt—

**Senator Wong:** The debt is higher under you, George. Spending is higher under you. Debt is up. The deficit is up. And spending is up.

**Senator Brandis:** The last time my party was in government, there was money to spend on this program because the country had no debt.

**Senator Wong:** I thought you were the party of small government.

**Senator Brandis:** The government in which you served—

**Senator Singh:** You can't help yourself, George.

**Senator Brandis:** in which your colleague Senator Wong was the finance minister, left the country with $667 billion of projected debt—

**Chair:** Minister.

**Senator Wong:** Spending is up. The deficit is up.

**Senator Brandis:** and you wonder why—

**Senator Singh:** The chair is pulling you up, Minister.

**Senator Brandis:** there is not as much money as you would wish.

**Chair:** Could you just halt for a minute. We will have one conversation. We will not get down to the stage of the front bar of the Marble Bar hotel.

**Senator Sterle:** I have been there, Chair.

**Chair:** I know you have, Senator Sterle.

**Senator Wong:** He is misleading. I thought I would put the truth on the record about the biggest spending government in Australia’s history being this government.

**Chair:** Senator Wong, I insist on there being one conversation.

**Senator Brandis:** Do I still have the call?

**Chair:** Have you finished, Minister?

**Senator Brandis:** No, I have not. If I may continue to answer the question without interruption.

**Senator Singh:** I never asked you a question. I was talking to Mr Exell.
Senator Brandis: All questions are through the minister at the table, Senator. You should know that. Senator Singh, there used to be money in this program. It would be good if there were money in the program. In 2007, when my party left office, there was no public debt.

Senator WONG: You increased it.

Senator Brandis: When we came back into office, there was public debt projected to $667 billion—

Senator WONG: Debt is up. The deficit is up.

Senator SINGH: Yes, and you did not have the GFC either.

Senator Brandis: so savings had to be found. You wonder why we have to find savings. Why don't you ask your colleague Senator Wong, who left this country in the worst financial position it had ever been in—

Senator WONG: If that is so, you have worsened it, George.

Senator Brandis: the worst financial position than it had ever been in.

Senator WONG: Even if that were true, you have worsened it.

CHAIR: Colleagues; thank you, Minister. Senator Singh, I know you have a time constraint.

Senator WONG: Debt is up. The deficit is up. Spending is up. Taxes are up. Good result.

Senator SINGH: Thank you, Chair. I am actually very proud that under the previous Labor government we did fund eye health and vision care in the Asia-Pacific—

Senator Brandis: I am proud that under the Howard government we funded it too and it would be good to be—

Senator SINGH: to $100 million so that there would be avoidable blindness—

Senator Brandis: able to fund it again if there were money, but there isn't because the country was driven into unprecedented levels of public debt—

Senator SINGH: unlike what this government is doing. Can I ask my question, George?

Senator Brandis: by the government of which you were a member and in which your colleague Senator Wong was finance minister.

CHAIR: Minister.

Senator SINGH: Stop talking over the top of me.

CHAIR: Minister.

Senator SINGH: You have a habit of doing it.

CHAIR: This is not helpful. Senator Singh, could you address the question so that we get back to questions rather than debate.

Senator WONG: I think I enjoyed Mathias’s attention more than yours, George. He is less mean-spirited.

Senator SINGH: Thank you, Chair. I understand my time is almost up. I will conclude. Mr McDonald, has the health sector strategy been made publicly available so that interested citizens can consider the specific Australian government health priorities vital to Australian government decision-making processes such as avoidable blindness and eye health care?
**Mr McDonald:** The health strategy has recently been signed off and it will be made public. If it is not public now, it will be—most definitely.

**Senator SINGH:** When will that be?

**Mr McDonald:** I will check that with Mr Exell. It is important to note that we do have ongoing programs of expenditure on this. There are programs in 2015-16 that Mr Exell referred to—those three programs. They are ongoing and there are discussions occurring with country partners, as I said. You are talking about a particular proposal that was not supported, but there are existing programs that are still continuing and there is the opportunity to have discussions with partner countries about their priorities. That could also identify this as a particular priority.

**Senator SINGH:** And I think you have taken that on notice, haven't you, and the quantum of those three programs.

**Mr McDonald:** Yes, I have. And in terms of the health strategy I will ask Mr Exell, but it will be made public as soon as we can.

**Mr Exell:** Yes. We do not have an exact date; we are just in discussions with the minister about the release of that strategy, but it will be shortly.

**CHAIR:** Thank you. Back to you, Senator Ludlam.

**Senator LUDDLAM:** I put a couple of questions on notice earlier. In the last budget Australia slashed $28 million from the foreign aid budget to Burma. You have then appropriated an extra $6 million in emergency aid into agencies working in Rakhine. That would appear to me to be a net drop of $22 million. Do you want to clarify what the position is?

**Mr McDonald:** In relation to what you are talking about at the moment, it is a 2015-16 allocation and a 2014-15 allocation. In 2014-15 for the Burma program, the bilateral program increased. And, as I said earlier, the humanitarian funding was, if it is not the same, very close. It is $9 million or $10 million and I will clarify that on notice. So the expenditure this year is greater overall for Burma than it was in 2013-14.

**Senator LUDDLAM:** In 2014-15?

**Mr McDonald:** In 2014-15, yes, it will be. The total funding.

**Senator LUDDLAM:** If you want to go back and provide this on notice and just compare it with the 2013-14 budget as well—I have been following this one for a while. Do you dispute that $28 million was cut from the budget into Burma?

**Mr McDonald:** In 2014-15 that is not correct. It is next financial year we are talking about, when there is a reduction in the program.

**Senator LUDDLAM:** Of $28 million.

**Mr McDonald:** I will clarify with Mr Wood.

**Mr Wood:** Senator Ludlam, the bilateral country program to Burma, as Mr McDonald said, increased in 2014-15. In 2013-14 it was about $62 million. In 2014-15 it was $70.1 million, and in 2015-16 it is $42.1. Those details were released on budget night.
Senator LUDLAM: So that is why people have not been celebrating so much about the net increase—because it is actually not. You went from $70 million to $41 million? For the forthcoming financial year, what is the amount?

Mr McDonald: In 2015-16 the bilateral country program to Burma will be $42.1 million.

Senator LUDLAM: And that is not inclusive of the $6 million.

Mr McDonald: And of course there will be humanitarian funding next year, as there has been in the previous two financial years. This year, as I said, we have given $9 million or $10 million. I would expect we would give at least the same next year. So that humanitarian budget, as I said earlier, has not reduced significantly next year. It is $328.9 million and it was $338 million this year.

Senator LUDLAM: We might come back to some of that on notice. That would be helpful. Thank you for providing that. Where is that money being pulled from? From $72 million to $42 million is a huge reduction. Where is it coming from?

Mr McDonald: As you would be aware, there was a reduction in the aid budget announced in MYEFO—

Senator LUDLAM: I am well aware.

Mr McDonald: The allocations were decided by government and announced on budget night, and those allocations are on our website and have been on our website since budget night, so you are able to compare the allocations for 2015-16 with the allocations for 2014-15, so they are publicly available and you will be able to see where the $4 billion that we have in the aid program is being expended in 2015-16.

Senator WONG: Senator Ludlam, would you mind if I requested, on that document—

Senator LUDLAM: Go ahead.

Senator WONG: Thank you. I will be asking questions also about that document but I would also like to compare it to the identical document which was published last year, because there appear to be some changes in the 2014-15 allocation from what was asserted to be the allocation last year for various programs and what is now the allocation for the 2014-15 budget reproduced. You answered that Senator Ludlam is correct to a point, except that what you are now saying is the 2014-15 allocation is not what you told us for some programs last year. There may well be good reasons for that, but I just want to give you notice that there are two versions—last year's version and this year's, so I would like to understand the difference between them.

Senator LUDLAM: That is helpful. I will leave the precise budget allocations there. I want to come back to the issue of the Rohingya and the situation they face there—particularly some comments that were made earlier in response to Senator Fawcett's line of questioning about how there was interest expressed by some of the other representatives at that meeting in Australia's approach, with Sovereign Borders, of pushing people back out to sea.

I am interested in a little more information about precisely what the government is advocating other countries do when you have thousands of people fleeing quite horrific circumstances of violence in their home countries. How does the Australian government propose to deal with these issues if everybody is pushing boats back to sea? Where, precisely,
does the Australian government think they should go? If I have misrepresented the
government's position at that meeting, I am happy to be corrected.

Mr Goledzinowski: Senator, I think you are looking at me.

Senator LUDLAM: You attended the meeting, did you not?

Mr Goledzinowski: Yes, I did.

Senator LUDLAM: Okay. I am happy for you to lead off.

Mr Goledzinowski: The meeting that I attended welcomed the fact that the governments
of Indonesia and Malaysia have agreed to give temporary refuge to these people. That is not
an outcome that we dissented from.

Senator LUDLAM: That is somewhat contradictory to the evidence that you gave earlier,
which said that Australia was pushing some kind of Sovereign Borders style intervention.

CHAIR: With respect, I do not think the officer said 'was pushing', I think he made
mention of that policy. He did not make the point that they were pushing that policy.

Senator LUDLAM: I am very happy for you to clarify.

Senator Brandis: You are asking for government policy, so perhaps I can—

Senator LUDLAM: No. I am asking what position was represented at a meeting that
this officer was at—that, presumably, you were not, Senator Brandis. I am not asking for a policy
question.

Senator Brandis: I thought it was a policy question because of the way in which you
phrased your question. The officer is, of course, welcome to respond to the particular question
you now raise as to what position was put at the meeting. But the position that was put at the
meeting was a position consistent with the policy of the Australian government to eliminate
people smuggling. I can tell you, Senator Ludlam, that the successful policies of this
government to eliminate people smuggling are being watched with admiration by other
governments faced with this problem elsewhere in the world.

Senator LUDLAM: It has not eliminated people smuggling. It has done no such thing.
Otherwise, these people would not be being trafficked.

Senator Brandis: It has eliminated people trafficking to Australia.

Senator LUDLAM: It has not stopped people climbing on boats to extremely uncertain
fate.

Senator Brandis: What we want is for people not to climb on boats. That is the objective
of our policy. We have had more success in the prosecution of that policy than any other
Australian government.

Senator LUDLAM: Thousands of people are still climbing onto boats.

Senator Brandis: That is the background to the policy that was put by Australia at the
meeting. Perhaps the officer can respond with more particularity to your question.

Mr Goledzinowski: That is correct, Senator. We were not in the position at that meeting
to advocate to particular countries how they should exercise their sovereign rights and their
international obligations, particularly given different countries have different international
obligations, depending on their particular treaty arrangements. What we did do is we outlined
Australia's policy and practice, and we did link that to what we believe are the very successful
outcomes, in terms of preventing deaths at sea. We also talked about the law-enforcement cooperation, information sharing and capacity-building work that we are doing in the region to assist other governments to take whatever steps they deem necessary and fit, in respect of their own management of the situation.

Senator LUDLAM: It is worth noting that a number of governments in the region have been quite heavily criticised for complicity, if anything, with trafficking networks that prey on vulnerable people trying to flee from these circumstances. I want to put to you a comment that was made by Brad Adams, who is Asia Director of Human Rights Watch. He said:

Thailand, Malaysia, and Burma must agree to never again engage in the pushback of people stuck at sea, find any remaining boats, bring those on board to safe ports, and ensure that their rights were respected.

That is, precisely, diametrically opposite to the policy that Australia has adopted, which has been quite successful at preventing people from arriving but it certainly has not stopped people from leaving. It is just that we push them back.

Senator Brandis: That is factually wrong, Senator Ludlam. You are either ignorant of the fact that it is factually wrong or you are saying what you are saying knowing that it is factually wrong. The departure, from Indonesia, of people seeking to make passage on leaky boats to Australia has collapsed since the success of the Abbott government's border-protection policies, including tow-backs.

Senator LUDLAM: I am interested in your views on the inconsistency—or whether the Australian government is supportive, I guess—of that comment of the Asia Director of Human Rights Watch, impressing on Thailand, Malaysia and Burma to never again agree to engage in a push back of people stuck at sea.

Senator Brandis: No, Senator.

Senator LUDLAM: Why? Were you at this meeting, Senator Brandis?

Senator Brandis: I am sorry, Senator Ludlam. You asked whether I agreed with a comment.

Senator LUDLAM: No, I was not speaking to you. You keep intervening. I was not directing—

Senator Brandis: You cannot ask an official to comment on policy. The remark that you read, which I assume is an accurate representation of what was said by this man, was a comment on Australian policy. You know that you cannot ask officials to comment on policy and, therefore, I assumed the question was directed to me. If it was directed to the official, it was out of order.

Senator LUDLAM: At that meeting, did any other nations or representatives or delegates make representations, formally or informally, regarding Prime Minister Abbott's 'nope, nope, nope' comment in regard to accepting Rohingya refugees? Was that issue or commentary raised with you or any other Australian representatives?

Mr Goledzinowski: No, Senator. There was no reference to that and I would go further and say there was no criticism of any aspect of Australian policy. If anything, there was positive interest in what we were doing and how we were doing it, and an expression of intention on the part of some delegations to continue that dialogue bilaterally.
Senator LUDLAM: Was Australia asked formally or informally to accept greater numbers of refugees from that region?

Mr Goledzinowski: No, Senator. No such request was put to us, either in the meeting or in bilateral meetings.

Senator LUDLAM: PNG leader, Mr Peter O'Neill, has called on Australia—that is one instance; I guess that is why I put to you that question, specifically—to intervene more robustly, to address the crisis in Burma, including taking greater numbers of refugees. But that was not brought up, at all, at the meeting you attended.

Mr Goledzinowski: No, Senator. PNG was represented by Chief Migration Officer Rabura and there was no such statement or request from him.

Senator LUDLAM: I might leave it there. I have issues on other matters in other parts of the world, but I will leave that there.

Senator WONG: Mr Wood, how are we going? You have tabled it?

Mr Wood: I have provided to the secretariat—

Senator WONG: Sorry, they have not given it to me.

Mr Wood: a table showing country regional allocations.

Senator WONG: I would like to look at it first, Chair, before I do that, so I will do something else, if I may, first. Sorry, what have you given me? Is this the same document as the two that I asked for, the update of those two qualms?

Mr Wood: Yes. The latest one we had was question on notice 159, from the June estimates, from last year. We have provided to you, for our country programs, the amounts that are committed across the forward estimates.

Senator WONG: No. This is why I gave you question on notice 77. I thought I had tabled that to you, from the February round last year. It gave me the categories original budget estimate, bilateral program budget estimate revised, expense contracted, total expenses and contractual obligations and other commitments, percentage committed, remaining balance and percentage uncommitted. That was the document I handed to you. What you have given me is one of the columns, but I wanted this one updated.

Mr Wood: I have not seen that one.

Senator WONG: Sorry, I thought I handed it to you. I handed it to you and said, 'This is the document—

Mr Wood: Okay, we will—

Senator WONG: Sorry, I did. I handed it—did you pass it on? That is what I gave you at 9 am.

Mr McDonald: We just received it now.

Senator WONG: Sorry, what that not passed on to them?

CHAIR: Would it perhaps be in order to go to another line of questioning to allow the officers time?

Senator WONG: I tabled it at nine o'clock for the purposes of trying to get this done.
CHAIR: Just to be clear, can you give us an indication of when it will be possible to return to that issue following the completeness now of the information Senator Wong wants?

Mr Wood: I would say after the lunchbreak. There will be a team working on it in the office.

Senator Wong: That is fine. I will come back. I did want to ask something about the ministerial code of conduct. Mr Varghese, I assume as secretary you are aware of the statement of standards for ministerial staff?

Mr Varghese: Yes, I am aware of it.

Senator Wong: Do those standards deal with interaction between ministerial staff and members of the APS?

Mr Varghese: Yes.

Senator Wong: Do you have a process in place to deal with any assertion or complaint about the conduct of ministerial staff?

Mr Varghese: Complaints from within the department?

Senator Wong: Yes—an APS officer complaining about or raising concerns about the conduct of ministerial staff.

Mr Varghese: No, we do not have any formal process. But, if there were to be an issue, I expect that the relevant officer would, in the first instance, raise it with their division head, and I am pretty sure the issue would come to me pretty quickly.

Senator Wong: Are you aware of any complaints or concerns about the behaviour of ministerial staff raised with you or within the department?

Mr Varghese: No.

Senator Wong: You are not?

Mr Varghese: I am not aware of any, no. In the to and fro of the work of the department, I am sure there are instances where officers may receive requests that they think may be difficult to fulfil in the time given, but that is just part and parcel of the pace at which we all work.

Senator Wong: I will ask a very precise question. There are four parts to the code which deal with interaction between ministerial staff and your staff, in that it says that the staff member must:

7. Treat with respect and courtesy all those with whom they have contact in the course of their employment.

10. Not knowingly or intentionally encourage or induce a public official by their decisions, directions or conduct to breach the law or parliamentary obligations or fail to comply with an applicable code of ethical conduct.

11. Acknowledge that ministerial staff do not have the power to direct APS employees in their own right and that APS employees are not subject to their direction.

12. Recognise that executive decisions are the preserve of Ministers and public servants and not ministerial staff acting in their own right.
I want to know if, to your knowledge, any of your officers have raised with any other officer in the department concern about conduct inconsistent with any of those aspects of the statement of standards or otherwise.

**Mr Varghese:** I am not aware of any such concern or complaint. I am happy to take on notice whether that may have occurred and was not brought to my attention.

**Senator Brandis:** That of course notoriously occurred during Mr Rudd's prime ministership, Senator Wong.

**Senator WONG:** This is gratuitous.

**Senator Brandis:** Do you want the inquiry to extend to the two periods of the Rudd government, because there have been no such events during the Abbott government?

**Senator WONG:** I have nothing further on that point.

**Senator McEWEN:** I would like to get an update on where we are with regard to redundancies post the merger of AusAID and DFAT, if I could, Mr Varghese. I think at the last estimates you mentioned the target was for 500 redundancies. Have we reached that target?

**Mr Varghese:** As I have indicated in previous estimates, we were required to decrease our staffing by around 500 positions by the end of this 2014-15 financial year. The DFAT staffing level has been reduced by 549 from when integration occurred effectively in 2013 to April this year. That 549 can be broken down further to 465 Australia based staff—and by which I mean staff employed under the relevant chapter of the Public Service Act—and 84 locally engaged staff, who are the staff we recruit abroad.

I would just add that that reduction in staff numbers has been through a combination of people ceasing work through natural attrition, such as retirements and resignations and through a program of voluntary redundancies. The last voluntary redundancies counted for 410 of that number.

**Senator McEWEN:** So 410 of the combined 549?

**Mr Varghese:** That is correct.

**Senator McEWEN:** So has it been considered that the target of 500 is met?

**Mr Varghese:** Yes, I consider that we have come in within the budget requirements for the 2014-15 financial year.

**Senator McEWEN:** And none of the redundancies were non-voluntary?

**Mr Varghese:** No, none. I made it very clear at the start of the process that we would not be going down that path.

**Senator McEWEN:** Has there been any change to the ratio of SES band employees who were pre-merger DFAT versus AusAID?

**Mr Varghese:** I would have to take on notice whether the ratios have changed. Do you mean the ratio that we had in old DFAT and old AusAID compared to the ratio we have in the combined DFAT-AusAID?

**Senator McEWEN:** Yes.

**Mr Varghese:** I would have to take that on notice, but I do not expect there would be a substantial change.
Senator McEWEN: Perhaps while you are doing that, could you give me an update on the numbers of pre-merger AusAID staff at each of the APS levels—SES bands 1 to 3, executive level 2, executive level 1 and the APS 4 to 6—who have taken voluntary redundancies?

Mr Varghese: Sure. We can take that on notice.

Senator McEWEN: And also the number of pre-merger DFAT staff at each of those APS levels who have also taken voluntary redundancies?

Mr Varghese: Yes.

Senator McEWEN: The department's latest annual report said that you employed 3,950 Australian staff with 864 of those—about 22 per cent—posted overseas. Is that still the approximate ratio?

Mr Varghese: Pretty much, yes.

Senator McEWEN: Do you envisage that to remain the ratio in the next financial year?

Mr Varghese: I am currently conducting a review of staffing, not in terms of reducing the numbers but in terms of whether we have got the right numbers in the right places. It is quite possible that that review of staffing may alter the balance between staff in Australia and staff abroad, but I will not know until the review is done and we have taken decisions.

Senator McEWEN: So you are conducting that review yourself?

Mr Varghese: I am, yes.

Senator McEWEN: When do you expect that to be completed?

Mr Varghese: I expect the review itself would be concluded within a month or so and then we will have to consider what it recommends and make a decision. So I think it will probably be in the next two to three months.

Senator McEWEN: Are you consulting with staff organisations, unions, about that, or is it too early?

Mr Varghese: We will fulfil our obligations under our enterprise agreement to consult staff at the appropriate time.

Senator McEWEN: Okay. I understand from a report in The Canberra Times of 21 May—you are probably aware of that—that DFAT has promoted 10 per cent of its SES ranks in recent weeks. Do you have a comment about that? Is that information correct?

Mr Varghese: We have in the department a process called bulk promotion rounds. Because we run a global operation, unlike domestic departments, we do not promote to specific positions which are advertised individually at different times. We promote to level and we do it in bulk, and we do that once a year or once every couple of years, depending on what the opportunities are. We have recently concluded promotion rounds at both the band 2 level, which is the division head level, and the band 1 level, which is the branch head level. There were indeed 26 promotions to the branch head level. They were all to existing positions, not to any new positions. Indeed, the understanding with the Public Service Commissioner is that promotions would only be to existing positions. So they were filling existing vacancies, including, of course, our heads of mission abroad, who are counted in our SES cap. If I could just make this observation, we are well below our SES cap.
Senator McEWEN: What is your SES cap?

Mr Varghese: It is about 293, but I would have to take advice on that.

Senator McEWEN: About 293? Okay. So the 26 is roughly 10 per cent of that 293—is that correct? Is that where they get the 10 per cent from?

Mr Varghese: Yes, but the SES cap applies to SES at all levels. The 26 was at the branch head level.

Senator McEWEN: So how many persons were promoted, then?

Mr Varghese: Twenty-six living human beings—or at least I hope they were.

Senator McEWEN: Where do they get the 10 per cent figures, then?

Mr Varghese: I do not know. You would have to ask The Canberra Times. In my experience, there would be many questions you could ask about the accuracy of Canberra Times reports.

Senator McEWEN: I find that hard to believe.

Senator WONG: That is a risky statement.

Senator Brandis: It is an understatement.

Senator McEWEN: Okay. So there were 26 persons who have been promoted?

Mr Varghese: Correct.

Senator McEWEN: How many of those, if any, were former AusAID staff?

Mr Varghese: I would have to take that on notice.

Senator McEWEN: Would any of them have been?

Mr Varghese: Sure, yes. Quite a few of them.

Senator McEWEN: Quite a few.

Mr Varghese: I am trying to run a detribalised organisation here, but I do understand why you might be interested in that.

Senator McEWEN: All right. I understand that some of the former AusAID staff—at the risk of continuing with the tribalisation, as you call it—are still awaiting their top secret security clearances that they require to be part of the DFAT staffing complement. Is that right? Explain to me what kind of clearances they need.

Mr Varghese: I would have to see if any of my colleagues can give you more detail on that, but it is not unusual anywhere in the Public Service to have people waiting for security clearances. These things do take a lot of time and there is always a queue. I will see whether there is anyone who can give you some details as to how many may be in the process of securing a security clearance.

Senator WONG: I am just having a little trouble. Where in your PBS are the FTE numbers?

Mr Wood: The ASL numbers in the budget papers—the average staffing levels—are against the relevant outcome. So one is page 32; that is for outcome 1.

Senator WONG: So you do not aggregate them anywhere?
Mr Wood: They are not aggregated in the portfolio budget statements; they are aggregated in Budget Paper No. 4.

Senator WONG: Okay, thank you.

Mr Wood: This may assist: in Budget Paper No. 4 the department's ASL for 2015-16 is 5,734 and the ASL for 2014-15 is 5,722.

Senator WONG: Thanks.

Senator McEWEN: Somebody was perhaps going to provide me—Mr Fisher, thank you.

Mr Fisher: Yes, you are correct, there are still staff awaiting clearances. This is as of the question on notice out of additional estimates. At that time, of the 1,378 former AusAID staff who came across to DFAT with a clearance below NV2, 604 have been actioned, with 339 clearances now upgraded, and 265 NV2 clearances currently in process. As of 18 March, 774 clearances await action. There is still a bit of work to be done. We are prioritising upgrading clearances for processes such as postings where staff need a clearance to go overseas and so on, so there is still some time to go. We expect this will continue and that all upgrades will be done by the end of next year, 2016. That will take some time.

Senator McEWEN: They will not all be done until the end of next year?

Mr Fisher: That is correct.

Senator McEWEN: In the absence of having the appropriate security clearance, are those staff precluded from doing any particular work?

Mr Varghese: No, they would not be precluded from doing a decent day's work. But there may be some documents to which they may not have access because they do not have the relevant security clearances.

Senator McEWEN: What impact could that potentially have on the efficiency of the department, if you have a reasonably large cohort of staff who do not have the appropriate security clearance?

Mr Varghese: I think it is a manageable impact. It is not ideal, and I would prefer that all of them had the level of security clearance that we require across the board, but I think we can work within the constraints we have. I do not see any serious problem as a result.

Senator McEWEN: Does it advantage or disadvantage anybody in the quest for promotion, not to have the appropriate security clearance?

Mr Varghese: No. In fact, we would not even check on their security clearance when we are considering their merits for promotion.

Senator McEWEN: Really? People can get promoted into a job but they may still have to wait a year before they get their security clearance to actually take up the functions of the job?

Mr Fisher: What we are doing here is also prioritising where there is a need for a security clearance. We have done approximately 100 prioritised applications for security clearance for things like postings, placements, promotions for our crisis cadre. When a staff member needs that clearance we look to provide that as soon as possible—we put them to the front of the queue, if you like. So, we are seeking to make sure that staff are not disadvantaged in all the aspects of the department's operations.
Senator McEWEN: How much it is costing the department to undertake all these additional security clearances for AusAID staff?

Mr Fisher: The estimate I have is $1.3 million between 2014-15 and the 2016-17 financial years.

Senator McEWEN: What is the breakdown over those two financial years?

Mr Fisher: I do not have that breakdown. I could take it on notice, if you like.

Senator McEWEN: Is it likely that the bulk of it will be in the next financial year, because you still have 774 to go?

Mr Fisher: That is correct.

Mr Varghese: If I could just make one comment? The cost of this is not a constraint; the constraint is in the time-consuming nature of the process.

Senator McEWEN: It is still something that has to come out of your reduced budget, Mr Varghese.

Mr Varghese: But we have funds for that.

Senator McEWEN: Did you get additional funds for that, as part of the merger?

Mr Varghese: No. We lost money as a result of the merger.

Senator McEWEN: Did you ask for additional funds for this as a result of the merger?

Mr Varghese: No. It is part of our routine running costs.

Senator FAWCETT: This committee had the privilege of doing a visit to Vanuatu a year or so ago, looking at our aid programs there and the effect of them. We are obviously concerned with the recent Cyclone Pam and the impact both on your staff and on the people of Vanuatu. I am just wondering if you could give us an update both on our response, specifically to Pam, and also to the impact on staff and programs in Vanuatu?

Mr Varghese: Sure. I will get the relevant division heads on both the humanitarian and geographic areas to respond to detail, but can I just make one observation. The amalgamation of AusAID and DFAT has actually produced a much stronger capacity for us to respond to these sorts of humanitarian disasters across the board—in other words, not just in terms of the way in which we deliver disaster relief and humanitarian support but also the way in which our consular requirements and our humanitarian requirements come together. So our capacity to do all of that under one roof, in an integrated structure—in terms of the way I have observed this—has been much strengthened as a result of amalgamation.

Senator FAWCETT: In fact, before your officials answer, the feedback we got from staff at post in Vanuatu was that they felt it was working well and it was positive, and I have had similar feedback from the high commissioner in Fiji, so I agree with that.

Mr Varghese: Mr Isbister and Mr Sloper will go to the more detailed response.

Mr Isbister: I will give a bit of an overview in terms of the initial relief response and then my colleague, Mr Sloper, may talk a bit more about the longer-term recovery and development impacts of the cyclone. I think, as you know, it was one of the most devastating cyclones that had ever hit the Pacific. It tracked very closely to Port Vila and then impacted heavily on a number of the southern islands.
DFAT took the role as leading the Australian government's response but did that in very close coordination with, obviously, Defence and other whole-of-government partners that we drew on as part of the response to the cyclone.

One of the things that is important to note: as devastating as it was in terms of the impact on loss of housing and shelter and schools et cetera, the actual loss of life was relatively low, fortunately. Part of that is, I think, a result of some of the investments that have been made over time around early warning systems and disaster mitigation measures to ensure that, when a cyclone like that goes through, communities can be as prepared as possible to deal with the response.

One of the aspects that we had with that as well was having people deployed—we had a person who was deployed through the Australian Civilian Corps with the Vanuatu National Disaster Management Organisation, who had been working with them over the last 12 months on preparing these issues. When the disaster happened, they were able to be a key link between us and the Vanuatu government in terms of ensuring coordination and that our support could be as effective as possible.

In terms of the more specific response, we focused our efforts in probably two key areas. One of them obviously was providing quick and immediate assistance to those non-government organisations and UN partners who already had capacity on the ground and who had relationships with a lot of the communities that were affected and were able to immediately be involved in, and assist with, lifesaving support and assistance in temporary shelter and other areas.

The other aspect was obviously focusing on looking at how Australia could bring some of our capability, in terms of the medical, urban search and rescue and humanitarian personnel, into the coordination. We were able to get assessment teams on both the medical, and search and rescue into Vanuatu within the first 36 hours. One of the constraints on that was obviously the cyclone was still going through the region, even though it had passed through Port Vila and those southern islands.

We had, with ADF, up to 600 personnel in Vanuatu at any one time. We had a key leadership role with the government in terms of coordinating the relief efforts. With DFAT, we particularly managed the relationships with the UN and NGO partners, and ADF provided a lot of the capability through Black Hawk helicopters, some of the surveillance in the early days through the P3 Orions and also the HMAS Tobruk in terms of some engineering capability in the rebuilding aspects.

Over the time, without going through all of it, one of the focuses that we had with the urban search-and-rescue team was the rehabilitation at the hospital, in partnership with AUSMAT, led to over 1,340 patients being assisted from the crisis over 26 aero medical evacuations, particularly from some of those more remote areas that were impacted and then repairs to over 27 clinics. The ADF had a very heavy role in terms of the air lift of support but also engineering support to the island of Tanna, which was one of the most heavily affected ones in the south. I will stop there. That gives a bit of an outline of the response. It was certainly and continues to be a very devastating impact on Vanuatu. It is going to take a long time to recover in terms of the tourism sector and basic services, but I think the early and quick response not just by us but also by others has at least helped provide a platform for Vanuatu to start rebuilding.
Senator FAWCETT: Thank you for that very comprehensive and pleasing response. Thank you for your role in that. I would like to talk a little bit more about the programs that were in place, where they are at and what additional things we are putting in; but, from the humanitarian perspective, the committee visited the seaside communities in Port Vila. There was obviously some Australian commitment there in terms of sanitation et cetera. In following up from our visit, the committee worked with the post to get things like clean water storage facilities—very basic things—for people. What is the fate of the seaside communities? Has a specific humanitarian response been made to what you can call at best a very temporary nature of housing that those thousands of people had?

Mr Isbister: I think there are two things I would say in terms of the needs of the coastal communities. As you rightly said, two of the things that were impacted most heavily were shelter, where they lost their houses either completely or partially, and the water infrastructure. They were two areas where we focused early with the government to assist with the recovery. With the number of islands and remoteness, it is always difficult to be able to tackle everything immediately, but I certainly think there was a very strong focus with government and the NGOs to ensure that at least initially there were tarp shelter kits. We provided shelter kits and assistance for over 10,000 predominantly in those coastal areas. Obviously not all of them received it at the same time; it was part of the prioritisation.

On the water side, I think the key thing was not a lack of water but ensuring that water was potable and that we were able to prevent the outbreak of waterborne disease. I think that, in the main, that was able to be done. Port Vila, fortunately, within 48 hours was able to get its water infrastructure back up—they had turned off the utilities before—fairly quickly after that through organisations like Oxfam and others who have expertise on the water sanitation side. I could almost say now that nearly all those communities have access or similar access to water services as they had before the cyclone.

Senator FAWCETT: Sure.

Mr Sloper: To follow on, the transition from humanitarian assistance moves to recovery and reconstruction, where my division is involved: to put it into context, the World Bank’s post-disaster needs assessment, which has now been endorsed by the Vanuatu government, estimates total damages and losses at about $604 million. In Vanuatu terms that is probably about 64 per cent of GDP, so we are dealing with quite significant devastation. There are 188,000 people on 22 islands affected. You asked about our existing bilateral program. I might make some comments on that and then turn to the assistance packages. We normally provide through our bilateral aid program unrelated to the cyclone approximately $60 million per annum. That is the number for 2014-15 and will continue next year. That covers education, economic governance, infrastructure, health, and law and justice, including police assistance, which is provided through the AFP.

In terms of the packages that have been announced by the minister, we have a number of focuses, but they build on the expertise of our existing program. We are working with the Vanuatu government and other partners so we can complement each other's expertise and build on that rather than duplicate efforts. We are doing that in close consultation with their prime minister.

The needs assessment is still under consideration by the Vanuatu government, and they soon expect to announce a plan for reconstruction. Our proposal fits within that. In terms of
the early recovery, the foreign minister initially announced $5 million of assistance. That went to urgent school repairs, replacement of damaged learning materials, health infrastructure, restocking of medicines, strengthening immunisation and supporting of cold storage and transport of those medicines. It also went to some urgent food needs and restoring local food sources—basic agriculture. A longer term recovery package was announced by the minister on 23 May. That will bring the total assistance including the humanitarian assistance to $50 million. That is a focus on supporting livelihoods, economic recovery and the private sector, including rebuilding some critical public infrastructure, health, education facilities and gender and disability inclusion. It will be delivered in partnership with the Vanuatu government, so those funds are being transferred to a trust account managed by the Vanuatu government with us. The program will roll over a number of years, complementing our existing bilateral program.

Senator FAWCETT: I ask you to take on notice to provide the committee with an update of the programs that were in existence and what has happened to them in terms of the training infrastructure that was set up, some of the microbusinesses that were established under that and whether there is going to be a focus on re-establishing and capitalising on the training and investment those communities have made as opposed to a whole new raft of measures that may not pick up where we have got to before. Thank you.

Senator McEWEN: To follow on from what Senator Fawcett said about Vanuatu: in that answer would you also be able to address the program that Australia had at the hospital in Port Vila? Both Senator Fawcett and I were fortunate to visit that there. Australia was funding a program to train midwives I do not know what the state of the hospital is.

Mr Sloper: I am happy to take that on notice along with the earlier request. In short, though: existing programs will continue. Obviously there has been an impact from the devastation of the cyclone, but we plan to build on current programs and continue them through next year and subsequent years.

Senator McEWEN: Thank you. I will go back to my line of questioning about the departmental restructure. Mr Varghese, you mentioned the bulk promotion round. Could you advise me when the last round of bulk promotions prior to the one to which you referred was?

Mr Varghese: At the SES level I think it was 2013, so there has been about a two-year gap.

Senator McEWEN: Is a two-year gap normal?

Mr Varghese: It varies. We have had much longer gaps than two years. When I took up the job at the end of 2012 I was hoping to try to get back to an annual cycle of promotions, but obviously that has not been possible. It has varied over time.

Senator McEWEN: All right. Can you tell me how many people were promoted as a result of that 2013 round?

Mr Varghese: At the band 1 level it was 26. At the band 2 level it was 13. I did one promotion at the band 3 level, which is the deputy secretary level.

Senator McEWEN: Those are the 2013 figures?

Mr Varghese: No, those are the 2015 figures. I would have to take on notice what the 2013 figures were.
Senator McEWEN: Thank you very much. In an answer to questions on notice you made some comments about staff morale during this period of detribalisation, as you have called it. Can you give me an update on that? I think that, last time, you were undertaking some surveys about staff morale as well. Have there been any results or implementations of facts that you discovered from those staff surveys?

Mr Varghese: We have been doing pretty regular staff surveys because I at least find them quite a useful diagnostic of how we are tracking. The way I would describe the latest staff survey is this: I think that, on the headline issues, which are how committed you are to the department, how loyal you are to the department and whether you would recommend this as a place to work, we are making up lost ground. Inevitably, when the amalgamation occurred, there was a drop in those headline commitments. We are now seeing that drop begin to rise, and that is encouraging. There has also been a trend towards a more positive picture in relation to issues such as leadership in the department at all levels and the creation of a more innovative culture. That is on the plus side.

Where I think we still have a number of challenges is perceptions of the quality of enabling services, by which I mean human resources, management, IT—all of the things that go towards the effective running of the department—and there I think there is still ground to be made up and there is still not as high a level of satisfaction as I would like. Some of those were issues we were working on in the old DFAT. Some of the perceptions I think have been compounded post-amalgamation because in some of these areas I think AusAID was probably in a better position than we might have been—or at least they had more resources to apply to it than we might have applied to it.

We do have in train a number of short- and medium-term plans to strengthen those enabling services. It will take us a little bit of time before they are fully implemented. Therefore, I think that, inevitably, we will have to manage this as carefully as we can. Obviously some of the things we are doing below the water line on HR, IT and so on may not be visible to staff; so, when they are responding to survey questions, they are going on their daily lived experience rather than what we have coming down the track.

Senator McEWEN: Thank you. Would it be possible to get copies of the latest staff surveys—the questions?

Mr Varghese: Can I take that on notice?

Senator McEWEN: Yes you can. Is there any reason you would not be able to provide the questions that were asked?

Mr Varghese: I do not want to go into a long list of reasons why I could not agree to it, but there are a couple of angles that I just need to think a little bit about.

Senator McEWEN: Were there any reports arising from the surveys that you would be able to provide to us?

Mr Varghese: We make the surveys available throughout the department so all staff get to see it. They do not get to see the surveys of other parts of the department; they get to see the surveys relating to the department as a whole. Each division will get its own divisional results. We do make it as widely available as possible.

Senator McEWEN: Are you unable to provide the surveys because they have—
Mr Varghese: I am not saying I am unable to provide it. I will just take it on notice.

Senator McEwen: All right. You talked about the enabling services and the plans that you have to overcome those issues that you discussed. Are they written plans?

Mr Varghese: Very much so.

Senator McEwen: Are they available for the committee to have a look at?

Mr Varghese: Some of them will be rather lengthy documents. A lot of this goes to the internal workings of the department. I think that, obviously, there is a very legitimate interest on the part of a committee such as this on the administration of the department, but there may be some aspects of it that I would like to consider further as to whether we would be in a position to make them available in full to the committee.

Senator McEwen: All right. While we are talking about staff morale, I would like to go to the issue of the so-called 'April Fools' Day joke', which again I refer to The Canberra Times about.

Mr Varghese: You should really read more broadly!

Senator McEwen: I wish I had time to do so. Anyway, I am sure you anticipated this may come up. Do you know who was responsible for the so-called 'joke'?

Mr Varghese: Yes, we do. Can I say it was a joke in very poor taste. I think it is unfortunate that it occurred. The person responsible accepts that it was something that should not have happened. He has apologised to all staff. I think—I hope—the staff have accepted the apology in the spirit in which it was extended, because it did acknowledge the insensitivity of his actions. I also asked that the responsible person be formally counselled, which has taken place.

Senator McEwen: What level was the person who was responsible for the joke?

Mr Varghese: I do not know whether my colleague can help me. Probably at the executive level—

Mr Fisher: Executive level 1.

Mr Varghese: EL1. So this is not in the SES. It is two rungs below the start of the SES.

Senator McEwen: So it was an EL1 but it was directed at lower paid staff. Is that right?

Mr Varghese: Sorry?

Senator McEwen: It was an EL1 but the joke about 'you haven't got a job' was directed at lower paid staff?

Mr Varghese: Yes. The profile of staff in the Passport Office tends to be much more junior than across the rest of the department.

Senator McEwen: I understand that someone told employees that they should have understood that it was just a joke—an April Fools’ Day joke. Is that right?

Mr Varghese: I do not know if anyone said that, but, if they said that, that would have been not only an inappropriate thing to say it also would have been quite counter to the culture of the department that we want to engender.

Senator McEwen: Was that person who said that the same person who was responsible for the joke?
Mr Varghese: I assume that when he initiated this joke he thought it was funny and a joke; it just turned out to be very poor judgement and a very insensitive thing to do.

Senator GALLACHER: He still has a job?

Mr Varghese: He still has a job and I do not think it is a sacking offence.

Senator Brandis: Hardly.

Senator IAN MACDONALD: For those of us who do not read The Canberra Times— can I take this opportunity to ask what the joke was?

Senator Brandis: I am going to tell you. I will read from the brief, and I certainly agree with the secretary that it was hardly a sacking offence.

Senator McEWEN: I did not say it was.

Senator Brandis: On April Fools’ Day at the Australian Passport Office in Canberra a message was displayed on four information screens at the Canberra eligibility centre advising staff that some positions were being moved to Melbourne. That is the horrifying offence that has detained the Senate for the last 15 minutes.

Senator IAN MACDONALD: What else?

Senator Brandis: That is it.

Senator IAN MACDONALD: That is it?

Senator McEWEN: I am just a bit stunned that the minister and Senator Macdonald think it is funny that people were told that they did not have a job.

Senator Brandis: I do not think it is extremely funny. The man is obviously not Benny Hill.

Senator McEWEN: Mr Varghese, you said you thought it was an inappropriate action on behalf of this EL1 officer. You have reprimanded him?

Mr Varghese: He has been counselled.

Senator McEWEN: Counselling? What does that mean?

Mr Varghese: It is a formal step we take on the spectrum of disciplinary action that you can take.

Senator Brandis: We actually think that joking is a good thing and that good humour is a good thing. Whether or not this particular attempt at humour was inappropriate is a different conversation. But I would not like you to think that there is a view in the government that jokes and humour are a bad thing.

Senator McEWEN: I understand that it took the person responsible—he did apologise to staff, as you said—22 days to apologise. Is that right?

Mr Varghese: I doubt very much it took that long. I will take that on notice as to how long it did take—unless someone is able to answer that on the spot. Sorry, I can tell you. He formally apologised on 8 April. So that is seven days later. He was counselled before that happened.

Senator McEWEN: As part of the counselling session, he was told, ‘You have to apologise’?

Mr Varghese: I certainly made it clear that he ought to apologise.
Senator McEWEN: And the apology was by email?
Mr Varghese: No, it was done in person.
Senator McEWEN: So there was a staff meeting?
Mr Varghese: Yes.
Senator McEWEN: A meeting of the affected people?
Mr Varghese: Yes.
Senator McEWEN: That was on 8 April?
Mr Varghese: Correct.
Senator McEWEN: Has anything like that happened before?
Mr Varghese: It would not be the first case of misguided humour in the department, but whether there is something equivalent, I do not know. Nothing springs to mind.
Senator McEWEN: Wasn't there an incident at some point—I recall—where somebody pretended to shoot former AusAID staff.
Mr Varghese: I see you are again drawing on your knowledge of The Canberra Times.
Senator McEWEN: It is probably a step above The Australian. I have one more question which you can take on notice. As a result of the April Fools' Day joke, were any bullying complaints or other complaints lodged to human resources?
Mr Varghese: I am not aware of any and I normally would be aware of them.
CHAIR: Thanks Senator McEwen. I will go to Senator Gallacher for a couple of questions.
Senator GALLACHER: Thank you. Mr Secretary, My question is in relation to works on the republic of Nauru which come under your remit—if they do come under your remit—because of the operation of section 5AA(1):
(d) a work that is proposed to be carried out by or for the Commonwealth by way of assistance to an overseas country; or
(e) a work declared by the regulations not to be a public work.
So there is a provision of the Public Works Committee Act that allows non-scrutiny, if you like, of expenditure because it is deemed to be aid. I have here an AusTender document 13-14 detailing $2.977 billion worth of expenditure in relation to contracts in Nauru. Is any of that work—and you may well need to take it on notice—subject to the operation of the provision of 'aid to a country' in your budget?
Mr Varghese: I do not know the answer to that, and it would appear—
Senator GALLACHER: I am happy for it to go on notice?
Mr Varghese: I will take it on notice.
Senator GALLACHER: And if I could just highlight to you that we will be asking questions later about fraud mitigation, within DFAT ranks. I will be asking things like: 'What are your protocols? What are your procedures? Instances of fraud?' The very capable Secretary of Defence yesterday gave us very precise information in respect of that. We would hope that you have the same. And we will be asking: what is the highest point of fraud in your ranks?
Mr Varghese: Sure.

Senator GALLACHER: Thanks.

CHAIR: Thanks, Senator Gallacher.

Senator Brandis: Senator McEwen, I have some more information for you that I have just noticed on the topic of bullying within DFAT. I notice that the ABC website is carrying a story this morning that ‘Julia Gillard claims Kevin Rudd once tried to physically intimidate and bully her’. Mr Rudd says Ms Gillard is a liar. Whether that happened when Mr Rudd was the Minister for Foreign Affairs, I am not sure, but perhaps we could look into that.

CHAIR: Thank you, Minister. Senator Rhiannon.

Senator RHIANNON: So helpful.

Senator Brandis: Very unhelpful.

CHAIR: Senator Rhiannon.

Senator RHIANNON: Mr Varghese, I was hoping you would have this information because it would inform our deliberations today—if not, could you take it on notice. Could you provide the committee with a departmental breakdown—a table—of budget estimates for 2014-15 and 2015-16 for ODA eligible expenditure by all government departments?

Mr Varghese: That is probably already covered in what we have either on our website or in the budget document. But the chief financial officer may be able to add.

Mr Wood: Yes, we would be happy to provide that information. We can take that on notice.

Senator RHIANNON: Could it be provided during the sitting so we can come back with further questions on that, please.

Mr Wood: Yes.

Senator RHIANNON: Thank you. Contrary to earlier practice that I have noticed in how DFAT presents its information, in this budget DFAT has not provided the estimated outcomes for 2014-15. I noted that this year DFAT only provided budget estimates for 2014-15 and 2015-16. Can you provide estimated outcomes for those two financial years?

Mr Wood: We provide estimated outcomes for the financial year that has ended. Obviously we are not yet at the end of the 2014-15 financial year. We will be happy to provide advice on the actual end result post the end of the financial year.

Senator RHIANNON: That is a change in procedure, though, isn't it?

Mr Wood: I would have to check and confirm that. Obviously we provide advice on what our budget estimates are, and then at the end of the year we provide advice on what our final outcome is. But I will check to see what our previous practice has been.

Senator RHIANNON: Mr Varghese, that is a change of procedure, isn't it—that the estimated outcomes were not provided as they have been in past years?

Mr Varghese: I cannot add to what Mr Wood has said. We will check and, if it is a change, we will let you know.
Senator RHIANNON: But as that is the top order in terms of how you operate—that is surely the guide—I thought that would be front and centre of your memory, your understanding and the information you have given to us.

Mr Varghese: I cannot add to what I have just said.

Senator RHIANNON: Previous budgets have provided the breakdown on overseas aid spending, as I have mentioned, and, as I said, it is not in this budget. Was that a decision of the department to not include that breakdown, or was that a request?

Mr Varghese: You are now asking me to provide a comment on something that I said I did not know the answer to and I would check. I am happy, having checked, to then see whether I can answer the question you have just asked.

Senator RHIANNON: So you will take that on notice?

Mr Varghese: I will.

Senator RHIANNON: Thank you. Is it correct that the total reduction in overseas aid funding since the coalition was elected in September 2013 is $11 billion, or can you give a more detailed amount?

Mr Wood: In the Mid-Year Economic and Fiscal Outlook there was a reduction of $3.7 billion. That was in this current year—that was over the forward estimates. Then in the 2014-15 budget there was a reduction of $7.6 billion over the forward estimates.

Senator RHIANNON: So it is $3.7 billion plus $7.6 billion?

Mr Wood: Correct.

Senator RHIANNON: Thank you. Then in MYEFO it was the $1 billion—that was the last reduction. Is that correct?

Mr Wood: At the MYEFO there was a reduction of $3.7 billion over the forward estimates. That covered the 2015-16, 2016-17 and 2017-18 financial years. The first year of that period is 2015-16, and in 2015-16 there was a reduction of approximately $1 billion. That is what the $1 billion refers to: it is the cut in next year's aid budget.

Senator RHIANNON: Mr Varghese, was that a recommendation from the department about the cut of $1 billion?

Mr Varghese: No, we tend not to recommend cutting our budget. That was a decision of the government.

Senator RHIANNON: When did you learn about that? Was it when Mr Hockey made the MYEFO announcement?

Mr Varghese: We would have known about it a little bit prior to the MYEFO announcement.

Senator RHIANNON: What is 'a little bit', please?

Mr Varghese: I would have to take on notice exactly when, but budget processes are such that these decisions are obviously taken in advance of being published. I would have to check precisely when we were aware that MYEFO would be having that particular figure in it.

Senator RHIANNON: So you were informed. We are talking about Treasury informing DFAT of the reduction would be. Is that how it works?
Mr Varghese: How it works is that the government makes a decision and the department implements it.

Senator RHIANNON: I am trying to understand. When you say 'the government', we are talking about a large number of people. So we are talking about Treasury department, or Mr Hockey, or Mr Abbott? Could you explain the process, please?

Mr Varghese: Normally budget decisions are taken in the context of the Expenditure Review Committee. The Expenditure Review Committee consists of some but not all ministers, and they usually consult with the relevant portfolio minister in the course of making a decision.

Senator Brandis: That is correct, and of course ultimately these decisions are made by the cabinet. The Expenditure Review Committee is a subcommittee of the cabinet. It also includes some people who are not cabinet ministers, like the Assistant Treasurer. But it constructs the budget, and the cabinet, of course, overall takes ministerial responsibility for the budget.

Senator RHIANNON: So I can just understand the process, Senator Brandis—because that was useful—the Expenditure Review Committee makes a recommendation, it goes to government and then cabinet makes the decision at that point?

Senator Brandis: Formally that is what happens.

Senator RHIANNON: And then it goes back to the department?

Senator Brandis: In relation to the department, perhaps Mr Varghese can speak, rather than me, but the way it works—it is quite a long process, as you might imagine—is that ministers are invited to make recommendations within their portfolios, which they do in a process commencing about six months before the budget is delivered; the cabinet itself obviously has a discussion about budget priorities; the Expenditure Review Committee considers ministers' proposals; it meets, as Mr Varghese has said, with each relevant minister, often more than once, often several times; and it makes a number of decisions. The minute of those decisions is then brought to cabinet for endorsement. That is the way, in a mechanical sense, the process works.

Senator RHIANNON: You have explained that the ministry is invited to the Expenditure Review Committee and there are a number of meetings.

Senator Brandis: When I say 'a number of meetings', it is a very, very large number of meetings. Particularly during the Easter recess, the Expenditure Review Committee meets for days on end, all through the day.

Senator RHIANNON: Thank you for explaining that. So the minister is invited to make recommendations. The ERC meets with the relevant minister. I imagine within that process also that senior people could make recommendations for cuts in other departments.

Senator Brandis: That is not the way it generally works. The ERC sometimes, of course, merely deliberate among themselves. I am not on the ERC, by the way. Not all meetings of the ERC are meetings with the ministers. Sometimes the ERC deliberates itself.

Senator RHIANNON: I am trying to understand how this cut came about. You said that that is not generally how it works. Does that mean that Minister Bishop would have been
there and made the recommendation? At what point is she involved in the discussion about the cuts of $1 billion at the meeting of the ERC?

Senator Brandis: I do not know anything about these particular savings. You asked me to describe a process, and I have tried to describe it to you as well as I can. It is not the case that every minister's recommendation is adopted. It is not the case that every decision of the ERC in relation to a portfolio is a decision that originates with the minister.

Senator RHIANNON: So we could have a situation where there has been a recommendation from the Treasurer to cut $1 billion and the relevant minister finds out when she comes to the meeting. That is possible?

Senator Brandis: I do not want to speculate, so I am not going to answer that question directly, but the ERC makes its own decisions, which are then minuted and brought to cabinet for endorsement. The ERC meets with ministers to discuss their portfolios. Not every recommendation by a minister is adopted and not every decision of the ERC has its origins in a recommendation from the relevant minister.

But beyond that I cannot go, except in my own portfolio, and would not be at liberty to go in any event because to go beyond describing the process would be to reveal the deliberations of government. But I do think it is fair to share with you a description in general of the way the process works.

Senator RHIANNON: Thank you. Mr Varghese, you said that you would be able to inform the committee about the timeline. Could you do that today, because I would like to revisit this issue with you?

Mr Varghese: I will certainly try to do that today. We would have been aware of this at the point that the ERC minuted a decision and then at the point when the cabinet endorsed the decision. So I will see whether we can check what those dates were.

Senator RHIANNON: Thank you. Given Australia's role in the negotiation of the Addis Ababa Accord with regard to the sustainable development goals, what measures has DFAT taken with regard to the 0.7 per cent of GNI as ODA developing countries by 2020? How are you handling that issue, considering the budget cuts? That is what I am trying to understand. The commitment was given under former Prime Minister John Howard. There have now been budget cuts: how is this issue managed, internationally?

Mr McDonald: I think you are talking about finance for development negotiations that are currently under way and conclude in Addis Ababa in July. Those negotiations are ongoing and there are negotiations happening over the next few weeks. The issue raised is one issue that is being talked about—there are also many other issues—and will not be concluded until July.

Senator RHIANNON: You are saying it will not be concluded until July?

Mr McDonald: The ministerial summit is in July in Addis Ababa, and that is when the negotiations will be completed.

Senator RHIANNON: I had understood that there was also to be the establishment of a timetable by the end of 2015? I understood that was part of the work that there was already a commitment to in how developed countries will increase their assistance. I thought that was already on the record and that decision had already been made?
Mr McDonald: There is commitment to 0.7 that does not have a time frame around it, but there is also a commitment to develop new SDGs—sustainable development goals—by the end of 2015. So, there are a whole range of issues in negotiations that are going on. And, like all negotiations, they depend on the package and on the agreement between what in this case are 190-odd countries. To summarise the negotiations at this point would not be fair in terms of the process. They still have a few week to go before they conclude those negotiations about what is put forward to ministers in July.

Senator RHIANNON: Thank you. I have questions about aid to Africa and, in particular, the African Development Bank. Can you confirm what the percentage cut was to Africa, please?

Mr McDonald: In relation to Africa, the bilateral program reduces from $86 million to $31 million in 2015-16. And with the African Development Bank, a decision was taken some time ago that we would not be joining it.

Senator RHIANNON: What is the percentage of the cuts to Africa—

Mr McDonald: I will ask Mr Wood to confirm the percentage on the bilateral program.

Mr Wood: That percentage is 70 per cent.

Senator RHIANNON: Seventy—thank you. Just on the Maldives—

Mr McDonald: Just on that: the 70 per cent is on the bilateral program. In terms of the overall total flows to Africa, from memory, the reduction is from $186 million to about $90-odd million. So it is about 50 per cent on total flows.

Senator RHIANNON: On the situation in the Maldives: could you please update the committee on what work the government has been undertaking to raise human rights and democracy issues in light of recent developments there?

Mr McDonald: We just need the relevant division head for that, Senator.

Mr Varghese: The relevant division head is currently absent but will be back, hopefully, after lunch.

CHAIR: If you agree, Senator, could we pick that up when he is back?

Senator RHIANNON: Yes, we will come back to it after lunch.

CHAIR: I also have questions in that area, Senator Rhiannon.

Senator McGrath: I also have a question on the Maldives, as I have a long-term interest there.

Senator Brandis: Senator Rhiannon, you should ask Senator McGrath. He is a great expert on Maldivian politics.

Senator RHIANNON: Excellent. It is good to have something in common with the senator. I want to ask about the proposal for the diplomatic post in Bougainville. All up, I understood it was a bit over $98 million allocated for the new posts. Of that amount, how much has been earmarked for this new one on Bougainville.

Mr Wood: We would need to take on notice the precise breakdown and details. As you said, there was $98.3 million provided in the budget to open the five posts: Buka, Doha, Makassar, Phuket and Ulaanbaatar. The funding is split between operating and capital and it is split across financial years.
Senator RHIANNON: So you will be able to supply that on notice and give us a breakdown?

Mr Wood: We will confirm the allocations that we have.

Senator RHIANNON: Considering Mr Pato, the Foreign Minister of PNG, referred to Australia's plan to open a diplomatic post on Bougainville as 'outrageous' and 'mischievous' and Prime Minister Peter O'Neill also said he was shocked to learn of the plan, could you outline the preparations that were undertaken to come forward with this proposal? Where did the recommendations come from to open up a diplomatic post at Buka and what were those recommendations based on?

Mr Varghese: The origins of this go back to a so-called footprint review that we conducted in the department which was intended to look at where we were currently represented and to make recommendations on whether that footprint was appropriate and, if it was not appropriate, what we should be looking by way of changes to it. As part of that footprint review, one of its recommendations was the merits of opening a post in Bougainville at Buka. In taking forward the recommendations of the footprint review, the expansion of the diplomatic network was put forward as a new policy proposal and went through the budget processes that the Attorney-General has described, and the government took a decision, which was announced in the budget, relating to five new posts abroad.

Senator RHIANNON: So did the Prime Minister of PNG find out about it on budget night? Is that correct?

Mr Varghese: Regrettably, there was a miscommunication on this. It was our intention and certainly the foreign minister's intention that advice of our interest in expanding our presence in Buka should have been conveyed to the government of Papua New Guinea in advance of the budget. Unfortunately, a combination of the general proprieties of observing the secrecy of budget decisions together with the difficulty in reaching senior levels of the PNG government in the days before the budget prevented that from happening in the way we would have liked it to happen. Consequently, I think the foreign minister and the Prime Minister of Papua New Guinea had not been briefed on it, and that is very regrettable. We have subsequently been in discussions with the government and with government officials about how we can take our interest further.

CHAIR: On that note, Senator Rhiannon, we will suspend for lunch.

Proceedings suspended from 12:29 to 13:29

Senator McLUCAS: I would like to ask some questions about the proposal for pre-clearance of freight going either by air or sea from North Queensland to Papua New Guinea, and the role that Foreign Affairs has played in talking about that proposal with PNG to progress the idea. It is basically an idea that has been around for some time, led by the Australian Papua New Guinea Business Council, that would facilitate PNG customs officials being based in Australia so that goods exiting the airport in Cairns and the seaport in Townsville would be able to be cleared in Australia by PNG, and would therefore not necessarily have to go through Port Moresby airport or Port Moresby seaport but direct to a mine or another town in PNG. Is that an issue that someone in the room knows something about?
Mr Varghese: I am not familiar with what you have raised, and clearly we are not the lead department on it—that would be the Department of Immigration and Border Protection—so to the extent that there may or may not have been any DFAT involvement, it would have been in the context of the overall relationship. Unless there is anyone here who actually has firsthand knowledge of it, I would like to take it on notice, if I may.

Senator McLUCAS: When I went to talk to Customs last week, they suggested I should come and talk to you.

Mr Varghese: I am sorry you are getting the run-around, but clearly the procedures applying to the clearance of goods leaving Australia is not the responsibility of the Department of Foreign Affairs and Trade.

Senator McLUCAS: Customs indicated—I will just find the exact quote; if I point you to the Hansard of Monday, 25 May, on page 56. It should be the person who might be able to answer some questions. The Customs official indicated that he thought it would be led by Foreign Affairs, in terms of a negotiation between the two countries about having PNG customs officials being able to be located in Australia.

Mr Varghese: Let me take it on notice and follow up for you, Senator.

Senator McLUCAS: If I could indicate to you the area I would like some information about: what activity has happened in your department? How engaged is DFAT with counterparts in PNG to facilitate customs pre-clearance? What is the view of the PNG government about progressing this matter, and what is the likelihood of it occurring? It has been indicated to the business community in Cairns recently that this was imminent, so could I get an update from you about its imminence?

Mr Varghese: Sure.

Senator McEWEN: I will keep going in the areas I was in before, if I could. We talked, Mr Varghese, about the amalgamation, if you like. I am interested in the cost of systems integration—in particular, the IT systems integration. In an answer to a question on notice from additional estimates, the department advised the total amount expended on consultancies towards integration was approximately $850,000. The total estimated investment on the department's IT integration is approximately $21 million. Was that integration expected to cost that much?

Mr Varghese: I will ask Mr Spackman to respond. He is our acting chief information officer. In relation to whether it was expected or not, I think the honest answer is that we did not know what to expect because we did not know what our starting points were going to be. That was something that we only came to know as we proceeded down the path of amalgamation. But Mr Spackman may be able to provide you with the detail you are after.

Mr Spackman: I have a further breakdown of costs for the ICT integration. I think Mr Varghese has clarified quite well that we did not really know what to expect, or understand the complexity, when we initially undertook that piece of work. We have currently expended $18.8 million as at 30 June this year and we expect that it will be in the vicinity of $21 million by the end of the integration piece of work.

Senator McEWEN: When is the completion expected?

Mr Spackman: The end of this calendar year.
Senator McEWEN: That was an integration of IT systems. Out of that $21 million, which integration cost the most? Was it human resources integration or your communications integration? Which bit?

Mr Spackman: I think it would be shared between combining two disparate finance systems—in the former AusAID and DFAT—and removing the aid network at a number of overseas posts and implementing the DFAT SATIN Low network.

Senator McEWEN: Of the $850,000 in consultancy fees—that was part of the $21 million, I take it?

Mr Spackman: Correct.

Senator McEWEN: Were all those consultancies onshore in Australia? Or did you have to pay some overseas companies to do this?

Mr Spackman: They were entirely onshore.

Senator McEWEN: When the amalgamation occurred, there was no special budget allocation for integration of IT systems?

Mr Spackman: Yes, there was. We were given a base allocation. I will have to take on notice what that figure actually was. Due to the complexity not only of getting around the globe but of combining two disparate systems across two different business models, it was a little bit unsure in the early stages.

Mr Varghese: Just to add one point there: the allocation that Mr Spackman refers to is out of an internal allocation process. If your question was whether we received additional funding to integrate the IT systems, the answer is no.

Senator McEWEN: DFAT had to find the $21 million out of its existing budget?

Mr Varghese: Yes.

Senator McEWEN: So it was another cost of the amalgamation that was not supplemented by additional funding?

Mr Varghese: There are obviously economies of scale in bringing two large institutions together. That is on the savings side. It is about balancing the two.

Senator McEWEN: I appreciate, Mr Spackman, that you have taken on notice what your internal allocation of funding for this process was—the base amount, as you said. Was there a big difference between the base amount you predicted it would cost and the actual cost of $21 million?

Mr Spackman: No, I think it would be fair to say that that was in the realm of what we expected.

Senator McEWEN: Now I have some questions, following on from previous estimates hearings, about negotiations for the bargaining agreement. At the last additional estimates hearings the department was waiting to finalise a proposed bargaining position. Is that right?

Mr Varghese: I think last time we explained that we had commenced the formal procedures but that we were in discussions with the Public Service Commission about the details of our intended offer. I do not really have very much more to report. Certainly our discussions have been continuing with employee representatives, and that started in September last year, but we have not yet put a remuneration offer on the table. That partly
reflects continuing discussions that we are having with the Public Service Commission. I am
to put as good an offer as I can on the table, but I also need to get a sense of what the
2015-16 budget is going to be for us. We are still not quite at the point where I can put a
number on the table, but, if you like, the delay is because I am trying to get as good a number
as I can within the frame work, obviously, of the government's overall policy.

CHAIR: In that same context, has the agency had an increase or a decrease in its funding
for 2015-16 over 2014-15, Mr Varghese? I am just not sure from the answers you have given
to Senator McEwen's question.

Mr Varghese: We have increases in our funding as a result of some of the new policy
proposals, including the expansion of our diplomatic footprint. We have also had to face the
efficiency dividend and other savings. I will ask the chief financial officer to give you details
on what the net effect of that is.

CHAIR: That is what I am looking for, and then I will go back to Senator McEwen.

Mr Wood: For the next financial year, 2015-16, our appropriation, our funding from
government, will be $1.347 billion. That is an increase of approximately $60 million from the
previous year, where it was $1.285 billion. That reflects, as the secretary said, the impact of
funding for several new measures in particular.

Senator McEWEN: Mr Varghese, you said your team is in negotiations with staff
representatives and unions about the agreement. If you have not got a pay offer to put on the
table, what is the substance of those negotiations at the moment?

Mr Varghese: It is partly for us to get as good a sense of the concerns of the employee
representatives as we can. It is to give us an opportunity to explain to them the policy
framework within which the enterprise agreement needs to be negotiated and to discuss, in an
illustrative sense, where productivity savings might be made. But they have not got to the
point where we are putting a number on them. I do not know if Mr Fisher or someone else
wants to add to that.

Senator McEWEN: No? Have you had any indication from the Public Service
Commissioner about when they may land on an approved proposal to put to staff?

Mr Varghese: We are still talking to them, so I would not want to put a time frame on it.

Senator McEWEN: Negotiations have been going on since September, and now it is
June.

Mr Varghese: Yes. The discussions have been going on since September—

Senator McEWEN: Are you hoping to have a proposal—

Mr Varghese: we will only get to negotiations when we have a number on the table.

Senator McEWEN: Are you hopeful that there might be a proposal before the end of this
year?

Mr Varghese: Yes; I certainly hope so.

Senator McEWEN: When did that agreement expire?

Mr Varghese: It expires at the end of this financial year.

Mr Fisher: No, it expired at the end of the last financial year.
Senator McEWEN: Remind me about the application of retrospectivity in enterprise bargaining agreements for the department? Assuming an agreement is reached at some time, are you able to award those pay increases that may arise in the agreement?

Mr Fisher: These are all matters for negotiation; they would be matters—

Senator McEWEN: And that will be part of it? So retrospectivity is not barred?

Mr Fisher: They will be a matter for negotiation.

Senator McEWEN: That is as far as I can go with that one at the moment. I think Senator Wong had questions.

CHAIR: Before I move over to Senator Wong, Senator McGrath, you wanted to ask some questions on the Maldives. We have been advised that the relevant officer has been sent home by order of the stewards acting on veterinary advice, Mr Varghese.

Mr Varghese: I am not sure he would appreciate the analogy.

CHAIR: If you tell him who it is from, I am sure he would be honoured!

Senator McGrath: Mr Varghese, in previous estimates I inquired about the steps taken by the government in relation to the Maldives. Sadly, this year the outlook for democracy and freedom in that country has deteriorated significantly, with the government arresting and now jailing the former and the first freely elected democratic president of the Maldives. These actions have been condemned by Canada, the United States, the European Union, India, Sri Lanka, the United Kingdom, and I think Australia has also raised concerns about the deterioration in this country. Only this week, further leaders of minor parties have also been arrested. I was wondering if you could provide an update on the situation in the Maldives and what steps Australia is taking to express its displeasure in relation to the curtailment of democratic rights in a fellow member of the Commonwealth.

Mr Varghese: Regrettably, the relevant division head has had to leave because he is not well. The doctor has sent him off to bed. I am not in a position to give you up-to-date information on the details of the representations that we have made. Clearly, as you have acknowledged, this is a set of issues that are of concern to the Australian government and we have raised them with the government of the Maldives in our bilateral discussions with them. We have also been, over a considerable period of time now, actively involved in the Commonwealth's consideration of the situation in the Maldives through CMAG, previously, and through membership of the Commonwealth. We share the concerns of the countries that you have listed, and we would like to see the situation in the Maldives move in a more positive direction, but I will have to take on notice and provide to the committee more detail in the absence of the officer.

Senator McGrath: If you could. One thing I should also raise is that the former president, Mohamed Nasheed, who is currently in jail, has been refused medical treatment. I would be interested to hear what response the government of the Maldives are giving to the concerns raised by the Australian government and other countries.

Mr Varghese: We will certainly take that on board and, given you long and extensive involvement with the Maldives, we would also be very happy, separately, to provide you with a fuller briefing across the range in relation to our discussions with the Maldives.

Senator McGrath: I will take you up on that. Thank you.
CHAIR: Senator Wong.

Senator WONG: I would like to turn to the aid measures. Mr Wood, have you been able to update the attachment to the two questions on notice which we provided you?

Mr Wood: The team back at DFAT have been working on that. I would expect that to be provided to me at the table very soon.

Senator WONG: Sure, I will ask some other questions and come back to that when it comes. I think I indicated to you that I wanted to ask some questions about a document on your website which is entitled Table 1: ODA allocation. I also wanted to compare that against last year's. Do you have both of those? I think I flagged that with you.

Mr Wood: I have Table 1: ODA allocations which covers the 2015-16 allocations. I have for the 2014-15 financial year a document called The '2014-15 development assistance budget' which was put on our website following the budget, which has a table of budget allocations. I am happy to go through that.

Senator WONG: I am sorry, mine has some comments on it so I cannot give you this copy. It says:

Table 1:
This table shows allocations to DFAT country, regional, and global programs.
It is essentially in the same terms as the first table for this year.

Mr Wood: I think we have probably have the same.

Senator WONG: Let us just work through it. There is a slight change in nomenclature or words. I just want to make sure there is no reason for that. One on the 2014-15 version is called 'estimated outcome' and that is identifies as 'budget estimate' in the 2015-16 version.

Mr Wood: The decision taken for presenting the information for the 2015-16 year was to compare the 2014-15 budget estimate to the 2015-16 budget estimate. The actual outcome figures will be released in our annual report, obviously once the end of the financial year has occurred.

Senator WONG: So you are not able to give me your estimated outcome for 2014-15?

Mr Wood: I think in response to your earlier question we are doing that for your table. The main changes will be for Vanuatu, for example, which would reflect some of the additional humanitarian funding.

Senator WONG: Okay. There are just a couple of changes, for example the cross-regional programs in the budget estimate document, the 2015-16 document, you will see that is $406.7 million—that was actually, I think, $680 million on the other document; can you tell me the difference, the $280 million?

Mr Wood: As you know there was a bit of a discussion about this at the June estimates hearing—

Senator WONG: He is assuming that I will remember everything; well, I am glad that you think that. There are many estimates hearings, Mr Wood—but go ahead, yes, I have a recollection but I do not remember the detail of it; you go ahead.
Mr Wood: We made two changes this year: one was to provide further detail on that item. You will see from the table that you have in front of you that it is just one line. The new table I has that broken down in a bit more detail.

Senator WONG: No, I do not think that it does.

Mr Wood: Yes, it should be the total. You have got the cross-regional program $406 million, that is the sum of the—I think it is probably the eight rows above it, which we did not do—

Senator WONG: Which is not disaggregated in the first table?

Mr Wood: Correct—so that is one difference. The second difference is the number. As we noted in some previous estimates and in responses to questions on notice, included in that $686 million was some funding that we were due to provide for other replenishments. You will notice, if you do a comparison of the two tables, that in our new table we have, for example, an allocation to the Green Climate Fund and I think that previous year's amount also had some other additional funding, maybe to the Gavi or the global fund.

Senator WONG: The?

Mr McDonald: The Gavi—the vaccine alliance.

Senator WONG: Can you just tell me then—I think that you have given me some of it—what does the $280 million difference comprise? You have told me that $70 million is the Green Climate Fund, approximately how much was Gavi?

Mr Wood: It should be disclosed there; I would be happy to check and provide that to you later, but it is essentially for those global funds.

Mr McDonald: It would be in the $193 million, the 'global health programs' line—that would have the Gavi replenishment figure, that $193 million figure.

Senator WONG: What I do not understand is how much of that came out of the cross-regional program line items; so the difference between what you said you were going to spend on regional scholarships, health, water and sanitation, fisheries, agriculture, rural development, infrastructure, governance, disability, innovation, direct aid and other cross-regional programs—previously it was $680 million, it is now $406 million. Mr Wood has given evidence that $70 million of that is the Green Climate Fund. Is the total of the remainder of the difference attributable to the Gavi fund?

Mr McDonald: It would not be the whole lot, there would be—the Global Partnership for Education was another one this year that we had to fund. When we had this discussion, it was about having money for the replenishments but not to indicate those initially until we had made the pledges.

Senator WONG: I do not understand why it is reported in cross-regional programs and not in multilateral replenishments. If you are replenishing a multilateral institution—which I think is your evidence—why are you putting it into a different line item?

Mr McDonald: At the time when the discussion was had, and Mr Wood can add to this, it was about not forecasting what the multilateral replenishments would be. In that line you have some existing funding that is already coming out of earlier pledges. There were new pledges to be made in that financial year. In order not to indicate what the amounts of those would be, that was put into the cross-regional program, is my understanding.
Senator WONG: Okay. You will tell me the difference between the 680 et cetera?

Mr McDonald: Yes.

Senator WONG: The supplementary additional estimates I had had the environment department's contents inside the Foreign Affairs and Trade portfolio cover, which confused me mightily. I thought there was some transfer from your portfolio to environment. I thought that was an interesting way to handle the aid program cuts. Do you know how that happened? The secretariat has kindly provided me with the correct one now. I have an estimates with Foreign Affairs and Trade portfolio on the front and then inside it is the Environment portfolio.

Mr Wood: That is quite bizarre.

Senator WONG: I understand the chair is in the same position.

CHAIR: I was in the same position. I thought it was a test on me.

Senator WONG: To see whether we would pick it.

CHAIR: I failed.

Mr Wood: The version I have that we had from the printers has the Foreign Affairs and Trade portfolio contents.

Senator WONG: Does anybody know how this happened or how many were printed? Can you take on notice how many were printed that had erroneous contents or an erroneous cover page, whichever way you want to describe it, and how many have been pulped, and why it happened?

Mr McDonald: We will take that on notice.

Senator WONG: Thank you. Looking at the correct supplementary additional estimates statement, what is the reduction in outcome 2 departmental, page 5?

Mr Wood: That relates to an adjustment for demand in our passport funding agreement. The Australian Passport Office and the department are funded based on a longstanding agreement. One of the main components is volume. As noted in note 1, there was a lower than expected number of passports being issued which then flowed through into a small reduction in funding to the department. That is on page 5 of the table.

Senator WONG: Will the national intercountry adoption support service continue to be funded in the out years or is this only a variation? There is nothing in the out years?

Mr Wood: We have funding for two years. There might be another officer here who has more knowledge on that item. It is the DFAT component of the intercountry adoption measure.

Senator WONG: I just want to be clear that there is no funding beyond 2016-17?

Mr Wood: Just the two years.

Senator WONG: Can I go to page 30, program 1.3 of your PBS. There are a number of items in the aid program there. I do not quite understand what is happening there, so maybe you can take me through it. You have your estimated actual and your estimated. Let us start where we were: multilateral replenishments. It is $106 million and then estimated expense is nil. Can you take me through what is happening here?
Mr Wood: Sure. If I could also note one issue as well which may help later on. As we note on page 29, we made changes to the outcome and program structure. This was agreed by ministers in the lead-up to this year’s budget in about February. It was a legacy of the integration where we ended up with 14 subprograms to outcome 1. It was agreed that we would simplify the program structure under outcome 1 and this—

Senator WONG: Sure, so some of this will reflect that reorganisation. I am trying to give you the opportunity to tell me where the money went. Where does this $106 million go?

Mr Wood: There are two columns: one is the 2014-15 estimated actual expenses and the other column is our estimate for 2015-16. In relation to the multinational replenishments, it relates to the impact of some of our larger multilateral contributions and, as we note on page 40, that covers the International Development Association and the Asian Development Fund.

Senator WONG: Page 40 of the PBS?

Mr Wood: Correct. It has a lumpy profile because it relates to the cash that we get when we make a replenishment commitment.

Senator WONG: Okay, so there is nothing estimated for those replenishments for the coming financial year?

Mr Wood: Correct. We are not forecast to make any major replenishment commitments in 2015-16. The International Development Association, IDA, and the ADF replenishments are due in the 2016-17 financial year, and this is an indicator of those.

Senator WONG: I am going to come back to those. East Asia AIPRD?

Mr Wood: This is the Australia-Indonesia Partnership for Reconstruction and Development. Again, as we note on page 41, this relates to the funding that was provided following the 2004 Indian Ocean tsunami. It is the last year of that.

Senator WONG: So that is why there is nothing in the subsequent year.

Mr Wood: Correct.

CHAIR: That concludes that funding?

Mr Wood: That concludes the funding through this special account. I think there is a longer period of repayment but this is our contribution under that.

Senator WONG: In the ordinary annual services under administered expenses in payments to international organisations there is a slight increase?

Mr Wood: Correct. We disclose in our annual report—pages 278 and 279 are the references in the last annual report—the payments that DFAT make on behalf of government to international organisations. A large component is for UN peacekeeping operations, but it also covers contributions to the OECD and others. There has been an increase partly due to an increase of the funding requirement. I think we might have a slightly bigger burden share. It also reflects a change in the Australian dollar so we are having to contribute more to meet our commitments. You will also note again in the budget statements that has an increase in flow across the forward estimates too.

Senator WONG: With the New Colombo Plan I understand there is an increase for 2015-16. Public information services and public diplomacy has had a pretty significant reduction of $10 million; is that right?
Mr Wood: Correct. The figure for 2014-15 reflects the legacy of our contribution to the Australia Network. You may recall, Senator, that last year the government ceased its commitment to the Australia Network. There was an obligation—

Senator WONG: So this change just reflects that; does it?

Mr Wood: Pretty much. Yes, it does. Again there is a bit of detail on page 44. We were required to make a $10 million payment in the 2014-15 year for that.

Senator WONG: I want to go to program 1.9, PNG and the Pacific. This is an indication of your estimated actual. This is aid expenditure, isn't it, ODA?

Mr Wood: Correct.

Senator WONG: So that was 918 and then nil in this year. Where is that money now being reported?

Mr Wood: That is collated under program 1.2, official development assistance, the 2015-16 column. So the estimates for those individual items are now reported under program 1.2.

Senator WONG: You are now just doing PNG, East Asia, Africa and all the other line items in one big one, which is, with respect, much less transparent. Previously a person could go to the portfolio budget statement and see how much money Australian taxpayers were prepared to pay to our neighbours, prepared to provide in terms of official development assistance to different regions of the world, and see how much was going to PNG, the Pacific et cetera. You have now put them all into one line item.

Mr Wood: Correct. As we noted in our summary on page 29, those programs are now collated under program 1.2.

Senator WONG: Whose decision was that?

Mr Wood: That was the decision of the minister, in consultation with Finance because there are changes we need to make through the CBMS. So it was—

Senator WONG: So basically the government has made a decision to change the budget papers such that, other than someone coming along to this estimates hearing and hopefully getting the information that we have been asking you for, it is not possible for any member of the public or any member of this parliament to look at the portfolio budget statement and know how much ODA is going to PNG in the Pacific, East Asia, Africa, South Asia, Central Asia, the Middle East and others, our humanitarian refugee program or our Commonwealth and other international organisations program.

Mr Wood: I would note that information for the budget year is disclosed in detail on our website. We break down those geographic allocations by country and sector. Then our website also provides details of the specific results and components of those programs.

Senator WONG: Does the table I have sought effectively give me a disaggregation of the $3 billion at 1.2?

Mr Wood: Correct. That is what is put on our website. The table that you have in front of you—table 1—is the total aid program of $4.052 billion. That includes funding that DFAT is provided in addition to the funding that goes to all the government departments.

Senator WONG: Was this change proposed by the department?
Mr Wood: I would need to take that on notice. We did some analysis following the integration, because we ended up with lots of small programs that we had inherited from three different portfolios.

Senator Wong: But the difference is—and I appreciate that you say, 'It's on the website'—that the website is a discretionary matter. One day Mr Varghese may decide again that he wants to be a little bit less transparent.

Mr Varghese: I do not know about 'again'.

Senator Wong: I think giving me half of a so-called private discussion might be a little bit less transparent, but I will leave that for now. A subsequent secretary of DFAT may decide it is not required. The parliament does not have before it the sorts of reports that were previously in the PBSs for the Senate to interrogate at these estimates hearings. It is entirely at your discretion.

Mr Varghese: That clearly was not the intention behind the changes. As Mr Wood has indicated, the intention was to consolidate the program reporting in light of amalgamation.

Senator Wong: No, that does not make sense. It is not like you are rolling up this ODA to PNG and the Pacific and ODA to East Asia. No-one is suggesting that. You are just not reporting how much is going to each.

Mr Varghese: I am happy to have another look at the broader point you raise of transparency. We are not having a debate about whether the information is available to the public. It clearly is. But your point is whether it is available in—

Senator Wong: A formal way.

Mr Varghese: This particular document.

Senator Wong: This particular document has a certain amount of status and certain obligations, which are that it is tabled in the parliament and signed off by ministers in the portfolio. You are under a range of obligations to do with what is contained in it. I am talking about a table that Mr Wood—with all due respect; he is a very competent officer—does up and puts on a website because the current secretary or CFO of DFAT thinks it is important that that be there. You have taken a whole range of information about $3 billion of expenditure next year out of the PBS.

Mr Varghese: I understand the point you are making. I am happy to have another look at it.

Senator Wong: Please do.

Mr Varghese: It is ultimately a ministerial decision, but we will look at it at the departmental level and take it forward.

Senator Wong: Thank you. I understand I would like to understand when this change was proposed. Can I get the date. Was that proposed in advice? You will have to take this on notice, Mr Wood. I am just going to articulate it; is that all right?

Mr Wood: Sure, yes.

Senator Wong: If you can enlighten me now, that would be good. When was it proposed? When was it put to the minister's office? When was the decision made? Was this an
option that the department was asked to provide or did the department decide to provide it of its own accord?

Mr Wood: The timing was probably about January or February. As you would appreciate we had to make a number of changes to the central budget management system to reflect this, so it was earlier in the calendar year. We will provide those precise details on notice.

Senator Wong: I would invite you, Mr Varghese, to consider it. If you look at pages 30 and 31 of your PBS, I would invite you to consider—I am actually not making a partisan point, whoever is in government—the benefit of having the parliament appraised of where the aid budget is going would not be a bad thing.

Mr Varghese: I fully understand the point you are making, Senator.

Senator Wong: Question on notice 154 from earlier this year where I asked—I think it was me—the period for which contributions to particular multilateral funds subsisted. What I was trying to seek was really the point you made before—when we give a contribution to the World Bank is that for one financial year or do we do it for three financial years et cetera. You did answer that, you gave me a good table—I wonder if it could be updated, perhaps on notice.

Mr Wood: The contributions we make to the World Bank are over a period of time. In addition, the contribution that we make to global funds such as the GAVI are also over a period of time. We do sometimes have flexibility in terms of which financial year they are recognised in because our contributions are often calendar year and we account on a financial year.

Senator Wong: The rest of the world would do that too. Most of that information you gave me was quite useful. Why don't you just look at the table and if it needs updating—I suspect one column will need updating—that would be useful. I would like to return to this when we get the documents. I can go to another topic but I am conscious others might have questions.

Senator Gallacher: Are you able to clarify the matter in respect of expenditure on Nauru out of the aid budget?

Mr Sloper: I am afraid from your perspective it is a short answer—the only item that I am aware of on AusTender is actually an immigration department tender. We have no tenders out in relation to the aid program for support services for Nauru.

Senator Gallacher: My question was: have any funds from the aid budget been expended in Nauru outside the scrutiny of the Public Works Committee in 2013-14 or to date?

Mr Sloper: I am not aware of anything in regard to public works.

Senator Gallacher: Thank you, that is good.

Senator Wong: I do not want that to be misunderstood—what did you mean when you said nothing in regards to public works?

Mr Sloper: I mean there is no ODA being used for public works in Nauru.

Senator Wong: I do not want to get into a definitional argument about public works. Have we asked what the ODA component of expenditure in Nauru is?
Mr Varghese: The question from Senator Gallacher was specifically in relation to public works and the requirements of the act.

Senator WONG: Was my question previously asked? I do not want trouble you again if it was.

Mr Sloper: I had understood Senator Gallacher's question to be in regard to aid money used for public works in Nauru.

Senator WONG: Okay. My broader point is how much ODA has been spent in Nauru and on what matters since 2013-14 and 2014-15?

Mr Sloper: The total amount estimated to be spent in 2013-14 in Nauru from the ODA program will be $22 million, that includes country, some regional funding and global funding, and also funding from other government departments. From a DFAT perspective, in terms of what we manage, it relates to education services, some work on non-communicable diseases, sexually-transmitted infections, maternal and child health—we are also working with the public sector there with key reforms—and promoting, maintenance and provision of essential health infrastructure.

Senator GALLACHER: So it is $22 million?

Mr Sloper: That is right—$22.2 million. That is the total across agencies of ODA.

Senator GALLACHER: That was in a calendar year?

Mr Sloper: It was 2013-14 financial year.

Senator GALLACHER: The GDP in Nauru in 2012 was $US112 million?

Mr Sloper: The GDP in US dollars was $121.5 million in 2012.

Senator GALLACHER: So 20 per cent of their GDP was ODA.

CHAIR: Before I go to Senator Fawcett, I just want to ask officers at the table: what do the four names Paddle, Chan, Pellita and Idalia refer to?

Mr Varghese: I am at a loss, Senator.

CHAIR: They are the names of the four koalas that we have lent to the government of Singapore. I would like to ask: why has the Australian government placed these four koalas in the Singapore zoo on loan?

Mr Varghese: I think this is something the foreign minister refers to as 'koala diplomacy'. The background to this—other officers may want to add to it—is that this is the 50th anniversary of the independence of Singapore and the 50th anniversary of diplomatic relations with Singapore. That is a very important milestone for Singapore and for the bilateral relationship. We are hoping in the course of this year to expand the relationship very significantly in a number of areas, including on the economic side, the defence side and the people-to-people side. The arrangement to have these four koalas in the Singapore zoo is part of this expanded bilateral relationship and specifically part of the celebration of the 50th anniversary of Singapore's independence. I must say that from a public diplomacy point of view it has been an extraordinary success. The level of interest and media coverage that it has obtained in Singapore has been huge. I am not sure if anyone has done a calculation of the kind of media buy value of it, but if they had I imagine it would be very substantial.
We have done this in cooperation with Qantas in particular, which is carrying much of the cost for transporting the feed that the koalas will need in the absence of an indigenous gum tree forest adjacent to the Singapore zoo, but Mr Tranter may want to add to that.

Mr Tranter: I will just add to the secretary's point on the significant promotional value associated with the gift of koalas to Singapore. In the initial weekend following the launch by the minister on 20 May, we estimated the promotional value to be $4 million in terms of advertising value equivalence. Twenty thousand Singaporeans have already visited the enclosure and the zoo expects another 550,000 people to visit the exhibition over the next 10 months, including an extensive school holiday program for Singaporean school kids in the middle of the year.

CHAIR: Thank you. From the feedback I have had it seems the only people who are not a lot interested are Australians. Everyone else seems to be taking days off to go and look at these koalas. Senator Fawcett.

Senator FAWCETT: That is a good segue into innovation in our relationships. Could I ask somebody to talk to me about the innovationXchange and the relationship with Bloomberg philanthropy.

Mr McDonald: I might kick off on that and ask Ms Rauter to come to the table as well. The innovationXchange was announced in March of this year by the foreign minister. As part of that, we have commenced a number of initiatives. One of those is the Bloomberg initiative, which I think we have mentioned here before, which is a partnership that we have with Bloomberg around health data collection, doing some analytical work on that data and then being able to help partner governments decide which health interventions are most effective and also to think about how that data can be used more broadly—for example, domestic violence would be another good example of how a methodology like that could be then used elsewhere. It has a technological basis to it as well.

In terms of the contribution, we are putting $15 million into that initiative and Bloomberg is putting $85 million into that. It is focused on a couple of countries, in particular, in our region. The Solomon Islands is one I am aware of. The initiative is, at the moment, in our region in terms of that data collection within government. But I might ask Ms Rauter whether I have missed anything and whether she would like to add anything.

Senator FAWCETT: Sure, and you are right: we have covered this before. When we last covered it, though, it was aspirational. It was a vision. You have now committed to it. What I am interested to understand is, as it is starting to unfold, how it is working, what feedback you are getting and what results you are getting in terms of quality of information. Do you see yourself modifying the program moving forward, or changing the way we are investing?

Ms Rauter: So far the project is still in its early stages. At the moment, Bloomberg has visited 10 countries out of the 21 pilot countries that it hoped to target through this initiative. Those 10 countries will now decide whether they wish to put themselves forward or enrol for the program. The idea is that countries will want to buy in, rather than just to start the program in those countries. And then there will be a further 11 countries visited before the end of the calendar year. Those will include Papua New Guinea and the Solomon Islands, which are the two countries that we negotiated strongly with Bloomberg to have included in that pilot program.
The initial phase is, as I said, to put out the benefits of having that project initiated in those countries, have those countries buy in and, once those countries do elect to enrol as part of that initiative, then Bloomberg will work with those countries to develop a country plan that is specific to that country. Different countries obviously will have different levels of system quality that currently exist, so the quality of the systems will be the first area that Bloomberg targets. The second area that it will target is then the data collection process. That will come some months later. Following that, it will really be about training people within government and within health systems to understand the data that is collected. It is a multiyear program.

**Senator FAWCETT:** If I can just cut in there for a minute, again that is the aspiration for what we are hoping it will do; what is the feedback you have had to date from the countries that have been visited and other countries who are observing this? How is it being received?

**Ms Rauter:** So far, from my conversations with Bloomberg, it has been received very positively. They are hoping that, by the end of July this year, they will have the initial 10 countries signed up. So far the feedback is positive, but again it is very early stages.

**Senator FAWCETT:** What about third parties, other than the countries just involved? Are other people looking at this?

**Ms Rauter:** Bloomberg are working very closely with organisations like the world health program to make sure that this program aligns with other existing data collection and health programs that are in those countries. They are all very positive towards what this can achieve so far.

**Senator FAWCETT:** Last time when you gave us a briefing you talked about a reference group. Who is on the reference group and what role does it have in terms of that broader coordination?

**Mr McDonald:** Just finishing on that last Bloomberg item, as we discussed previously, at the moment, for 65 per cent of deaths worldwide the cause of death is not known. So just getting some of that information will actually help with the health priorities of those countries.

In terms of the innovation reference group, it is a group of 14 people. I will run through who is on that reference group. It had its first meeting on Friday of last week, where a number of ideas were generated in terms of innovation and what can be done in the aid program. The reference group itself covers expertise in areas such as IT, social enterprise, finance and investment, academia, civil society and global business. It also has regional representation from PNG, Indonesia and India. It also has opened up extensive networks and connections for us, in terms of the different existing relationships these people have with people who are involved in innovation.

The reference group itself is made up of our minister, the Hon. Julie Bishop, as the chair; Michael Bloomberg who, as we just talked about, founded Bloomberg but also was a three-term mayor of New York City; Mr Ryan Stokes, CEO of Australian Capital Equity and CEO of Seven Group Holdings; Mr Chris Vein, CEO of Dome Advisory Services and a former World Bank chief innovation officer, and he was a deputy chief innovation officer at the White House; Dr Sarah Pearson, CEO of the CBR Innovation Network; Bjorn Lomborg, director of the Copenhagen Consensus Center; Sally Osberg, president and CEO of the Skoll Foundation; Dr Andrew Motu, PNG National Museum and Art Gallery; Sanjay Reddy, vice-
chairman of GVK, which is based in India; Annie Parker, co-founder of muru-D at Telstra; Veronica Lukito, CEO of—I was going to say Ancora Capital, but I think it has just changed its name to Berkeley International, but I am happy to be clarified on that; Sam Mostyn, chair of the Australian Council for International Development, ACFID; Tara Nathan, executive director for Public Private Partnerships at MasterCard; and Dr Sam Prince, founder of Zambrero, and founder and chairman of One Disease. They are the 14 members.

The members are not paid, in this. It is purely an advisory group. It is not a decision-making body. It has had its first meeting, and in the lead-up to that meeting we had four discussions, as part of the reference group, in which we had good engagement from the members of that reference group.

Senator FAWCETT: Clearly, a fair engagement with Bloomberg. Do you have similar bodies that are prepared to co-invest with Australia on your radar or are you engaging with them, and what is the scale of investment you are looking at making?

Mr McDonald: Ms Rauter can add to this. We certainly have a couple of other projects currently underway, in terms of SEED Pacific, where that tender has recently closed. That is looking at businesses partnering with local business, within the Pacific—and you know some of the challenges around getting interest from the private sector, in that regard—so that is an interesting project, to see how that tender plays out.

We are also having a very active look at humanitarian, particularly given the challenges in our region around cyclones and disasters and the like. There is a consultation occurring in Auckland, in July, of which we would like to consult with countries within the region around that. We have some interesting ideas on how we can get better information out, in terms of humanitarian disasters, where the major impacts are—whether people are hurt or there are potential deaths and the like.

The final one is around The Blue Economy. That is about thinking about, particularly, those small-island countries and how they can look at an ocean as an economic resource, in terms of what that might mean. Ms Rauter might want to add to that.

Ms Rauter: No, I do not think there is anything to add to that.

Senator FAWCETT: I would like to go back to the aid effectiveness study of 2009—was it?

Mr McDonald: 2011, I think.

Senator FAWCETT: I am losing track of time. Against the recommendations from that, are you benchmarking our progress on initiatives like this? How many of those recommendations for aid effectiveness does this tick off in making a program more effective, in terms of outcomes against the dollar spent?

Mr McDonald: I would have to take on notice how many of the recommendations it ticks off. In terms of what we are trying to do with the innovation, it is to try things that we would not have otherwise tried. We are not doing projects for projects’ sake. They need to be scalable and transformative, if they are successful. We do not think it will be a straight linear successful-unsuccessful assessment. We think there will be some in the middle that we will learn from—that will help us work out what we would need to do differently in order to scale them up. There are also challenges around risk and a risk profile around the sorts of initiatives the InnovationXchange invests in. We have had discussions with the ANAO about that and
about how we would manage that suite of activity. This is all about making the program more effective and transformative, with a particular emphasis on the Pacific—which, as you know, has challenges in the areas of economic growth and private sector investment.

Senator WONG: Before we go back to aid, you mentioned that Mr Lomborg—I am sorry, I did not catch the formal title of the body?

Mr McDonald: It is the innovation reference group.

Senator WONG: How did Mr Lomborg's name come to be on the list? Was that at the request of the minister's office or was that on a short list from the department?

Mr McDonald: It was from the minister's office but, when we were putting that list together, as you can imagine—

Senator WONG: I am sorry—your 'yes' was in relation to which aspect? It was binary question.

Mr McDonald: Mr Lomborg's name was provided by the foreign minister's office. I was just going to add that, in coming up with names for this reference group, we did, as you can imagine, trawl quite widely through our posts—and wherever we could identify people who would suit a group that we wanted to be innovative and to bring a range of perspectives.

Senator WONG: My recollection of Mr Lomborg's qualifications is that he is a political scientist. He might have another degree. Does he have experience as an economist or in aid or development economics? Can someone enlighten me?

Mr McDonald: Yes, he does. He is known for cost-benefit analysis in particular. We have his bio on our website. I do not know if Ms Rauter has it here.

Senator WONG: What would he bring to this reference group?

Mr McDonald: He brings experience in development. He brings experience in cost-benefit analysis. He brings different perspectives. The group is about different views and different perspectives; it is not about having a group of people who are all the same. In fact we have on the group quite a diversity of people who pursue a range of different interests.

Senator WONG: While we are on Mr Lomborg, I understand, Mr Varghese, that he addressed your staff—that there was a lecture in March. Is that right?

Mr Varghese: That is correct.

Senator WONG: Can you take me through the process of how that was organised?

Mr McDonald: He had previously presented to AusAID when it was in existence. We often provide opportunities for our staff to hear different perspectives from people who are visiting Australia. The last time he was here he was invited to speak to staff. It was purely voluntary of course.

Senator WONG: You said you often provide staff with lectures from people who are coming through. What are the procedures associated with that? Is there a hard and fast rule? Who organises it? Who is required to tick off on it? I just want to get a sense of how these things are organised.

Mr Varghese: One of the things we have been trying to do in the department is expose colleagues to a broad range of views about big issues. Part of that is a ramped-up speakers program. This can be initiated in different ways. Many of them are organised through the
policy planning branch. They come forward with ideas. Most of the time they would be ticked off by me or by a deputy secretary. But other parts of the department who have a particular interest in an issue may also identify speakers.

Senator WONG: How long would you say this—to use your phrase—'ramped-up' speakers program has been on foot?

Mr Varghese: It was something I was very keen to do when I took up the position, so we have been doing more of this in the last 12 to 18 months, I would say.

Senator WONG: Could you give me a list, on notice, of the speakers over the last 12 to 18 months?

Mr Varghese: Sure.

Senator WONG: In relation to Dr Lomborg, can I ask how his name came to be identified? You identified a number of mechanisms—was it from a staff member, from management or from another source?

Mr McDonald: I thought I mentioned that it came from the foreign minister's office.

Senator WONG: I understood; you did say it was the foreign minister's office's idea to put him on the reference group. Yes, you have given that evidence. Was that from a staff member to you? How was that indicated?

Mr McDonald: Obviously, we were looking for names broadly and getting a list put together for consideration.

Senator WONG: I just wondered how that was communicated to you.

Mr McDonald: I cannot recall.

Senator WONG: Would you like to, perhaps, take that on notice?

Mr McDonald: I will take that on notice.

Senator WONG: I am moving on from the group. I am coming to the lecture. The secretary has explained to me about your guest speakers program, and the secretary said there is a range of ways in which those names might come forward. I am asking how his name came forward.

Mr McDonald: I cannot answer that. I am happy to take that on notice.

Senator WONG: Is there someone here who—

Senator Brandis: Senator Wong—

Senator WONG: What was the division, Mr—

Senator Brandis: Dr Lomborg is a very well-known person. I would be very surprised if his name were not familiar to senior officials. I am told that he was, in recent years, listed by Foreign Policy magazine among their list of the top 100 global thinkers. He is what some people describe as a 'public intellectual'. He is a very well-known global figure.

CHAIR: I wonder if I could ask, on that same line, Senator Wong—

Senator WONG: I am just asking a process question, that is all.

CHAIR: I just wanted to know: I think you mentioned he had previously briefed AusAID, and I am wondering if you could recall when that was, Mr McDonald?
Mr McDonald: From my recollection, that was 2012. I could be wrong, but I remember attending that presentation. He has been well-known in aid circles in Australia since I have been involved with the department.

CHAIR: Not long before the merger.

Mr McDonald: I would say it was a calendar year before, in 2012. We integrated in 2013, but I am happy to check.

Senator Wong: But this is a different one, yes?

Mr Varghese: We will take on notice your question, Senator Wong, which is: 'Who initiated the idea?'

Senator Wong: What was the division you referenced?

Mr Varghese: Policy Planning Branch.

Senator Wong: There is no-one here from that branch who could cast some light?

Mr Varghese: I do not think there is anyone from Policy Planning Branch. They tend not to get too many estimates questions.

Senator Wong: We could change that. Maybe I should be asking them more questions. Was he paid?

Mr McDonald: No.

Senator Wong: What was the lecture about?

Mr McDonald: I would have to take that on notice. I did not attend.

Mr Varghese: I think I was travelling at the time.

Senator Wong: Okay. Could I go back to the budget papers then, Mr Wood or Mr Varghese, in relation to another lessening of transparency and accountability—that is my assertion; you can discount it. I want to go to statement 5 of Budget Paper No. 1. I will just try to get out last year's, if my computer does not crash again. This goes through a summary of expenses in relation to various subfunctions. You are smiling at me—is that—

Mr Wood: I think it is more of a grimace, Senator.

Senator Wong: It is a grimace! That was a bit harsh.

CHAIR: I do not think Hansard records grimaces.

Senator Wong: In Budget Paper No. 1 in 2014-15 there was a table, 4.1, which was entitled 'Trends in the major components of foreign affairs and economics subfunction expenses' which disaggregated ODA as per our previous discussions. This is in, with all due respect, not just a PBS but Budget Paper No.1. There was also a box which indicated ODA trends—it gave an ODA, or official development assistance, profile. I might have missed it, but in this year's Budget Paper No. 1, table 4.1 does not disaggregate the ODA; it just calls it foreign aid and gives us a big figure, without disaggregating as you previously did. And there is no box describing the ODA profile over the forward estimates. Am I missing it somewhere? Is it somewhere else?

Mr Wood: You would be correct, Senator.

Senator Wong: Whose decision was it to not include the official development assistance profile in Budget Paper No. 1, as it had been previously?
Mr Wood: The responsibility for these documents is with the Department of Treasury and the Department of Finance.

Senator WONG: Were you aware that that information was not included in the budget papers?

Mr Wood: The first I see of this document is in the budget lock-up, Senator.

Senator WONG: Is there any occasion on which this information has not been provided in recent years?

Mr Wood: I do not know, Senator.

Senator WONG: Mr Varghese, I again ask you. All you have to do is look at what was provided last year and what has been provided this year and there is a demonstrable reduction in transparency. There is no region-based ODA profile in Budget Paper No. 1 as there was last year, and there is no boxed information about the official development assistance profile.

Mr Varghese: Senator, I cannot add anything further to that. I am happy to take on notice as to what the background to that was, and report back to you.

Senator WONG: Whatever one's partisan position, this is an important program, Australia's ODA. I would have thought that making sure you could look at that spend both in global or headline terms and in disaggregated terms was not much to ask.

Mr Varghese: I understand the point you are making, but I am in not in a position to give you anything more.

Senator WONG: Okay. Can you give me the ODA profile over the forwards—from 2014-15 and over the forwards. If table 4.2 were actually included in this year's budget papers, what would it say?

Mr Wood: The total official development assistance across the forward estimates, starting in 2014-15 is: in 2014-15, $5.032 billion; in 2015-16, $4.052 billion; in 2016-17, $3.828 billion; in 2017-18, $3.912 billion; and in 2018-19, $4.010 billion.

Senator WONG: Okay. If we track that back against last year's profile—and this is pre-the MYEFO cuts, is that correct? In the first MYEFO there was an ODA reduction, is that correct? Can you just remind me—because there has been a series of reductions in the ODA—where we have got to, and the sequence of those?

Mr Wood: Yes, sure, Senator.

Senator WONG: Do you want to just take me through that? And then I want to compare it against 4.2.

Mr Wood: Sure. I will give you the headline summary: at the 2014-15 MYEFO, there was a reduction of $3.7 billion announced across the forward estimates; and in the 2014-15 budget, there was a reduction of $7.6 billion.

Senator WONG: Are they the only reductions to date?

Mr Wood: Those have been the only reductions in the last 12 months.

Senator WONG: So was there nothing in the first budget of the government?

Mr Wood: Let me take that on notice and I will check, and come back and confirm that, Senator.
Senator WONG: So it is a reduction of 3.7 in 2014-15 MYEFO, and 7.6 in the 2014-15 budget. Is that the evidence? Was there no deduction in the first MYEFO?

Mr Wood: The 2013-14 MYEFO—let me check, please; I think there may have been a current year deduction, Senator.

Senator WONG: I thought there was—yes, perhaps if we could just get that.

Mr Wood: I am happy to confirm that.

Senator WONG: Are you able to check that now? Because I am trying to get a cumulative—

Mr McDonald: Yes, I think we can check that quickly for you.

Senator WONG: I could probably look and find the document online.

Mr Wood: I think it was a current year reduction in the MYEFO—

Senator WONG: Of?

Mr Wood: It might have been about $600 million.

Senator WONG: So if that is included—let's call it that for the moment—then you are looking at about an $11.7 billion cut over five years. Is that right?

Mr Wood: That would be correct.

Senator WONG: Yes, because it is two different forward estimates plus the current financial year. If you look at what you said last year against the figures that you just gave me, you were going to spend $5.032 billion for 2014-15—that is the same—and there is a billion cut from 2015-16 as against the last year. Would that be right?

Mr Wood: Correct; it is $980 million—but, yes—

Senator WONG: $980 million?

Mr Wood: for rounding, it is a billion.

Senator WONG: All right—well, you give me the figures. Then from 2016-17 it goes from $5.16 billion to $3.8 billion?

Mr Wood: Correct.

Senator WONG: So what is that?

Mr Varghese: $1.332 billion.

Senator WONG: You have it in front of you. Why didn't you just read it to me? $1.332 billion. And in the 2017-18 year?

Mr Varghese: It is a reduction of $1.377 billion.

Senator WONG: And the 2018-19 year was not reported, but are you able to tell me what was estimated previously?

Mr Wood: It would have been about $5.4 billion.

Senator WONG: So what is the GNI going forward of the figures you have just given me?

Mr Varghese: In 2014-15 that translates to 0.32; in 2015-16 to 0.25; in 2016-17 to 0.22; and in 2017-18 to 0.22.
Senator WONG: When was the last time our ODA—and I am conscious of the framing of the budget measure, which was to return it—in GNI terms was at, for example, 0.25?

Mr Wood: Our ODA GNI was at 0.25 in 1998-99 and in 2004-05.

Senator WONG: This drops to 0.20, was that what you said?

Mr McDonald: No, 0.22.

Senator WONG: In 2017-18?

Mr Varghese: Yes, and in 2016-17.

Senator WONG: So they remain the same? Okay. And when was the last time our ODA was at that level of GNI?

Mr Wood: Based on the records that I have going back to 1984, there has not been a year where it was 0.22.

Senator WONG: So we are budgeting for the lowest expenditure on overseas aid, as a percentage of national income terms, that Australia has ever had. Is that right?

Mr McDonald: Well up to 1984 it is. But I do not know—I think Mr Wood said he had records to 1984.

Mr Wood: Correct. So based on the information that I have up to 1984-85, the lowest ODA GNI ration is 0.24.

Senator WONG: But you have not done anything further back?

Mr Wood: I haven't got anything—

Senator WONG: No, I am not asking you to. The point is that it may or may not be, but certainly since 1984.

Mr Wood: That is right.

Senator WONG: We have agreed to abide by the International Aid Transparency Initiative—yes? We are a signatory to it, and that I think Senator Faulkner was a signatory or party—what is the term?

Mr McDonald: I will get the correct terminology from someone else in the room, but we are a member of.

Senator WONG: Whatever, signatory et cetera. My recollection is Senator Faulkner took you through this in June and, really, it is the same point I am making. The statement recognises that transparency of aid information promotes more effective partnerships and accelerates development and poverty reduction by increasing accountability and ownership, reducing corruption and improving service delivery and commits members to, in part, share more detailed, more up-to-date information about aid in a form that makes information more accessible to all relevant stakeholders. Now, I just want to confirm there has been a decision, since the change of government, not to publish the ODA budget statement or blue book, as it was previously known?

Mr Wood: Correct. There isn't an aid ministerial statement.
Senator WONG: There has been a decision not to include information that enables senators, members and members of the public to look at budget papers to identify or ascertain how much money aid is flowing to each region?

Mr Wood: We have changed the program structure, yes.

Senator WONG: There has been a decision not to include disaggregated regional information in Budget Paper No. 1?

Mr Wood: That would be the case.

Senator WONG: And there has been a decision not to include a table identifying the ODA profile over the forward estimates in Budget Paper No. 1, unlike previous budget papers—correct?

Mr Wood: That would be the case.

Senator WONG: Can someone explain to me how this complies with our obligations under the aid transparency initiative?

Mr Varghese: Someone may be able to go into detail on the aid transparency point you have raised but, can I just make this point, I note your view that what is in the budget papers differs from what has happened in the past.

Senator WONG: Not just differs; it has substantially less information. It does not enable senators, members or members of the public to understand how much aid is flowing to particular regions. I do not want to be—

Mr Varghese: There is no inconsistency between 'differs' and—

Senator WONG: I just do not want you to have misunderstood my view.

Senator Brandis: I do not think that is what Mr Varghese said.

Senator WONG: I do not want to fight about this; however, I do take issue with the proposition that where the information is provided is not important.

Senator Brandis: I do not want to fight about this; however, I do take issue with a suggestion that how the information is provided is of lesser import. What I would say to you is that the whole point of budget estimates, and additional estimates and supplementary estimates, is accountability to the parliament for public expenditure—for appropriations we are asked to pass. That is why, as much as they might be administratively onerous, ministers sign off on these documents. They are accountable to the parliament. What you have done is remove them from those parliamentary accountability measures and put them into a website where, as we discussed before, they can be removed simply by an official making a decision not to put them there.
Senator Brandis: Senator, they have not been. I must say, I think you do less than justice to Mr Varghese's point. The point of transparency is to be transparent. The form in which the information is provided is less important than the fact that it is provided. All the information about which you have been inquiring is readily available, not merely in the form of portfolio budget statements, which are viewed by very, very few people outside this building, but on a website visited by many thousands of Australians. So it seems to me, Senator, that the fact the information is out there in a more publicly accessible form shows how transparent, frankly, the government is being about these matters.

Senator WONG: If you consider accountability to the parliament as unimportant, that is the purpose—

Senator Brandis: I did not say that.

Senator WONG: Well, your proposition holds if you consider accountability to the parliament less important. My point is, budget papers and the PBSs are fundamentally about accountability to the parliament for the appropriation of public funds for public expenditure.

Senator Brandis: You have spent most of your time today asking about an obscure alleged incident at Paris airport and about documents viewed by nobody outside of this building; do you think that it is time to get onto something relevant to the public?

Senator WONG: Because $20 billion worth of expenditure is not relevant to the public? That is interesting.

Senator Brandis: Which is made publicly available on a website.

Mr McDonald: We also put out the *Performance of Australian aid* report in January of this year, in terms of the performance of the program overall for that period. That will also come out again early next year, so it is an annual commitment that the government has made to that. We will also be updating the website to reflect the priorities of the program for 2015 2016 to provide that sort of information. The government, as we talked about earlier, signed up to the International Aid Transparency Initiative—that is, this particular government—and we also provide information in the annual report and in our annual procurement report. We will also be publishing our strategies on our website for the aid program, as well as all the program details. In terms of the transparency around the information that we provide, it is similar on our website to what we have provided in the past.

Senator WONG: Have we got the table? I do not want to wait until I next get the call. Do you have it yet, Mr Wood?

Mr Wood: I have been provided with one table and I will be able to provide that to you.

Senator WONG: Thank you. The minister made the point, Chair, if I may, that I have been asking questions of documents that no-one reads. These are the legal basis of the appropriations that are before the parliament, so I do not know that they are obscure. He may not be interested in reading the budget papers, but they are a very important part of the Senate's considerations.

Senator Brandis: That may be so—

Senator WONG: I cannot help it if you cannot read budget papers, George, I am sorry.
Senator Brandis: Please do not be so rude. That may be so, but the fact is that the information that you are saying is not available is available on a website that is more accessible, not less accessible, to the public than the PBS.

Senator Wong: You clearly have not read a blue book.

Chair: Thank you both; I appreciate that. Senator Macdonald?

Senator Ian Macdonald: Mr Varghese, as you may or may not know, I have long championed the view that in previous years we have spent far too much of the foreign aid limited funds in Africa, mainly associated as I understand with the campaign to get a seat on the Security Council. I am pleased to see the focus has now gone back to where I have always thought it should be, and that is the Pacific Islands. That is my view. I am wondering if you could indicate to me the official approach of the government and the department in relation to where the limited funds that are available go. I know that they are limited; I know that we have a bigger budget problem across the board. There is a huge debt that the government have to pay off. It was not their making, but they are left with the responsibility. Clearly there have to be savings. In these constrained and tightened times, can you indicate to me what the general approach of the government and the department is in relation to not just foreign aid funds but foreign affairs funds and representations?

Mr Varghese: The foreign minister outlined in some detail in June of last year a policy framework that would apply to the government's aid expenditure. That framework remains the reference point for the way in which we approach questions of priority and impact. As the government was considering how best to implement the reductions in the aid budget, we used that as our essential framework. One important element in that is the importance of the region and ensuring that the region is the primary focus for expenditure of aid monies. The second important objective is the contribution that the aid budget can make to economic growth, because ultimately sustainable economic growth and the associated reduction in poverty is what we try and achieve through any aid program.

Taking those factors to their logical conclusion, we decided that the cuts in the South Pacific should be kept to an absolute minimum, and indeed for the most part there are no cuts in 2015-16 in the South Pacific, with the exception of a small cut to Papua New Guinea. That reflects two things. It reflects the relatively limited capacity of South Pacific countries for long-term economic growth because of structural features related to size, location, population and so on. Secondly, it also reflects the fact that the proportion of Australian aid to the GDP of South Pacific countries is of several orders of magnitude higher than it is in, for instance, South-East Asian countries. The reason why the cuts to countries in South-East Asia were larger, in the order of about 40 per cent, reflects the fact that they are firstly countries that, for the most part, are on an economic growth trajectory. Secondly they are, for the most part, countries that have the capacity to be economically self-sustaining and viable in a way that microstates in the Pacific are not. Thirdly, overall aid flows are a very, very small proportion of the financial flows into their economic systems, and the proportion of Australia aid to their GDP and Australian aid to their overall aid budget is also very small. For example, Australian aid as a percentage of Vietnam's GDP is 0.1 per cent. In the case of Kiribati it is 17.5 per cent, in the case of the Solomon Islands it is 18 per cent and in the case of Tuvalu it is 23.5 per cent. So they were very important factors in determining how we would apply the aid cuts.
In addition to that, we did want to ensure that there were certain other elements in the aid budget where the cuts were minimised or, if possible, nonexistent. We have maintained our capacity for emergency humanitarian responses. I think that is very important. We have limited the extent of cuts to the work that our Australian partner NGOs do in the implementation of our aid program, and obviously we have had to make larger cuts the further out from Australia's region that you go. That has been the overall framework within which we have approached the question of how you implement a 20 per cent reduction in the aid budget.

**Senator IAN MACDONALD:** Thank you very much for that. As some of your officers may be aware, the parliament is sending a delegation to, amongst others, Vanuatu and Fiji later this year. In mentioning that, can I pause to thank you and your department for the assistance they give to parliamentary delegations. It is invaluable, as you would appreciate, and it is very much appreciated. As well, you have a team of great ambassadors and high commissioners throughout the South Pacific, who, in my experience in the past, have done a wonderful job, and I am sure that is still the case.

Can I get a broad statement of what the government's goals are, or its general approach, in relation to Fiji, with which we have had a chequered history over the last decade or so? What is the government trying to achieve in relation to both its foreign policy and its aid to Fiji, in particular?

**Mr Varghese:** Thank you for your remarks about the work of our people in the field. I will be very pleased to pass that on to them. The government, soon after it came to office, did seek to reset the relationship with Fiji, if I could characterise it that way. That process was begun before the Fiji elections, but obviously it could not proceed as ambitiously as we would like until Fiji had had a credible election, which it subsequently did. Since then, we have been looking to develop the relationship with Fiji across the board, as you would expect between Australia and a major country in our near region. We are working with the government of Fiji on a range of bilateral issues. We are seeking to strengthen the economic relationship. We are working with them in areas of governance and capacity building. We would like to see a resumption of a full defence cooperation program. And we want to encourage Fiji to take an active and constructive part in the affairs of the region.

I think it is fair to say that we are making quite a lot of progress in virtually all of those areas. Fiji is an important country in the South Pacific, by virtue of its size, location and the regional networks that emanate from Fiji. I think it is important that we try to get to the point where Fiji once again assumes the role that it has played in the past as a leading island nation.

**Senator IAN MACDONALD:** Thanks very much for that. Can I briefly return to Vanuatu. As a reasonably regular visitor there, both for work and pleasure, I am conscious of what the Australian government has done in the past in Tanna and Santo, in particular, which was a wonderful project helping the cruise boats through there and helping the locals to take advantage of unsuspecting Australian tourists. I was very delighted to see what the Australian aid project had done there. In the work that we are doing post cyclone, is any focus being given to resilience for the future, rather than just repairing the past? This of course has become popular in Australia domestically in recent years—building for the future as well as repairing from the past, if I might put it that way.
The other part of the question is: are locals being encouraged to be part of the massive spending that goes into repairs? If I could just elaborate on that, I know that after cyclones in my own part of the world often a lot of money comes in but you find that the locals often miss out. Big contractors come from the south to do the repairs, so the locals can miss out. Aid money following a natural disaster can be an important boost to the economy if it is spent properly, because it can provide jobs and employment and different things. So it is not all downside from cyclones. I am just wondering if either of those two things are being focused on in the aid that we are giving?

**Mr Varghese:** I will ask Daniel Sloper and Mr Isbister if they could go into some detail. We did spend a bit of time this morning—

**Senator IAN MACDONALD:** Yes, I was here for that.

**Mr Varghese:** talking about a response to Cyclone Pam and next steps. Clearly, once we passed the immediate humanitarian response, which we have, we are now in a different phase. As we approach that phase we do want to think in the medium and long term, so not just reconstruction but also programs and projects that can go to your point about resilience for the future. I think it is fair to say that our aid programs across the region are aimed at enhancing resilience because they go to issues of governance and institutional capacity, planning capacity, human resources, development, education, health and so on. They are all important elements of resilience, but I will ask Mr Sloper if he would like to add in the first instance.

**Senator IAN MACDONALD:** Mr Sloper, do not repeat what you said to Senator Fawcett earlier, because I did hear that. It was really just on those two aspects of resilience and locals being encouraged. Can we, as an aid donor, do anything about those?

**Mr Sloper:** The short answer is yes. I may just pause because my colleague, Mr Isbister, would like to make a few comments with regard to the immediate response. I can talk on the latter stages.

**Mr Isbister:** Again, I will not repeat what was said earlier. The point on the relief effort is probably to emphasise that one focus we did make was in looking at organisations we could work with that already had relationships with community organisations. Both in distribution and shelter assistance there were cash system components that NGOs often utilise both to support the local economy and to ensure that communities themselves were centrally involved in that recovery. It is also an approach we have taken in Nepal following the earthquake there, particularly the emphasis around resilience and ensuring that houses and schools are able to be retrofitted to be more resilient both to earthquakes and to cyclones.

We have also continued to invest on the resilience side of things and preparedness in the Pacific. I mentioned the early warning systems. We also do some work with geoscientists and others about mapping potential vulnerabilities in the Pacific with cyclones and what they may mean in terms of damage to potential infrastructure and other things so that the communities and governments can prepare more effectively for that. Mr Sloper is in a better position to talk about the longer-term recovery and reconstruction focus.

**Mr Sloper:** I will make a few points, and then I can answer further questions if you wish. We are working very closely with the Vanuatu government on where our priorities will lie in taking this forward. One of their key interests is economic growth and stimulating the private
sector, particularly local livelihoods. I think that goes to your point. So wherever possible, and working with community groups, NGOs and the Vanuatu government, we will be looking to use local providers and services. That will not always be the case, but that is an objective of the program and a key element within that. We will be looking to 'build better', if you like—not just replace existing infrastructure that was destroyed but actually looking at how it can be more resilient in an infrastructure sense. That will be particularly important for the smaller communities along the coastline.

Senator IAN MACDONALD: I think that is enough for me. My final question, Chair, if I may? Just associating humanitarian aid with the new Navy ship, the HMAS Canberra. What work has been done by the foreign affairs area for the humanitarian use of that ship in the region? I have had these discussions with the Navy and the Army, but I am wondering if anything is being done by your department, Mr Varghese, to prepare for the time when we will be able to send that wonderful ship up to help with humanitarian activities where they happen—particularly of course in the South Pacific.

Mr Varghese: I think Mr Isbister may be able to respond to that.

Mr Isbister: As you know, we work very closely with the ADF in response to humanitarian crises—particularly in natural disasters in the Pacific region. That has been through cooperation both on airlift and seaborne aspects. We have pre-positioned humanitarian stores in a range of places, including in Sydney and at Amberley air base, where they are pre-palleted and able to go straight onto C-130s or C-17s to expedite the ability to get that relief assistance in. The Tobruk has obviously been the ship that has been utilised to date. The Canberra is certainly going to be a huge asset. There have been discussions between ADF and DFAT about what sorts of stores it would make sense to have prepositioned on the boat in an ongoing way that would then ensure that, wherever it is, it would be able to utilise those stores in response to an effort. There are discussions in terms of shelter kits, non-food items et cetera that would be appropriate to utilise to ensure that HMAS Canberra can be a key part of the whole-of-government effort in response to disasters.

Senator IAN MACDONALD: I do not want to interrupt this session with my hobbyhorse, but has any thought been given perhaps to storing that humanitarian aid in Australia closer to where it might be needed—that is picking, by way of example, Townsville rather than Sydney?

CHAIR: Just by coincidence!

Senator IAN MACDONALD: Just by coincidence. For example, it seems to me that Townsville is about three steaming days closer to Vanuatu than Garden Island is. I am just wondering whether the department has done any cost-benefit analysis on storing these prepacked humanitarian packages in a place closer to where they might be used which, as I said I am conscious of, will be almost always be either to the north or the north-east of Australia?

Mr Isbister: It certainly has, and it is an issue we continue to look at. The positioning of it at the moment in Australia is certainly aligned with where the ADF believes they are most quickly—

Senator IAN MACDONALD: They are not always the best judge. I keep telling them that I am a better judge than they are!
Mr Isbister: We also look at the commercial aspects of how we provide it. Beyond Australia, we also have stores in PNG, in Jakarta, the Solomons. We have arrangements with organisations like the World Food Programme within the region, where we can also utilise those and distribute those stores closer, either within the country affected or very nearby. It is an issue we continue to look at to ensure that the stores are maintained in the way that is going to be needed when they are deployed, but also that they are able to be deployed either with ADF or commercial assets as effectively as possible.

Senator IAN MACDONALD: This is not an April Fools' Day joke, Mr Varghese! I want to know when there will be a serious notice put on the computers of staff saying we are going to move some foreign affairs staff closer to where the action is—to somewhere glorious like Townsville, Cairns or Darwin. I know you do have some officers on Thursday Island still. Can you quickly tell me where you have officers in the north of Australia, and perhaps, not as an April Fools' joke, whether you would consider sending to those wonderful places in the north—tropical palms, warm weather—not existing Canberra staff, but people recruited from those areas to become part of your staff for things that they would be relevant to in that area.

Mr Varghese: It is sounding increasingly attractive!

Senator IAN MACDONALD: I am sure I can promise a wonderful office for the secretary, if you would like to move your office there.

Senator Brandis: Senator Macdonald, you may not be aware of it, but Mr Varghese is of course from Queensland himself.

Senator IAN MACDONALD: He needs to be from north Queensland for it to be relevant!

CHAIR: Perhaps you can take the question on notice?

Mr Varghese: I regret to say that at the moment our representation in Australia is limited to all the state and territory capitals. We do have a treaties-related officer present on Thursday Island, but we do not have anything in the heartland of northern Queensland.

Senator IAN MACDONALD: That is perhaps a discussion for another day.

CHAIR: Wonderful!

Senator LUDWIG: I was just going to go through this. Mr Downer, the High Commissioner—when was he appointed?

Mr Varghese: As I recall, he took up his position in about April or May of last year, but I can check on that.

Senator LUDWIG: That is all I need. I am happy for you to take that on notice. Is it a remunerated position? Do they receive an emollient for the office?

Mr Varghese: The way political appointments work is they are employed under a special provision in the Public Service Act. Mr Downer is remunerated in accordance with those terms and conditions.

Senator LUDWIG: Are they, then, deemed a public servant under those terms?

Mr Varghese: Yes. For the duration of their appointment, they are employed under the Public Service Act.
Senator LUDWIG: The Public Service Act—I will come to that. Are there guidelines, then, for Mr Downer to operate under? In other words, do you provide guidelines about what he can and cannot do, or his conduct? Similar to a public servant, I suggest.

Mr Varghese: As a head of mission, he comes under the guidelines that apply to all of our heads of mission.

Senator LUDWIG: Do they deal with issues around commercial arrangements? Do they make a declaration to you about their—

Mr Varghese: Yes. He would be bound by all the provisions of the APS Code of Conduct. He would be required, as are other public servants, to declare conflicts of interest.

Senator LUDWIG: In terms of the guidelines: would that preclude private commercial activity, such as being a lobbyist or working in a lobbyist firm?

Mr Varghese: The question of whether it precludes private activity would depend on the nature of the activity. I do not think it would be appropriate for a serving head of mission to be engaged at the same time as a paid lobbyist.

Senator LUDWIG: When they are appointed, who does the due diligence in respect of their employment—whether or not they have commercial interests, their private declarations and the like? I am not asking for the detail itself. That would obviously be—

Mr Varghese: The decision to make a political appointment is one taken by the foreign minister, in consultation with the Prime Minister. At the point that the person is employed under the Public Service Act, he or she then comes under all of the relevant provisions. As part of the discussions we would have with them, before they join the department or come under the terms of that act, we would explain to them the various requirements and, if there are conflicts of interest, the need for them to address them and remove them.

Senator LUDWIG: Do you know whether that was done with respect to Mr Downer, or not?

Mr Varghese: I would be surprised if it was not, but I will take that on notice—unless Mr Fisher is in a position to answer.

Mr Fisher: Certainly there were discussions with Mr Downer about those issues, absolutely. I had discussions with him myself on those issues.

Senator LUDWIG: You would be able to recall the lobbyist firm, Bespoke Approach. How was that going to be dealt with, given that he is the owner—or at least a director—of a registered organisation, Arbury Pty Ltd?

Mr Fisher: We will take that on notice. There were discussions about some of his various interests and his intent to remove any conflict of interest. But I will take on notice that particular question.

Senator LUDWIG: Was there a document or an agreement about how those conflicts of interest would be managed? It is a very sensitive appointment, as you can appreciate. You would want to make sure that all the I’s were dotted and the T’s were crossed.

Mr Fisher: There are a range of processes which go exactly to this. Whether it is a political appointee or another officer serving, they would seek permission if they wish to continue in a particular role. It might be a charity role or it might be another role. It might be a range of things. They would seek permission to do so on the basis that they saw no conflict of
interest, then that would be taken into account and a decision would be made whether that was possible or not. There are a range of processes that go to that, including at the beginning of the term of a head of mission or head of post.

Senator LUDWIG: Is your Canberra address this: Department of Foreign Affairs and Trade, Casey Building, John McEwen Crescent, Barton, ACT?

Mr Fisher: That is correct.

Senator LUDWIG: I wonder if you could just have a look at this document, please. It is from SAI Global. It is the current historical extract for Arbury Pty Ltd, which shows Mr Downer.

Senator Brandis: The document you are providing—

Senator LUDWIG: It is an extract from the company records from SAI Global.

Senator Brandis: Let us look at it carefully before we respond.

Senator LUDWIG: Yes, by all means.

Senator IAN MACDONALD: It might be helpful if the committee could also be provided with the document so we can follow it.

Mr Varghese: What was the question that you wanted to ask?

Senator LUDWIG: I established first what your registered office address was and then—

Mr Varghese: Looking at that address, it is not actually our address. It says, 'AR Casey, Buoy Crescent.' I do not know what that means. We are the RG Casey Building.

Senator LUDWIG: I suspect that could be a misspelling. You were the Department of Foreign Affairs and Trade last time I looked.

Senator Brandis: Let us look carefully at this document.

Senator LUDWIG: The question goes to why Mr Downer's firm Arbury Pty Ltd, as a Bespoke Approach lobbyist, would be using the address of the Department of Foreign Affairs and Trade as their address on SAI Global for their return and whether or not you are aware of it. That would be the first question.

Senator Brandis: I do not know what Arbury Pty Ltd is. The extract that you have provided to the committee contains details of the name of the company, its status as a proprietary company limited by shares, its current and former addresses and its registered office. That is all, as far as I can construe the document, unless some pages are missing. I note that it is a three page document evidently, because one of the two pages that you have given us is described as page 3 of three, but we only have two of the three pages. One page appears to be the first page. Page 3 of three is obviously the last page. We do not have the second page.

In the absence of knowing what Arbury Pty Ltd is—information which is not revealed by this document—nor having the document in its complete form, I do not know how much further we can go with this. We will take any questions you have on notice. I gather you are asserting that there is some relationship between Mr Downer and Arbury Pty Ltd, but that is not apparent on the face of the document you have produced.

Senator LUDWIG: I am going to ask a question on the document, if you allow me the opportunity.
Senator Brandis: I am just pointing out—

Senator LUDWIG: I know what it shows.

Senator Brandis: We know what it shows because we have got it in front of us. It is a company search. But you have actually given us extracts from two documents. You have given us two of the three pages of a company search of Arbury Pty Ltd. You have also given us three of the five pages about another company called Bespoke Approach Pty Ltd. Both of the documents you have given us are incomplete. I just wonder how much further we can take this. There is no reference to Mr Downer on either of those two documents, as a matter of fact.

Proceedings suspended from 15:31 to 15:46

CHAIR: Secretary, you asked if you could make a statement before we go back to questions.

Mr Varghese: Yes, thank you. I just want to refer back to my comments earlier today about the budget decision in relation to opening a post in Buka. I want to do so in light of some comments that have subsequently been made outside the committee room that my remarks may somehow have contradicted what the foreign minister has said. I want to make it clear that in my testimony—and I think this will be borne out on any reasonable reading of it—I was talking about the direct briefing of the Prime Minister of Papua New Guinea and the foreign minister of Papua New Guinea, noting the point that we had not been able to conduct that briefing in time for the budget announcement. It is the case that we had discussed this matter with other parts of the PNG government, and it is the case that back in December of last year the foreign minister had, indeed, mentioned our intentions and plans to the minister in the PNG government. So there is certainly no contradiction between what I said and what the foreign minister and her office have said on this topic.

CHAIR: Thank you, Secretary.

Senator LUDWIG: As always with these things, gremlins get in the machine. The full copy of the Arbury document is coming, apparently. I am also happy to table the full Bespoke Approach Pty Ltd document from SAI Global just so that we have all of that available the you, Minister, before I ask my questions.

Senator Brandis: I appreciate that. That is, of course, the way to do these things, which, as you observed, not all do. I appreciate the fact that you observe the appropriate courtesies when it comes to documents. Can we just wait until we have the document in front of us if you want to ask us questions about it?

Senator LUDWIG: Yes, I think that is very reasonable.

Mr Varghese: While we are waiting, can I just respond to your question about when Mr Downer was appointed, if that is still of interest to you?

Senator LUDWIG: Yes, please.

Mr Varghese: The appointment was announced by the foreign minister on 31 March 2014, and Mr Downer started in the position on 20 May 2014.

Senator LUDWIG: Thanks very much. I am happy for us to go to other questions and then we can come back to this after the minister has had the opportunity to look at the documents.
Senator McEWEN: I have a few questions going back to departmental stuff. This is about cleaners. I understand the cleaning contract for the RG Casey Building, which we were discussing in another context just then, has recently changed from one provider to another and that, in confluence with changes to the Commonwealth cleaning guidelines directive, means that cleaners in the department have had their pay reduced. Is that correct, Secretary?

Mr Varghese: I will see whether a colleague can provide you with a bit more information, but my understanding is that the cleaning contract was indeed put out to tender in accordance with the government's procurement guidelines and that tender did not obligate the successful tenderer to employ the existing cleaning staff. The tender process was conducted by DTZ and identified a preferred tenderer, and a contract was signed with Ultra Care Cleaning Services. The new contract is for a term, plus options, of three years and is valued at $1.03 million. The point here is that the previous contract allowed for the engagement of cleaners on a part-time basis; the new contract, I think, employs cleaners on a full-time basis. My understanding—but I will ask Mr Nixon to confirm it—is that the terms of the contract are in accordance with the relevant award.

Mr Nixon: Just to add to that answer that the secretary has given: as part of the transition, all of the existing cleaners were afforded the opportunity to be employed by the new company, Ultra Care Cleaning Services, and, as Mr Varghese has pointed out, the cleaners were engaged on improved conditions, to the extent that they were all offered 38 hours a week work, rather than the part-time rosters under which they worked previously.

Senator McEWEN: What was the differential pay rate per hour for those cleaners? The cleaners that were engaged under the previous contract would have had an hourly rate. Do you know that was?

Mr Nixon: I do not have the specific details of the hourly rate for a part-time basis vis-a-vis the hourly rate for a full-time basis. What I can say is that the cleaners are being paid at the award rate on a full-time basis.

Senator McEWEN: I am not arguing that they are being paid at the award rate. The issue is: what is the differential in the hourly rate between the previous contract and the current contract? I understand your point about part time and full time, but in normal industrial practice the hourly rate for part time and full time is the same. If you are talking about casual and full time, there could have been a loading on the casual rate of pay to compensate for the fact that it was not full time. I would like to find out, either on notice or if you have that information with you, what the base hourly rate is currently and what it was under the current previous contract, regardless of whether they are full time or part time.

Mr Nixon: I would have to take on notice the specific request to identify the hourly rate.

Senator McEWEN: Have any representations been made by cleaners or their representatives to the department regarding their change in pay?

Mr Nixon: A meeting was held on 11 February with all of the cleaners, whilst they were employed by the then cleaning company, ISS, as well as DTZ, the outsourced property services provider that acts on behalf of the department, together with the representatives of ISS, the previous company. My understanding is that the cleaners, when you talk to them individually, are very happy with the new arrangements because of the increase in hours that they now obtain.
Senator McEWEN: Who was at the meeting: the cleaners, the new contractors, the previous contractors and the organisation DTZ that does the contract negotiations on behalf of government?

Mr Nixon: The meeting on 11 February—

Senator McEWEN: Yes

Mr Nixon: included the cleaning staff of ISS, the management of ISS and the representatives of DTZ who ran the tender process.

Senator McEWEN: They run the tender process for all of our offices. Were there any unions present at that meeting with the cleaners?

Mr Nixon: I am unaware as to whether the union was represented at that meeting.

Senator McEWEN: Would you be able to find out?

Mr Nixon: Certainly, we can take that on notice.

Senator McEWEN: How many cleaners are we talking about?

Mr Nixon: Again, I would have to take that on notice as to the exact number of cleaners that are engaged on the site.

Senator McEWEN: So you do not know how many cleaners are engaged. Do you know how many cleaners were at that meeting?

Mr Nixon: Not in the notes I have in front of me.

Senator McEWEN: Would you be able to find that out as well?

Mr Nixon: If that information is available, we will provide it.

Senator McEWEN: I would just like to know how many cleaners are engaged to clean the building and how many of them were at that meeting. What time was that meeting held? Have you got those details? What time of day?

Mr Nixon: No, I do not have the time of day when the meeting was held.

Senator McEWEN: Perhaps you could take that on notice as well. Do you know how many cleaners moved over to the new contractor, who accepted an offer of employment with the new contractor, and who were already existing cleaners under the previous contract?

Mr Nixon: For the sake of certainty, I will take that on notice so that we can be quite specific in the answer we give.

Mr Varghese: Senator, my briefing does have some information on numbers, if that is useful to you. I will obviously double-check that these number are accurate. It says four day staff, plus one supervisor, and six night staff, plus one supervisor.

Senator McEWEN: And all of those staff are employed full-time now?

Mr Varghese: Again, that is my understanding, but I will take that on notice and confirm it to you.

Senator McEWEN: You said 'full time' was 38 hours. Did somebody say that, or did I invent that?

Mr Nixon: Yes, 38 hours per week is a full-time roster.

Senator McEWEN: I know it is a full-time roster, but are they engaged for 38 hours a week?
Mr Nixon: Yes, they are.

Senator McEWEN: All 12 people?

Mr Varghese: We will check that.

Senator McEWEN: And you are going to check whether those 12 people were previously employed by the prior contractor.

Mr Varghese: We will check what the part-time rate was and what the full-time rate is.

Senator McEWEN: And how many of them were at that meeting, as well as whether the number of cleaners has now reduced as a result of the change in contractor. There are now 12 full-time people. Previously, there were a lot of part-time people. I assume there is a reduction in the overall number.

Mr Varghese: We will give you before and after tallies.

Mr Nixon: Senator, just for clarification, if I can add to a previous answer: DTZ did engage with the union during the tender process, but whether in fact the union was present at that meeting is the point of clarification that we will come back to you on. But certainly there was engagement with the union during that tender process.

Senator IAN MACDONALD: If you have a tender for cleaning, does the department then become involved with who they employ, how many they employ and at what rate of pay? I just cannot believe that once you have tendered it out to a private organisation that you would have any further interest.

Senator McEWEN: There used to be Commonwealth cleaning guidelines, Senator Macdonald, that covered that. Your government got rid of them.

Senator IAN MACDONALD: Thank you, but I am wondering whether Mr Nixon or Mr Varghese can answer that.

Senator McEWEN: Your government got rid of them.

Mr Varghese: Senator, let me also take that element on notice as to whether there are any residual direct obligations on us in the event of a contracted-out service.

Senator IAN MACDONALD: I cannot imagine that your office would be doing that sort of stuff. Once you deal with the contract—and you would have to make sure that they abide by the contract, by the tender—I am surprised to hear that you would have any details.

CHAIR: Thank you. Senator McEwen.

Senator McEWEN: I think Senator Ludwig is—

CHAIR: It looks like Senator Gallacher wants to open his account.

Senator LUDWIG: Before we do that, can I just confirm that you have all of the documents. You should have the documents. You should have SAI Global, Bespoke Approach Pty Ltd, pages 1 to 5; and you should also have Arbury Pty Ltd, pages 1 to 3.

Senator Brandis: No, we do not. We have the Arbury document in a form which appears to be complete. But we do not have the Bespoke Approach document.

Senator LUDWIG: So the committee will keep working on getting you that.

Senator Brandis: If it helps, Mr Chairman, the Bespoke Approach document, shown in an incomplete form before, appeared to be a document of five pages.
CHAIR: I have four pages?

Senator LUDWIG: No, you got an incomplete document. That is why I then re-got the two complete documents and I have sought to make sure you have those as well. So you could perhaps ignore the first document as incomplete.

Senator Brandis: I just saw the chairman and the secretary trying to work out which pages are which. I am just pointing out that we now have the first document in a form which is apparently complete. But the Bespoke Approach document, which we were shown in an incomplete form before, appeared to be a five-page document.

CHAIR: Yes. The page I do not have is page 4 of five for Bespoke Approach. Senator Gallacher, you have some questions?

Senator GALLACHER: Secretary, I have some questions on departmental spending, but before I go to that, have you had any luck with the question on notice in regard to the credit card spend and any reportable instances of fraud and that sort of thing?

Mr Varghese: Yes, I think we can give you some information, if you just bear with me for a moment while I try and locate it. And I am happy to come back to the aid program questions, because that is a separate category, if you like.

In relation to reports of fraud in the department—not including the aid program—I have the following information for you. In 2014-15—that is, in the current financial year—we had one case of an Australia Passport Office officer fraudulently providing medical certificates. There is no direct loss of money involved in that. And that case is being handled at the moment. It is an ongoing case.

In the 2013-14 financial year, we had seven reported cases of fraud, involving the manipulation of the Australian Passport Office systems. We conducted investigations into these reported cases, and all of the identified officers were breached in accordance with the APS code of conduct; we went through a code of conduct inquiry. These cases related to the avoidance of a fee for service that ought to have been applied, a fee for service in the order of $105.

In 2012—I assume this is now calendar year—there was one case of fraud in relation to a locally employed staff member in Pretoria, involving visa fraud. The officer was dismissed. I do not know if there were any financial implications in relation to that.

In 2011 there were three individual cases, involving locally employed staff engaged in fraudulent behaviour. Two involved the selling of equipment that belonged to the post to the value of $800. One case involved the acceptance of money for a visa application—the acceptance of $700. All three cases resulted in dismissals.

Senator GALLACHER: My question—and I will have to go back and check Hansard—was in relation to your credit card expenditure and any credit card fraud. You would have government issued credit cards in the department?

Mr Varghese: Yes.

Senator GALLACHER: Do we know how many?

Mr Varghese: Let me just check with Mr Fisher if he has any further information on that.

Mr Wood: 1,074.
**Senator GALLACHER:** And you have a fraud mitigation strategy? You are able to produce a report annually about any misuse, inadvertent use or clearly wrong use of the credit cards?

**Mr Wood:** We do have fraud strategies and we have guidance in place around acquittal arrangements and review of acquittal. We have a credit card usage policy and a credit card review policy.

**Senator GALLACHER:** So how many credit cards again?

**Mr Wood:** 1,074.

**Senator GALLACHER:** And you are telling the committee that there have been no instances of inadvertent use fraudulent use of those credit cards in 2014-15?

**Mr Wood:** Let me take that on notice. I am not aware of any but let me take that on notice.

**Senator GALLACHER:** I thought that was what I put on notice before. I did mention that the Secretary of Defence had a very clear and concise estimation of the level of fraud in his department. I think it was 0.022 per cent.

**Mr Fisher:** I can give you some more information I think. From the briefing I have, which is essentially for the 2014-15 year, there were five cases of credit card fraud identified, by the department in conjunction with the National Australia Bank, whose card services we use. That totalled $19,721 of fraud, which was repaid to the department. They were cases of external fraud, where somebody external to the department has used a card of an officer. It might be skimming; it might be some other practice. Essentially, they were external cases of fraud but they involved the department's credit cards. And that represented around 0.27 per cent of the turnover of that credit card.

**Senator GALLACHER:** That has answered the question I asked earlier. We go now to departmental expenditure and in particular the entertaining of diplomatic corporations. We know that South Australia is a beautiful and hospitable place. But the concern I would have is how much was spent in total on entertaining the 70-odd diplomats on the tour of Kangaroo Island and South Australia?

**Mr Varghese:** I will ask chief of protocol, Chris Cannan, to answer that.

**Mr Cannan:** The total cost of food and beverages for the overall tour of South Australia over the two-and-a-bit days was $38,448.80

**Senator GALLACHER:** That would have included formal meals, banquets? How do you acquit $38,448.80 over 70 people over two days?

**Mr Cannan:** It did cover a range of meals over the course of the program. There was a welcoming dinner at the Adelaide Convention Centre. There was a morning tea at the State Library. There was an event at Yalumba Wines in Angaston in the Barossa Valley. And there was a final lunch at the Penneshaw Hotel on Kangaroo Island. There were a few other incidental costs related to food and beverages for staff, but they are relatively small amounts.

**Senator GALLACHER:** So, what was the total expenditure over the two days, again?

**Mr Cannan:** Over the two and a half days the total expenditure was $38,448.80.

**Senator GALLACHER:** That was for food and wine?
Mr Cannan: That is food and beverages, yes.

Senator GALLACHER: Presumably they did not catch taxis around. Were there any incidental costs in respect of ground transport?

Mr Cannan: Certainly. The total cost of ground transport was $19,428. That covered ground transport in Adelaide and also on Kangaroo Island.

Senator GALLACHER: Did you hire a bus, or a fleet of limousines?

Mr Cannan: No, we did not have a fleet of limousines. It was using commercial coach transport, both in Adelaide and on Kangaroo Island. In both cases there was a support vehicle or two to enable the staff to get out ahead and pave the way for the arrival of the larger group.

CHAIR: Just a point of clarification: did the South Australian government contribute at all to the financial components of the exercise?

Mr Cannan: The South Australian government certainly did contribute to the overall diplomatic corps visit. The Premier of South Australia, Jay Weatherill, hosted a lunch at the National Wine Centre and the Governor of South Australia hosted a reception at Government House on North Terrace.

CHAIR: Would those costs have been met from your vote or from the South Australian government?

Mr Cannan: No, those costs were not borne by the Commonwealth. They were born by the relevant budgets of the South Australian government.

Senator GALLACHER: We had some coaches hired?

Mr Cannan: Yes.

Senator GALLACHER: Were any planes chartered?

Mr Cannan: Yes. There were two aeroplanes charted for the flight from Adelaide to Kingscote.

Senator GALLACHER: What was the cost of those?

Mr Cannan: The cost of those was $26,464.66.

Senator GALLACHER: Did some go by a coach and some by air, or did you go down and come back? How did it all work?

Mr Cannan: The air transport related solely to two charter aircraft which took the group from Adelaide to Kingscote and back. The only other airfare costs related to the airfares for the DFAT staff who flew from Canberra to Adelaide to support the event. Getting the ambassadors and high commissioners from Canberra to Adelaide was their own individual responsibility. We did not meet those costs.

Senator GALLACHER: What seating capacity were those jets?

Mr Cannan: If I am not mistaken they had a capacity of 52 seats each.

Senator GALLACHER: There were 70 ambassadors plus some ancillary staff, so would that have been a couple of trips?

Mr Cannan: No; we had two aircraft that were made available from the company that provided the service.

Senator GALLACHER: Did you fill them up?
Mr Cannan: They were close to full capacity but they were not totally at full capacity. As is the nature of these things, some heads of mission were not able to attend the Kangaroo Island component of the visit.

Senator GALLACHER: Was Maggie Beer, the famed restaurateur and well-known identity, paid for any participation in this event?

Mr Cannan: No. I do not believe Maggie Beer was directly paid for her participation in the event. Elli Beer's company provided the catering for an event at Yalumba winery in Angaston.

Senator GALLACHER: How many members of Minister Bishop's personal staff were taken to Kangaroo Island?

Senator Brandis: One would almost think from the tone of your question, Senator, that you think it was a bad idea that the diplomatic corps were shown around your own state.

Senator GALLACHER: Thank you for that interpretation, but I do not believe—

Senator IAN MACDONALD: Minister, could you make sure they go to Queensland please? I can guarantee I won't criticise the event!

Senator Brandis: I have heard from both Minister Bishop and her former parliamentary secretary, Dr Mason, about this event this past year in South Australia and the previous year in Western Australia. I heard how extremely successful it was and how much people in Western Australia and South Australia appreciated the fact that the foreign minister brought virtually the entirety of the diplomatic corps to their state. It was a wonderful idea.

Senator IAN MACDONALD: My complaint is: why have they not gone to Queensland, which is a far better destination?

Senator GALLACHER: Chair, have I got the call, or is there another meeting going on here?

Senator Brandis: Perhaps we can bid next year for Queensland to be the beneficiary of one of these marvellous visits, Senator Macdonald.

CHAIR: Now the Queensland contingent can settle down.

Senator GALLACHER: I want to place on record that I do not resile from the process of estimates questioning, quite appropriately, all government departmental expenditure.

Senator Brandis: You can ask any questions you like, Senator Gallacher.

Senator GALLACHER: I do not need to have any imputations put on my questioning. I am certainly trying to go through and put on the public record the expense to the taxpayer of this visit. Whether it is valid or not is not my issue.

Senator Brandis: You are entitled, of course, to ask any questions you like consistent with the standing orders and the chairman's rulings. I am merely making the point that the government is extremely proud of this program. It was a spectacular success. Foreign ministers in your government did not have the wit to think of it. It was extremely good value for money in terms of selling Australia to the world, particularly Western Australia and South Australia.

Senator GALLACHER: I am sure that the taxpayers will make their own judgement on that.
Senator Brandis: I am sure that South Australian taxpayers will form their own judgement on you calling into question the exposure of your own state to the diplomatic corps from all around the world.

Senator GALLACHER: It is certainly not the intent of my questioning to call into question the viability of South Australia as a respectable place to go. Anyway, I asked how many personal staff of minister Bishop were taken to Kangaroo Island, and what were their positions and titles?

Mr Cannan: Seven members of the staff that were employees of Ms Bishop attended. You asked specifically about the Kangaroo Island component, as I understand it?

Senator GALLACHER: Those who were taken to Kangaroo Island.

Mr Cannan: There were seven. Two of those, however, are our departmental liaison officers.

Senator GALLACHER: What were the positions of the other five?

Mr Cannan: The foreign minister's senior media adviser, two advisers, two DLOs, the office manager and a receptionist.

Senator GALLACHER: A receptionist? Was he expecting a bit of mail on the road?

Mr Cannan: I think he was playing a broader role in relation to this particular visit.

Senator GALLACHER: Did any South Australian state MPs travel with the minister in the party to Kangaroo Island?

Mr Cannan: There were two South Australian state MPs that travelled on the flight.

Senator GALLACHER: Who were they?

Mr Cannan: The member for Bragg and the member for Chaffey.

Senator GALLACHER: Are they opposition MPs?

Mr Cannan: Yes, I believe so.

Senator GALLACHER: Were any government MPs invited to the Kangaroo Island leg of the trip?

Mr Cannan: I would have to take that on notice. I am not sure which members of parliament were invited to Kangaroo Island and what their party affiliations might have been. There were certainly a large range of members of parliament invited to elements of the overall diplomatic corps visit, but I have to take on notice your specific question in relation to Kangaroo Island.

Senator WONG: I think you answered a question on notice from me, and you said there were only two opposition MPs and no members of the government. If there has been an update to that, I am happy to hear it.

Mr Cannan: In relation to your question on notice 1942, the response referred to two members of parliament, who are the two members that I referred to just now, correct.

Senator WONG: Bragg is a long way from Kangaroo Island. Bragg is an urban seat. Chaffey is the Riverland.

Senator FAWCETT: The member for Bragg is from Kangaroo Island, though.

Senator WONG: How long ago?
Senator GALLACHER: In relation to some questions on the diplomatic footprint—

CHAIR: Senator Gallacher, are you happy to have a pause?

Senator GALLACHER: Yes.

CHAIR: We go to you, Senator Ludwig.

Senator LUDWIG: I have only been waiting to ensure that Senator Brandis has the documents that I indicated. I am happy then to go through it with you, if you have the bundle.

Senator Brandis: I have just been given the second of the documents. If you give me another 30 seconds—

Senator LUDWIG: Or we could go through them together.

Senator Brandis: I have now read the documents and I know what they say. Thank you, Senator Ludwig.

CHAIR: Mr Cannan, could you please return to the desk for a moment?

Senator WONG: Whilst the Attorney is considering the documents—I will give him an opportunity to do that—I did want to ask: you said seven staff went to Kangaroo Island. How many staff did Minister Bishop take to the G20 or the UN Security Council meetings?

Mr Varghese: I think, in relation to New York—I would have to check this—probably two staff at the G20. I would need to check.

Senator Brandis: I can tell you why seven of her personal staff went on this particular visit, Senator Wong, because we in my office at the moment are doing a similar exercise, in relation to the countering violent extremism regional summit in Sydney next week. It is the minister's staff, often, who look after the visiting dignitaries. As I understand, there were about 50 or so ambassadors and high commissioners, and the foreign minister's staff were involved, no doubt, in looking after them—just as, next week, my own personal staff will be in Sydney helping to look after the visiting dignitaries at that conference. There is nothing unusual about it. Senator Ludwig, I am ready for you.

Senator LUDWIG: I left off, unfortunately, with the wrong document tabled; but now we have a complete set for both Bespoke and Arbury. To cut to the chase: Bespoke Approach is held by the company Arbury. The registered address of the principle place of business for this company is a DFAT address. What the record shows is that Bespoke Approach is an ordinary shareholder of Arbury as a current shareholder member, and the current address for Arbury—its principle place of business—is the Department of Foreign Affairs and Trade, Barton. Mr Downer, on page 2 of three, is the director of that. Again, the address is shown as the Department of Foreign Affairs and Trade, RG Casey Building, Barton. The question then went, in terms of DFAT's due diligence, to whether they did due diligence to ensure that Mr Downer is not conducting business from the premises.

Senator Brandis: Senator Ludwig, before we get to that, let me address the issue of what the documents show. I can—to use your phrase—cut to the chase and explain to you exactly what the documents disclose. Let us start with the Bespoke Approach Pty Ltd company search. I note it was printed on 11 February this year, though I do not think anything turns on that. What that tells us is that Bespoke Approach Pty Ltd is a proprietary company limited by shares. It tells us that the current shareholders of Bespoke Approach Pty Ltd are: Casari Pty Ltd, which holds one ordinary share; Bespoke Approach Consulting Pty Ltd, which holds one
ordinary share; Arbury Pty Ltd, which holds one ordinary share; and Andrew and Sarah Butcher Pty Ltd, which holds one ordinary share. There are only four issued shares. Arbury Pty Ltd holds one of the four shares in Bespoke Approach Pty Ltd.

The search also tells us that there are three directors of Bespoke Approach Pty Ltd: Nick Bolkus, Ian Richard Smith and Andrew John Butcher. Ian Richard Smith is also the company secretary. It also tells us that Alexander John Gosse Downer and Georgina Mary Beatrice Downer are former directors of Bespoke Approach Pty Ltd, and that Georgina Mary Beatrice Downer ceased to be a director on 16 May 2014 and Alexander John Gosse Downer ceased to be a director on 10 April 2014.

So in relation to Bespoke Approach Pty Ltd, Mr Downer and his relative—whether that is Mrs Downer or his late mother, I am not sure; it is his daughter, is it?—ceased to be directors of that company before Mr Downer became the High Commissioner. However, going to the second company search you have shown us, Mr Downer continues to be the sole director and sole shareholder of Arbury Pty Ltd—that being a company with 10 shares, all of which are beneficially owned by Mr Downer.

I can tell you, Senator Ludwig, that I am advised that Arbury Pty Ltd is the corporate trustee of a family trust and it does not carry on business in any other capacity. In other words, Arbury is not a trading company. Bespoke Approach is the name of a business. Whether Bespoke Approach Pty Ltd or Bespoke Approach Consulting Pty Ltd is the entity that carries on the business of Bespoke Approach, I do not know, but my point is that Arbury is now Mr Downer's only connection with Bespoke Approach but nominated his business address as the address for the entity through which he continued to hold his shareholding in Bespoke Approach, which, as Mr Varghese will tell you—I will let it come from him—is not at all unusual where employees of DFAT or heads of mission have investments.

Mr Varghese can tell you about the appropriate way in which officers, including heads of mission, who do have investments can arrange their investments conformably with the requirements of DFAT.

Senator LUDWIG: Thank you, but you do agree that it is unusual for Arbury—whether it be a trust or not; it is still a proprietary limited company—to include the address 'Department of Foreign Affairs and Trade, RC Casey Building'? It is unusual for a proprietary limited company that Mr Downer has. That is why my questions will go to—

Senator Brandis: Yes, sure. I suggested Mr Varghese follow me because we have talked about this and we have analysed these documents. There is absolutely nothing unusual about them. What has plainly happened here, as you can see from the history of the lodgement of changes to the registrar, is that Mr Downer when he took up the job as High Commissioner arranged his affairs so that he resigned as a director of Bespoke Approach but nominated his business address as the address for the entity through which he continued to hold his shareholding in Bespoke Approach, which, as Mr Varghese will tell you—I will let it come from him—is not at all unusual where employees of DFAT or heads of mission have investments.
Senator LUDWIG: It would be unusual for companies to have a business address as 'The Department of Foreign Affairs and Trade'.

Senator Brandis: But it is not the registered business address. The registered business address of Arbury is Deloitte Private, Level 1, 170 Fullarton Road, Dulwich, South Australia. The principal place of business is DFAT, but, as I pointed out to you—

Senator LUDWIG: Yes, but it would still be unusual to have your principal place of business as 'DFAT'.

Senator Brandis: We will hear Mr Varghese in a moment, but the point I make to you is because Arbury is merely the corporate trustee of a trust, it does not carry on business; it is merely a holding entity.

Senator LUDWIG: Well that is what you assert. What I am interested in—

Senator Brandis: That is what I note.

Senator LUDWIG: What I am interested in is the appearance of a conflict of interest that exists between Mr Downer holding Arbury, and a bespoke consulting company that Arbury is at least a member and shareholder of, which then provides a perception of a conflict of interest that may exist between Mr Downer, as a person who, through his company, is associated with a lobbying firm—Bespoke. But I am happy to ask Mr Varghese to explain it a little bit better.

Senator Brandis: I want Mr Varghese to explain this, as well, because I know what he is going to say, and it should put your mind at rest. But, Senator Ludwig, you should be very careful before you throw around terms like 'conflict of interest', you particularly being a lawyer yourself.

Senator LUDWIG: I did use the term 'perceived'.

Senator Brandis: You are the one who introduced that term into this discussion. You know that it is perfectly normal for public servants to have investments. What this suite of documents tells us is that Mr Downer and his family members took deliberate steps between the time when his appointment was announced and the time when his appointment commenced to resign their directorships of Bespoke Approach, while maintaining an investment. You do not know what arrangements have been made by the trustee to ensure that Mr Downer is protected from the kind of allegation that you have thrown around.

Senator LUDWIG: That is why I am asking the questions. I am sure Mr Varghese can take me through it.

Senator Brandis: I hope Mr Varghese can explain to you now, without any further interposition from anyone, what arrangements are made—

Senator Wong interjecting—

Senator Brandis: Senator Wong, your ignorance is on display for all to see. I am not going to allow any Labor Party senator to get away with attacking the integrity of a respected senior diplomat by throwing around allegations or raising the possibility of allegations when the documents for someone capable of reading them explain that all Mr Downer did was take steps to avoid the very thing you are raising.

CHAIR: Thank you, colleagues. The process will be assisted if Mr Varghese is to provide the information that Senator Ludwig has sought.
Senator WONG: I have a point of order, Chair. I was misrepresented. What I actually said was, 'The only person stopping him from speaking, and interposing, is you, Minister.' So I actually was not engaging with the subject matter. I was responding to—

Senator Brandis: That is not true.

Senator WONG: It is.

Senator Brandis: It was Senator Ludwig—

Senator WONG: I know you are very sensitive about this.

Senator Brandis: It was Senator Ludwig who, at the point at which Mr Varghese was about to explain—

Senator WONG: George! Just calm down. Please.

Senator Brandis: why this was completely regular, threw in the incendiary expression 'conflict of interest'.

CHAIR: With respect, Senator Wong—

Senator WONG: I will stop.

CHAIR: Can we all advance now by asking the secretary to give the explanation that has been sought by Senator Ludwig, and offered by you, Senator Brandis. Mr Varghese.

Senator WONG: Remember what you said about Bob Carr, George. Double standards.

Mr Varghese: Can I make three points. Firstly, I can confirm that Mr Downer was briefed by the department before he took up his position in London. That briefing included the relevant public service obligations and requirements in relation to conflicts of interest. As part of that process Mr Downer was required, as are other senior public servants, to sign a form relating to the disclosure of private financial and other interests, which he did. He included in that declaration that he had 'no personal, financial or other interests that could or could be seen to influence the decisions or actions I am taking or the advice I am giving in the course of my official duties.' Mr Downer further indicated that he was aware of no conflicts with the interests of his immediate family members.

The other point I would make is that it is common practice for officers on postings to list the department as the point of contact for all correspondence, personal, or business, or official.

Senator LUDWIG: It has provided, though, Arbury—which is the proprietary limited company—as the address as well, on page 3 of 5 which lists the current shareholder members. You say the explanation for that is that he would list the department as his current address, but then on Arbury it shows the principal place of business as Department of Foreign Affairs and Trade. Is it normal practice for a public servant who owns commercial interests in a company to list the Department of Foreign Affairs and Trade as their principal place of business?

Mr Varghese: I am not aware of many public servants that own businesses. All I was saying was that correspondence relating to the private financial dealings of officers on postings are, as a matter of course, addressed to the Department of Foreign Affairs and Trade as their point of contact.

Senator Brandis: And I cannot stress this enough—Arbury does not carry on business.

Senator McEWEN: That is your assertion.
Senator LUDWIG: Well, I do not know that—I am simply asking the question.

Senator Brandis: That is my evidence—I am giving you this evidence, having inquired into the matter. Arbury's only role is to be the corporate trustee of a trust. We do not have the deed of trust before us, we do not know what arrangements have been made to protect Mr Downer's position—although we do know, from the steps that these company searches reveal, that he did take advertent steps to protect himself from the very kind of allegation that you are now raising. Suffice it to say that for an entity that does not trade or carry on business, the expression 'principal place of business' is purely nominal. Arbury is the alter ego, in effect, of Mr Downer, because he owns all of the shares.

Senator LUDWIG: Do you know whether or not that was disclosed to the department that Arbury has a shareholding in Bespoke Approach, and what arrangements you then put in place to ensure that there was no perception or a potential perception of a conflict of interest?

Mr Varghese: I would have to take that on notice, but I would point you to what I have already explained, which was that Mr Downer had indicated, and so declared, that he had no conflict of interest. But I am happy to take your question on notice.

Senator LUDWIG: Do you make any inquiries further than that or is it simply a form that they complete that says that they declare they do not have any conflicts of interest?

Mr Varghese: We do not conduct investigations into whether the declarations are accurate or not.

Senator LUDWIG: I did not ask for an investigation; I said 'inquiry.'

Senator Brandis: It is not like politicians who have to list every company or entity or partnership or whatever that they have an interest in on a public or private register, or the ministerial code of conduct—that apparently is not the practice of DFAT. The relevant person makes a declaration, but what these documents do tell us is that at the relevant time Mr Downer and his daughter made very conscious steps to ensure that they had protected their position from these kinds of allegations by resigning as directors.

Senator LUDWIG: Just turning to Mr Ian Smith, who is also shown on Bespoke Approach; can you explain to me how the department is involved where people are and seek to be an honorary British consul in South Australia? As I understand it, Mr Smith is an honorary British consul in South Australia who is also a current director of Bespoke Approach Pty Ltd.

Mr Varghese: The decision to make an appointment to an honorary consul position is obviously taken by the foreign government. I would have to check whether subsequent to a nomination being made there is any particular role or requirement for the department—I will take that on notice.

Senator LUDWIG: I will leave it at that, thank you.

Senator WONG: Have you formally tabled the updates, Mr Wood? I am not sure.

Mr Wood: Yes. We handed them to the secretary, so I assume they have been tabled.

Senator WONG: Do we need to do anything about that Mr Secretary? They have been handed around informally? Could you table them please?

Mr Wood: I table the three tables.
Mr McDonald: Senator, just before we start: can we have another copy please?

Senator WONG: It is not my document!

Mr McDonald: It just might help with the questions if we have enough copies, that is all.

Mr Wood: If possible—

Senator WONG: Do you want to talk to them first?

Mr Wood: No, I was going to provide an update on the discussion we had about the portfolio supplementary additional estimate statements and the mystery document.

Senator WONG: What do you mean the 'mystery document'? Do you mean the one that has DFAT on the outside and environment on the inside?

Mr Wood: Yes.

Senator WONG: I am sure there is a meme or something on that!

Mr Wood: Can I just note that we have consulted CanPrint? Four hundred and thirty copies of the portfolio supplementary additional estimate statements were printed by CanPrint, and 209 copies were delivered directly by CanPrint to the Senate, the House of Representatives and the Treasury lock-up. The remaining copies were received by the department and were distributed to the Department of Finance, other agencies and internally. We are not aware of any errors in the copies received by the department—that was my copy. CanPrint have advised that they were not aware that errors had occurred in printing the portfolio supplementary additional estimate statements. Treasury has also advised that they were not aware of any errors and that the copies that they received did contain any errors.

Senator WONG: The Chair received one and so did I, so there is bipartisan agreement!

CHAIR: There is indeed.

Senator WONG: There is. And I understand that my office had also received it. So in whatever batch we got on the Senate side, there were obviously a number that were incorrect. Can someone follow that up? Is that possible? But thank you for following it up today. Nothing has been pulped to date?

Mr Wood: Correct.

Senator WONG: In fact no-one knew that it was a problem until I asked you?

Mr Wood: Correct.

Senator WONG: Excellent. I promise I will try to remember to ask questions on this, but I wonder if it would be possible, to save time at the next occasion, for you to assume that I will want an update to those tables? Is that okay?

Mr Wood: That is no problem.

Senator WONG: Thank you. They show slightly different things. I think I am looking at the one which is the update of the question on notice No. 38.

Mr Wood: We have two tables, one covers our commitments across the forward estimates and one relates to this current financial year.

Senator WONG: Okay, excellent. Can we do the current financial year? The only addition I was going to ask for is what the 2013-14 actual expenditure was. So you will be
able to give that to me at the next estimates round, correct? If you look at this table, 'DFAT country and regional programs'.

CHAIR: Yes.

Senator WONG: You have given me the current financial year in the various categories we have previously discussed.

Mr Wood: Yes.

Senator WONG: And you have given me the previous year, 2013-14.

Mr Wood: Yes.

Senator WONG: But what we do not have on the 2013-14 tables is what the actuals ended up being?

Mr Wood: Sure.

Senator WONG: Do we have that? Or the 2014-15?

Mr Wood: We have the 2013-14 actuals, that tell the previous financial year.

Senator WONG: Of course.

Mr Wood: We are almost at the end of the 2014-15 financial year.

Senator WONG: All right. Perhaps the easiest way to do it would be maybe in October—October?

CHAIR: November.

Senator WONG: Around my birthday always, from memory. It is fun, I am generally in estimates for my birthday! You can tell me what the actual expenditure against the original budget was then. So it would be this table with one more column?

Mr Wood: Absolutely, and we will also report on our actual end-of-year expenses in our annual report.

Senator WONG: In your annual report. That way it is all in one spot. Looking at both the country and regional programs for the 2013-14 and the 2014-15 year—I want to go through and be clear about what this shows me. The 2013-14 budget estimate for PNG was 448; and the 2014-15 was 449

Mr Wood: The revised adjustment, correct.

Senator WONG: So it is lower than originally, and the expense today financial year as of 3 June, you are 50 million below that.

Mr Wood: Correct.

Senator WONG: Expenditure is about the same between the 2013-14 and the 2014-15 financial years—is that correct?

Mr Wood: That would probably be correct.

Senator WONG: In the other table you have given me, the forward estimates table, the activity approval—I just want to make sure this is not what is available but what has been the subject of the internal management decision—is much lower in the out years but that is a function of what has already been approved, not the actual budgeted amount at this stage.

Mr Wood: Correct. If I could just add a couple of bits of clarification to assist. On the first table, DFAT Country and Regional programs, we have the revised budget; we have the year-
to-date expenditure. We then in the case of PNG have a further 34.9 million that is subject to a contractual commitment with an agreed payment schedule. Then there is a residual amount, and in this case it is 14.8 million still to have a contractual commitment associated with it.

In the second table which goes over the forward estimates: the first column of activity approval, as we note in our footnote, is an internal management approval. Previously, that might have been given in the form of an FMA reg 9, but our process have changed slightly under the PGPA Act. So it is an internal management approval that then gives the program area a commitment to go ahead and enter into contractual discussions. Once that contractual discussion has been completed, we then have a formal sign-off by a delegate under the PGPA Act, and that then becomes the committed expense amount. Generally, we see activity approvals being higher than commitments and we also see typically those amounts reduce over the forward estimates.

Senator WONG: What I am trying to do now is track. So PNG: at the 2013-14 budget estimate, was 451. It then went to 449, and your actual expenditure may be around that or may be less. The Solomons: in the 2013-14 original budget estimates—I am comparing these two tables—104 dropped to 90.3, correct?

Mr Wood: Yes

Senator WONG: Vanuatu—and this is a little odd; I suppose it makes sense actually—has gone from 41 to 81.

Mr Wood: Correct, I mentioned earlier often we see an increase in the end-of-year outcome where there has been a humanitarian response.

Senator WONG: Yes, so that is included in there

Mr Wood: Vanuatu is one example. Africa, you will see at the bottom of the table, and I think Palestine as well—there are others in that category.

Senator WONG: Samoa was at 26, that is now 22.7; Fiji was at 37 and is now 33.5; Tonga was at 19.9, now it is 16.4; Nauru was at 20.7 now at 21.1, which I think is consistent with some previous evidence; and Kiribati was at 21.7, now at 20.2—is that right?

Mr Wood: Yes

Senator WONG: It says other small Pacific Island—does that mean Tuvalu, Cook et cetera?

Mr Wood: Niue, Tokelau—yes, some north Pacific islands. We grouped those last time; we have split them out this time.

Senator WONG: There have been a number of drops between the 2013-14 base year, the original budget estimate, for a number of Pacific nations, haven’t there?

Mr Wood: There were. This is comparing the 2013-14 year and the current budget year of 2014-15. What we are looking at is the previous financial year, 2013-14, and the current financial year 2014-15?

Senator WONG: Yes, and I am saying there are a number of nations in the Pacific region who will receive less, or who are budgeted to get less, in the 2014-15 year than they were in 2013-14?

Mr Wood: Yes.
Senator WONG: The basis, Mr Varghese, of your 'There's no cuts to the Pacific' is off the lower base? In other words, what you are saying is: after the cuts that were originally imposed, we have not cut it any further. Is that correct?

Mr Varghese: That is correct. With the exception of PNG, which takes a five per cent cut in 2015-16. Are you talking about 2015-16?

Mr Wood: Sorry?

Senator WONG: He outranks you, so I should listen to him first.

Mr Varghese: What I was saying was that, for 2015-16, the South Pacific was exempt from cuts. PNG, however, will take a five per cent cut.

Senator WONG: And I am clarifying that what these two tables show us is that is correct from the 2014-15 year, which already includes some cuts that the government previously imposed including on the Pacific. Correct?

Mr Varghese: Correct.

Senator WONG: Thank you. Mr Secretary, I did want to ask you about—and it may be an opinion question, but it might be one the minister will allow—the relationship between aid and security; Mr Bergin and others have written about that. Just in broad terms, are you able to make any observations about that?

Mr Varghese: We see the aid program as serving national interests. One of our national interests is, obviously, the security of our region and, to the extent that the aid program can promote stronger growth and more sustainable growth, it contributes to the security of the region; and what contributes to the security of the region contributes to the security of Australia, if I can put it in its most broad.

Senator WONG: Can I go now to Africa. Who is primarily responsible, in terms of aid donation, for Africa?

Mr Varghese: You mean globally?

Senator WONG: Yes.

Mr Varghese: I would not say there is a government policy on who is responsible, because that implies that there is a certain binding responsibility that relates to whoever the policy may focus on. But I think it is fair to say that, in a lot of our thinking about Africa, we do see a special role for Europe as a provider of development assistance to Africa in much the same way that many countries would, when they are looking at the South Pacific, see a special role for Australia.

Senator WONG: When Ms Bishop said on radio that Africa was Europe's responsibility, that Europe and the US are the primary donors, you would say that is in accordance with government policy?

Mr Varghese: I think everything the foreign minister says is in accordance with the government policy.

Senator WONG: Do we have this view that Africa is Europe's responsibility other than in a radio interview—is that documented somewhere?
Mr Varghese: I stand to be corrected but I do not think it would appear in formal Australian government documents, but it is certainly the line of thinking in the department and indeed in the government.

Senator Wong: I would like to go back to the aid cuts. Can I ask: have heads of mission, have you, or have any officers from DFAT had feedback from Pacific island officers or politicians about the cuts?

Mr Varghese: We briefed all relevant heads of mission as soon as the decisions were announced, and we asked them to brief their host governments. I think it is fair to say that in the South Pacific there was a very positive response to the fact that we had exempted the region from cuts—

Senator Wong: Well, that is not quite correct. You have already agreed previously that there were cuts from the base year of the 2013-14 budget.

Mr Varghese: Well, in relation to comparing 2015-16 with 2014-15, there were no cuts with the exception of five per cent in PNG. I think that still stands as an accurate statement. And I think that was widely appreciated in the region. I had a discussion with the foreign minister of Solomon Islands recently, and he certainly expressed that view. And I think similar views have been expressed to heads of mission in the region.

Senator Wong: When was this briefing?

Mr Varghese: We would have sent out a briefing around the time of the budget, or just on the eve of the budget so that people could go—

Senator Wong: Is that for 2015-16?

Mr Varghese: For 2015-16.

Senator Wong: Sorry; okay. But in the context of the 2014-15 budget or previous cuts, were there any concerns or any issues raised by Pacific island officials?

Mr Varghese: I am not aware of any particular concerns that have been raised. But I do not get involved in the sort of detailed, country-by-country consultations, so I will see whether Mr Sloper, if he is still here, or someone else, may be in a position to comment on it.

Mr McDonald: Senator, just on the 2014-15 budget: from my recollection there were not concerns raised. The 2014-15 budget—when it was issued on budget night, the allocations were consistent with what was in place from the changes earlier in the 2013-14 year.

Senator Wong: Let us not dance around it. There were cuts in the first MYEFO, and there were cuts in the 2014-15 budget. We have established that. So I am interested in understanding: was there any response to those? The secretary has given evidence about the 2015-16 budget and the response to that; I accept that. So I am just asking about those cuts—because that is already off a lower base than was previously in place.

Mr Varghese: I do not know whether Mr Sloper is in a position to—he took up the job not so long ago, so he may not be able to go back in history.

Senator Wong: He has just given you an out, Mr Sloper! Would you like to take it?

Mr Sloper: I can tell you what I know, and that is that I am not aware of any further reactions on that question.
Senator WONG: Okay. I just have one other issue on this point—that is, the broad view you put about Africa being Europe's responsibility. I am interested in understanding whether or not this was something that was communicated to our African counterparts during our UN Security Council bid or in the context of our membership of the UN Security Council.

Mr Varghese: Senator, I was not around in the department during the Security Council campaign.

Senator WONG: Well, I am sure someone else can tell me.

Mr Varghese: I will see if anyone can.

Senator WONG: What about during the period when we were a member of the Security Council? Was this a view we put to them?

Mr Varghese: I would have to take that on notice.

Senator RHIANNON: Mr Varghese, I just want to pick up on one of the issues that we left off on earlier. Can you now give us the dates, please, relating to when the department became aware of the MYEFO decision on overseas aid?

Mr Varghese: Senator, I think I said I would take that on notice; I have not had an opportunity to—

Senator RHIANNON: Mr Varghese, I understand that you obviously do not need to do it yourself; you have a very large staff. It is just a matter of getting a couple of dates which are clearly very significant. That really is information that would be quite readily supplied. That is why I wanted to ask for it again, and why I made that request earlier.

Mr Varghese: I shall check as to where it is. Normally, when we take something on notice, we provide it to the committee later; however, if you want an earlier response, I will see whether I can get you an earlier response.

Senator RHIANNON: Thank you, I think that would be informative about the issues at hand. I have seen a document about the aid for Papua New Guinea. The latest figure I could find was $502 million for PNG, but I think that was for the previous financial year. Could I get the latest figure from you, please.

Mr Wood: The budget estimate for 2015-16 is $477.3 million.

Senator RHIANNON: Thank you. How much of that is going to Manus Island, please?

Mr Varghese: I will just see if there is anyone who can give you that level of detail.

Senator RHIANNON: I was interested: the amount for Manus, is that out of the $477 million, or is this additional to that figure?

Mr Sloper: The amount is included in the $477 million. The commitments under the joint understanding in relation to Manus remain, as does the funding originally agreed. I just note that the $477.3 million represents bilateral aid, managed by DFAT. There are additional amounts that come through regional and global programs as well that will flow to Papua New Guinea.

Senator RHIANNON: I may have missed it: did you just give us how much for Manus?

Mr Sloper: No, I did not. The original agreement, signed in 2013 for Manus, was $420 million over four years, and that commitment remains. In terms of the funding for next—

Senator RHIANNON: So about $105 million average every year?
Mr Sloper: It will vary according to the nature of the projects that are under way.

Senator RHIANNON: You mean by that the Madang to Ramu highway and the hospital and cetera; what rolls out in what year?

Mr Sloper: That is right. Under the understanding, as you are probably aware, we have a master plan for development for the ANGAU hospital in Lae. The master plan is due to be completed in June 2015, and then we will take that forward in terms of next steps. We have got work underway at the University of PNG. I think you are probably aware there is also an MOU between the University of Papua New Guinea and James Cook University for a twinning program, and there is a range of other activities underway. As they go forward, the funding may shift between years, depending on the progress of those individual programs or projects.

Senator RHIANNON: Mr Varghese, how many of these programs on Manus Island have been determined on the basis of poverty alleviation?

Mr Varghese: Our decisions on the expenditure of aid money is designed to promote economic growth. If you promote economic growth, I think poverty reduction almost invariably follows. So the projects we would support in Manus would have that objective.

Senator RHIANNON: How does the deployment of the Australian Federal Police help economic growth on Manus?

Mr Varghese: In my experience, there is a direct link between the security of a country and the stability of its economy, and decisions that are made about investment and about business. I think the two are very closely linked.

Senator RHIANNON: Are you aware of what happened in the 1990s with what was then called AIDAB, and how a number of the programs that AIDAB was then running funding new PNG police programs with training from Australia became deeply discredited. It ended up being recommended that it was not assisting—are you acquainted with that experience that Australian bilateral aid programs have been involved in?

Mr Varghese: No, I am not, Senator, but the existence of a failed program, if that indeed what it was, does not mean that you do not pursue the same objective in other ways.

Senator RHIANNON: You think that should come out of the aid budget? It should not be managed in other ways, considering how the aid budget for poverty alleviation is shrinking so much, with $11 billion cut since this government came in? Isn't that an issue?

Mr Varghese: Senator, you see them as two entirely different things; I do not. I think there is a very clear link between security and development. The whole purpose of an aid program is to promote development and, if you can promote security to assist development, I think that is a very good thing.

Senator RHIANNON: But isn't the question then: who is the development for? Considering the priority now for the Australian aid budget, when you talk about economic growth, isn't that in the context of Australia's national interest? Isn't that the primary factor that we are dealing with here?

Mr Varghese: Australia's national interest is always a factor in the expenditure of Australian taxpayers' money. But the security of Papua New Guinea is fundamentally in the interests of the people of Papua New Guinea.
**Senator RHIANNON:** Is it not the case, though, that the current key objective of the Australian overseas aid program is to meet Australia's national interest?

**Mr Varghese:** You are posing some fundamental contradiction between Australia's—

**Senator RHIANNON:** I am quite happy for you to say it is wrong but—considering I have read so much material and have attended lectures et cetera—that was seen as a significant change. Is Australia's national interest the key objective that has to be met in delivering an overseas aid program? If something can be quoted that is wrong, it would be good to get it on the record.

**Mr Varghese:** I think if you look at our official documents, it says 'The purpose of the aid program is to promote Australia's national interest by contributing to sustainable economic growth and poverty reduction.' We are dealing with a set of issues that are intricately interrelated and, with respect, Senator, I think you are trying to separate them out, completely.

**Senator RHIANNON:** I have some issues to do with DFAT itself. You would probably be aware of *The Canberra Times* article last Saturday, under the title 'DFAT staffer claims abuse report stifled career'. It said, in part, at the end:
The department's latest annual report said it employed 3950 Australian staff, with 864 of those—or 22 per cent—posted overseas. Only one staffer successfully claimed from Comcare for mental stress in 2013-14.

Is that correct? If it is not correct, what is the correct figure and how many applied but were unsuccessful?

**Mr Varghese:** I will take that on notice, Senator, but the decision on Comcare compensation is not one taken by the department. It is taken by Comcare.

**Senator RHIANNON:** You cannot provide any figures about the number of people who go on stress leave and those sorts of issues.

**Mr Varghese:** I am happy to take specific questions on notice.

**Senator RHIANNON:** Another aspect of this article says, 'The department's conduct and ethics unit found there was insufficient evidence to substantiate a sexual abuse claim in Brunei.' How many sexual abuse cases has the department's conduct and ethics unit investigated over the past five years, and how many have been upheld?

**Mr Varghese:** I will take that on notice.

**Senator RHIANNON:** Considering this is a current story in the media, surely you would come along here prepared to answer these questions.

**Senator Brandis:** Come on, Senator Rhiannon.

**Senator RHIANNON:** You should not be interfering in this way. You know how serious this is.

**Senator Brandis:** Mr Varghese is one of the most cooperative, courteous, well-prepared officials I have ever seen before senate estimates in the last fifteen years, and for you to reflect on him and his officers like that is, frankly, disgusting.

**Senator RHIANNON:** Mr Varghese, has DFAT been asked to assist the royal commission into institutional child sexual abuse?
Mr Varghese: I will see if my colleagues have any more information on it. There is a broader Public Service process for dealing with the royal commission, and I would imagine that we have been involved in that.

Mr Fisher: Senator, I can give you a little information on that. The Attorney-General's Department has called in the Commonwealth's engagement with the royal commission and, like all Commonwealth agencies, DFAT has responded to the royal commission's notices to produce documents through the Attorney-General's Department. In that sense, we have been involved.

Mr Varghese: I can give you some information in relation to allegations of sexual abuse that go back over history. Since 1997 there have been 11 cases of alleged sexual abuse connected to DFAT staff. That is both Australia based staff and locally engaged staff. Nine cases were overseas and five cases involved minors. Of the 11 alleged cases investigated, one individual faced charges under the Criminal Code but was not convicted. Two were investigated under the APS Code of Conduct. Two cases were reported to the Australian Federal Police but no criminal charges were pursued. Three officers remain in the department; in all three cases, investigations into the alleged sexual abuse were found to be unsubstantiated.

Senator RHIANNON: Thank you for that information. The Canberra Times article of Saturday reports about this case in Brunei:

… the public servant took her allegations directly to Brunei police in July 2007 which led to an arrest and investigation into a locally employed staff member.' However, then 'the man questioned was bailed out by high commission staff'. My reading of this is that the police found that there was a case but then 'the department's conduct and ethics unit found there was insufficient evidence to substantiate the sexual abuse claim'. Did officers from the department's conduct an ethics unit travel to Brunei to investigate this and to make their assessment, which runs counter to what the local police found?

Mr Varghese: I am not going to go into the details of an individual case, because that raises a number of considerations. I can say that we take allegations of sexual abuse very seriously. We conduct investigations when they are brought to our attention. We stand by the quality and the integrity of our investigations. In all of these cases, individuals have an opportunity to take our conclusions for review and appeal through other mechanisms available to public servants. In those cases where they have, invariably the department's investigation process has been upheld. I make that as a general comment.

Senator Brandis: And, Senator, you should not assume merely because an allegation has been made that the allegation, on proper scrutiny, will be found to be valid.

Senator RHIANNON: I was not making that assumption at all, Senator Brandis, and you are aware of that.

Senator Brandis: You seemed to be.

Senator RHIANNON: You know I was not making that assumption. Mr Varghese, you have set out how the department makes these investigations. How often does the department refer the matter to the police?
Mr Varghese: We would refer a matter to the police where the circumstances of the case and our MOU with the AFP warrant it. I have given you information about, of the 11 cases, how many were referred to the police.

Senator RHIANNON: So there were only 11 cases. Can you remind me over what period that was?

Mr Varghese: Since 1997.

Senator RHIANNON: Only 11 cases?

Mr Varghese: Eleven allegations were made, of which two were referred to the AFP. No criminal charges proceeded.

Senator RHIANNON: I want to go back to the figure you gave of $477.3 million in bilateral aid to PNG. For the same financial year, could I also get the funding for Cambodia, Nauru and Burma?

Mr McDonald: Cambodia is $52.4 million, Burma $70.1 million and Nauru $21.2 million. If you want to look at total flows on those, we can provide those as well.

Senator RHIANNON: Thank you—could you do that? The wider issue explored in *The Canberra Times* article was about employment of staff. Is it the case that DFAT postings employment is determined by the department's operational requirements and not by merit requirements?

Mr Varghese: Senator, it is the case that our postings process is not exclusively a merit process. By that, I mean we make our decisions on postings to reflect the operational requirements of the department. Basically, I think your proposition is correct.

Senator RHIANNON: Correct?

Mr Varghese: That is correct. It is an operational decision not a merit-selection process.

Senator RHIANNON: Could you elaborate on that? This is partly from personal experience, but it would seem there are so many people who would love to work for DFAT. I am one of the fortunate MPs who are able to take interns from ANU and meet many of these people. Clearly, they are developing a wealth of knowledge, and experience is also very important. I would like you to elaborate on that, if you could, because it would seem as though merit requirement should have significance in your decisions. I am surprised that you give such emphasis to just one aspect of it.

Mr Varghese: I did not say we ignore merit. It would not be a very good organisational principle to ignore merit.

Senator RHIANNON: I am just trying to understand where the balance lies.

Mr Varghese: It is a fact that when you are making a decision about whom to post to a particular position you have to take into account a whole range of factors, of which merit is only one. When I talk about operational requirements, it could well be that you have a field of applicants where someone has a strong claim to the position but may have had three or four postings in a row, and you would not necessarily post them once again. It may be that you have a field in which someone has had a series of very difficult postings and they are applying for a less difficult posting, and you would give some weight to it. That is what I mean by operational requirements.
Senator XENOPHON: Are you aware that Israel's new Deputy Foreign Minister, Tzipi Hotovely, has stated that Israel wants to be recognised as a Jewish state and that it reserves the right to build settlements in the occupied Palestinian territories?

Mr Varghese: I might ask the relevant head of the Middle East and Africa Division to respond to that.

Mr Innes-Brown: Yes, I am aware of the statement.

Senator XENOPHON: The question is: are you aware that Israel's new Deputy Foreign Minister, Tzipi Hotovely, has stated that Israel wants to be recognised as a Jewish state, and that it reserves the right to build settlements in the occupied Palestinian territories?

Mr Innes-Brown: As I said, Senator, I am aware that the statement has been made.

Senator XENOPHON: You are aware of it.

Mr Innes-Brown: I am aware of similar statements.

Mr Varghese: I think the answer to the question is: yes.

Senator XENOPHON: I am a slow learner—I think the Chair is giving me some gratuitous advice; thank you, Chair. What are the implications of Israel being recognised as a Jewish state?

Mr Innes-Brown: Our general position on Israel and the Palestinian territories has not changed. We believe there needs to be a two-state solution. That is the thrust of our policy.

Senator XENOPHON: But the question is: what are the implications of Israel being recognised as a Jewish state, given the Australian government's policy that there ought to be a two-state solution? Would that go against that two-state solution?

Mr Innes-Brown: We have to have further discussions, in terms of whether that actually becomes operationalised in an Israeli policy position.

Senator XENOPHON: Are you saying it is not Israel's policy, at the moment?

Mr Innes-Brown: It is not something they have conveyed directly to us.

Senator XENOPHON: Does the Commonwealth government of Australia have a view on whether Israel ought to be recognised as a Jewish state, as suggested by Israel's deputy foreign minister?

Senator Brandis: Senator Xenophon, the policy of the Australian government, as you know, is to recognise the state of Israel and to support the two-state solution. I am advised that the Minister for Foreign Affairs has not addressed the statement that you have quoted from the senior Israeli politician, and really there is nothing, I think, usefully to add by way of commentary on it.

Senator XENOPHON: So, Attorney, you cannot at this stage—

Senator Brandis: I think you are raising a false issue.

Senator XENOPHON: That is a bit offensive.

Senator Brandis: Australia recognises the state of Israel and we support the two-state solution.

Senator XENOPHON: Attorney, that is somewhat offensive.

Senator Brandis: We have not addressed or commented on the statement that you have—
Senator XENOPHON: Please withdraw that comment that I am 'raising a false issue'. Will you withdraw that?

Senator Brandis: I think it is a false issue. I am not questioning your motives, Senator, but I do think it is a false issue. It has not arisen.

Senator XENOPHON: But can we support a two-state solution and also recognise Israel as a Jewish state?

Senator Brandis: This issue has not arisen.

Senator XENOPHON: Do we support the International Court of Justice and the international consensus? You are saying that Australia still supports the International Court of Justice position in relation to the two-state solution.

Senator Brandis: I am not going to get involved in a hypothetical debate with you about a statement on which the Australian government has made no comment. Australia supports the state of Israel, and we support a two-state solution.

Senator XENOPHON: And Australia has no position on the statements made by senior members of the Israeli government?

Senator Brandis: I am not familiar with the statement, and I am told that the foreign minister has not had anything to say about that statement.

Senator XENOPHON: Okay, let us move to something that can clearly not be hypothetical. What has the cut in the aid budget to the Palestinian territories been, Mr Varghese? I want to acknowledge that, having been to Palestine last year and to Israel at my expense, I indicated that there was some terrific work that AusAID was doing with Palestinian farmers in agricultural projects which were actually transforming lives, and I want to congratulate the Australian government for providing that aid. But there has now been a cut, hasn't there, to the Palestinian territories?

Mr Varghese: Thank you for those comments, Senator. I will ask Mr Innes-Brown to go through the details of the aid program.

Mr Innes-Brown: This year, 2014-15, the total of our aid to the Palestinian territories will be $68.5 million; $56.5 million of that is development—

Senator XENOPHON: You will have to speak up. I am competing with the coffee machine—

Mr Innes-Brown: Sorry about that.

Senator XENOPHON: or the water boiler or whatever the hell it is, sorry—just speak up.

Mr Innes-Brown: This financial year, the total amount of money in aid that will go to the Palestinian territories is $68.5 million. Of that, $56.5 million is development assistance, and there was an additional $12 million in humanitarian funds.

Senator XENOPHON: How does that compare with last year, the previous year?

Mr Innes-Brown: This amount of money is the biggest amount of money we have given.

Senator XENOPHON: But in the context—and I have written to the foreign minister about this; perhaps either you or Mr Varghese can assist on this—there has been the devastation of Gaza, in terms of the increased humanitarian assistance, the reconstruction effort, that is required. I have received complaints here from constituents with links to
Palestine about aid getting through and even things as simple as cement getting through to reconstruct Gaza. Has the Australian government been aware, has your department been aware, of difficulties in getting genuine humanitarian reconstruction material through to Gaza because of any obstacles placed by the Israeli military?

Mr Innes-Brown: In our general assessment, the reconstruction in Gaza has been slow after the conflict last year, but there are a range of factors there. The first one is that the Palestinian Authority has not been able to lead the process because Hamas is still in control. In addition, there is obviously scrutiny of materials going in because Israel understandably has security concerns about dual use items. Another issue about the reconstruction is that donors have only paid 26 per cent of the contributions they pledged at the Cairo conference. However, I am advised that, with the assistance of UNRWA, about 60,000 families, almost half the case load of the displaced refugee families, have been able to repair their damaged homes.

Mr McDonald: Just adding to that: in terms of the humanitarian budget going forward into 2015-16, that has largely been preserved at its current rate, so it will be $328.9 million, and the emergency fund will still be at $120 million, so there is an opportunity going forward as well to continue that.

Senator XENOPHON: But you understand the argument: shouldn't the aid money either be increased or at least remain static, due to the humanitarian situation in Gaza? How much of that was actually for Gaza reconstruction?

Mr Innes-Brown: We provided $15 million in the aftermath of the conflict. Very recently, we gave another $5.7 million to UNRWA to help with reconstruction needs as part of their appeal.

Senator XENOPHON: Can I just ask the department or indeed the Attorney: in relation to the fourth Geneva Convention—that is, the protection of civilian persons in times of war—is it the government's view that the fourth Geneva Convention applies in the occupied Palestinian territories, including East Jerusalem?

Mr Varghese: I may ask our acting senior legal adviser to address that question.

Dr French: The question of the application of the fourth Geneva Convention relative to the protection of civilians in armed conflict is one that needs to be taken on the facts at the time.

Senator XENOPHON: So which time are we talking about? I am talking about now. Does the fourth Geneva Convention apply?

Dr French: The government is in receipt of legal advice on this matter. Without going into any details of the legal advice provided to the government with respect to this question, it is clear that historical facts exist that the territories were occupied in the 1967 war and have continued to be occupied.

Senator XENOPHON: When was that legal advice provided in respect of the fourth Geneva Convention and the occupied Palestinian territories?

Dr French: I do not have the exact details of that—

Senator XENOPHON: Recently, within the last year or two, or older than that?
Dr French: There has been relevant advice provided on a number of occasions—not in, I believe, the last 12 months but over the course of the last several years on a few occasions.

Senator Xenophon: The gist of that advice is the view that the fourth Geneva Convention does or does not apply to the occupied Palestinian territories, including East Jerusalem?

Dr French: Beyond what I have generally said—

Senator Xenophon: You have not said much—respectfully.

Dr French: I believe that it goes to the issue of legal advice provided to government, and I would need to defer to the minister.

Senator Xenophon: Perhaps I could ask the Attorney. Maybe I will just move on; I know the Attorney is preoccupied at the moment. Mr Varghese, could you explain the status of the dispute between Australia and the Democratic Republic of East Timor and in particular whether Witness K, as he is known—his name cannot be disclosed, as a former ASIS officer—is precluded from giving evidence in that legal dispute?

Mr Varghese: This has been the subject of proceedings before the ICJ. I think we are now at the point where those proceedings should be shortly terminated. As you know—

Senator Xenophon: Terminated as in going to an adjudication or a judgement or a settlement?

Mr Varghese: No—

Senator Brandis: Excuse me, Senator Xenophon. I am sorry; I was distracted. I can advise this committee that Australia received a diplomatic note from the government of East Timor yesterday confirming that East Timor has filed in the International Court of Justice a discontinuance of the proceedings it commenced against the Commonwealth of Australia. That follows from the settlement of the differences between the Commonwealth of Australia and the government of East Timor in relation to the taking of certain documents in execution of warrants in late 2013.

Senator Xenophon: Is that part of a settlement between the two nations?

Senator Brandis: It is a settlement of the issues in those proceedings.

Senator Xenophon: Are the terms of the settlement confidential?

Senator Brandis: Well, it is just a discontinuance, Senator.

Senator Xenophon: But sometimes—

Senator Brandis: No, I know that, but this—

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE
Senator XENOPHON: Sometimes a discontinuance can have a deed of settlement behind it that is confidential.

Senator Brandis: In this particular case, I can tell you that the way the matter was resolved was the return to the government of East Timor of the documents that were the subject of the dispute. That was the only issue in the dispute. That is the end of the ICJ proceedings.

Senator XENOPHON: I have just one more question—I may torment you later this evening about some matters! I just want to go to the issue of Anwar Ibrahim, whom I am proud to call a friend. There are recent reports, this week, that he is in hospital with serious health problems. His family has raised concerns. His wife, Wan Azizah Wan Ismail, has criticised prison authorities for delaying Anwar's request for treatment and tests for his medical problems. Is this a matter that the department is cognisant of, given that this man is the opposition leader of Malaysia and has been incarcerated on what many consider to be false charges? Are you aware of that, and will Australia make the strongest possible representations about the health and welfare of Anwar Ibrahim?

Mr Varghese: I will ask Mr Cox, who is the relevant division head, if I may, to answer that.

Mr Cox: Yes, we are aware that Anwar Ibrahim was taken from the prison to hospital yesterday. He is reportedly suffering from a range of medical conditions including erratic blood pressure, blood in his stool and significant loss of weight. According to his wife, he is now in the hospital undergoing some tests, and they are anticipating that he hopefully can come out of hospital on 5 June.

Senator XENOPHON: To go back to solitary confinement?

Mr Cox: Yes.

Senator XENOPHON: That is right. He will go out of hospital back to the prison cell.

Mr Cox: He will go back to prison, yes.

Senator WONG: I am going to go back to aid, but I am just going to flag—this might be efficient, Mr Varghese—that I have some questions relating to question No. 85, in relation to payment for speechwriting, which I would like to follow up, and I have some questions in relation to chamber questions on notice Nos 1943 and 1945, in relation to contracts with CIT Solutions. I propose to come to those subsequently, but I just thought that might give officers some time to follow up that paperwork.

Mr Wood, can I ask a question which no doubt you will have to take on notice. You might want to refer to whether or not you provided me something in February which partially answers it. I am interested—and this will be a whole-of-department issue, I suspect—in how many and the total costs of projects which were not proceeded with which had been either contracted or committed from MYEFO to date.

Mr Wood: To clarify: that is the 2014-15 MYEFO?

Senator WONG: No. The 2013-14 MYEFO to date. Just to be clear, as I understand it, this table tells us there were a certain number of projects contracted and a certain number
committed. I am interested in how many projects, and their value, that were not proceeded with, which were contracted, and those not proceeded with, which were committed. And if that could be done by regional program.

Mr Wood: Just to be clear: for the last 18 months?

Senator WONG: Correct. Can I go to the forward estimates table that you provided. Perhaps you can explain to me a couple of things. There are a number of regional programs where the committed expenses in some years over the forwards already appear to exceed the total activity approval: Vanuatu, which may be explicable for the reasons you have explained, in 2016-17; Pacific regional, and that may be because of the Vanuatu humanitarian aid; Vietnam in 2016-17—$52 million versus $49 million; Burma in 2017-18 and also 2018-19; Bangladesh in 2015-16 and in 2017-18; Sri Lanka in 2017-18. Can you explain that to me.

Mr Wood: In general, it mainly relates to some anomalies in terms of the signing of the contracts or a timing issue. This is a live report, so there may be a timing issue. But I am certainly happy to go back and clarify those particular ones that you have highlighted.

Senator WONG: That is, why we would have committed more than we have approved.

Mr Wood: Correct.

Senator WONG: You want to take that on notice. If I wanted to find out, across the forward estimates, total activity approval, committed expenses and how that relates to what is budgeted, what is the best way of me doing that?

Mr Wood: For the 2015-16 year—

Senator WONG: It is going back to this table for everything else?

Mr Wood: Yes. We would provide that to you at a high level. The government agrees country allocations each year through the budget process and announces those on budget night.

Senator WONG: What could you give me without precluding that budget decision?

Mr McDonald: I think we will have to take that on notice and see what we can give. Mr Wood is right. The allocations are done each year. We have to cost the forward estimates, the bottom line, but we will see what we can provide.

Senator WONG: What would the other column be.

Mr McDonald: I understand what you want.

Senator WONG: In terms of North Africa and the Middle East, which I think in part goes to Senator Xenophon’s question, and also the Palestinian territories, do I understand this to show nothing committed for North Africa and the Middle East in 2015-16?

Mr Wood: Correct. The only item that we have in our budget estimate for North Africa and the Middle East is a small amount of $500,000.

Senator WONG: Less than half in the Palestinian territories has been committed compared to what has been approved?

Mr Wood: Correct.

Senator WONG: Nothing at this stage is approved for Africa, the Middle East or the Palestinian territories for 2017-18 or 2018-19, and only $500,000 has been approved for both of those regions for next year?
Mr Wood: Correct.

Senator Wong: When you said Africa was not a priority, you really meant it, didn't you? I understand that, while I was absent, Senator Rhiannon may have gone to Bougainville. Have you been asked: what are the costs of the post, staffing arrangements, what level, how many staff, those sorts of technical issues, about the budget measure? And if not, I am asking it now.

Mr Varghese: Are you talking about the new posts?

Senator Wong: Correct.

Mr Varghese: We were asked early in the day what the budget for Buka would be, and we said that we would take that on notice because we had the aggregate number for new posts but not the disaggregated number readily available.

Senator Wong: Is that what she was asking for?

Mr Varghese: I think Senator Rhiannon was asking about Manus and where Manus fitted into the PNG program.

Senator Wong: Are you not able to give us the—I am just trying to find the budget measure. It is unusual. Usually we do posts separately in budget measures, as in the Baghdad embassy here, but you have aggregated them. Are you not able to tell me how much of the $10.7, $16.3, $17.8 and $16.9 is Buka?

Mr Varghese: We should be able to tell you, but we cannot right a

Senator Wong: Tomorrow?

Mr Varghese: I will certainly try to get that to you.

Senator Wong: We are back tomorrow, aren't we?

Mr Wood: Some of the specifics of the composition are still to be agreed. We have reported in here, at a total level, the funding under the measure, the $98.3 million that is split between operating and capital. There may be some specific decisions that are still to be settled on the timing and the composition of those posts.

Senator Wong: That is a little odd because you usually would do an aggregate costing of this sort of measure at least in part. You do estimates from the ground up. You would not agree a global figure and then disaggregate it and say: 'Okay, we're going to open Phuket a year later. We're going to open Macassar six months earlier.' You would have an indication of what each component would cost, so I find it difficult—

Mr Varghese: We have made working assumptions about staff numbers and property costs and the other things that go into it. In the case of Buka, we are in discussions with the government of PNG about precisely what we will do in Buka. We cannot do anything without their consent, so it is a slightly different situation.

Senator Wong: I am happy to talk about that. I would love to have the working assumptions, but I actually asked, in a prior question, what is your budget allocation for Buka?

Mr Varghese: The budget allocation reflects our judgement about—
Senator WONG: No, it does not; with respect, it reflects a component of this budget measure on page 96 of BP No. 2. In that is a component that is Buka. It means 'open' in Malay—doesn't it?

Mr Fisher: It means 'open' in Indonesian.

Mr Varghese: We will try to get that number for you.

Senator WONG: I am looking hopefully at the young man who has approached one of your officials. Would you like me to come back to that, Chair? There are some discussions—

Mr Varghese: Perhaps we can come back to it, if that is okay.

Senator WONG: Yes. You have told me you have done some working arrangements or working—what was the phrase you used, Mr Varghese??

Mr Varghese: Assumptions.

Senator WONG: You have done working assumptions around staff and so forth. Are you able to take on notice that I am requesting those? Do you have a location?

Mr Varghese: A location?

Senator WONG: Yes.

Mr Varghese: This is where our discussions with PNG are obviously highly relevant. We need to reach an understanding and an agreement with PNG about what kind of additional presence in Buka will be acceptable to them. Where we end up on that will obviously affect questions such as accommodation and location and other factors.

Senator WONG: Can I go to a process question? Was there an NPP from DFAT as part of the budget process which included a post in Buka and, if so, can you give me the date on which that was provided to finance?

Mr Varghese: The answer to the first part of your question is yes—there was an NPP on the footprint review, which included Buka. I would have to take on notice the date, unless Mr Wood has it.

Mr Wood: There were the several iterations through the budget process—through the initial ERC and then later through the more formal budget ERC following the submission of our budget submission that occurs in March and April—so by February there was a pretty firm NPP.

Senator WONG: At whose direction or request was Buka included in that NPP?

Mr Varghese: As I explained earlier in the day—I think maybe you were out of the room at the time—

Senator WONG: And I'm sure my questions might not be identical to the Senator Rhiannon's.

Mr Varghese: The origin goes back to the footprint review that we commissioned. The footprint review looked at where we are represented, whether that was appropriate, whether we needed more, and if so where. Buka was one of the recommendations.

Senator WONG: My recollection though is that the review goes to more than 'you are now funded for'—is that correct?

Mr Varghese: Correct.
Senator WONG: My question remains—at whose direction or request did this NPP specifically include Buka?

Mr Varghese: The NPP was an NPP from the foreign minister, and the inclusion of Buka in the NPP was a decision taken by the foreign minister.

Senator WONG: When were you aware of the inclusion of Buka?

Mr Varghese: Buka was on the list from the beginning—

Senator WONG: When were you aware of its inclusion in the NPP?

Mr Varghese: I would need to check the date, because you asked when did it go forward as a NPP. Obviously I was aware of the contents of the NPP, I would have to check when it went forward.

Senator WONG: Was Buka included in the very first NPP? Mr Wood is saying there were a number of iterations.

Mr Varghese: Yes, Buka has been on the list from the beginning.

Senator WONG: When were you aware that this post would be included in the budget measure?

Mr Varghese: When there was final cabinet signoff of the budget essentially.

Senator WONG: At any point prior to budget night was any contact made with the government of PNG to advise them of the government's decision to open a post?

Mr Varghese: As I said just after the lunch break, there was contact between the Australian government and the PNG government prior to the budget. As far back as December of last year, the foreign minister mentioned to a minister in the PNG government our wish—at that stage obviously there was not a budget decision—to expand our presence in Buka. Before the budget came down our high commissioner did contact at a senior level officials in the PNG government to advise them of our intended announcement. As I again explained earlier in the day, the high commission was not able personally to brief the PNG foreign minister or the PNG Prime Minister, as we would have wanted to do before the budget, because of their unavailability.

Senator WONG: When was the high commissioner first advised of this decision and the need to brief?

Mr Varghese: The briefing of the PNG government at senior-official level—leave the December discussion that Julie Bishop had to one side—

Senator WONG: You said the foreign minister mentioned it but that is not a briefing, that is one of the precursors. Your evidence is that the high commissioner did not have time or there was insufficient time for there to be an appointment with the foreign minister to brief PNG foreign minister Pato in detail. I am asking, when was that request first made of the high commissioner?

Mr Varghese: I would need to check the dates, but I think our high commissioner was seeking to do that from the Friday before the budget came down. The budget came down on the Tuesday and she would have been seeking to do that from the Friday before.

Senator WONG: So three days.

Mr Varghese: Three, four—depending how you count them—or five.
Senator WONG: If you include the weekend or two working days if you do not include the weekend.

Mr Varghese: She did speak to people over the weekend.

Senator WONG: Given obvious sensitivity on territorial issues, which I do not propose to traverse, sensitivities which would arise in the context of such a decision, can you tell me why so little time is given to high commissioner to make an effort to brief more senior members of the government?

Mr Varghese: If we had our time over again, Senator Wong, I think we would have done this differently. In part the answer to your question relates to general confidentiality and to secrecy that goes into budget decisions and in part in retrospect the instructions to go out and brief should have come earlier.

Senator WONG: When what was the budget cabinet, if there was more than one, which resolved this particular issue?

Mr Varghese: I would have to check the date.

Senator WONG: Was that in the week prior to the budget or the week of the budget?

Mr Wood: I do not know, Senator.

Senator WONG: When was the ERC decision which included this in the budget?

Mr Varghese: We would have two take that on notice.

Senator WONG: I would ask for all those dates. I appreciate your candour, Mr Varghese, but why once ERC had determined it would be a budget measure were those diplomatic arrangements not put in place?

Mr Varghese: Sorry, Senator?

Senator WONG: I said why once ERC had made the decision to include this as a budget measure were the diplomatic arrangements you described not put in place?

Mr Varghese: Sure.

Senator WONG: That is the explanation, is it, for the public statements of both Mr O'Neill and Foreign Minister Pato, which were, to put it bluntly, quite critical of the Australian government?

Mr Varghese: Yes.

Senator WONG: That explains Prime Minister O'Neill's public statements that he was shocked to learn of this decision; obviously no consultation, no agreement to proceed. Minister Pato is reported as describing the plan is outrageous and has summoned the high commissioner to explain. Has that meeting occurred?

Mr Varghese: He asked our high commission to come to a meeting. The meeting was attended by the deputy high commissioner in the absence of the high commissioner at another function.

Senator WONG: When was that?

Mr Varghese: I would have to take that on notice unless there is someone present who has the information.

Mr Sloper: Bear with me Senator. I am checking the chronology I have here.
Senator WONG: You could just give me the chronology. That might make everything easier.

Mr Sloper: As you described before, they are notes with annotations on the side, so I prefer not to.

Senator WONG: Good save.

Mr Sloper: I do not have that particular meeting on the chronology but I expect it is the day after Mr O'Neill was here in Sydney at the Lowy Institute. I will confirm that and come back to you very shortly.

Senator WONG: Which was a couple of days after the budget.

Mr Sloper: It was on 13 May.

Senator WONG: The budget was on the 12th this year, is that right?

Mr Sloper: That is right.

Senator WONG: So Mr O'Neill was there on the 13th, his comments were reported on the 14th and are you saying that the Deputy High Commissioner had a meeting on that day?

Mr Sloper: On the 14th, I think so.

Senator WONG: In PNG?

Mr Sloper: In PNG, in Port Moresby.

Senator WONG: Can I be clear that Minister Bishop's comments that a spokesperson denied allegations that the government failed to consult and said that they had consulted. That consultation is the attempts by the high commissioner from the Friday to meet with the foreign minister and some briefing or notice to some officials.

Mr Varghese: I think the High Commissioner was unable to speak, from memory, to the chief secretary. I think she probably also spoke to the acting head of the foreign ministry. She may have spoken to some other officials. She did all of that before the budget came down.

Senator WONG: I could ask the question again. Why was it not taken further if officials were briefing officials?

Mr Varghese: There was every intention to take it further by having the High Commissioner brief the foreign minister and the Prime Minister of Papua New Guinea directly but that did not prove possible in the time available.

Senator WONG: And as you said, if you had your time again, you would try and do that earlier?

Mr Varghese: I would.

Senator WONG: I want to be clear about the ban that Foreign Minister Pato is reported as imposing—that is, a ban on Australians travelling to Bougainville. Are you aware of that?

Mr Varghese: There was such a ban imposed but it has now been lifted.

Senator WONG: When was it lifted?

Mr Sloper: It was lifted on 1 June.

Senator WONG: What did DFAT do as a result of this ban? What action was taken?

Mr Varghese: When we became aware of it, we did raise it with the PNG government. We did seek to explain why it was important for Australians to continue to be able to travel to
and from Bougainville, particularly Australians involved in the delivery of the aid program. This was also an issue that was discussed between the Foreign Minister of Australia and the Foreign Minister of Papua New Guinea.

Senator WONG: When?

Mr Varghese: I think in the margins of the PALM meeting, which is the Pacific leaders meeting in Japan. There may have been other discussions between the two. At the same meeting, on the margins of the PALM meeting, the foreign minister also met with the Prime Minister O’Neill.

Senator WONG: When was that meeting?

Mr Sloper: The issue was raised by the foreign minister in discussion with Prime Minister O’Neill, as the secretary suggested, on 23 May in Japan. Previously she had raised it by telephone in separate conversations with both Prime Minister O’Neill and Foreign Minister Pato.

Senator WONG: When were those?

Mr Sloper: The telephone calls were on 14 May and 15 May respectively. The 15 May was in regard to the telephone call with Prime Minister O’Neill.

Senator WONG: So foreign minister first and then PM?

Mr Sloper: That is right.

CHAIR: Could the secretary give us an understanding from Australia's point of view why the imperative for us to have a post in Bougainville?

Mr Varghese: If you look at the pattern of our aid program in Papua New Guinea, we have considerably increased development assistance to Bougainville. We think that the strengthening of the office in Buka was necessary or justified in terms of a much larger aid program in Bougainville.

CHAIR: So is it in relation to aid principally or Australia's business interests?

Mr Varghese: We are keen to do whatever we can to promote and assist with the economic development of Bougainville. We think that it is important not only for the welfare of the people of Bougainville but it is also important in terms of the broader question of the ultimate status of Bougainville because, as you know, under the peace agreement that was concluded to end the conflict in Bougainville, at some time in the next five years there will be a referendum held on the final status of Bougainville.

CHAIR: If there has been a ban on Australians going to Bougainville and that ban has now been lifted, can you advise the committee as to what the current relationship is between our two countries?

Mr Varghese: Our relationship is very strong. In fact, Prime Minister O'Neill, after the budget came down, described the bilateral relationship as the strongest. 'Never been better' were his words. I do not think there is any question that the relationship is in a very strong state at the moment.

Senator WONG: Except they were very unhappy with the announcement without them being briefed. Would you agree with that? Public statements demonstrate that.
Mr Varghese: I think the statements by the PNG foreign minister and Prime Minister speak for themselves.

Senator WONG: Can I seek a copy of the letter that the foreign minister wrote to Prime Minister O'Neill.

Mr Varghese: I would have to take that on notice.

Senator WONG: I am happy for you to do that. In doing so, I would like to emphasise that parts of this letter appear to have been provided to a journalist at *The Australian* on 2 June 2015. I would like to know whether or not DFAT had any knowledge of that briefing or that provision?

Mr Varghese: I certainly do not have any knowledge of it. I would be extremely surprised and somewhat disturbed if anyone in the department was handing over correspondence of that nature to a journalist.

Senator WONG: Could you take on notice: does anyone in the department have any knowledge of how that document was provided to a journalist?

Mr Sloper: If I could respond to that, I think that is a quote from a press release issued by Foreign Minister Pato in which he then quotes from the letter from Foreign Minister Bishop.

Senator WONG: If that is the explanation, someone can provide that on notice too.

Senator Brandis: You have had the explanation.

Senator WONG: All right, I will ask the question differently. Perhaps to you on notice, did the foreign minister's office provide *The Australian* with a copy of or extracts from the letter to Mr O'Neill?

Senator Brandis: Evidently not, because it has been explained to you by Mr Sloper.

Senator WONG: I am entitled to ask the question.

Senator Brandis: And the answer is evidently not.

Senator WONG: I am asking you to take that on notice. I am asking the question and you can take that on notice.

Senator Brandis: I suppose I can but I have given you the answer.

Mr Varghese: In relation to your question about the level of dissatisfaction on the part of the PNG government, I will quote an extract from a media release by Prime Minister O'Neill on 26 May which said:

> We accept that there was a misunderstanding and communications processes were not followed in relation to the foreign consulate proposal. I will leave it to Australia to make a formal announcement on their views and we look forward to moving on.

Senator WONG: I have nothing more on that. I go to the two questions on notice that I referenced. The first is question on notice No. 85 in relation to speech writing services. We were told that since September 20 2013 the department has paid $22,500 plus GST to Dr Andrew Stoeckel for speech writing as well as trade policy planning services. Can you tell me first how many speeches has Dr Stoeckel written for the trade minister?

Mr Roach: Dr Stoeckel has written or contributed to one speech delivered by the Minister for Trade and Investment in addition to providing the trade policy services.

Senator WONG: Okay, so $22,000 for one speech?
Senator Brandis: That is not what the officer said. The officer said contributed to a speech and provided trade policy services.

Senator WONG: Sorry, I thought the Department of Foreign Affairs and Trade provided advice on trade policy. How does he provide it?

Senator Brandis: As you know, having been a minister yourself, it is not uncommon for departments to engage external consultants.

Senator WONG: Did the minister's office request that this gentleman be engaged?

Mr Roach: The background to this is that there was an approach for Dr Stoeckel to be engaged.

Senator WONG: Can we get a person in there? There was an approach. By whom?

Mr Roach: I cannot tell you. I could take that on notice.

Senator WONG: Was it someone from the minister's office?

Mr Roach: Yes, it would have been from the minister's office.

Senator WONG: So a member of the minister's staff approached the department?

Mr Roach: Correct.

Senator WONG: Requesting what?

Mr Roach: Inquiring about whether or not we would be able to enter into an arrangement for Dr Stoeckel to be providing these services. This is something that has been a longstanding practice that we have provided with previous ministers' offices. A contract was drawn up along those lines.

Senator WONG: How does that process comply with the Commonwealth Procurement Rules?

Mr Roach: In terms of the way that it operates with the Procurement Rules, for instance we do have DFAT panels in which people have been previously identified as being able to provide such services—for example, whether it be through our training programs—

Senator WONG: Sorry; I am actually just interested in this contract. So a minister's staffer requests that this be looked at and then a contract is awarded to him. I am asking whether that involved any process which you say complies with the CPRs.

Mr Roach: The way that we approach it is indeed to look at what the Commonwealth Procurement Rules are. We work closely with the area of the department that is responsible for procurement. I cannot recall the exact term which provides for this engagement, but the Commonwealth Procurement Rules do provide that we do need to look at, for instance, our panel arrangements. We do so, and then we move to such a contract.

Senator Brandis: Senator, it does—surely you would understand—depend on the facts of a particular case. It is not at all uncommon for a minister to have in mind a particular person whom he or she considers has a particular expertise or skill and wish to engage that person for particular services.

Senator WONG: I still have not had an answer, Mr Roach, about what process was followed in relation to this procurement that renders the procurement process compliant with the CPRs.
Senator Brandis: Senator, you actually have had an explanation—

Senator WONG: I have not actually.

Senator Brandis: and it may be that the Commonwealth Procurement Rules did not apply in this particular case.

Senator WONG: How is that possible? How can they not apply?

Senator Brandis: Because, under the Commonwealth Procurement Rules, there are certain exceptions, and you should know that, as a former finance minister.

Senator WONG: Yes, because we wrote them, but that means they apply but there is an exception.

Senator Brandis: In order to avoid wasting the time of the committee pursuing what may be a false issue, we will take the question on notice.

Senator WONG: There is an official at the table. Are you able to assist on this issue?

Senator Brandis: We will take the question on notice.

Senator WONG: I understand that you are worried about this.

Senator Brandis: No, I am not remotely worried.

Senator WONG: You do not want the official to answer?

Senator Brandis: I am concerned about the irregularity of your question.

Senator WONG: So you do not wish the official at the table to answer?

Senator Brandis: No; the official has described—

Senator WONG: There is a new official at the table.

Senator Brandis: The official has described—

Senator WONG: There is a new official at the table.

Senator Brandis: Excuse me, Senator; you always interrupt. Please have some manners. The official has described the circumstances in which Dr Stoeckel was retained to provide services.

Senator WONG: Okay—

Senator Brandis: If I may finish: you have raised the issue of conformity with the Commonwealth procurement guidelines—

Senator WONG: Rules.

Senator Brandis: Commonwealth Procurement Rules. We will have a look and we will take the question on notice.

Senator WONG: Okay. The evidence to date is that a minister's staffer approached the department and that is how the name came forward, so I just do not understand how the CPRs were complied with.

Senator Brandis: There is nothing irregular about that.

Senator WONG: Actually there is.

Senator Brandis: No, there is not.

CHAIR: Can I break the deadlock and just ask two very quick questions? Is it Dr Andy Stoeckel? Is that the gentleman?
Mr Roach: That is correct.

CHAIR: Gracious me, what a wonderful person. Secondly, is there anything in this format in regard to the nature of the consultancy or the speechwriting that is different to the previous government? Is anything inconsistent between this action and the last one?

Mr Roach: No, there is not.

CHAIR: Just as an aside, on a Friday morning in 1987, Dr Stoeckel, at a public event that I organised, predicted that there would be a crash of the stock market worldwide and it crashed that night in New York. So I can tell you the man is an absolute genius. Sorry to have interrupted you, Senator Wong.

Senator WONG: Well, no wonder they would pay 22 grand for one speech—he is a genius!

CHAIR: There would be a lot of people around the world who would have paid him a lot of money if they heard that.

Senator Brandis: Senator, there you go—deliberately misstating the evidence.

Senator WONG: Chair, can I have—

CHAIR: Of course, Senator Wong. Minister, I did interrupt.

Senator Brandis: Point of order, Mr Chairman. You may not take this seriously, Senator Wong, but I do. I was accused this morning of serial intellectual dishonesty, and you have behaved that way all day. You know that the evidence just given was that the man was not paid $22,000 for just one speech—as you have now twice in the last 10 minutes asserted. The evidence, as you know, was that he was paid this for one speech and for consulting services in relation to trade policy. But you continue, for reasons best known to yourself, to lie about the evidence.

CHAIR: Thank you, Minister. You have made your point. Senator Wong, I will invite you—

Senator GALLACHER: Can I raise a point of order?

CHAIR: Yes, you can. Of course, you can.

Senator WONG: He cannot say 'lie', Chair.

Senator GALLACHER: At the meeting of the temporary chairs of committee we did agree that we would look carefully at imputations like that and the use of the word 'lie'. So I would just ask you to give a ruling on that and ask the minister to withdraw.

CHAIR: You are quite right, Senator Gallacher. Thank you for drawing that to my attention. Minister, I do invite you to withdraw.

Senator Brandis: I will withdraw the word 'lie'. You continue to deliberately misstate the evidence.

Senator WONG: Mr Roach, tell me about the trade policy services? What were they? Is there a report? Is there any documentation about this? Was there oral advice? Was anything provided to DFAT for actioning?

Mr Varghese: Maybe I could provide a bit of further background on this. I think one of the trade policy planning services that Dr Stoeckel provided was to present and facilitate a planning day that the Minister for Trade and Investment had, which was a greenfields
planning day looking at the broad suite of our trade and investment focus and seeking to work through the areas that we needed to focus on and prioritise. I participated in that day and I must say that I found it an extraordinarily useful planning day and I thought Dr Stoeckel made a very significant, if not unique, contribution to it.

Senator WONG: So we have a planning day. What else is there? Can anyone tell me what other trade policy services were provided?

Mr Roach: In concrete terms, of concretely, no. We do know that there was regular contact between the office of the trade and investment minister and Dr Stoeckel.

Senator WONG: And how do you know that, Mr Roach? Has that been communicated to you? Is there a file note?

Mr Roach: No, there is no file note. But maybe to anticipate your next question, with the payments to Dr Stoeckel, we were very careful to verify with the office that those payments should be made before any payments were made.

Senator WONG: Okay; so tell me about that process. Does he invoice you?

Mr Roach: The contract has terminated. It is not an ongoing contract. There were two invoices that were issued and with each of the invoices we confirmed that the payment should proceed.

Senator WONG: With whom did you confirm that?

Mr Roach: With the office of the trade and investment minister.

Senator WONG: With the chief of staff?

Mr Roach: No, it was not at the chief-of-staff level.

Senator WONG: Was that done by you, Mr Roach, or by someone else?

Mr Roach: No, it was done by one of my colleagues.

Senator WONG: So one of your colleagues receives the invoice, contacts the office etcetera. Was a file note or other record taken of that conversation?

Mr Roach: I understand that there may have been exchanges of emails.

Senator WONG: Can I on notice have copies of the invoices and copies of all documentation associated with the conversations you have just given evidence about?

Mr Roach: I am happy to take that on notice.

Senator Brandis: We would need to consider whether that constitutes advice to government or not.

Senator WONG: Advice to government—meaning, 'Please confirm that this invoice should be paid and tell us what it is being paid for'? How is that—

Senator Brandis: It may not be, but it may be depending on what the email exchange says.

Senator WONG: A very helpful staff member of mine has looked at AusTender and there is a contract CN2304871. Can you tell me whether that is the related contract notice for Dr Stoeckel's work?

Mr Roach: I would have to take that on notice.
Senator WONG: I will come back to it later. What I am concerned about is the contract value is significantly more than the answer you gave me. I am going to give you the explanation to explain why. If it is a different contract, that will be clear?

Senator Brandis: The witness has said that he will take the question on notice.

Senator WONG: This is actually a trade matter, and trade does not start until 5 o'clock tomorrow. Are we able to get it done by then?

Mr Roach: Could you give me that contract number again, Senator?

Senator WONG: It is CN2304871. If that is not it, could you provide me with an indication of what the related contract notice on AusTender is for Dr Stoeckel's work?

Senator Brandis: The question has been taken on notice, Senator.

Senator WONG: I propose to come back to it, to let you know, Mr Varghese, because I know you like to leave generally for trade, don't you? I do want to explore this tomorrow.

Mr Varghese: I will be here for trade.

Senator WONG: Just to you are clear, Mr Roach: the contract value was $41,000 and the answer you gave me was $22,000. I would like to understand, if that is the contract—it appears to relate to the same address—why the discrepancy between the numbers. It might be that the contract value was less than the invoice to date. Does $22,000 represent the total amount that Dr Stoeckel has been paid by the department?

Mr Roach: Under the contract that I am aware of, Senator, the payment was for $22,500 plus GST, which comes to a total of $24,750.

Senator WONG: Okay; well, if someone can just explain that to me. If this is the contract, or even if it is not, this contract was not published on AusTender within 42 days of entering the contract which is a breach of the CPRs. Can someone explain to me why that delay occurred? The contract start date was 12 March 2014 and publication was 11 June.

Mr Roach: We will take that on notice.

Senator Brandis: The question is based on an assumption which of course we will check the veracity of.

Senator WONG: Sure, please do. Who approved the contract?

Mr Roach: I approved it and I was the signatory on behalf of the department.

Senator WONG: Can you tell me what your delegation is?

Mr Roach: In terms of the total value?

Senator WONG: Yes.

Mr Roach: It is up to $250,000.

Senator WONG: And it was your approval?

Mr Roach: Correct.

Senator WONG: I have one other issue, Mr Varghese. There has been public discussion about a citizenship discussion paper. Is that the correct title? The foreign minister has referenced it and it is the subject of various leaks from cabinet. I am not going to ask you what happened in cabinet. I have a set of process questions about your involvement in the preparation of that paper.
Mr Varghese: I would have to take that on notice, Senator Wong. I am not aware that we were involved in the preparation of that paper. Unless someone here can say otherwise, I will take it on notice.

Senator WONG: It is the discussion paper on citizenship, about which there has been some discussion in the media and by ministers, including, I think, the foreign minister. I would like to know what DFAT's involvement was in the preparation of that paper.

Mr Varghese: I will take that on notice.

Senator WONG: You do not have any knowledge?

Mr Varghese: I am not aware that we were involved in it, but let me take it on notice.

Senator WONG: Shall I just give you some questions then? Was DFAT consulted about the citizenship policy approaches that underpin the paper? Were DFAT officials involved in or consulted about the development of the discussion paper? Did any DFAT officer receive the discussion paper or any draft for any comments at any time prior to its release? Were there any interdepartmental meetings at which this matter was discussed? Was there any briefing of the minister's office in relation to the discussion paper? Are you going to take all of them on notice? There is someone hovering behind you who might be able to help.

Mr Varghese: No. We will take all of that on notice.

Senator WONG: So you are taking all those questions on notice? I was reading off a document and changing them a little, so the grammar might not be so good, but I am sure you will manage. Can I ask Mr Roach to come back to the table. This might assist—again, in relation to contract number CN 2304871—if that is for management advisory purposes. If that is the Mr Stoeckel contract—and it has Stoeckel Group Pty Limited as the supplier—the procurement method is limited tender. And there are conditions at 10.3, 10.5 and the CPRs about the circumstances, which are mandatory, when a limited tender can be engaged in. I am interested in how those were complied with?

Mr Roach: I need to take that on notice with reference to those—

Senator WONG: I was putting it on notice, yes.

Mr Roach: If I can address one discrepancy that you have raised: that was why was only $24,000 paid for under a contract that was up to $41,000? It was simply that he did not provide the full range of services that was anticipated, so we underpaid on the full value of the contract.

Senator WONG: So that is the contract?

Mr Roach: The contract value was up to $41,000.

Senator WONG: So the contract I read out to you is the contract with Mr Stoeckel?

Mr Roach: We will need to check whether it is that number, and we are doing so at the moment. I am afraid that number you read out means, I am afraid, nothing to me in terms of what I have in front of me, but we are looking into it.

Senator WONG: AusTender number?

CHAIR: There was a provision of up to $41,000, which was not exhausted because Dr Stoeckel simply did work to the value of $24,500—

Senator WONG: Correct.
Mr Varghese: I think we should first establish whether the number Senator Wong quoted is the same contract, and we said we would take that on notice.

Senator Wong: I might try and come back to that, and maybe a convenient time would be the commencement of the trade component if that is okay. Are you able to assist, Ms Bergmann?

Ms Bergmann: Yes, that is the correct contract number.

Senator Wong: Excellent. Maybe you can explain to me how they comply with CPRs tomorrow. I am going to be kind, Mr Roach, and give you time to get advice.

Mr Varghese: We will get back to you.

Chair: If I could stay with international security for a few moments: do we know how many Australians are fighting for terrorist groups in Syria and Iraq? And how many, if any, passports have been cancelled, refused or suspended? Do we have that information?

Senator Brandis: In relation to the first question, the answer to your question is: yes, we do know. We have not publicly given a precise number, because the national security agencies do, from time to time, estimate or provide advice to government as to the number. But the figure that they are comfortable giving is more than 100.

Chair: More than 100.

Senator Brandis: Mr Varghese can give you the latest information on passport cancellations.

Chair: It would be the foreign minister who would cancel passports—

Mr Varghese: The foreign minister has the legislative authority to cancel, and indeed now to suspend, passports, but that is an authority which in the normal course of events is exercised on the recommendation of the Director-General of Security. I do not have the number in front of me; I will just check whether anyone has the number.

Senator Brandis: We can check that for you. I have seen the number quite recently, but we just want to be—

Mr Varghese: I can say that since 1 September 2012, 116 passports have been cancelled. Since the last estimates—that is, 26 February—18 passports have been cancelled.

Chair: Eighteen cancelled. Any refused? Do we have numbers for passports that might have been refused on these grounds?

Mr Varghese: I do not have any numbers in relation to refusals, which is a different category again. By refusal, I assume you mean not proceeding with an application for a passport?

Chair: Right.

Mr Varghese: As opposed to suspending an existing passport?

Chair: Yes, that is right.

Mr Varghese: So there are three things we have: refusal, suspension and cancellation. I am not sure if we would have numbers for refusals, but I will see whether I can get you some numbers for suspension.

Chair: Thank you.
Mr Varghese: Hang on, I do have a number for suspension. Since 1 December 2014 the minister has suspended nine passports under the relevant legislation.

CHAIR: Right. That is excellent. My final question is: could you just briefly indicate to the committee what we are doing to try to starve these organisations of funds and, of course, of support?

Mr Varghese: We operate under a regime of sanctions, both UN Security Council-endorsed sanctions and autonomous sanctions. They are all intended to prevent the funding, the assistance or the facilitation of listed organisations. There is quite an elaborate legal regime that surrounds that.

Senator Brandis: There is also a significant criminal law regime, of course, that deals with financing of terrorism. That is a crime against Australian law, with heavy penalties. The facilitation of or providing assistance to terrorist organisations and recruitment for purposes related to terrorism are also serious crimes against division 101 of the Commonwealth Criminal Code.

CHAIR: Thank you. Senator Wong, I understand that you have a final question before we go to dinner?

Senator WONG: Yes, sorry. I did flag, Mr Varghese, questions 1,943—the chamber question—and 1944. I know it is a standard thing, because I had this discussion with PM&C about, 'Do not just give me an AusTender reference,' because, frankly, (a) not all of the information I have asked for in the question is on AusTender and, (b) I am sure you have this information to hand more than my staff. Over the course of 2014 there were 76 contracts with CIT Solutions gazetted, and until 20 March 41 contracts have been gazetted. What are the so-called 'education and training' services provided? And who are they provided for? Are they departmental officers?

Mr Varghese: Sorry to interrupt, can you just clarify—

Senator WONG: I explained they were chamber questions on notice.

Mr Varghese: But is the number—

Senator WONG: 1,943 and 1,944.

Mr Varghese: I am sorry, we thought we heard 1,945.

Senator WONG: What was that one? Was that one I did?

Mr Varghese: It is one you did, yes. Sorry, my apologies for interrupting.

Ms Bergmann: The contracts relate to language training and also procurement training.

Senator WONG: Procurement training and language training. Are these only for departmental officers?

Ms Bergmann: Yes, DFAT staff. So, language training in relation to staff that are on pre-posting and procurement training for staff that conduct complex procurements.

Senator WONG: Are they the primary provider of such services? Or are there other contractors which provide such services?

Ms Bergmann: I think they are the primary provider for language services, yes. But we do use a variety of providers for procurement related training.
Senator WONG: Okay. Can you just give me on notice the total value of contracts for 2014 and 2015 to date?

Ms Bergmann: I can tell you that now.

Senator WONG: If you have them. You are well organised!

Ms Bergmann: Contracts with CIT for 2014: the amount is $4,935,526.50, GST inclusive.

Senator WONG: I like the 50 cents, that is good!

CHAIR: That is the GST inclusive!

Senator WONG: For 2015-16, to date.

Ms Bergmann: For 2015 year to date there are 95 contracts with CIT, totalling a value of $7.41 million.

Senator WONG: In terms of history, can you just tell me if they have been providing these sorts of services for some time? It is just a lot of separate contracts, that is all—that is why I called our attention to it.

Mr Fisher: They are the main provider for our language services. So, yes, they have been providing them for some time.

Senator WONG: Okay. Thank you.

CHAIR: On that note we will suspend for dinner. Thank you.

Proceedings suspended from 18:30 to 19:30

CHAIR: We will now resume. I will go to you, Senator Gallacher.

Senator GALLACHER: This is a request for an updated table like the one provided in budget estimates 2014, question on notice 304. It included the following information on Minister Bishop and Minister Robb's travel, but this time the period is from January 2014 to the present time. How many days did the ministers spend in country? Did he or she travel on commercial or RAAF VIP flights? What was the purpose of the visit? How many staff were with him or her? Which staff members travelled with him or her? Do the staff members work in his office or the Prime Minister's office? Who did she or he meet in country? What were the outcomes of the meetings? And what was the total cost of the trip? It is on notice, if you like. If we could have an updated table based on the 2014 request.

Mr Varghese: We will take that on notice. Chair, could I ask Mr Sloper if he could come back on one thing that Senator McLucas raised.

CHAIR: I do apologise, Secretary. You did ask me if we could do that. Could I interrupt for a moment, Senator Gallacher. Mr Sloper, if you could respond to that question asked, I think, by Senator McLucas.

Mr Sloper: Thank you, Chair. Senator McLucas asked about a proposal for PNG pre-processing and customs clearing coming from Cairns. I can advise that that was discussed at a number of Australia-PNG business officials working group meetings, most recently last year in May 2014. At that meeting, the then Australia-PNG Business Council president advised that the business group had made a submission previously to that group on that issue. As no action had been taken, given that PNG officials had indicated it was not a priority, the business group then decided to put a submission forward in the consultation process for the
Northern Australia white paper. Separately, a group called Advance Cairns also put forward a submission to that same consultation process in June 2014. This is just an update in terms of our side of the issue, if you like. In the end, it will be a decision for the PNG government as to how they respond to that proposal, outside of the Northern Australia consultation process.

Chair, if I could clarify one other issue from the discussion of Senator Rhiannon. She had asked about funding for Manus, and the discussion focused very much on a joint understanding we have with the PNG government. That funding does not actually flow to Manus as a consequence of the arrangements that have been put in place there. We do have bilateral funding that contributes aid development in Manus and there are two elements. There is a $15 million program that will conclude in 2015-16 and a $38 million program in 2016-17, running from now.

CHAIR: Thank you, Mr Sloper. Back to Senator Gallacher’s questions.

Senator GALLACHER: Just moving to the diplomatic footprint, and just by way of preamble, the coalition’s platform states that it will:

- ensure that Australia’s economic—as well as political and strategic—interests guide the operations of the Department of Foreign Affairs and Trade’s operations;
- establish a new $100 million Colombo Plan that will give Australian university students an opportunity to study in our region to deepen our engagement with our neighbours;
- consistent with robust benchmarks, remain committed to increasing the foreign aid programme towards 0.5 per cent of gross national income …;
- restrict the growth in overseas development assistance to increases in the consumer price index over the forward estimates. Our commitment will see annual increases in nominal funding in the aid budget and will ensure that Australians can be confident aid will be delivered more effectively and efficiently; and
- implement a review of diplomatic resources and consider options for putting in place a long-term policy to ensure Australia’s global diplomatic network is consistent with our interests.

There are some questions arising out of that policy position. On 31 January 2015 DFAT had 803 A based positions based overseas. The department keeps overseas positions under regular review, depending on emerging and changing government priorities. Mr Varghese, has that number changed since last estimates?

Mr Varghese: Just give me a moment. Earlier today, I went through the reductions in staffing numbers that were a result of so-called savings dividend from amalgamation and indicated then that our overall numbers had reduced by 549 from October 2013, which is when amalgamation was in train. That remains the position up until now. We have 3,784 Australia based staff—that is, Australian staff in Australia and overseas—and we have 2,380 locally engaged staff. I will try to find what our offshore numbers are. Mr Fisher may have it.

Mr Fisher: We have 851 staff offshore, but that includes people language training, on short-term missions and other things. They will not all be posted officers, as it were.

Mr Fisher: They would not be A based?

Mr Fisher: They are A based officers, that is correct. But some of them will be on short-term missions—so a couple of weeks to a couple of months—or doing language training for a period of time, up to a year perhaps. It can be a misleading term, ‘A based’, because you think they are in Australia. But if you are an Australian public servant overseas, you are A based.
Senator GALLACHER: That was the question. On 31 January 2015, DFAT had 803 A based positions overseas. Has that number changed? I think it is 851, but if they are there permanently—

Mr Fisher: The answer is it will not have changed substantially. We do a little movement here and there, as you would understand, in a large organisation but essentially—

Senator GALLACHER: I am happy with the answer. I think the next questions might drive the answer. Is it likely to change with new embassies opening?

Mr Fisher: Yes.

Senator GALLACHER: By how much?

Mr Fisher: It will depend; for A based officers, somewhere between 15 and 20. I am cautious to give you numbers. We normally do not talk about numbers in particular posts for reasons.

Senator GALLACHER: Okay. Generically, which posts are changing in size—growing or shrinking—without going to the detail you do not want to divulge?

Mr Varghese: The disposition of staff this financial year will in part depend on the outcome of the review that I talked about earlier today. We are currently reviewing where our staff are placed—that is, do we need to change the mix not the envelope; the envelope stays the same. That may result in some increased numbers offshore and then on top of that we will have the increase in staff numbers overseas from the footprint review outcome, which is five new posts. It is a fluid situation at the moment.

Senator GALLACHER: If I was to ask you for a chart of numbers of overseas positions between 2005 and 2015 and a five-year projection to 2020, is that the work that you are referring to, the review?

Mr Varghese: We can certainly take on notice what has been the case in the past up until now. I think anything looking out over the next five years would be speculative.

Senator GALLACHER: Are there any embassies and high commissions which are planned to be closed?

Mr Varghese: No, we have no plans to close anything. If there is any decrease in staffing, it would be very marginal at individual posts.

Senator GALLACHER: Is the post in the Holy See going to grow or reduce in size in the near future, or are there any uncertainties in respect of its continuation?

Mr Varghese: With the qualification that the so-called FTE review is not concluded, I would not expect a change in the staffing arrangements for the Holy See.

Senator GALLACHER: The post in Kiev was established following the crash of MH17. Has funding been continued for that post?

Mr Varghese: That is an interim embassy. We have funding for it until the end of September, and obviously it will be a decision for government whether they wish to continue funding for it.

Senator GALLACHER: So we do not know if it will be made permanent or closed down?
Mr Varghese: The government will need to look at that question when they address the question of the next tranche of funding for Kiev.

Senator GALLACHER: Is there an expected number of embassies or high commissions that would be merged?

Mr Varghese: No, I do not think there is. Do you mean in terms of closing one and covering it from a different location?

Senator GALLACHER: Yes. I think Vietnam do Burma and that sort of thing.

Mr Varghese: No, we have separate missions in Vietnam and Burma. We have many, many posts that have multiple accreditations, particularly our posts in Africa, Latin America and Caribbean. There are a number of those, but no, because I am not working on the assumption that we are going to close a post. I do not think we would be making many significant changes in that area.

Senator GALLACHER: Fair enough. On appointments already made, which individuals have been appointed since last estimates and the table provided in question on notice 141?

Mr Varghese: This is in relation to head of mission appointments?

Senator GALLACHER: Yes.

Mr Varghese: I will take that on notice.

Senator GALLACHER: We know Senator Mason got an appointment.

Mr Varghese: Yes, his appointment has been announced.

Senator GALLACHER: Could you please provide an updated list of posts becoming vacant in 2015, if there are changes to the one provided in question on notice 25.

Mr Varghese: Yes, I will take that on notice.

Senator GALLACHER: Is the Accra high commission a post that is becoming vacant?

Mr Varghese: I would have to check. I do not have in my head the due date for a changeover in Accra. Mr Fisher may have some more information.

Mr Fisher: I think I had better take that particular one on notice.

Senator GALLACHER: The Baghdad ambassador?

Mr Varghese: There will be a change in Baghdad in the very near future.

Senator GALLACHER: Beijing?

Mr Varghese: For Beijing I think we will see a change at the beginning of next year.

Senator GALLACHER: The Ho Chi Minh City consul general?

Mr Varghese: From memory—

Mr Fisher: Towards the end of this year.

Mr Varghese: Towards the end of this year, yes.

Senator GALLACHER: The Holy See ambassador?

Mr Varghese: The current Holy See ambassador will, I think, depart in September.

Senator GALLACHER: The Hong Kong consul general?

Mr Fisher: Again, later this year.
Senator GALLACHER: In Honiara, the RAMSI special coordinator?
Mr Varghese: I would have to check on that.
Mr Fisher: I think towards the end of the year. We would have to check on that one.
Senator GALLACHER: The Islamabad high commissioner?
Mr Varghese: That is changing now.
Senator GALLACHER: The Los Angeles consul general?
Mr Varghese: Later this year.
Senator GALLACHER: The Mexico City ambassador?
Mr Varghese: I would have to check; I think that may be next year.
Mr Fisher: Yes, towards the end of this year or early next year, I think.
Senator GALLACHER: The Nicosia high commissioner? I may have mispronounced that.
Mr Varghese: I would have to take that on notice.
Senator GALLACHER: The Noumea consul general?
Mr Fisher: That is in the process of changing.
Senator GALLACHER: This one will get me: Pohnpei?
Mr Varghese: That will change soonish.
Senator GALLACHER: Rome?
Mr Varghese: Mike Rann went for 18 months about 12 months ago, so in around six months time.
Senator GALLACHER: The Shanghai consul general?
Mr Varghese: In Shanghai we are about to have a new consul general.
Senator GALLACHER: The Tarawa high commissioner?
Mr Fisher: We are selecting for that job at the moment.
Senator GALLACHER: The Hague?
Mr Varghese: The Hague will be Senator Mason, I think in August.
Senator GALLACHER: The Washington ambassador?
Mr Varghese: Kim Beazley's term runs though to, I think, January of next year.
Senator GALLACHER: And the Wellington high commissioner?
Mr Varghese: Wellington will become vacant in the not-too-distant future.
Senator GALLACHER: So, given that there appear to be a number of vacancies on the horizon and on the near horizon, are you able to share any light on who is being considered for the posts?
Mr Varghese: No. That is an internal process, and until the government makes a decision and announces it, I am not really at liberty to canvass the field.
Senator GALLACHER: Fair enough. I am sure there are plenty of people looking at those vacancies with great interest.
CHAIR: Secretary, I am interested in earlier conversations in terms of the expansion of our diplomatic network. Is it something that government has done frequently in recent years? Is it five new positions in addition to those in Kiev, the Ukraine, and Houston?

Mr Varghese: That is correct—five posts on top of the ones you mentioned. Regrettably, the trend line has tended to be in the opposite direction, so it is very welcome that the government has decided to open five new posts. I think it is the largest single expansion of the diplomatic network in 40 years.

CHAIR: I was particularly interested in Qatar. I must admit that I did not know that we did not have representation in Doha. Can you explain to us where the opportunities lie with the appointment of someone in the diplomatic corps in Doha?

Mr Varghese: We have representation at the moment in Abu Dhabi, and also an Austrade mission in Dubai. The decision to open in Doha essentially reflects an economic diplomacy agenda, but not exclusively an economic diplomacy agenda. We have a fast-growing economic relationship with that part of the world. We are hoping to resume negotiations on a free trade agreement with the Gulf countries. The connectivity provided by airlines such as Emirates and Etihad has had a profound effect on the trade numbers and the level of business interest in the Gulf. And, of course, we also have some important security connections with the Gulf, not least those related to what we are doing in Iraq in relation to the fight against Daesh, and also the basing of some of our air assets in the UAE. There is probably also a growing tourism connection, particularly on the back of growing airline connectivity. While the student numbers from the Gulf are not in the same league as from China and India, again that is a growing area. So we have quite a substantial range of interests which would be further advanced by opening up a post in Doha.

CHAIR: Where is the Indonesian government in terms of the intention of the Australian government to open a consulate in Makassar? In the event that that does proceed, can you tell us why it is an appropriate location in terms of our relationship with Indonesia?

Mr Varghese: The Indonesian government welcomes the opening of a mission in Makassar. Eastern Indonesia is an important region of Indonesia, and successive Indonesian leaders, certainly President Yudhoyono, but also his predecessors, and now President Widodo, have emphasised strongly the development of eastern Indonesia. So we see this as an opportunity to extend our trade and investment connection with Indonesia. Because the Indonesia relationship is such a big and important relationship to us and has so many different dimensions, I think the fact that we have a presence in eastern Indonesia will also add to our non-economic agenda with Indonesia.

CHAIR: Finally, to Phuket. Is the main catalyst for having a consulate there to deal with Australians who are visiting Phuket from a tourism point of view?

Mr Varghese: Yes. The primary purpose would be to reflect the consular workload, which is very large in Phuket given the number of Australians who holiday there; quite a number of Australians are also resident in Phuket. It is a very busy consular area for us and a consulate general will help us deal with that.

CHAIR: Finally, in those locations where we have honorary consuls, can you just explain briefly for the committee's information: are honorary consuls paid or their costs met?

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Mr Varghese: I will see if there is anyone who can add to the details. Honorary consuls, for the most part, do this work for love rather than money. We do reimburse costs but they tend to be the direct business costs that they have in fulfilling their consular functions. Invariably they spend enormous amounts of time, for which they do not bill us, and they do great work for Australia.

Senator GALLACHER: Let us move to the innovationXchange and new policy initiatives. This is an article from a publication that I am not familiar with, but I do have some support for the words:

Terence Wood, a research fellow at the Australian National University’s Development Policy Centre, is unsure whether the touted “Silicon Valley” approach can really flourish in such a risk-averse culture:

“It seems like an interesting initiative but it is hard to offer unqualified support at this point in time,” he told The Mandarin. “I think it may be the case that it is difficult, in a risk-averse political climate, for a government-run initiative to allow too much failure—and, importantly, to discuss it publicly in a way that allows for learning.”

I know through my involvement in the Joint Standing Committee on Foreign Affairs, Defence and Trade subcommittee that the innovation hub, so to speak, has been the subject of much evidence and discussion. Firstly, the budget currently lists an innovation fund of $20 million for the 2014-15 and 2015-16 years. Is this the same as the $140 million innovation hub?

Mr Varghese: I will ask Mr McDonald and Ms Rauter to go into that detail. Can I just make this point: there will be a number of armchair critics of what we are trying to do here. I have been fairly honest with the committee in the past in addressing this question—

Senator GALLACHER: I think you have always been honest, Secretary.

Mr Varghese: about how you generate innovation in a public sector culture, which is not used to something more akin to venture capital than anything we have dealt with in the public sector before. I am very conscious of the challenges that faces. The idea of establishing a unit with the explicit mandate of looking for new and better ways of doing things is a very laudable objective. I think it deserves to be tried, and tried seriously. We are conscious of the risk culture issues; we are now, not just in DFAT but across the public service, seeking to shift the risk curve. You will see that from what we have already started with the innovationXchange, and we talked about this earlier today in relation to what we are doing with Bloomberg. But there are other things also that the innovationXchange are looking at. Lisa Rauter or Ewen McDonald are well placed to take you through those.

Senator GALLACHER: We do have some more questions on that type of aspect. I was initially wanting to know the funding aspects of it.

Mr McDonald: The answer to your question, Senator Gallacher, is yes. The 2014-15 $20 million and the 2015-16 $20 million is part of the $140 million over four years.

Senator GALLACHER: Does that mean there will be a further $100 million for the Innovation Hub over the final two years?

Mr McDonald: Yes, that is the way it is profiled.

Senator GALLACHER: If we return to the secretary's earlier comments—either Secretary Varghese or Deputy Secretary McDonald—can you reflect on the department's performance so far in this high-risk engagement via the innovationXchange? In additional
estimates there was identified engagement as new territory, and spoke to DFAT's general discomfort or unfamiliarity with risk—are those incorrect statements?

Mr Varghese: I do not think they are incorrect statements; I think they are just pointing to some of the issues that we are going to need to be very conscious of as we take forward the work of the innovationXchange. I would also say that, while we have set up this innovationXchange expressly to look at how we deliver development assistance, we also want to use it to encourage more innovation across the department, not just in the aid area.

Let me give you one example. We have launched an ideas challenge, where we have invited officers of the department to submit ideas on how to do things more efficiently, do things better, do things more innovatively. That has had an extraordinary response in the department. We have had some 400 ideas submitted. We have subjected them to a vote, and we have had, I think, 5,000 or 6,000 votes cast—you can vote for more than one idea. We are shortlisting those at the moment. In the next fortnight we will be choosing winners, and that will include involvement by the foreign minister and, if his schedule permits, the trade and investment minister. That is just one example of the way in which we are making some progress in this area. I am not declaring victory by any means. Notwithstanding some of the questions that are being asked in relation to how all this fits with a traditional public sector culture, I think we are taking some important steps.

Senator GALLACHER: Is it possible to get a look at the 400 ideas, and what you are actually promoting or voting on?

Mr Varghese: Can I take that on notice?

Senator GALLACHER: Absolutely. In respect to your comment earlier about venture capital, in another life, we had some investments in venture capital, and I made the mistake of saying, 'Which ones are we going into? Show me the ventures.' The promoters were aghast. They thought you should never take that view. You should invest in a fund-to-funds type approach and back yourself off from the direct loss or win ratio. The way that you have described it, it seems to me that you are actually going to try and pick winners, rather than picking a set of circumstances where you can spread your capital and allow the result to come off minimising the risk because you invest in enough. I do not want to confuse anybody. Mr McDonald?

Mr McDonald: It is a very valid point. I think it came up in the subcommittee discussion we had with you and others not long ago. We have been very conscious of getting advice on the way you manage risk in a portfolio sense, if you like. For example, we have been to the ANAO to have a discussion with them. You would know from your past experience that, when you look at that portfolio of risk, you have got some at the higher end and some at the lower end, and it is also on how you commence in an iterative way to try or incubate ideas or new ideas to see whether they work or not.

The advice I have had is that it is never black and white necessarily that something works really well or does not work at all. There is often some stuff in the middle as well that you can learn from and apply more broadly across the agency. The risk profile is one thing we are very focused on. We are also trying to manage that by partnering with others, so you could think about the innovation exchange partnering like with Bloomberg, for example, where we
are putting in $15 million and Bloomberg is putting in $85 million—so some of those partnerships to try and minimise the risk as well.

In terms of the innovation, we are trying to drive, it is not just the $140 million in the innovation exchange; it is broader across the $4 billion in the program. Within the agency, we have also set up an innovation committee, if you like, of people to help infuse innovation across the agencies. You can imagine, with 400 ideas, the worst outcome for us is that those ideas are not considered, and people do not get feedback. They feel like their ideas have not been heard, so we are conscious of that as well.

Senator GALLACHER: As the responsible officer, or the executive team, have you considered or accepted a failure rate? Is that in your thinking?

Mr McDonald: There will be projects that do not work but there will be criteria that we have to assess whether we invest in a project first off. For example, a project cannot be just something, because it is a good project. There must be something that we can scale into our region—issues around absorptive capacity and other things as to whether projects can actually work or not.

There will be things that do not work as well as we would like, but we think there will also be learnings from that that we can apply to the future and things that we can transform. The Bloomberg one is a good example of where we think, if that actually works, then we can transform that into, as I said this morning, domestic violence, for example, and data on that.

One of the problems with the countries, particularly in our region, is that without the data and the analysis around the data, then the interventions that you implement are often not based on the sort of evidence that you would like, to make sure you are making the most informed decision. You are right: things will probably not work, and we are just going to have to deal with that at the time.

CHAIR: Senator Gallacher, could I just interrupt? Did I hear you say that the ANAO have been involved in the process?

Mr McDonald: We had a discussion with the chief auditor of the office, Ian Macphee, and others—and Mr Varghese was part of that discussion. We were honestly just going out to seek advice, and the advice we had was to look at a portfolio of risk and to think about those that are at different spectrums of that. That is a good way of looking at risk because, if you look at an individual project and it does not work, and you have everything at high risk and clearly that is not a good strategy; if you have a good mix, then that is actually a good way of managing risk. If we do not take some risk, we will not be able to get the transformation that the foreign minister is looking for in terms of our development outcomes.

CHAIR: I just make the comment that the three months I had the privilege of spending at the General Assembly of the UN—very much they seemed risk averse and I could not see where there were new innovations—but if I can just interrupt Senator Gallacher for a moment longer, I was very interested in a comment from Professor Richard Feachem from UC San Francisco in western California in which he made that comment. He said:

The development challenges faced by the nations of Asia and the Pacific will not be solved by yesterday’s approaches and policies. Disruptive thinking, innovation, and risk-taking are all essential. The iXc will help drive a truly 21st century approach to aid. Australia is to be congratulated
Why I was most interested in that is: if we can end up with a formula at the Australian level
with the international involvement expertise, Australia could then have an influence in
actually changing the way in which the whole UN process thinks about the allocation of aid
and—

Mr McDonald: As I said earlier, if you even look at the sustainable development goals
that have been developed this year and the amount of money that is going to be required into
the trillions of dollars to implement that, then clearly public funding is not going to be
sufficient. Part of the InnovationXchange is also looking at different financial instruments and
different partnerships, particularly with philanthropics that are now emerging, and Bloomberg
is a good example of that. The Pacific has its unique challenges for us in terms of the Pacific
Islands and the challenges around private sector growth and the like. The project we are trying
there, which is what I referred to this morning about the tender processes, to try to get
business to partner with local business in the Pacific to generate—

CHAIR: If it is possible to end up with a platform that the philanthropics, the corporates
and the NGOs can all work cooperatively together, we will see a vastly greater effectiveness
of the dollar. Thanks, Senator Gallacher, sorry to interrupt.

Senator GALLACHER: Thank you. If we can get a better idea of how this process is
working, and when it inevitably blows up in some area of it, then we may be less critical, I
suppose.

Mr McDonald: Can I just say on that, that is one reason why we wanted to brief the aid
subcommittee and get feedback from you as well. We are generally looking for issues to be
raised by people before we get to that position so that we are aware, we can talk through those
and everyone is informed as we go forward.

Senator GALLACHER: I think there are three projects that are underway. Are they
projects where we are a component of that, or are we totally in control of it? Can you give us
an update on the three projects mentioned?

Mr McDonald: I might ask Ms Rauter to do that.

Ms Rauter: Yes, there are three projects that we
have made financial commitments to at
the moment. The first one was announced in September last year by the foreign minister,
which is the Global Innovation Fund—that is a fund that we partner with the US, the UK and
Sweden—and the Omidyar Foundation, which is the founders of eBay; their philanthropic
arm. The idea of that is to reach economies of scale and cost-effectively do a global call for
innovative ideas that can impact positively for development. We have invested $30 million
over four years in that fund. That fund is at a stage where they have called for proposals. They
have got more than—

Senator GALLACHER: Sorry, what is the total size of that fund?

Ms Rauter: It is about $209 million.

Senator GALLACHER: About 12 per cent or something?

Ms Rauter: Yes. They have called for proposals. They have had more than a thousand
proposals so far, which they are going through the process of considering and shortlisting.
They have chosen some projects to invest in, but they have not made an announcement on
those yet. They are waiting to get a few more—

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Senator GALLACHER: Are those thousand proposals available to the committee?

Ms Rauter: No, they are not. We would have to ask the Global Innovation Fund. It is a private company.

Senator GALLACHER: Yes, I understand.

Ms Rauter: The second project is the partnership with Bloomberg, which we have spoken about today. They are very much still going through their design processes. They are also in the process of negotiating with different countries that they want to use as pilot countries, and we talked about that earlier today. The third project is—

Senator GALLACHER: That was $10 million, that model?

Ms Rauter: That one, US$15 million is the Australian component, or A$20 million. The InnovationXchange component of that is A$15 million, and that is over two years.

CHAIR: Bloomberg's contribution?

Ms Rauter: Is the remaining US$85 million that Mr McDonald has talked about. Again, that is an excellent example of how we have leveraged private sector funding into our region. The third example is SEED Pacific. SEED Pacific is an initiative which we are trialling. We have taken a very open procurement approach, rather than specifying exactly how we would like that project to work. We have gone out to tender and asked for ideas from the market as to how we would best engage with the private sector to bring their knowledge, their skills, their logistics, their network and their systems into the Pacific, and work in the Pacific in a way which has a development impact or a social impact.

Senator GALLACHER: That is three funded projects?

Ms Rauter: They are three funded projects. The further projects that are in the early design phases are around humanitarian, and how we can use innovative approaches to have a faster, more cost-efficient response to humanitarian crisis in the region, and we are taking user-centred design process for that. We are engaging with local communities in terms of the impact that disasters have on them, and how we can better respond. We are also looking at initiatives in the blue economy space. This is how small island states, in particular, can realise better economic value and revenue return from their ocean assets.

Senator GALLACHER: How many projects are in the pipeline?

Ms Rauter: Humanitarian and blue economy are our pipeline projects.

Senator GALLACHER: Two.

Ms Rauter: To be honest, there are multiple things we are looking at, particularly around how we support entrepreneurs in the region and how we better connect technology with what we call 'bottom-of-the-pyramid' markets, or developing markets.

Senator GALLACHER: Are there any indicative timeframes or costs on those pipeline projects?

Ms Rauter: With the blue economy, we expect there will be something announced in terms of exactly how we will take that forward toward the end of this year. With humanitarian, we are working in line with the world humanitarian summit, which will be in March or May next year. We will have something to announce around exactly what types of projects we would like to support around then.
Senator GALLACHER: Thank you for that. If we could touch on cybersecurity: how many times has DFAT been subjected to cyberattacks?

Mr Varghese: Let me see if the relevant colleagues are at the table.

Mr Spackman: It has been the stance of successive governments that we do not discuss operational security or cybersecurity matters, Senator.

Senator GALLACHER: You do not discuss whether, like all government departments and major corporations, you need a proactive defence against cyberattacks?

Senator Brandis: The Australian Cyber Security Centre, as you may know, was opened last year. Nothing could be further from the truth than to say that Australia is not proactive in relation to—

Senator GALLACHER: I do not think I said that. I said you need a proactive policy.

Senator Brandis: We absolutely have a proactive cybersecurity policy. The policy responsibility for cybersecurity lies with the Department of the Prime Minister and Cabinet and with my department. In their respective ways, all departments and agencies of the Commonwealth are aware of the risk and the need to take mitigation measures. As well, we partner with industry and, through the Attorney-General's Department, I and my senior officials—including the Director-General of ASIO—meet with industry leaders on at least an annual basis to acquaint them with cyberthreats and mitigation measures. This is a very active field of policy within the Australian government.

Senator GALLACHER: I note with interest that the secretary of Defence was quite willing to discuss these matters yesterday. I think they said they are under continual attack.

Senator Brandis: We are.

Senator GALLACHER: They did not have any disinclination to discuss it.

Senator Brandis: It is enough to say the Australian government, and Australian private sector entities, are under frequent attack from cyber intrusion. We do not talk about particular cases. Australia is not unique. It is a well-known fact that a couple of years ago this parliament itself was the subject of a cyberattack from a foreign actor. This is the case across the world.

Senator GALLACHER: So we can rest assured there are adequate measures in place?

Senator Brandis: We are very much across this issue and, we believe, ahead of the game.

Senator GALLACHER: We will not be reading confidential documents from DFAT in WikiLeaks and other unfortunate places?

Senator Brandis: We have to stay ahead of the game. The Australian documents that were disclosed during the WikiLeaks event were documents that were held by one of our partners, that we had placed with one of our partners. That was not a failure of Australian cybersecurity. The broader point—and it is an area that occupies me on almost a daily basis; I would be very happy for you to have a private briefing about it, if you are interested—is that it is a very big problem and a very big issue. It is something in which we are very proactive.

Senator GALLACHER: The other side of attack is betrayal. Is there a policy inside in the department to ensure that we are not at risk?
Senator Brandis: There are whole of government policies to deal with insider threats, yes. Mr Varghese can talk about DFAT if he chooses to, but there are whole government policies to deal with the problem of the so-called trusted insider.

Mr Varghese: Obviously, we take this issue extremely seriously, just as we take the cyber issue extremely seriously. I can assure you that we are very focused on the risks and that we work very closely with ASIO and with other agencies that have a particular responsibility for counterintelligence.

Senator Gallacher: Thank you.

Senator McEwen: Just on broader aid questions, I know earlier on—it seems like a long time ago—Senator Singh asked some similar questions about eHealth. This is about the health strategy, which I appreciate you said was going to be released shortly. Is that right?

Mr McDonald: Yes, I did. I said it would be made public, but that was a matter for the minister when it was released. I would expect that to be shortly, yes.

Senator McEwen: Do we have any idea what priority nutrition will have in the health strategy?

Mr McDonald: Yes. I will ask Mr Exell to talk about the strategy.

Mr Exell: Thank you for the question. I have just left my copy of the aid policy framework—so the strategy—back at my seat. Regardless of the health strategy itself, there are actually strong references to nutrition and there is importance put on nutrition for a range of measures in the overarching aid policy framework already.

Senator McEwen: Can you advise on the estimated funding for specific nutrition measures in the current financial year?

Mr McDonald: I think, and Mr Exell can correct me if I am wrong, we cannot determine the actual expenditure until the end of the financial year. That is because of the way the programs work; we have to gather it all in from all of our country programs and our multilateral programs and the like to come up the split. I think that is correct.

Mr Exell: Yes.

Senator McEwen: But at the end of the financial year, you could provide the amount of funding. Is that able to be teased out into the country and/or program specific amounts once you have received it?

Mr Exell: I would imagine we would be able to do that. There is an internationally agreed methodology to measure nutrition specific and nutrition sensitive investments, because there are two types of support for those activities. We should be able to get those at a country level as well.

Senator McEwen: You have taken that on notice then for—

Mr Exell: Following the end of the financial year.

Senator McEwen: In regard to early childhood education, can the department advise how much of Australia’s estimated $1.1 billion in support for education in the current financial year is allocated to early childhood education?

Mr McDonald: I think we would have to take the specific components on notice.
Senator McEWEN: Is that subject to the same reporting mechanism that you mentioned with regard to nutrition?

Mr Exell: Yes, that is right.

Mr McDonald: Just on that, we report our sectoral splits in the annual report, which is in October. That gives us the data that we need to answer those specific questions. It will be September. It is that sort of time frame.

Senator McEWEN: You will have it ready for the next estimates?

Mr McDonald: Yes, ready for the next estimates. We will be able to answer that for you.

Senator McEWEN: The information provided on the 2015-16 budget indicates a relatively high contribution to global education programs in 2014-15 and reduced contribution in 2015-16. Can you confirm what are the contributions for the Global Partnership for Education in both financial years?

Mr McDonald: Yes. That reflects the payments over financial years for the Global Partnership for Education. I think Mr Wood will be able to confirm this for me. There is a lower payment in the next financial year—2015-16—than there was in 2014-15. That is just the agreed schedule of payments for the Global Partnership for Education.

Senator McEWEN: What percentage reduction is there?

Mr McDonald: There is no reduction. The Global Partnership for Education pledge that was made by the government has been honoured in the budget. That different payment schedule in financial years reflects the payment schedule that we have agreed to for the four-year pledge.

Senator McEWEN: So there is no reduction between the current financial year and the next financial year in funding to the Global Partnership for Education?

Mr McDonald: No, there is no reduction in the overall pledge. The government made a financial commitment—

Senator McEWEN: Yes, but what is the monetary contribution differential?

Mr Wood: Australia has pledged $140 million over four years to GPE. The pledge is not affected by the reductions in total ODA. However, as Mr McDonald said, there is a difference in the timing of those cash payments. We have $160.8 million recorded in 2014-15 and $26 million recorded for 2015-16. It refers partly to a back loading of one contribution and the front loading of another.

Senator McEWEN: You said it was $140 million over four years, and then you said it was $160 million in the current financial year and $26 million in the next financial year.

Mr Wood: Correct. They relate to two separate commitments.

Senator McEWEN: What is that figure as a proportion of the total ODA budget in 2015-16? What is the proportion percentage-wise of funding going to education in the total ODA budget for 2015-16?

Mr McDonald: We will not know that yet. We have to go through and agree the priorities with the partner countries. Once we have identified those priorities, we will be able to aggregate that up and report the sectoral split of our expenditure for 2015-16. We are happy to take that on notice.
Mr Wood: I will note that it is on our website. We have a web page covering education. The contribution for 2014-15 is $1.1 billion. Just to reiterate what Mr McDonald said, an estimated budget allocation for 2015-16 will be provided following consultation with partner governments, other partners and the completion of aid investment plans.

Senator McEWEN: Because the allocation of the funding to the different potential areas of aid is driven by the countries to which we are donating? I think you said that somewhere.

Mr McDonald: Yes. We agree the priorities with those country partners.

Senator McEWEN: That is the language I was looking for.

Senator GALLACHER: Secretary Varghese, the Chinese-Australian relationship would be the most important diplomatic relationship we have in terms of trade and the region?

Mr Varghese: China is our largest trading partner; that is certainly the case. I do not know if I would rank it is our most important diplomatic relationship, and I am not sure there is much value in providing a precise ranking of our relationships. But, clearly, it is amongst our most important.

Senator GALLACHER: There was an admission from the Prime Minister that Australia's policies towards China are driven by two emotions—fear and greed. The Prime Minister's candid appraisal of Australia's motivations were given in a conversation with Germany's Angela Merkel. Did that cause you any extra work, so to speak?

Mr Varghese: I have seen those reports. I do not know on what they are based and I do not have any information to confirm that the Prime Minister used that language.

Senator GALLACHER: When did that come to your attention?

Mr Varghese: I read it at the time that the article was written.

Senator GALLACHER: Forgive me; I do not know when the article was written.

Mr Varghese: Neither do I!

Senator GALLACHER: Did the Chinese government raise the issue with the department?

Mr Varghese: No, not to my knowledge. I would not expect them to. But I do not think they have.

CHAIR: Was it in The Canberra Times?

Senator McEWEN: I do not think it was in The Canberra Times.

Senator GALLACHER: So basically you read the article and there has been no work done in respect of any repair that might be required?

Mr Varghese: No.

Senator GALLACHER: There was an ad which was taken out which received some comment in Crikey on 19 March:

Happy birthday, Gloria. Readers of The Australian were left scratching their heads this morning over this advertisement, which took up the whole of page 5 …

Are you familiar with that advertisement?

Mr Varghese: No, I am not.

Senator GALLACHER: The Crikey article goes on:
The advertisement is a letter titled “I Shine … because of you”, from Gloria Zou, an eight-year-old Chinese girl who lives in Australia, and it describes her life as well as thanking political figures such as Prime Minister Tony Abbott, “uncle Tony Abbott,” and Foreign Minister Julie Bishop, “Auntie Julie Bishop”. As the letter states, today is Gloria’s eighth birthday, and it ends with a wish to “let us light up you and me, lighting up the whole world”. … Is this a new avenue of diplomacy from China to Australia?

**CHAIR:** That would be from *The Canberra Times*.

**Senator GALLACHER:** No; this is *The Australian*.

**Mr Varghese:** Sorry; who advertised this?

**Senator GALLACHER:** This was an advertisement placed in *The Australian*. This report comes from Crikey. It cites the advertisement thanking 'Uncle Tony Abbott' and 'Auntie Julie Bishop'. The Zou family were contacted to talk about the advertisement, but did not comment. Did you approve the ad? Did the minister's office approve the ad?

**Mr Varghese:** It is complete news to me.

**Senator GALLACHER:** Did DFAT or FMO authorise the use of the minister's photograph?

**Senator Brandis:** Senator, you seem to be running low on questions. We could go now if you really wanted to, if that is all you have got left.

**Senator GALLACHER:** Is Gloria Zou known to the department?

**Mr Varghese:** I am advised that the department had no role in this advertisement. I am sure that will come as a big surprise to you.

**Senator GALLACHER:** The decision was pressing—I think is the best word to describe it. We were getting close to a deadline, weren't we?

**Mr Varghese:** There were certain deadlines built into the process in terms of signing the memorandum of understanding which got you entrance into the negotiations on the articles of association. Those negotiations have now concluded, and I think the actual articles of association will be open for signature at the end of June.

**Senator GALLACHER:** But I think—and I have only had this from press reports and perhaps a conversation with some people in China—if you want to influence the governance of a structure, you need to be there at the start.

**Mr Varghese:** Well, that was the negotiations on the articles of association, because the articles of association are, if you like, the ground rules for the bank—how it is going to operate, how the board of governors will operate, how capital contributions will operate, how
constituencies will operate. Access to those negotiations were only available to those that signed the memorandum of understanding, which Australia decided to do, so we have been a participant in those negotiations.

Senator GALLACHER: Along with the United Kingdom, was it?

Mr Varghese: A large number of countries have participated in that. I think at last count there were 57 countries involved in that process, including the United Kingdom.

Senator GALLACHER: Did the Prime Minister have consultations with President Obama or Prime Minister Abe in relation to that? And were you involved in those conversations?

Mr Varghese: I would need to take that on notice, Senator, whether there were discussions at head of government and head of state level.

Senator GALLACHER: When did DFAT advice on the AIB change to a position of support, if that is the case?

Mr Varghese: I am not going to go into the details of DFAT advice. We, as I indicated, have been following this issue very closely and at each step of the way we have provided analysis and advice to our two ministers.

Senator GALLACHER: Okay, so you are not going into the details of the advice. But did DFAT change position throughout the course of the examination of the proposal?

Mr Varghese: I would not characterise our position as changing positions. We have to make judgements about a process that is developing along the way and at different points in that process we make judgements.

Senator GALLACHER: Were the judgements all in one direction?

Mr Varghese: The judgements, from a DFAT point of view, were the most appropriate judgements we could make in the circumstances.

Senator GALLACHER: Former secretary of Prime Minister and Cabinet, Ian Watt, is now Australia's special envoy on governance issues for the AIB. Who pays his salary?

Mr Varghese: That is handled by the Department of the Prime Minister and Cabinet.

Senator GALLACHER: Is that a publicly available figure?

Mr Varghese: You would have to ask the Department of the Prime Minister and Cabinet as to what his terms and conditions were. He was sent on a particular mission as special envoy to consult with a range of countries in the region and beyond to explain the decision that Australia had taken in relation to signing the memorandum of understanding and to canvass the issues that would need to be dealt with in the negotiations of the articles of association.

Senator LUDLAM: I have a couple of questions that relate to Australia's foreign aid into Gaza. Who would be the best person to take those on?

Mr McDonald: Mr Innes-Brown will come up, Senator.

Senator LUDLAM: Great, thank you. Thank you for joining us, Mr Innes-Brown. Can you just confirm for me that the 2015-16 budget cut aid to the Palestinian territories from $34.2 million to $20.5 million—is that accurate?

Mr Innes-Brown: Yes, that is right.
Senator LUDLAM: What components of Australia's contribution to that part of the world did that hit, in particular?

Mr McDonald: I do not know if you were here earlier, but in relation to the 2015-16 budget allocations, which were announced the best part of three weeks ago, we are now going through discussions with our partner governments on the priorities for 2015-16. When they are complete we will be able to provide that information to you. If you do not mind, we will take that on notice.

Mr Innes-Brown: I should add that I will be travelling to the Palestinian territories in two weeks to go through all of this.

Senator LUDLAM: You will be?

Mr Innes-Brown: Yes.

Senator LUDLAM: Can you give us a rough idea of who you are likely to meet with while you are there.

Mr Innes-Brown: I do not have a program at the moment, but senior officials in the Palestinian Authority.

Senator LUDLAM: I also understand that Australia committed—I do not know whether it was an additional; you may be able to clarify that for me—$5 million to assist with the rebuilding of Gaza, which was very, very badly damaged last year. Did that $5 million come from a humanitarian fund or a separate appropriation, or was that out of our regular aid contribution?

Mr Innes-Brown: That is right. It was $5.7 million and it came from our existing appropriation for the Palestinian territories.

Senator LUDLAM: Has that aid money been able to reach Gaza?

Mr Innes-Brown: I would have to take the details on notice, but the money went to UNRWA, which has a fund which is organising assistance for people who were affected by the conflict last year. Whether they have dispersed the money at this stage or not, I do not know. I will have to take that on notice.

Senator LUDLAM: Have they reported any difficulties in implementing Australia's aid projects into that area?

Mr Innes-Brown: Not specifically; no.

Senator LUDLAM: They have not specifically reported any difficulties since the war last year?

Mr Innes-Brown: No. There are obviously some general difficulties.

Senator LUDLAM: How would you describe those 'general difficulties' to us?

Mr Innes-Brown: I gave evidence on an earlier question. In terms of reconstruction of Gaza, there are a range of challenges, including in delivering money and also materials into Gaza. I can go through those again, if you like. First of all is the fact that the Palestinian Authority has not been able to take control of the reconstruction effort in Gaza, because Hamas has refused to relinquish that. Also Israel, understandably, for security reasons, is scrutinising materials that go in, including because of the history of what has happened to construction materials in the past. Another issue is that there was a conference in Cairo after
the conflict, and only about 26 per cent of the contributions that were made by donors have yet been paid. However, there has been some general progress, as I reported earlier. UNRWA has been able to assist about 60,000 families, almost half the case load of displaced refugee families, to help them repair their homes.

Senator LUDLAM: What effect is the blockade of Gaza having on Australia’s aid program to this area?

Mr Innes-Brown: To my knowledge it is not having any specific impact. None has been brought to my attention.

Senator LUDLAM: You can clarify your language, if you like. You say that materials are being scrutinised or checked for security purposes before it enters the Palestinian territories. Is it Australian aid and reconstruction materials that is being scrutinised before it goes into Gaza?

Mr Innes-Brown: What I am saying is that there is a thing called the UN materials monitoring unit. It is a tripartite arrangement between Israel and the Palestinian territories and the UN. It is a mechanism set up to scrutinise all construction materials going into Gaza.

Senator LUDLAM: Just to be clear: you have not had it reported to you. When was the last time you visited that part of the world?

Mr Innes-Brown: I have not visited it. I am planning to visit in two weeks.

Senator LUDLAM: You have not been there before?

Mr Innes-Brown: No. My staff have.

Senator LUDLAM: I am a bit surprised, I must admit, that you do not report any impact of the blockade of those territories.

Mr Innes-Brown: Not specifically affecting our projects that we are funding. None has been specifically brought to my attention.

Senator LUDLAM: What about generally?

Mr Innes-Brown: I just went through that. I did explain that there is a process of stuff going in. It has generally been slow for the reasons I outlined before.

Senator LUDLAM: Sure. Has Australia made any representations specifically to either Israel or Egypt to allow reconstruction materials to more easily enter those territories?

Mr Innes-Brown: Not to my knowledge.

Senator LUDLAM: Is that something that you could check for us?

Mr Innes-Brown: I could check, sure. I will take that on notice.

Senator LUDLAM: In the context of the destruction of a large part of those areas and the very clear humanitarian need, why did the 2015 budget reduce aid to the Palestinian territories?

Mr McDonald: Earlier we talked about the funding for 2015-16 to the Palestinian territories. That was a question you asked at the beginning. There was also some humanitarian assistance, as Mr Innes-Brown talked about, of $5.7 million—

Senator LUDLAM: But that came from within the existing—
Mr McDonald: Yes. There is also core funding that we provide to UNWRA. We provided $20.3 million last year and we are providing $19.3 million next financial year as well.

Senator LUDLAM: I am happy to put the question to you, if you would rather take it.

Mr McDonald: Yes, sure.

Senator LUDLAM: Why did the 2015-16 budget reduce aid to those territories given the extraordinary scale of the need?

Mr McDonald: In terms of the humanitarian need, overall the humanitarian budget was reduced by a very small amount—

Senator LUDLAM: And I am asking the reasons why. I would have thought, given that the place was virtually pulverised during the last financial year, that an increase in aid would be in order.

Mr McDonald: Senator, as you know, in MYEFO the aid budget was reduced.

Senator LUDLAM: It was.

Mr McDonald: The government had to make decisions around the allocations. What I have said is a humanitarian area, which is what we are talking about now in terms of the response, was preserved in that and had a small reduction, as I said earlier, from $338 million to $328 million. As part of that UNWRA, which we provide core funding to, which is the most effective form of funding, as you know, for humanitarian agencies, we reduced that by $1 million next year.

Senator LUDLAM: The foreign minister of Germany recently called for the lifting of the blockade. Has the Australian foreign minister made any representations to this effect?

Mr Innes-Brown: In response to those comments by the German foreign minister?

Senator LUDLAM: It is worth making the distinction. Either in response to those comments from the German—

Mr Innes-Brown: Not in response to those particular comments.

Senator LUDLAM: So that is clear. Has the Australian foreign minister or any other official made any representations to the effect that the blockade be lifted?

Mr Innes-Brown: I will have to take on notice what discussions we have had about that over recent years. I do not know.

Senator LUDLAM: I would appreciate that. Are you familiar with the report released by the World Bank on 21 May that indicated that Gaza's economy is on the brink of collapse, it has the world's highest unemployment rate, 80 per cent of its citizens are relying on international aid and only one-quarter of the funds pledged have been honoured? You referenced that latter point in some of your earlier remarks, but are you aware of that report by the World Bank?

Mr Innes-Brown: I am aware of the headline conclusions, the headline points of it. I do recall reading it.

Senator LUDLAM: You read the headline conclusions or the document itself?

Mr Innes-Brown: I do not actually recall, but I am aware of the general conclusions, yes.
Senator LUDSLAM: So you are aware that the general conclusion was that recovery of the shattered economy of that part of the world is only possible, says the World Bank, 'with the easing of the blockade to allow sufficient reconstruction materials in and exports out'? Effectively the economy is being starved.

Mr Innes-Brown: I will have to read the full report.

Senator LUDSLAM: Is that an undertaking that you are making to us?

Mr Innes-Brown: Sure.

Senator LUDSLAM: Only if you think it is worth your time.

Mr Innes-Brown: I am happy to.

Senator LUDSLAM: I might leave it there on Gaza. You have given us some general undertakings around security checks for materials entering the Palestinian territories and you have said that you are not aware of any specific issues. I find that really difficult to believe, so I ask you to take on notice to find out from our partners, whether it be UNWRA, World Vision, APHEMA or any of the other groups that we have relevant linkages with, whether they are reporting—if you are able to actively check for us—

Mr Innes-Brown: Sure.

Senator LUDSLAM: any difficulties in delivering aid to a part of the world that desperately needs it.

Mr Innes-Brown: Will do.

Senator LUDSLAM: I would greatly appreciate that. Chair, I have other questions that relate to other parts of the world, so I am in your hands. I have some questions which might be very brief.

CHAIR: Let's do those for five minutes, and then I will go to Senator Xenophon.

Senator LUDSLAM: That will probably do it because it may not be something that the department has carriage of. Can you tell us what involvement the department has, if any, in the review of the PKK's listing as a terrorist organisation in Australia and its status within this country? I understand that review process is due in August of this year and it is probably ASIO that has direct carriage of it but I want to know whether the department has any visibility of that review process?

Senator Brandis: It is ASIO that is responsible for advising on the listing of terrorist organisations—as you may know. That is a question that could have been asked in Attorney-General's estimates.

Senator LUDSLAM: Senator Brandis, are you checking your notes because you might provide us with some useful information?

Senator Brandis: I am having a look to see if there is any bearing on this department which we can tell you about.

Senator LUDSLAM: That is much appreciated.

Senator Brandis: Mr Varghese might know.

Mr Varghese: I am obviously aware of our role in terms of our own departmental responsibilities. The Ambassador for Counter-Terrorism may be able to help you with whether we are involved in the review in a more direct way.
**Senator LUDLAM:** That is in either in an advisory capacity or whether you have some direct responsibility and, yes, recognising that ASIO has carriage of the review formally.

**Mr Armitage:** I presume the review you are referring to is of the Criminal Code listing, which is under the responsibility of the Attorney-General. DFAT is one of the departments involved in consultation in that process.

**Senator LUDLAM:** And that review process is underway now? It has commenced?

**Senator Brandis:** I can tell you that the current listing of the PKK under the code is due to expire on 18 August this year. The question of the renewal of that listing is a matter under consideration.

**Senator LUDLAM:** Thank you. For the purposes of clarity, is it the case that unless a renewal is positively lodged the listing lapses?

**Senator Brandis:** Yes.

**Senator LUDLAM:** That is the case? Okay. Are the reviews of allied countries operating on their own timetables and their own criteria taken into account when Australia—I guess not just in the case of the PKK—is reviewing domestic listings?

**Senator Brandis:** This is now squarely a matter within the Attorney-General’s area and, in particular, a matter for ASIO who provide advice to me as Attorney-General in relation to these matters.

**Senator LUDLAM:** Senator Brandis, we are very fortunate to have you here at the table tonight. Is this something that you have had cause to have regard to thus far? Or would you wait until a document is brought to your attention?

**Senator Brandis:** My approach, and I think it is the approach of Attorneys from both sides of politics—or it certainly should be—is to be guided in these matters by the specialists and, in particular, by ASIO who consult with other relevant agencies.

**Senator LUDLAM:** As one of the relevant agencies before us tonight—and I am sorry gentlemen there is not a name tag—

**Mr Armitage:** I am sorry, I do not have my nameplate.

**Senator Brandis:** This is Mr Miles Armitage, the Ambassador for Counter-Terrorism.

**Senator LUDLAM:** Are you directly engaged in advising ASIO or providing briefing material of any nature in this review?

**Senator Brandis:** I do not think it is really appropriate for us to talk about what may or may not be in preparation as advice to government. The listing expires, as I have told you, on 18 August. Naturally, with that date being shortly upon us, this is a matter to which—I do not think it is a secret—consideration is being given, but beyond that I am not really comfortable with the officials going into that.

**Senator LUDLAM:** All right. As time is reasonably short, could you just take on notice to provide the process that the department would follow in gathering information? You do not have to answer this directly now but, for example, whether you would speak to local representatives of the Kurdish community; or what kind of open-source, if you like, resources you would give regard to, if you were assessing a listing or a delisting. I will leave it there.
Senator XENOPHON: Mr Varghese, I am going to follow up on the issues that I asked about the fourth Geneva convention, and Australia’s view as to the applicability of the fourth Geneva convention in respect of the occupied territories in Palestine and East Jerusalem. I seek leave, Chair, to table a document I have obtained pursuant to the Archives Act, which is a Foreign & Commonwealth Office legal opinion dated 5 October 1971, in relation to this issue. It is a declassified document.

CHAIR: Do the minister and the secretary have a copy of that?

Senator XENOPHON: No; but I have a couple of copies here.

CHAIR: Thank you.

Senator Brandis: This is a brief prepared by the Commonwealth and Foreign Office.

Senator XENOPHON: Yes, it is.


Senator XENOPHON: Yes.

Senator Brandis: And—

Senator XENOPHON: If I could take you to annexure B—and can I assure the committee, and assure you, Attorney, that it is a declassified document that was obtained pursuant to our Archives Act.

Senator Brandis: Yes.

Senator XENOPHON: If I could take you to annexure B, headed ‘the applicability to the occupied territories of the fourth Geneva convention relative to the treatment of civilian persons in time of war’. Before I go to the specific passage that I wish to refer to, my understanding from the declassified documents is that this was a document that the Australian government sought, in forming its own opinion as to the applicability of the fourth Geneva convention to the occupied territories and to East Jerusalem. Can you confirm that, Mr Varghese—whether it was relied on?

Mr Varghese: Well, no I can't Senator. You are referring to a document that goes back to 1971. I am not sure—

Senator XENOPHON: That doesn't mean it is not a good one!

Mr Varghese: No; I am not casting any judgements on the merits of the document! I am not sure when we would have drawn on it, if we have drawn on it, in the period between 1971 and now. So no; the short answer is I cannot.

Senator XENOPHON: Could you take on notice whether the Australian government did draw on that document in reaching its own conclusions as to its own legal advice as to whether the fourth Geneva convention applied to the occupied territories?

Senator Brandis: Well, just a moment, Senator Xenophon. There are two problems with that question. First of all, it seems to be a question about the sources, at least, of legal advice, and therefore a question about legal advice, of the Commonwealth.

Senator XENOPHON: Not necessarily.

Senator Brandis: It seems to.

Senator XENOPHON: But not necessarily.
Senator Brandis: But, secondly, there is a relevance issue here. This document is 44 years old. We are considering the budget estimates of 2015-16. And, allowing for the fact that a great deal of latitude is allowed in Senate estimates hearings, questions must bear some relationship at least to the activities of the Australian government in 2015-16, and I am struggling to understand how a document of historical interest—of some 45 years' age—could bear any relevance—

Senator XENOPHON: It is 44 years. Don't be ageist!

Senator Brandis: Of 44 years of age, from 5 October 1971—could bear any relevance at all to the DFAT appropriations in the 2015-16 budget.

Senator XENOPHON: Chair, is that an objection? I am happy to respond to the Attorney's objection, if that is an objection.

CHAIR: I will be guided by the minister as to whether he regards it as an objection.

Senator Brandis: Well, it is not really an objection. Indeed, strictly speaking, I am not sure that I can take objections. In saying that we will take this question on notice, which we have done, I am foreshadowing that it seems to me highly unlikely that we will be able to have anything to say about this. As I say, this is of historical interest only.

Senator XENOPHON: Just for the record, firstly, the position as to whether Australia considers that the Fourth Geneva Convention applies to the occupied territories in East Jerusalem is a matter of current import. It affects issues of our relationships and conduct in that region, depending on what the position of the Australian government is in relation to the applicability of the Fourth Geneva Convention. These are matters that are directly related to budget estimates in 2015.

Senator Brandis: Well, that may well be—

Senator XENOPHON: I am sorry, Attorney, I have not finished. I was courteous enough to listen to you. Do you mind?

Senator Brandis: Well, Senator—

Senator XENOPHON: You will not let me finish, will you? You are very discourteous, Attorney.

Senator Brandis: I am happy to let you finish—

Senator XENOPHON: You have just shown that you are not.

Senator Brandis: But, in order to shorten things, I was simply going to make the point that what you asked about was not policy. What you asked about was a decision, and whether or not this document was one of the sources on the basis of which a decision was made. I was going to invite you to nominate when it is that you say that the relevant decision that you want to know about was made?

Senator XENOPHON: That was not my exclusive point. I suggest that Australia's position in terms of the applicability of the Fourth Geneva Convention to the occupied territories is still relevant today. The question I would like to put you, in addition to whether this document was relied on, is this: you say that you will not release the legal opinion of the Commonwealth in respect of the applicability of the Fourth Geneva Convention to the occupied territories. Is that the position of the Australian government?
Senator Brandis: It is the position of the Australian government that we do not release legal advice. There are occasions when exceptions are made to that general rule, but ordinarily that is the general rule.

Senator XENOPHON: Respectfully, Attorney, do you see the irony of the fact that a document that appears to have been relied on by the Australian government in reaching their own legal opinion—

Senator Brandis: I do not—

Senator XENOPHON: I am sorry, I have not finished—is a document that has been declassified and is available for viewing by the Australian public under the Archives Act?

Senator Brandis: No, I see no irony in that whatsoever. As for your assertion that this document was relied upon by the Australian government—I do not know whether that is true or not.

Senator XENOPHON: It is a question to take on notice.

Senator Brandis: You have not asked that question, but you see—

Senator XENOPHON: I am asking that question now.

Senator Brandis: What is the question you are asking?

Senator XENOPHON: The question I am asking now is: was this document in any way relied upon by the Australian government in obtaining legal advice as to the applicability in the occupied territories of the Fourth Geneva Convention Relative to the Treatment of Civilian Persons in Time of War?

Senator Brandis: What I think you mean to say is, was the document relied upon in the preparation of the legal advice which you say was sought. I do not know whether legal advice was sought; if it was sought, I do not know when it was sought. The document to which you referred is 44 years old. We have not identified any relevant decision by the Australian government which may or may not have been informed by legal advice that may or may not have been taken which, if it was taken, may or may not have referred to this document. But on any construction of your inquiry, I continue to have grave difficulties in seeing how this bears upon the 2015-16 budget estimates, albeit that the policy issue may well be a present issue. But you now do seem to be confining your inquiry to whether or not a decision was made. If that is the case, I assume, given the age of the document, that that is a decision that would have been made many years ago.

Senator XENOPHON: I respectfully suggest that you are seeking to confine my inquiry, and I am grateful to you for pointing that out in terms of the context of how this document was used. I acknowledge that, and I am genuinely grateful to you for that. Do you acknowledge, though, that the British government seems to have no difficulty in having its legal advice, its legal opinion in respect of the occupied territories and the applicability of the Fourth Geneva Convention released, but the Australian government does not?

Senator Brandis: I do not know that this is legal advice. It is described as a brief prepared by the Foreign & Commonwealth Office, which I have not read, to which three annexures are annexed. You have referred to one, which, as you have said, is called, 'The applicability of the occupied territories of the Fourth Geneva Convention Relative to the Treatment of Civilian Persons in Time of War'. The annexure to which you have referred is three pages long. It does
not quote any authorities; it does not appear to refer to any decision of the International Court of Justice; it does not appear to quote any scholarly texts about the topic. So I am not sure that this is legal advice to the British government. I would have to read it; but it may not be.

Senator XENOPHON: But insofar as it—

CHAIR: We will suspend for 15 minutes for tea. Senator Xenophon, I will ask you to continue afterwards.

Proceedings suspended from 21:00 to 21:15

Senator XENOPHON: Mr Varghese, in the absence of the Attorney-General, I will ask you. In relation to the answer that the Attorney gave earlier in respect of the settlement reached between the government of East Timor and the Australian government, which related to a specific dispute in relation to the ICJ—the Attorney is here; that is terrific—is it not the case that in terms of the arbitration panel established under the Treaty on Certain Maritime Arrangements in the Timor Sea that matter is still proceeding? That is correct, is it not?

Senator Brandis: I am not going to discuss actual potential proceedings involving Australia's interests in this forum, so we will take that question on notice.

Senator XENOPHON: You cannot tell us whether it is proceeding?

Senator Brandis: There is a proceeding that is currently adjourned.

Senator XENOPHON: If East Timor sought to call witness K as its witness, would the Australian government object?

Senator Brandis: Under no circumstances whatsoever, Senator Xenophon, will I discuss what may or may not happen, or what the Australian government may or may not do, in those arbitral proceedings if they proceed.

Senator XENOPHON: In broad hypothetical terms—

Senator Brandis: No. I will not answer hypothetical questions about possible litigation.

CHAIR: Senator Xenophon, you know better than that. Would you be more relevant in your questions.

Senator XENOPHON: Chair, you are being very generous and very fair but in this I ask that you—

CHAIR: No hypotheticals.

Senator XENOPHON: If there were a dispute between two nations, would the Australian government stand in the way of an Australian citizen giving evidence in such a dispute?

CHAIR: Certainly that is hypothetical—another question.

Senator XENOPHON: There are many other questions. Let us go back to the issue of the 5 October 1971 document from the Foreign and Commonwealth Office. Attorney, could it also be characterised as an advice from the Foreign and Commonwealth Office of the United Kingdom?

Senator Brandis: It is described as a brief.

Senator XENOPHON: Let us describe it as a brief.

Senator Brandis: That is what it says. It says 'a brief'. It describes itself as a brief. It refers in the main body of the document, which is only 1½ pages of text, to seven documents—three
of them reports, two of them conventions, one of them a speech, two of them general assembly resolutions—and the annexure, to which you have particularly referred—

Senator XENOPHON: It is the annexure that I am interested in.

Senator Brandis: Annexure B?

Senator XENOPHON: Annexure B.

Senator Brandis: It does not appear to me to be what I would call legal advice. It seems to me to be a reasonably discursive discussion of the issue, but not written particularly from a lawyer's point of view.

Senator XENOPHON: You may call it discursive; others may say it is quite precise and to the point. Notwithstanding that, Attorney—

Senator Brandis: The question is whether it is legal advice.

Senator XENOPHON: I have moved on from that question. Attorney, does the Australian government have a view as to whether the fourth Geneva convention applies to the Occupied Territories?

Senator Brandis: I will ask the foreign minister about that.

Senator XENOPHON: If you could take that on notice, I would be satisfied with that. If so, what is that view? Finally, Mr Varghese, a matter that is of less controversy, I hope: has the department received any reports of difficulties of Palestinians who have obtained scholarships in Australian universities in leaving Palestine to study here, including their spouse or family members who have been allowed to accompany them as part of the scholarship? If you could take that on notice I would be very grateful.

Mr Varghese: I am happy to take it on notice. Are you referring to Australian government scholarships?

Senator XENOPHON: I am referring to scholarships for Australian universities, so you could include both Australian government scholarships and any other scholarships offered by Australian universities.

Mr Varghese: I am happy to take that on notice.

Senator XENOPHON: Presumably that will be within your purview. Attorney-General, you will be delighted to know that I will put the rest of the questions on notice.

Senator RHIANNON: Is the Australian government, Mr Varghese, aware of the abuse of Palestinian children by Israeli military that was covered by the March 2013 UNICEF report regarding the treatment of Palestinians in Israeli military systems? It found:

The ill-treatment of children who come in contact with the military detention system appears to be widespread, systematic and institutionalized throughout the process, from the moment of arrest until the child’s prosecution and eventual conviction and sentencing.

Previous Australian governments have raised concerns with the Israeli government about this abuse, and the issue found significant coverage in Australia in a joint Four Corners and The Australian report in 2014. So while the Israeli government has instituted a range of measures—

Senator Brandis: Is this a question, Senator Rhiannon?
Senator RHIANNON: Yes—most definitely. I started by saying, 'Is the Australian government aware of the abuse of Palestinian children', and I am just setting out some of those issues.

Senator Brandis: If the question is whether the Australian government is aware of the report or the media reports to which you have referred, then Mr Varghese or his officers can answer that question. If your question is whether the Australian government has any independent knowledge of the conclusions or views stated in that report or those media reports, that is a different question. Are those the two issues you want addressed?

Senator RHIANNON: I want to set out the examples. The final part of the question is: has the Australian government made any representation to the Israeli government over the abuse. That is why I was setting out, and would like to continue to set out, those examples of the abuses that have been well documented.

Senator Brandis: Senator Rhiannon, you are perfectly entitled to know what the Australian government is aware of. You are certainly entitled to know about representations that might be made by the Australian government. Your multiple question is premised on a conclusion that the abuse occurred. You are entitled to know whether the Australian government has any independent knowledge of its own of the alleged abuse, or whether the Australian government agrees with the conclusions. Perhaps Mr Varghese or his officers could address those issues.

Mr Innes-Brown: The Australian government has previously expressed our concerns about allegations of mistreatment of Palestinian minors in detention. Most recently on 19 May our embassy in Israel reiterated our interest in and concerns over security and judicial practices towards Palestinian minors. This took place during a roundtable meeting with a range of Israeli agencies, UNICEF and other foreign missions.

Senator RHIANNON: Was that taking up the UNICEF report on alleged ill-treatment of children during arrest, transfer, interrogation and detention? Was the UNICEF report one of the issues that was addressed?

Mr Innes-Brown: Yes. The UNICEF report came out—we were aware of that—and it was in that context and our ongoing interest in this particular issue that we again raised the matter. As I said, there was a meeting where a range of Israeli agencies gathered, as well as foreign missions, to discuss the issue.

Senator RHIANNON: Was it Israeli non-government organisations, or were government representatives present for this?

Mr Innes-Brown: According to my information they were all what you would call government or state organisations.

Senator RHIANNON: Was the Israeli Prison Service report also considered? That is the one that details that 182 Palestinian children were in Israeli military detention as of March this year. Was that also covered?

Mr Innes-Brown: I do not know whether that specific report was traversed in that gathering.
Senator RHIANNON: The Australian government representatives at that event took up the issue of concerns about the abuse. Could you detail what was actually conveyed from the Australian government?

Mr Innes-Brown: I think I said at the beginning that we expressed our concerns about allegations and we were interested to find out what reforms or measures were being taken in response. It is not a new issue; we have taken this up before and it is an issue that we continue to monitor.

Senator RHIANNON: What I am trying to find out is when you say 'concerns'—it is one of the delights of the English language that it can be considered in different ways—were they just concerns, or were there specific points made that it should end? What is happening? Will fewer children be put in jail, and will those who are in jail be released? I am just trying to understand what 'concerns' means.

Senator Brandis: Mr Innes-Brown has a very carefully and properly responded to your question by referring to the concerns the Australian government had about allegations. I have not read the UNICEF report you have referred to or seen the media reports you have referred to. Whether the allegations are accepted, whether they are acknowledged, what the status of the allegations are, I do not know, but, as Mr Innes-Brown has said, the allegations having been made, the Australian government expressed concern about them.

Senator RHIANNON: In your comments just then, Attorney-General, were you suggesting that they are just allegations?

Senator Brandis: I do not know.

Senator RHIANNON: Even though they have come from UNICEF, from—

Senator Brandis: What UNICEF may say in a report is not necessarily the end of the matter.

Senator RHIANNON: What about the Israel Prison Services report?

Senator Brandis: I am not familiar with that report.

Senator RHIANNON: That is just an allegation?

Senator Brandis: I am not familiar with the report and I make it a practice not to comment on documents I have not read.

Senator RHIANNON: What role does DFAT have in managing Australia's involvement in multilateral peacekeeping forces?

Mr Varghese: The nature of our role will vary according to the nature of the peacekeeping mandate that is being implemented, but obviously it is an area we are closely involved in.

Senator RHIANNON: Did you say 'are not'?

Mr Varghese: We are closely involved in.

Senator RHIANNON: Could you set out what is DFAT's involvement with Operation Paladin and Operation Mazurka please?

Mr Varghese: I will see whether one of my colleagues has details. If not, I will take it on notice.

Senator RHIANNON: On notice?
Mr Varghese: I will take it on notice.

Senator RHIANNON: What is DFAT’s role in advising the government on military exports and imports between Australia and countries in the Middle East?

Mr Varghese: We have an export control regime that applies to the export of military equipment. That is managed by the Department of Defence, but they do so in close consultation with the Department of Foreign Affairs and Trade.

Senator RHIANNON: Does that mean if there is a company in Australia that is exporting military hardware overseas you would have a say in whether that is appropriate and make judgements?

Mr Varghese: We would be involved in any decision making on it. Obviously we would need to consider, for instance, whether it was in contravention of any sanctions or any Australian international obligations. We would also consider the foreign policy implications. There would be a number of factors we would take into account.

Senator RHIANNON: On another matter, what is DFAT’s involvement in international counternarcotics initiatives and what departments do you work with on this?

Mr Varghese: Again, given it is an international activity, we would have an interest in it and would be involved in it, although we may not have the lead depending on which initiative you were talking about. If you have a particular initiative in mind, I am happy to take it on notice.

Senator RHIANNON: Thank you. Is the government planning to make or has it already made a contribution to the United Nations Office on Drugs and Crime's forthcoming country program in Pakistan?

Mr Varghese: I would have to take that on notice, unless someone is present who has an answer to it.

Senator RHIANNON: I was after the specific programs receiving allocations of the funding too, and also a similar one for Iran. So are there any plans to make or has a contribution been made to UNODC's forthcoming country program in Iran?

Mr Varghese: I will take that on notice.

Senator RHIANNON: And the same thing for any specific programs. Which department has lead responsibility for international counternarcotics policy, and which minister oversees this directly? Did you say that was the AFP?

Senator Brandis: The international counternarcotics policy and enforcement is within the Attorney-General's Department. The AFP—who deal, among other things, with transnational crime—deal with this issue. It is also a matter for Customs, which is within the Department of Immigration and Border Protection.

Senator RHIANNON: Thank you for that explanation. Does that mean, Attorney-General, that you are the minister who oversees this work?

Senator Brandis: The policy area is within my department. The law enforcement task is a task—depending on the nature of it—within both the AFP and Customs.
Senator RHIANNON: What are the formalised human rights safeguards applied to ensure funds allocated to overseas counternarcotics efforts do not enable human rights abuses?

Senator Brandis: That is a matter for the Attorney-General's estimates; these are the DFAT estimates. Nevertheless, I will take the question on notice.

Senator RHIANNON: Moving on to Bougainville, I understand the allocation in 2015-16 is $50 million. Could you provide a breakdown of how that money will be allocated?

Mr Sloper: Are you asking for the breakdown of money for this current financial year or for the next financial year?

Senator RHIANNON: For 2015-16—so current please. I understand it is $50 million.

Mr Sloper: Next year will be $50 million.

Senator RHIANNON: Next year is it?

Mr Sloper: That is the 2015-16 year, which is what I think you said. I can talk about the broad areas; I cannot give you specific figures. The program is targeted at improving services in health, education, transport, infrastructure, law and justice. As you mentioned, it will rise from $40.7 million this year to $50 million next year.

Senator RHIANNON: Can you provide any breakdown? If you cannot do it for those sectors, can you give some information on the details of what will be going to non-government organisations and bilateral program—

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

Senator RHIANNON: Can you provide any information on the assistance that is being given to the Bougainville government for the mining operations to commence there?

Mr Sloper: The future of the Panguna mine is a matter for the Autonomous Bougainville Government, as you have suggested, in consultation with stakeholders—that is the PNG government, the private sector and the people of Bougainville. We do not have a direct role in regard to that.

I will add to some of the answers that we provided previously on questions on notice. We have given to you, I think, a breakdown of payments in question on notice 60 from February, and also 82 and 96 from the supplementary budget estimates period. Since then we have provided one final payment to Griffith University for a grant of $600,000 under the Australian Development Research Awards Scheme for a research project titled 'Small-scale and illegal mining in Bougainville: impacts and policy responses'. That work should continue through to 30 June 2016. That is documenting the economic, social and environmental impacts of small-scale and illegal mining, identifying policy issues for the government and suggesting laws and policies to generate benefits and minimise environmental harm and social conflict. It includes fees and travel costs for some personnel associated with that and some locally engaged researchers.

Senator RHIANNON: What was that about the locally engaged researchers? Is it to do with assessing the opinion of locals about the mine?

Mr Sloper: It is a project by Griffith University with a range of locally engaged researchers as well as two staff from Griffith. They are looking at documenting economic, social and environmental impacts of small-scale and illegal mining, identifying policy issues
and suggesting laws and policies to generate benefits and minimise environmental harm and social conflict. This is the one additional project beyond those we have provided previously to you.

Senator RHIANNON: Is that the same academic who gave advice about the mining act?

Mr Sloper: This is involving both Anthony Regan—who I think is the gentleman you are referring to—and Professor Ciaran O'Faircheallaigh. One is attached to Griffith University and one is here at the ANU.

Senator RHIANNON: Had they received funding previously?

Mr Sloper: As advisers they had but neither of them is receiving any further funding apart from in relation to this project. So previously they had received funding; that is right.

Senator RHIANNON: Chair, I will be right, thanks.

Senator GALLACHER: Mr Varghese, we have asked you to take a number of questions on notice in respect of travel and Minister Robb and Minister Bishop. I just have a couple of exploratory questions here. On the 28 March 2015, Minister Robb travelled to Hong Kong. We have asked on notice a few notes in respect of all of his travel, so I am not going to go through those points. Has there been any travel to North Asia, by either Minister Robb or Bishop since 1 January?

Mr Varghese: I will see whether Mr Roach can help. I think the short answer is: yes, there has been, but Mr Roach may have more detail.

Mr Roach: Senator, just bear with me, I need to flick through a few pages. The foreign minister visited the Republic of Korea—that happened in May—and Japan, so she was there then. Mr Robb was in Hong Kong, I think you just mentioned, from the 24 to 27 March. That is a little update of the travel that has occurred. That is from the 26th of February—the date of the last time we were at Senate estimates.

Senator GALLACHER: Thank you for that. Can I just add an addition to the questions on notice about ministerial trips: could we have the details of any cancelled trips? We have asked a whole series of questions for the ministerial travel, so could you just include trips that have been cancelled?

Mr Roach: We will take that on notice.

Senator GALLACHER: Thank you. If we could go to Cambodia and just follow up question on notice 146: could we please be updated on Minister Bishop's most recent meetings with senior Cambodian ministers; and an update on negotiations with Cambodia and the first tranche of the $40 million development assistance package.

Mr Chittick: Which time frame are you particularly interested in, Senator?

Senator GALLACHER: We are following up from additional estimates: the question on notice was 146, so information post that answer.

Mr Chittick: Sorry, I do not have any information with me on Ms Bishop's discussions with her counterpart. She has had discussions with a number of visiting Cambodian ministers, including the interior minister, but I would have to take the details of those meetings on notice.

Senator GALLACHER: Are we aware of the specific programs that will be funded?
Mr Chittick: The government's commitment in September last year to provide $40 million over four years in additional funding is focused in three areas—one is in agricultural production, particularly in rice milling; another one in de-mining; and the third one in support for electoral reform. All three of those programs are in effect scaling up of programs that existed previously. The $10 million that will be additional to the previous allocation for Cambodia will fund those over the course of the next year.

Senator GALLACHER: Are we able to be made aware of who the program partners are? I think you said rice milling?

Mr Chittick: I would have take the specific details of that on notice, but they would be the existing program partners that we have in Cambodia.

Senator GALLACHER: Just for my education, rice milling—is that a commercial or a government operation?

Mr Chittick: It is support for improvements in rice milling in Cambodia to improve the value added in the milling process. It is support for the sector to improve its efficiency.

Senator GALLACHER: Is ACIAR in there somewhere?

Mr Chittick: No, ACIAR is not involved, as I understand it, with those particular programs, but I am happy to take on notice the specific program partners.

Senator GALLACHER: Thank you very much. Mr Varghese, the ASEAN resident ambassador, Mr Simon Merrifield, is currently posted in Jakarta?

Mr Varghese: That is correct. He is based in Jakarta.

Senator GALLACHER: Does he have a set of objectives and KPIs? How do you monitor what happens there?

Mr Varghese: He does indeed. Like all of our heads of mission, he works to the equivalent of a business plan, which sets out objectives, sets out criteria for measuring the achievement of the objectives, and he reports to the Department on an annual cycle that enables us to evaluate how it is going.

Senator GALLACHER: Is that business plan available to the committee?

Mr Varghese: It is not a document that we make available outside the department. Obviously, in many cases, it is addressing some fairly sensitive issues in the bilateral relationship. I do not think it would lend itself to a public document.

Senator GALLACHER: In broad terms, what are his objectives?

Mr Varghese: He is there as our first resident ambassador to ASEAN, and his key objective is to strengthen the relationship between Australia and ASEAN as an institution. ASEAN plays a very central role in a whole range of regional institutions which engage very important Australian interests—for example, the East Asia Summit, where we have a very large set of objectives in relation to regional security and regional economic integration. He is also there to deal with our broader ASEAN-wide economic relationship and our broader ASEAN-wide political relationship. As you know, the trend in ASEAN is towards a more integrated community, particularly in terms of its economic linkages, and it is important that we continue to develop our relationship with ASEAN because into the future, it is going to become even more important, I think, to our economic and strategic interests.
Senator GALLACHER: Sounds like a job for a wizard. Is it subordinate or supplementary to the work of the ordinary ambassadors to the country?

Mr Varghese: I would say it is complementary to the work of our ambassadors in ASEAN countries. The bilateral relationships feed into the broader ASEAN relationships, and the broader ASEAN activities obviously also have an echo in the bilateral relationships. Our ASEAN ambassador does have to work very closely with and be in close contact with our ambassadors in individual ASEAN countries.

Senator GALLACHER: Just another question on travel—the question on notice 38 supplied, which was seeking clarification of the cost of Minister Robb and accompanying staff's accommodation per night in Lima. The cost provided in the answer to question on notice 38 does not give a breakdown and therefore does not really answer the question, so if we could have that re-examined?

Mr Varghese: I am happy to have an other look at it to see whether we can answer the question more fully from your perspective.

Senator GALLACHER: Thank you. It has been reported that Minister Bishop discussed the protection of the Great Barrier Reef with officials whilst in Lima—is that correct? And with whom did she discuss the Barrier Reef?

Mr Varghese: I would have to take that on notice. I would be not at all surprised if she did. That, as you know, is a very important objective of ours, and our ministers. Both the foreign minister and the trade and investment minister tend to use whatever bilateral meetings they have with relevant counterparts to press our interest in ensuring that the Great Barrier Reef is not listed as endangered. Since that was a multilateral meeting, where our foreign minister would have had a series of counterpart meetings, I assume that there would have been a number of such opportunities.

Senator GALLACHER: You have mentioned Minister Robb. Was he part of those conversations? Were they meeting together?

Mr Varghese: I would have to take on notice to what extent their meetings were joint meetings. Normally, in those sorts of cases, they would tend to have separate meetings.

Senator GALLACHER: I suppose the question is whether there were any joint meetings.

Mr Varghese: I am happy to take that on notice.

Senator GALLACHER: In respect of the Palestinian territories, the foreign minister met with the Palestinian foreign minister in Australia. Is there an agenda? Is there any information on what was discussed or outcomes of that meeting?

Mr Varghese: That was a useful meeting to survey the range of issues in the Middle East region. They spoke about the peace process and where that stood and what the prospects were. They spoke also about what was happening in relation to the threat from Daesh, and they spoke about Iran, and what you would expect when a Middle East foreign minister meets with an Australian foreign minister.

Senator GALLACHER: Thank you. We move on to Iran. In mid-April, Minister Bishop visited Iran. Do we know who invited her?

Mr Varghese: I think she was there at the invitation of her Iranian counterpart, the Iranian foreign minister.
Senator GALLACHER: Could we just confirm that. When did that invitation arrive, or when was it issued?

Mr Varghese: I do not know. Mr Innes-Brown has more information, but I do recall that, when Foreign Minister Bishop met with her Iranian counterpart in New York, he certainly said that he would like to see her in Tehran. Whether that constitutes a formal invitation, I am not sure, but Mr Innes-Brown may have more details on that.

Mr Innes-Brown: My understanding is that an invitation of sorts was extended at that stage.

Senator GALLACHER: From the Iranian foreign minister?

Mr Innes-Brown: Yes, Dr Zarif.

Senator GALLACHER: Have any other government ministers been invited to Iran in the recent past?

Mr Varghese: I think Minister Bishop's visit was the first by an Australian minister for some time.

Senator GALLACHER: The operative word was 'recent', so I think that suffices as an answer. Are negotiations between Australia and Iran extending to discussions about the military situation in Iraq?

Mr Varghese: I would not characterise our conversations with the Iranians as a negotiation. During the course of her visit to Tehran, the foreign minister did discuss a number of things. She discussed the nuclear deal. She discussed what was happening with Daesh in both Iraq and Syria. Importantly, she explained the nature of Australia's participation in that anti-Daesh coalition, explained what we were and what we were not doing. There was also discussion of some people-smuggling issues.

Senator GALLACHER: Do I take from that answer that the minister discussed military cooperation between the Australian Defence Force in Iraq and the Iranian guards, for want of a better word, or the Iranian-supported military formations?

Mr Varghese: No, there was no discussion to my knowledge of any defence cooperation between Australia and Iran, if that is what you are asking.

Senator GALLACHER: Cooperation.

Mr Varghese: We used the visit to explain to the government of Iran what we were doing in Iraq.

Senator GALLACHER: The minister would not have canvassed on behalf of the Australian government cooperation between Australia's Air Force flying missions in Iraq and the militias operating in the same area?

Mr Varghese: She would not have canvassed cooperation of that nature.

Senator GALLACHER: If we go to the Pacific Islands Forum, on 6 May 2015, Radio Australia reported:

Fiji's prime minister Frank Bainimarama has backed down on his refusal for the country to participate in the Pacific Islands Forum … but says he will not personally attend meetings until the "undue influence" of Australia and New Zealand is addressed.

Have we been in contact with Fiji in relation to those statements, or are they—
Mr Varghese: It certainly is one of the items that we do discuss with Fiji. We welcome Prime Minister Bainimarama's confirmation that Fiji remained a member of the Pacific Islands Forum and that it would participate in meetings of the forum, including at ministerial level, although as you indicate he also made it clear at the same time that there would not be participation at the head of government level. We hope that over time Fiji will become a full participant in all of the fora of the Pacific Islands Forum. We certainly do not share the view that Australia and New Zealand should exit the forum—quite the contrary. We consider ourselves a regional country, a constructive member and a significant contributor to the work of the Pacific Islands Forum.

Senator GALLACHER: That contact with Fiji is between whom?

Mr Varghese: We talk to Fiji at a number of levels. We talk to them at a senior official level. We talk to them at foreign minister to foreign minister level. The foreign minister has visited Fiji and she has met with Prime Minister Bainimarama. So it is a discussion that has occurred at a number of levels.

Senator GALLACHER: Would the foreign minister have been in contact since those statements were made?

Mr Varghese: With the Prime Minister of Fiji?

Senator GALLACHER: Yes.

Mr Varghese: I would need to check whether there was a side meeting in the recent meeting of Pacific island leaders in Tokyo that Foreign Minister Bishop was also present at. But maybe Mr Sloper can help me there.

Mr Sloper: Yes, the foreign minister did meet briefly with the Prime Minister of Fiji in Iwaki in Japan on 23 May, if I recollect correctly. It was not a formal meeting, but they probably had about ten minutes of discussion.

Senator GALLACHER: Thank you for that. On the death penalty, the foreign minister in April this year was quoted in the Herald Sun saying:

Australia's stand on the death penalty is an issue we can discuss with other nations in our region. It is an important issue … I think it is time for us to have a significant discussion about the application of the death penalty for drug offences in our region.

Since making that statement, has Ms Bishop discussed Australia's stance on the death penalty with governments in our region? Has she followed up or is that an inaccurate statement?

Mr Varghese: The foreign minister has under active consideration what further Australia could do to advance the cause of the abolition of the death penalty globally or, as an interim measure, at least a suspension of the application of the death penalty globally. We have obviously been doing some work in the department as to what various options are, and those options will be considered further by the foreign minister.

Senator GALLACHER: So that is work in progress.

Mr Varghese: It is.

Senator GALLACHER: Moving to the initiatives of the PNG government and DFAT to respond to the health emergency—in particular the dangerous multi-drug-resistant TB strain—in February there was an additional $15 million to be spent to combat TB in PNG.
Does this budget include support for the national culture laboratory at the Central Public Health Laboratory in Port Moresby?

Mr Varghese: Perhaps Mr Sloper has an answer to that.

Mr Sloper: If you do not mind, I might go through the number of things that have come from the $15 million. It includes work in the laboratory too. I am not sure if it is that specific laboratory.

Senator GALLACHER: Given the proximity of Papua New Guinea to North Queensland, and a drug-resistant strain of TB, I think it would be worthwhile just giving us a quick snapshot of how effective that spending is going to be.

Mr Sloper: Sure. As you have noted, on 5 February the minister announced a new $15 million package. This brings the total assistance from Australia, in terms of TB control matters, to $60 million from 2011-12 through to 2016-17. That probably reflects the seriousness of the issue that is facing PNG and the concerns we have. As you have suggested, this will target drug-resistant TB in both the national capital district—that is around the capital, Port Moresby—and also Western Province. It will focus on effective management of drug-resistant TB, community based treatment, care and prevention, also patient support services and strengthening laboratory services, logistics and supply systems.

Senator GALLACHER: Just on that and in particular the Central Public Health Laboratory, CPHL, in Port Moresby.

Mr Sloper: I am just checking. I do not have the actual name of the laboratory we are supporting, so I cannot confirm specifically whether it is that laboratory, but I can tell you that we are strengthening services within the capital.

Senator GALLACHER: My questions go to whether Port Moresby is budgeted to do the samples which are currently being sent to the Queensland reference laboratory whilst the CPHL remains unable to perform the diagnosis needed. It is a detailed question whether you are funding the operation in Port Moresby or you are using the Queensland facility.

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

Senator GALLACHER: If the answer is no, could you further examine when it will become a fully functional, accredited lab for multidrug-resistant TB diagnosis.

Mr Sloper: I can assure you that we are providing funding to strengthen laboratories in Port Moresby. But whether that is now taking over the operations of the labs in Queensland, I cannot tell you now. We will take that on notice.

Senator GALLACHER: This might be a question that is a bit ahead of your brief. How long has DFAT been aware of the current inadequate storage facilities and practice affecting TB drugs in Badili, in Port Moresby?

Mr Sloper: We have been aware of challenges with both logistics and storage of medicines and also samples.

Senator GALLACHER: Is it incorrect to assert that it is taking a long time to resolve the issue regarding storage facilities and processes?

Mr Sloper: I think we are working as quickly as we can with PNG partners on the ground, both in Western Province and in Port Moresby.
Senator GALLACHER: If I were to put that another way: why is it taking so long to resolve this issue regarding storage facilities and processes? Are you able to shed any light on that?

Mr Sloper: We are still working on the project. My concern goes to how you characterise 'long', Senator. We recognise it is not operating smoothly.

Senator GALLACHER: I think the committee would appreciate a brief on the investment and advice as to any problems.

Mr Sloper: Sure. We can provide that.

Senator GALLACHER: Once again, we will return briefly to ministerial travel and some media commentary. I will not insult Senator Brandis by reading the comment, but it is in relation to a bipartisan tour. Does the secretary agree that bipartisan tours are valuable, like the shadow and the foreign minister.

Mr Varghese: In what context?

Senator GALLACHER: I will have to incite the minister! The article states:

Foreign Minister Julie Bishop is being accused of throwing a "hypocritical, petty dummy spit" and undermining Australia's relations in the Pacific after canning a bipartisan overseas trip that dates back to the Howard government but Ms Bishop says her "packed agenda" is to blame for the cancellation.

This is an article by Latika Bourke. It has been published. I suppose the question generally arising out of that is: does the secretary agree that bipartisan trips are valuable?

Mr Varghese: I think that is a judgement for the government at the time.

Senator GALLACHER: Thank you.

Mr Varghese: I do not think it is appropriate for me to comment on it.

Senator GALLACHER: Will there be any bipartisan trips this year?

Mr Varghese: I would have to take on notice whether anything is being planned by either of our ministers.

Senator GALLACHER: The last trip, I believe, was in 2013.

Mr Varghese: To the South Pacific? You are referring to a trip to the South Pacific?

Senator GALLACHER: You have got me completely unguarded there. I do not know where the trip was, but the last trip was in 2013.

Mr Varghese: It was to the South Pacific, yes.

Senator GALLACHER: Could you take on notice whether there will be any bipartisan trips?

Mr Varghese: I do not think any decisions have been taken about that. Those trips tend to be towards the end of the year, so it is probably a bit far out.

CHAIR: It would be interesting to have a record going back perhaps for four or five years, just to know on what occasions ministers and shadow ministers from either side, regardless of who has been in government, have actually gone so we can have an understanding as to whether they are frequent or infrequent. Is that possible?

Mr Varghese: I can take that on notice.
Senator GALLACHER: Yes—a short history of bipartisanship in foreign affairs! Moving to the process for reviewing Australia’s current system of classifying the threat of terrorism: are there plans to switch to American-style coded bands?

Senator Brandis: That is not a question for DFAT. The notice to travellers is a matter for DFAT, but what you seem to be referring to is the alert level, which is assessed by ASIO.

Senator GALLACHER: All right. If that is the answer we will move right along. Secretary, how would you characterise Australia’s time on the UN Security Council? Was it a success?

Mr Varghese: Yes, I would characterise it as a success. I think at the last estimates hearing I did go through what we had achieved. I mentioned in particular the work we had done on MH17; the work we have done as chair of the Al-Qaeda Sanctions Committee; the initiatives we have undertaken in relation to the arms trade; the work we have done in conjunction with some other countries on humanitarian access to conflict zones, particularly humanitarian access to Syria; the work we did on peacekeeping, particularly police peacekeeping; and the work on sexual violence. It is quite a long list, and I think it was a very productive couple of years on the Security Council.

Senator GALLACHER: Obviously, that would indicate that if there were another opportunity you would support that?

Mr Varghese: It is a decision for government to make. I think it is fair to say that the foreign minister is looking at when the next appropriate window may be for an Australian campaign. These things need to be considered a long way in advance, given that countries put their hand up over a very extended period of time.

Senator GALLACHER: Okay. So the reported comments of the then opposition leader, Mr Tony Abbott:

Our PM should not be swanning around New York talking to Africans—about the UN bid seem a little off key in light of our successful period there?

Senator Brandis: I have not seen those remarks. You may think that—that is your opinion. You would not expect the officer to comment on that. But what we can say is that the Australian government made great use of its seat on the Security Council—I think to national acclaim, in fact—through the foreign minister, Ms Bishop, during that particular crisis around MH17. I think the foreign minister is to be congratulated for her skilful diplomacy.

Senator GALLACHER: Moving on to the G20 privacy breach. I understand we had an officer here earlier, saying that you could not talk about these sorts of things. But, anyway: on 31 March 2015, The Age did print an article about the G20 privacy breach, 'Australian officials bungle world leaders' privacy'. Are you able to shed any light on how that actually happened?

Mr Varghese: That did not relate to anything for which the department is responsible. You would have to take it up with the relevant agency.

Senator GALLACHER: Can you point me in the right direction if it was not you?

Mr Varghese: As I understand it, it was in relation to information associated with the visas for G20 delegates.
Senator GALLACHER: Has the department determined how many officials will attend the United Nations Climate Change Conference in Paris in December?

Mr Varghese: No, we have not made any decisions on the Australian delegation. I expect it would be a reasonably sizeable delegation given the nature of the conference.

Senator GALLACHER: Will there be ministerial attendance?

Mr Varghese: I expect there will be ministerial attendance, but no final decisions have been made.

Senator GALLACHER: So the question about how many ministers and which ones—

Mr Varghese: are yet to be decided.

Senator GALLACHER: Normally it would be—?

Mr Varghese: Normally it would be the foreign minister. The foreign minister has the lead on international climate change negotiations.

Senator GALLACHER: You mentioned that it may well be a sizeable delegation. You are in preparatory work for the delegation?

Mr Varghese: We are doing a lot of preparatory work for the substance of the conference. I do not think we have turned our attention to which individuals will be there. The more important thing is to work towards a constructive substantive outcome.

Senator GALLACHER: What do you mean by the work that you are doing at the moment?

Mr Varghese: The work that we are doing together with other members of the international community to pave the way to a successful meeting in Paris. There will be many preparatory steps along the way, and we will be actively engaged in each of those.

Senator GALLACHER: Can we get an update on humanitarian aid to Syria.

Mr McDonald: I think since 2011 Australia has given around $155 million, from memory.

Mr Innes-Brown: $155.8 million.

Mr McDonald: Sorry, I was slightly wrong.

Senator GALLACHER: Is that food? What sort of aid is it? Humanitarian aid: what does that encompass?

Mr McDonald: While Mr Innes-Brown is looking up the detail, the humanitarian support was for both within Syria and the region outside Syria. It was for medical as well as food and shelter. You may recall that there were some issues around access originally, in terms of medical and food, so a lot of our support I think went to the World Food Programme, for example. But Mr Innes-Brown may have the actual details.

Mr Innes-Brown: I think Mr McDonald has covered it. The other area we have given money is for protection of vulnerable women and girls and survivors of gender-based violence, including in Lebanon—so, food, shelter, medical.

Senator GALLACHER: Where are we in the scope of the assistance that has been given to Syria? Are we a niche player or a major contributor?
Mr Innes-Brown: I think we are quite a significant contributor. This year I think we gave $20 million recently at a conference I attended in Kuwait. Overall, since 2011, we are ranked 15th, and 12th this year, in terms of moneys that were provided. I think we are quite a significant contributor.

Senator GALLACHER: Can we have an update on what aid we are providing in the rebuilding of Gaza.

Mr Innes-Brown: We provided $15 million during and shortly after the conflict last year for activities. Recently we gave another $5.7 million to UNRWA's appeal for the reconstruction and assistance to those who have been displaced in Gaza.

Senator GALLACHER: Given the increase in scale, frequency and impact of humanitarian disasters around the world in the last few years—funding has been given to Syria, South Sudan, typhoons Haiyan and Hagupit in the Philippines, the Ebola outbreak in West Africa, Cyclone Pam in Vanuatu, earthquakes in Nepal, humanitarian support in Iraq—and given our diminishing aid budget and the rising global need, how are we preparing to manage our responses there? Are we going to have to scale down, or pick which countries we help?

Mr McDonald: There are a couple of points I would make on that. Firstly, in relation to our humanitarian budget overall—

Senator GALLACHER: How much is that, by the way, Mr McDonald?

Mr McDonald: It is $338.6 million this year, and next year it will be $328.9 million, so it is a small reduction. The emergency fund which we use for a lot of the cyclones and earthquakes and the like will be remaining at $120 million. I think the broader issue you raised around the gap, if you like, between the needs in humanitarian versus the funding—and this is a broad gap that is emerging—will require people to think differently about humanitarian crises. They are a lot more prolonged than they used to be. What is the link to development and long-term management of displaced people? I think the World Humanitarian Summit next year and consultations going on in the Pacific early next month are an important forum to canvass these sorts of issues. One is about the overall funding envelope, but I think the broader issue is the way the humanitarian crises are changing in the world and the extent of those across the world. Australia will continue to play its global role in terms of humanitarian support, and that is reflected in the funding allocations that the government has provided for next financial year.

Senator GALLACHER: You have a slight decrease in funding, which is presenting a greater challenge to your allocation?

Mr McDonald: No, in terms of the allocation, as I said, the reduction is about $10 million out of a $338 million budget. The most important fund in terms of cyclones and earthquakes and the like that emerge, particularly in our region, is the emergency fund, and that is being maintained at its current amount. We work on an expenditure of about $10 million a month, so a $120 million bucket, and that is how we have responded quickly to, for example, Vanuatu or Nepal, and that is being maintained in 2015-16.

Senator GALLACHER: How would you characterise the current label of global humanitarian need, compared to four or five years ago?
Mr McDonald: From my point of view—and I will ask Mr Isbister to add to this—the extent and the length of the humanitarian crises that we are dealing with have certainly lengthened, from my perspective, and require a new way of thinking about humanitarian crises. A lot of people think of them in a short-term nature. Some of these have gone on for considerable periods of time, but Mr Isbister may wish to add to that.

Mr Isbister: Probably over the last four or five years, I think the big trend, obviously, is the increasing number and size of protracted complex crises and the number of displaced people, particularly as a result of the conflicts in Syria and Iraq and obviously also the situations in northern Africa, with the outbreak of further armed conflict in South Sudan. Conflicts and displacement are not a new thing, unfortunately, but there is no doubt that in the last few years there are a greater number of people on the move—either internally in their countries or crossing borders—as a result of that, and that is undoubtedly putting stress on the global humanitarian system. Just building on what Mr McDonald said, I would probably emphasise that I think Australia has a strong record on this, and one of the things we try to do is also to look at how we leverage and encourage other donors, including emerging donors, to contribute and support those protracted crises and needs. But we also look at how we continue to take a leadership role within at least our region, the Pacific and Indo-Pacific region.

Senator GALLACHER: Are you confident that Australia will be able to maintain its contributions in light of that $10 million cut?

Mr McDonald: Yes, I am. In terms of humanitarian agencies, that is one thing that has been preserved, and I think it is important. For the reasons you have outlined, I think our region is particularly important in that regard.

Senator GALLACHER: A final question in this area: would the department agree that the more you give in aid the less you have to give in emergencies and crises because the societies are stronger and structurally more sound to be able to cope with their problems?

Mr McDonald: In terms of our overall approach to aid, we have an aid policy that looks at how we build both resilience and capacity within countries to deal with disasters and conflict. We look at that in terms of the way we structure schools and the like in preparedness for that. We know we are going to get cyclones and we know we are going to get earthquakes in our region, so part of it is that. But when humanitarian crises hit—and you only have to look back in history to know that they hit different countries at different times—we need to have a discretionary humanitarian bucket to respond quickly to that. As Mr Isbister said, I think Australia is highly regarded across the world for our efforts in this region to lead those humanitarian responses and I expect that will continue into the future.

Senator GALLACHER: I visited a couple of areas where earthquake prediction was considered in the building of earthquake-resilient housing. It is quite clear that the more we can do in the aid bucket the more we may face less humanitarian costs.

Mr Isbister: No, it was 169.
Mr McDonald: One hundred and sixty-nine schools had been built to withstand exactly what you mentioned. The value of that is something that we are very focused on, including the discussion we had earlier around innovation. With humanitarian, we are looking at how we can quickly identify where the greatest need is in these areas, where communication is not always great, and how we can get in quickly with food or shelter or support.

Senator GALLACHER: Thank you for that. Moving right along to digital diplomacy, what are the FTE staff dedicated to in digital diplomacy in DFAT?

Mr Varghese: Mr Tranter may be able to help on that.

Mr Tranter: We have two officers based in Canberra who support the department's social media effort—a bit less actually as one is part time. So there is 1.8 FTE based here in central office.

Senator GALLACHER: What is the plan here? Do we have a list available on the DFAT website of social media accounts managed by DFAT in Australian embassies?

Mr Tranter: We have a list—I think it is on the website. We are certainly able to provide it to you in the course of this hearing. We have over 100 social media channels. About 40 of our heads of mission run their own Twitter accounts. The DFAT Twitter account currently has about 37,000 followers, which makes it the fourth most followed Twitter handle of Australian government agencies. We run about 100 websites globally, including our central websites, whether that is the DFAT website, the Smartraveller website, the passports office website or our post websites around the world. It is quite a comprehensive social and online media effort.

Senator GALLACHER: How is all that supported? Is it done by DFAT? How many staff and how much funding?

Mr Tranter: It is done by DFAT. The two staff I mentioned support the department's social media effort—that is the content that runs through the Twitter handle. Those staff also support post Twitter handles as well as Facebook pages; we run about 60 Facebook pages across the department. There is a broader team that supports online content for the department, which I think is about eight officers, and then there is support through the information management division on technology.

Senator GALLACHER: Does this initiative have a budget? Can you point us to a yearly expenditure?

Mr Tranter: I will get that to you on notice.

Senator GALLACHER: Are diplomats empowered to use social media themselves to advocate for and explain policy positions?

Mr Tranter: They are, yes—in particular heads of mission and senior officers overseas. I mentioned before that about half of Australian heads of mission have a Twitter handle. Some of our deputy heads of mission also are running officially supported Twitter handles.

Senator GALLACHER: How are they empowered? Do they have a policy guideline?

Mr Tranter: There is policy guidance.

Senator GALLACHER: There are some awful examples of tweets not being all that diplomatic.
Mr Varghese: Not from our diplomats, I think.

Mr Tranter: There is guidance, and we also follow the Australian Public Service guidance on social media use by officials.

Senator GALLACHER: Perhaps you could just give us the guidelines.

Mr Tranter: We would be happy to do that on notice.

Senator GALLACHER: Thank you. I note that the Australia International Cultural Council within DFAT has been abolished. I further note that one of the three goals or streams of the arts minister's, Senator Brandis's, new National Program for Excellence in the Arts is international touring and international cultural programs. What consultations took place between DFAT, the Ministry for the Arts and the Australia Council to coordinate these program goals? Have you settled a new path, Senator Brandis?

Senator Brandis: Yes, I think you could describe it as a new path. In fact, the Minister for Foreign Affairs, Ms Bishop, and I have been speaking about the opportunities for cultural diplomacy quite often—really ever since the government came into office in late 2013. She shares my view that, in particular, touring the major prestigious Australian arts companies to the world is a very effective way of showing to the world Australia's identity as a sophisticated, culturally accomplished country which produces performing arts companies that we can be proud of—and there are the visual arts as well.

Let me give you a couple of examples. Ms Bishop and I only last week launched the Australian Ballet's tour of China, to Beijing and Shanghai, later this year. It will be the eighth time the Australian Ballet has toured to China. The Sydney Symphony Orchestra is also a frequent visitor to China—and elsewhere, of course. The Sydney Theatre Company a couple of years ago staged a much praised and critically well received performance in New York. The Queensland Ballet will be taking its company to London later in the year, and Opera Australia has also toured. As recently as last week, I had a discussion with Lyndon Terracini, its executive director, and Craig Hassall, its executive director, about other plans they have in mind. Those are just examples, and I could go on, because I am a great enthusiast for this. But my point is that, from an arts minister's point of view, it is very good for the companies—very good for the morale and for the experience of the members of the companies—and, from a public diplomacy point of view, it is very good for Australia and our image.

So these are projects on which Ms Bishop and I have collaborated a lot. She joined me at the launch last year of the Australia Council's strategic plan. She has joined me at the ballet. She joined me last week at the launch of the ballet's tour of China. So we have in our foreign minister a great enthusiast for cultural diplomacy.

Senator GALLACHER: Now that the AICC has been abolished, what role, funding or support would DFAT continue to provide to these initiatives that Senator Brandis has outlined?

Senator Brandis: These are collaborative things. As I said, DFAT has an interest from a public diplomacy point of view. I have an interest from a cultural minister's point of view. Of course they are not cheap to support. This international touring does cost money, and it is something that Minister Bishop and I are speaking about as the guidelines for the new National Program for Excellence in the Arts and the particular stream you have identified are developed.
**Senator GALLACHER:** Do I take from that answer that they will continue to receive funding and support from DFAT? The AICC has been abolished, but the role, or at least the support and funding, still continues in the DFAT budget?

**Mr Tranter:** That is correct. While the institutional arrangements are under review and subject to the preparation of advice by officials to ministers, the funding remains unchanged. In the current budget, support for cultural diplomacy has been maintained within the foreign affairs budget. We have a budget of about $2 million this year for cultural diplomacy programs, whether that is around individual arts, international performing arts programs or support for our film industry. We have recently opened up a grants round under what was previously called the Australia International Cultural Council grants mechanism. It is now named the Australian Cultural Diplomacy Grants Program. That is about $500,000 this year. Those applications are currently out for expressions of interest. The selection panel for that grants mechanism comprises members from DFAT, Austrade, the Minister for the Arts and the Australia Council. So it is all collaborative.

**Senator Brandis:** This is a good story, Senator Gallacher, because what it means is that there will actually be more money—

**Senator GALLACHER:** I never said it was a bad story. I just sought some information.

**Senator Brandis:** I am not saying you did—I just want to respond fully and enthusiastically to your question. What it means, in effect, is that there will be more money for public diplomacy now because, as Mr Tranter has told you, DFAT's budget has remained as it is, but there will be an additional funding stream through the Ministry for the Arts that was not there before.

**Senator GALLACHER:** There would obviously be some support in terms of personnel who organise things, and that would continue as well?

**Mr Tranter:** That is correct.

**Senator GALLACHER:** I want to put a couple of things on notice in respect of the Colombo Plan. Could we have the statistics of who applied? Are statistics kept? Can I ask that in respect of that?

**Mr Varghese:** Yes, we have a lot of statistics on the Colombo Plan. I am sure Kate Duff will be able to take you through them.

**Senator GALLACHER:** I would probably try to avoid the necessity of getting the answer; rather, I would just pose the question and perhaps get a complete document at a later date. We would like your statistics on the Colombo Plan, including students who have required consular assistance including, if so, the reason why and where. In relation to complaints and feedback, how many complaints have been received and for what reason, and how many complaints escalated to the Commonwealth Ombudsman? We would like the success story, but we would like to know if there is any detail around these issues. I would be very happy if those were taken on notice. Finally, who is conducting the assessments against the selection criteria? Are statistics kept regarding the assessments? Please provide statistics if possible. It is just an update on success or issues with the Colombo Plan.

Moving right along to data management:
A National Audit of the overseas operations of the Department of Foreign Affairs and Trade has criticised DFAT’s Consular Management Information System … and highlighted the need for improved data entry.

This is from the Australian National Audit Office. I think I had a look at this audit. Could we have a response to that audit. What has happened since that audit?

Mr Philp: Yes, the ANAO did conduct an audit on the department’s consular management systems. They came up with three key recommendations to all of which the secretary agreed of. Would you like me to address them specifically?

Senator GALLACHER: Are you doing a review?

Mr Philp: Yes.

Senator GALLACHER: You accepted the recommendations of the audit?

Mr Philp: Yes.

Senator GALLACHER: All of the recommendations?

Mr Philp: There were three recommendations and a number of observations. We accepted all three recommendations.

Senator GALLACHER: And you are conducting a review?

Mr Philp: Yes.

Senator GALLACHER: How long will that review take?

Mr Philp: Would you like me to take you through just the response to the three recommendations, which would give you a bit more clarity on that.

Senator GALLACHER: Fine.

Mr Philp: They recommended that we strengthen quality assurance in case management, and we have a new IT system for case management of consular cases that is being rolled out within the next couple of weeks, from 15 June. We are strengthening contingency planning and crisis response arrangements as recommended by the ANAO, and that includes a review of the contingency planning and assessment team program. That was finalised at the end of April. It is a team that goes out to a number of countries that we consider at risk to look at how they do contingency planning and what more needs to be done. We will also introduce better reporting against key performance indicators, as was recommended by the ANAO. That is taking place as part of the whole-of-government, whole-of-department implementation of the non-financial performance reporting requirements to be introduced under the PGPA.

Senator GALLACHER: Would I be wrong to characterise your acceptance of the recommendations as a review? Is there a formal review?

Mr Philp: The whole review of consular services was wrapped up in the consular strategy, which was announced by the minister a couple of months ago. That has been announced as a refresh of the consular charter and the consular strategy, which is a public document available on the website.

Senator GALLACHER: So that has been completed.

Mr Philp: I am sorry if I am a little bit confusing about this, but there have been a number of reviews and I am trying to show that we are attempting to be responsive to all of them.
Senator GALLACHER: Don't worry. I am trying to follow this brief. How much did the review cost in total?

Mr Philp: I would have to take that on notice.

Senator GALLACHER: Thank you very much. Passport services: did the ERC consult with DFAT on the passport surcharge?

Mr Varghese: Yes, we were involved in the ERC deliberations. Mr Nash will be able to answer any questions on the passports front.

Senator GALLACHER: When did the ERC consult DFAT on the passport fee setting structure?

Mr Varghese: I would have to take the date on notice. We are happy to do that.

Senator GALLACHER: That is fine if you can provide the date that you did that. My old favourite, the office of overseas property. In the budget papers there is divestment of the Bangkok and the Jakarta properties and it is NFP, so it must be 'not for publication'? If you read further down it says something like 'commercial confidentiality'. Why would it be commercially confidential if you are selling a couple of icon properties?

Mr Wood: That is correct. That is the disclosure in the budget papers. The budget papers state:

For commercial confidentiality reasons, the overall positive financial impact of this measure is not for publication … at this time.

Senator GALLACHER: If you are selling your house, you usually want to advertise it. I do not understand that. What is commercial-in-confidence about selling a good property in Bangkok?

Mr Wood: The treatment of this is governed by the Department of Finance. It may well be that they did not wish to disclose the potential price or the potential proceeds from the sale.

Senator GALLACHER: I can understand the proceeds—well, no, not really. I cannot understand the price or the proceeds. If you are selling a good property, why don't you want it on the books? Why can't we have a look at it? I have walked through both of them. I think they will fetch quite a reasonable amount of money.

Mr Varghese: I think the issue—and I stand to be corrected—is that, if in the budget papers we give an indication of what we think the selling price will be, that kind of constrains what the ultimate selling price might be.

Senator GALLACHER: I accept that, if you put it in there and it is not realised—I mean, we really would not have a budget if we worked on the basis that we have to bank what is in it. I was looking for that, because if you read further you will find that the proceeds from the divestments, to the value of $276 million, are to be invested over four years in the new Washington chancellery. I just followed the lines, and I do not understand. Perhaps Mr Nixon will enlighten me.

Mr Nixon: I think the one thing we can assure you is that, when each of those properties is put to the market, they will realise full market value at that time. So they will be offered for sale in a public environment. A sale strategy will be conducted in order to maximise the proceeds of sale that are generated.
Senator GALLACHER: So, Mr Varghese, I should go to Finance for an explanation of why the budget papers read the way they do? Is that what you are telling me?

Mr Varghese: You may get a more satisfactory explanation than we have been able to give you.

Senator Brandis: They are in charge of the design, basically.

Senator GALLACHER: Okay. Yesterday we had a very good discussion with Defence. Defence told us that they had $26 billion worth of property and they told us how properties there were. On notice, Mr Nixon, perhaps you could provide the value of our overseas property and the number of properties we own around the world.

Mr Nixon: Using the valuations as at 30 June 2014, which of course will be updated for 30 June 2015, the value of the portfolio at that time was $1.92 billion. That comprised owned property at locations that number something in the order of 58 around the world.

Senator GALLACHER: There has been media about the Washington chancellery, and I think I read something about plaster or something falling onto the sidewalk. There are obviously plans afoot to go and either rebuild or refurbish. Can you just bring us up to date with what is in the pipeline there.

Mr Nixon: The proposal in Washington that was taken to government, which has been approved through the budget process, is to undertake construction of a new embassy on the existing site. So we will retain the present location and rebuild on that site.

Senator GALLACHER: A pretty difficult job, I would imagine.

Mr Nixon: It will be a challenge.

Senator GALLACHER: 'Renovation of Paris residence heads the bill for diplomatic spending'. Can you inform us as to what was going on in Paris.

Mr Nixon: I can. In a response to a question on notice by Senator Wong, we advised of the works that had been undertaken at the Paris head of mission residence. Primarily, those works involved new heating, ventilation and air-conditioning systems, electrical services, fire detection, a kitchen, bathrooms, floor finishes et cetera.

Senator GALLACHER: We are doing some work around Noumea in New Caledonia, Solomons, Santiago, Tel Aviv, Vienna—are they routine amounts of maintenance expenses, and are they all on track?

Mr Nixon: A number of these are relatively minor amounts of expenditure. Again, we provided that table in response to a question on notice. But these are works that are planned and scheduled, and part of a forward program that has developed.

Senator GALLACHER: We will look forward to seeing you at the Public Works Committee, perhaps on the Washington build.

Mr Nixon: It will be wonderful to be there and present that proposal.

CHAIR: We are adjourned until nine am tomorrow. I thank you for your attendance this evening.

Committee adjourned at 22:41