

SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE**LEGISLATION COMMITTEE****Thursday, 11 February 2010**

Members: Senator Mark Bishop (*Chair*), Senator Trood (*Deputy Chair*), Senators Farrell, Forshaw, Kroger and Ludlam

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Furner, Hanson-Young, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Lundy, Ian Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Moore, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Sterle, Troeth, Williams, Wortley and Xenophon

Senators in attendance: Senators Birmingham, Bishop, Boswell, Brandis, Farrell, Ferguson, Forshaw, Hanson-Young, Heffernan, Johnston, Kroger, Ludlam, Macdonald, McEwen, Parry and Trood,

Committee met at 9.05 am

FOREIGN AFFAIRS, DEFENCE AND TRADE PORTFOLIO**In Attendance**

Senator the Hon. John Faulkner, Minister for Defence

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

Mr Dennis Richardson, Secretary

Mr James Wise, First Assistant Secretary, Corporate Management Division

Ms Ann Thorpe, Chief Finance Officer, Corporate Management Division

Ms Anne Moores, Assistant Secretary, Executive, Planning and Evaluation Branch

Outcome 1—The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian government foreign and trade policies

Program 1.1 Other departmental

North Asia (China, Japan, Democratic People's Republic of Korea, Mongolia, Republic of Korea, Taiwan)

Mr Graham Fletcher, First Assistant Secretary, North Asia Division

South-East Asia (Brunei, Burma, Cambodia, East Timor, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam and ASEAN)

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

Mr Peter Woolcott, Ambassador for People Smuggling Issues

Americas (Canada, USA, the Caribbean, South America)

Mr Bill Tweddell, First Assistant Secretary, Americas Division

Europe (Western, Eastern and Southern Europe, including Turkey and organisations such as European Union and NATO)

Mr Richard Maude, First Assistant Secretary, Europe Division

South and West Asia, Middle East and Africa (South and West Asia—India, Afghanistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives; Middle East—Gulf States, Israel, Palestinian Territories, Iraq, Iran; African countries—South Africa, Sudan, Zimbabwe and all other African countries)

Ms Deborah Stokes, First Assistant Secretary, South and West Asia, Middle East and Africa Division

Pacific (New Zealand, Fiji, Solomon Islands, Papua New Guinea, Tonga, Nauru, Samoa, Kiribati, Vanuatu; Pacific Islands Forum)

Mr Richard Rowe, First Assistant Secretary, Pacific Division

Australian Agency for International Development (AusAID)

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

Program 1.1 Official development assistance—PNG and Pacific

Program 1.2 Official development assistance—East Asia

Program 1.3 Official development assistance—Africa, South and Central Asia, Middle East and other

Program 1.4 Official development assistance—Emergency, humanitarian and refugee programs

Program 1.5 Official development assistance—Multilateral replenishments

Program 1.6 Official development assistance—UN, Commonwealth and other international organisations

Program 1.7 Official development assistance—NGO, volunteer and community programs.

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

Program 2.1 East Asia

Mr Peter Baxter, Acting Director General AusAID

Mr Richard Moore, Deputy Director General, Asia Division

Mr Murray Proctor, Deputy Director General, Program Enabling Division

Ms Catherine Walker, Deputy Director General, Global Programs Division

Ms Margaret Callan, Acting Deputy Director General, Pacific, PNG and Policy Division

Mr Jamie Clout, Deputy Director General, Corporate Enabling Division

Mr Robin Davies Assistant Director General, Sustainable Development Branch

Ms Jane Lake, Assistant Director General, Pacific Branch

Mr Jamie Isbister, Assistant Director General, Africa, Humanitarian and Peace Building Branch

Ms Lisa Rauter, Chief Financial Officer

Australian Trade Commission (Austrade)

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

Program 1.1 Trade and investment development

Program 1.2 Trade development schemes (Export Market Development Grants)

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, passport services

Mr Peter Yuile, Acting Chief Executive Officer and Executive Director, Government and Corporate Services

Mr John Angley, General Manager, Government and Communications

Ms Hazel Bennett, Executive Director, Finance, Information and Planning

Mr Ian Chesterfield, General Manager, Business Policy and Programs

Ms Elizabeth Gamin, National Operations Manager, Grants

Mr Peter Gunning, Chief Finance Officer

Ms Marcia Kimball, Executive Director, Human Resources

Ms Helen Monro, Manager, Government, International and Policy

Mr Michael Vickers, Manager, Policy and Scheme Development, EMDG

Mr Mike Moignard, General Manager, Export and Investment Services

CHAIR (Senator Mark Bishop)—I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I welcome Minister Faulkner; the secretary, Mr Dennis Richardson; and officers of the Department of Foreign Affairs and Trade. A special welcome to you, Mr Richardson. It is the first time the secretary has attended these committee hearings for a significant period of time and we thank you for doing so. Today the committee will examine the additional estimates for the Foreign Affairs and Trade portfolio in the following order: the Department of Foreign Affairs and Trade general topics until 5.30 pm today, followed by AusAID from 5.30 pm to 6.30 pm and 7.30 pm to 8.30 pm. We will hear AusTrade from 8.30 pm to 11 pm in conjunction with the Department of Foreign Affairs and Trade trade programs.

Thursday 1 April 2010 has been set as the date by which answers to questions on notice are to be returned. Senators should provide their written questions on notice to the secretariat by the close of business on Tuesday 16 February 2010. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has copies of the rules. I particularly draw

that for the last couple of days I have been sitting in this committee room and these matters are currently effectively unfolding, but that is certainly my understanding.

Senator FERGUSON—If it is any different, if you or the CDF could let the committee know.

Senator Faulkner—I would be very happy to do that.

Senator FERGUSON—At our last report, a number of inquiries had been within the Defence Force as a result of the actions on HMAS *Success*. Is this overall inquiry going to replace all those diverse and separate inquiries or will some those continue to take place?

Senator Faulkner—I believe the situation, subject or any further advice, is that, as you would appreciate, there are some ongoing inquiries being conducted by the ADF investigation service. I do not think it affects those inquiries. It may well have an impact on any other inquiries that are being conducted by defence. I can assure you that, in these sorts of circumstances, I will take the responsibility of assuring that we have a very sensible coach in relation to this. That is why I wanted to take the earliest opportunity to brief the committee on this situation.

Senator FERGUSON—Thank you. I am sure all the other members of the committee are very pleased with this turn of events.

Senator TROOD—As the chair of the references committee, can I say a couple of things. First, Minister, I think I speak on behalf of the committee in saying that we welcome your willingness to be transparent and open in relation to this matter. From the very beginning, you made it very clear that you are determined to address this matter in a fair and proper manner. You also made it clear that you are determined to provide your support to the committee in its inquiries. On behalf of the committee, I thank you for that.

May I also say—I probably speak for the committee in this respect—that I am profoundly disappointed with this development. I am profoundly disappointed in this development in relation to the particular individuals affected and I am profoundly disappointed in the context of the efforts that this committee and that the defence department have made over a long period of time to rehabilitate the military justice system. This seems to me to be yet another indicator of the considerable progress that has yet to be made in trying to incorporate a culture of fairness and justice within the Department of Defence. It seems that we have a very long way to go before we can all be confident that the system of justice within the defence department is as we would wish it to be.

Finally, the committee will of course work with the CDF and it will work with the minister in trying to address these matters. We look forward to consulting further on the consequence of these developments and constructively dealing with the impact that they might have in the near future.

Senator Faulkner—I thank you for your comments. I think there is a very strong degree of unity of purpose in the parliament towards ensuring that our military justice system works effectively, fairly and efficiently, and does the job in terms of protecting the interests of all members of the ADF. I certainly acknowledge that that is the case and appreciate the points that you have made.

It has been my intention to ensure that this committee is fully apprised of developments. Senator Trood, you would be aware that that has gone to the extent of private briefings for you, as chair, as circumstances evolve and develop. You, as chair of the references committee and Senator Bishop, as chair of legislation committee have been able to be fully informed of progress.

CHAIR—Thank you, Minister. I now call representatives of AusAID to come to the table.

[5.53 pm]

AusAID

CHAIR—I welcome Senator Stephens to the table and officials from AusAID. Senator McEwen.

Senator McEWEN—I have some general questions about AusAID and some more specifically about Papua New Guinea. The first is about Australia's commitments to global food security. Can you outline our current commitments to global food security and what has been the impact of the global financial crisis on Australia's commitments?

Mr Baxter—Australia is very concerned about the very high number of people who are suffering from hunger and malnutrition. As you are probably aware, food prices increased by a global average of about 24 per cent over the period 2007-2008. Australia has made a number of responses to the food crisis. Initially, Australia announced a \$50 million, one-off contribution to the World Bank's food crisis program. That is

money that is being spent in Senegal, Cambodia, Vietnam, Zimbabwe, Sierra Leone, Solomon Islands and Kiribati on social safety net programs for the poor and technical assistance for national governments and farmers. That assistance was used, amongst other things, to buy seeds, tools and fertiliser to help immediately stimulate food production. The fund helps the poorest of the poor; these are people who live on less than \$2 a day and who spend up to 80 per cent of their income on food. The government is also taking a comprehensive approach to addressing global food security and in the last budget announced a \$465 million food security initiative, \$100 million of which has been earmarked for Africa. That money will be used to increase investments in agriculture research and development with our partner agency, the Australian Centre for International Agricultural Research, as well as programs that will be managed by AusAID to support rural development for vulnerable communities who are most likely to go hungry in times of crisis.

Senator McEWEN—So the \$465 million is over what period of time?

Mr Baxter—It is over a four-year period.

Senator McEWEN—You mentioned some of that going to Africa. Do we have a breakdown by country or region of where the rest of it is allocated?

Mr Baxter—I can certainly get you that detail. I do not have it in front of me at the moment. I am sure that in the course of the hearing I can get that for you.

Senator McEWEN—So in the context of the global financial crisis Australia is continuing with its commitment to global food security.

Mr Baxter—Absolutely. One of the features of the global financial crisis is that, while a number of developed economies are coming out of recession that was created by the global financial crisis, the impact on developing countries is still being felt and will be for some time. So, in addition to the funding that I have spoken about, AusAID continues to monitor very closely the impact of the global financial crisis on areas such as the provision of basic services in developing countries.

Senator McEWEN—Thank you for that. I would now like to go to a question about the recent ANAO report into AusAID which I am sure you have all read.

Mr Baxter—Indeed.

Senator McEWEN—It makes a point of how difficult it is for the government, through AusAID, to ascertain where it is going to put its aid funding dollars. I note from the report that there are currently 954 aid initiatives and 1300 or so aid activities going on. How does AusAID determine where it is going to put its money? What are the criteria and how does that tie in with the MDGs that we are committed to?

Mr Baxter—In terms of where AusAID puts its money, we, like all other agencies, go through the normal budget processes. We develop new policy proposals for consideration by our minister, and those proposals are the result of a number of processes. Firstly, they are the result of our close consultation with the partner governments that we work with around the world. The core of our funding is concentrated in the Asia-Pacific, but we are also doing more in other geographic areas such as Africa. We also consult widely with other agencies within the Australian government that develop proposals that are eligible to be classified as fundable by official development assistance. You have agencies like the Australian Federal Police, for instance, who often have ODA-eligible proposals that will be brought forward.

We very much tie the proposals that we put forward to clear performance benchmarks and particularly the achievement of the Millennium Development Goals, as you have mentioned. A good example of that is in the Pacific region, where over the last few years Australia has developed Pacific Partnerships for Development with almost all of the countries that make up the Pacific Islands Forum. A key feature of those partnerships for development is tying our programs to greater progress towards the achievement of the Millennium Development Goals. They are very much at the forefront of what we do.

We of course have very longstanding development assistance relationships in our region with countries like Papua New Guinea, Indonesia, countries of the Pacific Islands Forum as well as countries in South-East Asia and beyond. There is an annual process where we will talk to the governments of those countries, we will evaluate the progress that we have made in the previous period and we will look ahead and jointly decide what priorities we will implement. They are then worked through our own budget process, and the government decides, at the end of the day, the allocation of funding for the aid program.

Senator McEWEN—Do we rank the MDGs in order of priority at all?

Mr Baxter—We do not, but it is probably fair to say that we provide funding for some of the MDGs which would be over and above some of the others. The government has decided that education will be a flagship of the aid program. We currently spend around 20 per cent of our total program on education related activities. The achievement of the MDG that relates to universal primary education is a key priority for Australia and in our bilateral programs. If you look at maternal and child health, that is another area where we have always had a traditional focus. About 18 per cent of our program is spent on health related initiatives, with a particular focus within the health budget on achieving MDGs 4 and 5 on maternal and child health. There is greater focus on some areas than others but, across the MDGs, we would be funding activities in many of our key countries to achieve all of the MDGs.

Senator McEWEN—Is that 18 per cent on child and maternal health, by which I guess you mean MDGs 4 and 5?

Mr Baxter—That 18 per cent figure is on health overall. Within that, we have a particular concentration on maternal and child health but not exclusively so, because we do work on HIV-AIDS, malaria, tuberculosis and a whole range of other things.

Senator McEWEN—Has that 18 per cent gone up or down recently?

Mr Baxter—It has increased in line with the overall increase in the aid budget in recent years.

Senator McEWEN—Is it possible in the AusAID budget to work out what amount of the overall budget is going to each MDG and then by country for each MDG?

Mr Baxter—Yes. It would be a considerable amount of work but, in a general sense, I think we could produce something that made very clear where our concentration of effort was under the various MDG categories.

Senator McEWEN—I think that would be very useful, possibly for out years to 2011-12 or something like that.

Mr Baxter—If I could take that on notice I would be very happy to produce something like that for you.

Senator McEWEN—I think it would be very useful for our interactions with overseas governments as well so that we could track exactly what MDGs Australia is giving priority to.

Mr Baxter—Another point to add is that we produced a report, which was published and publicly available in August, on tracking the progress of our Pacific island partners towards the MDGs. That is now going to be a regular annual report that will be produced by the Pacific Islands Forum secretariat. So there will be some very precise data available to measure the progress of individual countries that we provide assistance to in the Pacific region towards those MDGs.

Senator McEWEN—I mentioned before those activities that are reported in your annual report—the 954 initiatives and the 1,300 activities. Are they flagged ‘This is MDG 4’ or 5 or whatever?

Mr Baxter—Not specifically, no. But they are all very much designed to facilitate more rapid progress towards the MDGs. A good example of that is in the design of the expansion of our aid program into Africa. We are very conscious of the very patchy performance of sub-Saharan Africa towards the MDGs, so we are focusing on areas where we have particular expertise, and maternal and child health is one of those areas. So they do inform the way in which we design programs.

Senator McEWEN—Just talking about child and maternal health: your annual report mentions the increased focus on MDGs 4 and 5 in Papua New Guinea. Given everybody’s concern about the high maternal mortality rates in PNG, what specific measures have been taken to help PNG reduce the rate of maternal mortality?

Mr Baxter—We certainly agree with your concern and the general concern about the high levels of maternal mortality in PNG. We are very much committed to working with the government of PNG to improve the situation, and it is an urgent priority of our partnership for development. What we have done is that AusAID has indicated its readiness to support the recommendations of a ministerial task force report on maternal health in PNG, which I understand is currently awaiting official endorsement from the government of PNG. There are recommendations in that ministerial task force report to improve the training of community health workers to deal with obstetric care.

We are also supporting activities to train rural health workers to be able to identify and manage health complications early in pregnancy and to provide family planning services; the development of health

promotional materials and activities that can be disseminated into rural areas, including by radio, community theatre, songs and print materials, in particular to increase community awareness about the danger signs in pregnancy and to promote the use of skilled birth attendants. We are conducting a review of the midwifery program at the University of Papua New Guinea. We are providing funding for training in maternal and child health for diplomas in community health at the University of Papua New Guinea. We funded obstetric care training at Buka hospital in Bougainville and, in October and November of last year, eight rural health workers participated in training to improve their skills in conducting antenatal and postnatal checks. We are providing maternal health advisers to selected provinces and five technical advisers within the national Department of Health.

There is a very long range of things that I could continue to list, but we have a very active program in this area. We recognise that it is a very pressing and urgent need and we are determined to do what we can to work with Papua New Guinea to redress the situation.

Senator McEWEN—Is AusAID playing any role in assisting or supporting the PNG government to increase women's representation in its parliament and in other areas of governance?

Mr Baxter—The whole issue of gender equity is one that informs the design of our programs overall, and we do have leadership programs to promote the role of women in society as well as a commitment to addressing the pressing issue of domestic violence against women, not only in PNG but in other parts of Melanesia. There are programs that are funded by AusAID which encourage interaction between political parties in Australia and political parties in partner countries which aim to train representatives so that they are better able to undertake their roles. In general, we focus our scholarship and training programs in a way that promotes gender equity, so there is equal allocation of scholarships and other leadership awards to both men and women in Papua New Guinea. So we are certainly focused on ensuring, in training for leadership positions, that women are equally represented on those programs.

Senator McEWEN—Excellent. Thanks very much, Mr Baxter.

Senator BOSWELL—In the October 2009 estimates it was stated that no new requests for funding projects with a family planning component had been received since the publication of the new family planning and aid program guiding principles in August 2009. Since then have any requests been received?

Mr Baxter—Since the release of the new guiding principles, AusAID has approved five new activities by non-government organisations with family planning components, covering Papua New Guinea, East Timor, Fiji and Ghana. Those activities provide much needed reproductive health and family planning services to those countries. None of the activities that are conducted under those programs cover abortion services, and the NGOs that have been funded are International Needs Australia and Marie Stopes International Australia.

Senator BOSWELL—Could you provide details of those projects, including whether or not they have been approved, what agency requested funding, what country the project would operate in—you have just done that—and what services were proposed?

Mr Baxter—We would probably be able to give you that now. I will ask my colleague Mr Proctor.

Mr Proctor—As the acting director-general said, there have been five activities. Four of them have been through approved plans for the NGO funding process, ANCP, and one is funded through a bilateral program in East Timor. In brief, the first of those is by the NGO International Needs Australia in Ghana, which is undertaking work to develop a new health centre for general clinical and maternity services and providing community health activities on family planning and sexually transmitted diseases, and providing reproductive health education. They are training people to do family planning counselling education and contraceptives outreach and they are equipping new traditional birth attendants to provide family planning advice. In the case of East Timor, Marie Stopes, through the NGO funding program, will be working in eight districts to increase access to reproductive health information and services. In detail, that is availability of affordable and acceptable access to sexual and reproductive health information, services and contraceptives. That is probably to provide information to at least 1,000 clients a month, including information on sexually transmitted diseases and HIV.

Senator BOSWELL—In the case of Marie Stopes, they are a recognised abortion provider, and I am surprised that they are in Timor. It would be against the laws of the country to provide abortion there, but are there restrictions or do you have a watching brief on them?

Mr Proctor—We have posts in most of these countries. They do monitor activities. We also have an agreed plan. Marie Stopes's proposal has no abortion component to it and, as you said, abortion is illegal in East Timor.

Senator BOSWELL—At the October 2009 estimates it was suggested that sex selection abortions could not be funded under guidelines even if they were legal in a country concerned because of the provision that limited funding to providing the same range of reproductive health and family planning services for women in developing countries as are supported for women in Australia. It was implied that sex selection abortion was not available in Australia. However, in a question on notice AusAID was unable to provide specific information about any such ban on sex selection abortion in Australian law. My research indicates there is no such ban and that sex selection abortions in fact do take place in Australia. Could AusAID please clarify whether or not the guidelines absolutely ensure that AusAID money will never be spent on providing sex selection abortions overseas?

Mr Proctor—The guidelines refer very strongly to the Cairo Declaration on Population and Development which explicitly says there should be no sex selection activity.

Senator BOSWELL—The law in some Australian states explicitly permits abortion on the grounds of disability in the unborn child. However, in Queensland it seems that abortion on this ground is not legal. Do the guidelines permit the use of Australian aid money to fund abortions of disabled unborn children overseas?

Mr Baxter—The guiding principles make clear that the prevention of unwanted pregnancies is the highest priority of our family planning funding with every attempt being made to minimise the use of abortion as a family planning method. AusAID does not provide funding for the type of treatment that you mentioned. You can be confident that AusAID funding is not used for that purpose.

Mr Proctor—Senator, could I go back to your earlier question about countries. The other countries with recently approved programs that you talked about have very similar activities in outreach to provide broader access to family planning which as the acting Director-General has said is really the key point here, particularly in reducing maternal mortality and ill health. In a number of these countries these activities will help to equip community based service providers to be able to provide more access to modern contraceptives and advice on referrals for things like IUDs. Marie Stopes is a big provider around the world of access to contraception. It has been active in other countries including Burma where there is a huge problem of maternal deaths and illegal abortions. There again solely they are providing greater access by women to contraception, ideally, in a number of cases reducing that burden of death.

Senator BOSWELL—In answer to a question on notice last Senate estimates you provided a breakdown by name of country and name of organisation that money is going to. I think you did the same today. Could you please provide details of how much money is given to each organisation for family planning? You may have to take that on notice.

Mr Baxter—We will take that on notice.

Senator BOSWELL—Thank you.

Senator HANSON-YOUNG—I would like to continue with the topic of family planning and the aid program, the guiding principles. Since the announcement of these new principles in March 2009 can AusAID please give me an outline as to what actual new funding has been made available for these family planning activities, where it is happening and a bit of a breakdown. I have specifically asked for the new funding.

Mr Baxter—The guiding principles were actually released in August of last year.

Senator HANSON-YOUNG—Yes, sorry, they were announced in March 2009.

Mr Baxter—No activities were funded until the guiding principles themselves were put up to inform that. Since that time as I mentioned to Senator Boswell we have agreed to fund five new NGO activities in PNG, East Timor, Fiji and Ghana. Mr Proctor can give the breakdown of the funding for those if you would like.

Senator HANSON-YOUNG—Thank you.

Mr Proctor—In that list Ghana is \$49,000, Fiji is \$94,000, PNG is \$93,000 and \$100,000 is to Timor-Leste for the Marie Stopes activity. The separate bilateral activity in Timor-Leste will account for \$400,000.

Senator HANSON-YOUNG—Could you repeat that last bit?

Mr Proctor—There is \$400,000 for bilateral activity to increase access to family planning in East Timor. On top of that, other increases in funding have been made through increased contributions to UNFPA.

Senator HANSON-YOUNG—That was one of my next questions, because I was going to be asking specifically about the \$15 million over four years, which I understand is linked to that, if I am not mistaken. Would you be able to give me the outline of who, where and which countries will receive the \$15 million over four years, and where will this be assisted in terms of the family planning activities?

Mr Proctor—I cannot give you a precise \$15 million sum. Can I indicate to you a significant part of that will be achieved just through an increase in contribution to UNFPA—something in the order of \$7 million over this year and next two.

Senator HANSON-YOUNG—So a considerable amount of that will go into increased funding regardless, but it is not necessarily linked to the family planning activities. Is that what you are suggesting?

Mr Proctor—No. With the UNFPA, at least half of the activities are directly related to assisting with family planning and reproductive health. What I actually meant was that the figure will be far higher than \$15 million. Partly there is increased funding, particularly in the case of Timor-Leste, but of course what has also happened is that NGOs have more flexible guidance on what they will pursue within their existing programs. Over the next two years there will also be increasing assistance to family planning through our bilateral activities but often as part of broader health development spending. That is why it is hard to give you a precise figure.

Senator HANSON-YOUNG—But could you take that on notice and come up with something?

Mr Baxter—Certainly. We will be able to give you a very clear indication. As Mr Proctor said, there are discrete family planning activities that we fund with that new provision of \$15 million over four years, but in some cases in our broader health funding there is a family planning component which may be drawn from money that is allocated to general health assistance to partner countries. So what we can do is take that out. The \$15 million was an additional amount to boost the level of funding that the government provides for family planning activities overall. We were, prior to that \$15 million being provided, undertaking some family planning activities within the general health component of the aid budget. So what we will do is look at the health component of the aid budget and isolate those areas that fund family planning activities.

Senator HANSON-YOUNG—Can I ask why the decision was made? When that money was announced, it was not announced by the minister in terms of being an add-on to the existing funding. Why was the decision made to pass it on to programs that way instead of directly through AusAID sponsored activities?

Mr Baxter—I am not sure if I understand the question.

Senator HANSON-YOUNG—You are saying that the way this money will now be distributed is through the UN organisation and through that committee, through the work that they do. I understand you are saying that a lot of the work they do is family planning directed. I am just wondering what the decision was based on to funnel the money through that avenue instead of perhaps AusAID picking their own specific activities.

Mr Baxter—In many sectors where we work in the aid program there is a mixture of bilateral and multilateral activities. Part of the answer to that is reach—working through multilateral agencies that have representation in a broader range of countries than AusAID is currently represented in. That enables us to get greater reach for the program. In areas that we have outlined where we have made some decisions—Fiji, PNG, East Timor, for instance—we have very significant aid programs already and we are able to implement programs working with NGO partners very easily. So it is really a division of labour, if you like, and multiplying the impact we have by using whatever method is most appropriate to get the benefits to the broadest range of people.

Senator HANSON-YOUNG—So you are confident then that the \$15 million would be spent most effectively through that avenue as opposed to if you had chosen to partner with other organisations?

Mr Baxter—It is a mixture. We think that we get broader reach and maximum impact by using a variety of delivery methods. Some of those will be AusAID working directly with partners and some of them will be providing funding for multilateral agencies. So, yes, we are confident that we get the best impact.

Senator HANSON-YOUNG—I have one final question which relates to the remarks made by the US Secretary of State, Hillary Clinton. She spoke at the 15th anniversary of the International Conference on Population and Development, which I am sure you are aware of. When she gave this speech there was quite a lot of attention given to it in relation to her specific call to reduce maternal and child mortality and prevent millions of unwanted pregnancies, in her words; and needing to do that through a further commitment to and emphasis on reproductive health, family planning activities and access to that type of advice and service. I am

just wondering for AusAID in the forward planning if there is any particular take-up of that call to action, considering that obviously we do work quite closely with the United States in a number of partnerships and through NGOs that are often headed by the US. How has AusAID responded to that call to action?

Mr Baxter—We certainly agree with the statements that were made by the Secretary of State, particularly that access to family planning is one of the most effective approaches to reducing maternal deaths due to the very high number of unsafe abortions that are performed each year—the estimate is something like 20 million. About 68,000 women die each year through those unsafe abortions and 220,000 children lose their mothers that way. So we are very much conscious of the scale of the problem, and that is why the government has decided to increase funding for family planning activities above previous levels. As Mr Proctor has pointed out, it is likely that the level of funding that we will provide to family planning activities will significantly exceed the \$15 million that was announced by the government.

Senator HANSON-YOUNG—At current levels, what percentage of the health programming budget is spent particularly on family planning issues?

Mr Baxter—I do not have that number but it is something that we could do get for you.

Senator HANSON-YOUNG—That would be great, thank you.

Senator LUDLAM—I might put one question to you on Haiti and then I will come back to you after the break with a bracket of questions on Burma. Could you provide us with an update, anything at all you can tell us, about the Australian presence in Haiti and what AusAID is doing in particular?

Mr Baxter—The situation in Haiti, as you know, is a disaster of unprecedented scale. At last report, there were an estimated 270,000 deaths, over 300,000 injured, almost four million people affected and more than 1.2 million people in spontaneous settlements. About half a million people have left the capital. What makes this disaster quite different from other natural disasters that have occurred in recent decades is that in the case of Haiti 70 per cent of the capital was destroyed and a very significant number of government personnel were killed or injured. I think the latest figure we have seen is that 92 UN personnel who were present in Haiti have been confirmed dead and many hundreds have been injured. So this is unprecedented on many levels. Unfortunately it is the largest single event to cause the loss of life of UN personnel in the history of the United Nations. So that is just by way of backdrop. It is a very concerning situation.

Australia has provided \$10 million for immediate assistance in Haiti. We have channelled that through credible and effective international organisations with a long history of working in Haiti. We have provided \$1 million to the International Federation of Red Cross and Red Crescent Societies, \$4½ million to the World Food Program, \$1 million to the UN Office for the Coordination of Humanitarian Affairs, \$1 million through the Caribbean Disaster Emergency Management Agency and \$2½ million to six Australian non-government organisations which have the capacity to provide emergency assistance on the ground.

We have also deployed a small team of Australian Defence Force air traffic controllers at the request of the United States to assist in making the airport work more efficiently. As you know, there is an enormous amount of air traffic and it has been a problem in the early stages. So we are giving practical assistance there. We have deployed an Australian expert to work with UNOCHA in Haiti and we have been discussing three further deployments with the UN—one to UNICEF and two to the WFP—of Australian personnel. We have made it clear to the UN that we are very happy to consider further requests for Australian personnel if there is a requirement to do so.

In addition to the \$10 million I mentioned, Australia has made an initial commitment of \$5 million for the longer-term reconstruction assistance to Haiti following the completion of needs assessment. The government has made a decision that Australia will be represented at a senior level at a conference that will be held we think in New York at the end of March where the international community will come together and look at the needs assessment and the long-term reconstruction and recovery needs of Haiti and make pledges of support to help that effort to reconstruct the country.

Senator FORSHAW—In relation to the groups, you talked about international organisations and then later on you talked about a number of Australian NGOs. Would you be to provide the committee with the names of those various organisations—

Mr Baxter—Yes, I have got them here now.

Senator FORSHAW—We are about to suspend for a short break. Perhaps you could provide a list to the committee.

Mr Baxter—Yes, I am very happy to.

CHAIR—Thank you. I have also received two documents that were tabled by Mr Wise from DFAT so we will formally accept those now.

Proceedings suspended from 6.32 pm to 7.35 pm

CHAIR—We welcome back officers from AusAID.

Mr Baxter—Before the break, Senator Forshaw asked me break for the names of the NGOs that we were supporting in Haiti. They are Oxfam, Care, Caritas, Save the Children and World Vision. Those are the Australian NGOs that we are providing funding to. If I could also clarify: I mentioned that Australia had announced the deployment of five Defence air traffic controllers to assist in Haiti. Those officers have been deployed but have not yet arrived in Haiti. They are on their way.

Senator FORSHAW—Could I clarify: for those Australian organisations you just mentioned, I think you said the figure was—

Mr Baxter—\$2.5 million.

Senator FORSHAW—Earlier in the answer the answer that you were giving to another senator, you mentioned \$10 million, which I think you said is delivered through UN or international agencies?

Mr Baxter—That is right. There is \$7.5 of the \$10 million through a variety of either UN agencies, the International Red Cross or the Caribbean Disaster Emergency Management Agency, and \$2.5 million through the six Australian NGOs. That makes the \$10 million.

Senator FORSHAW—Thank you very much.

Senator FERGUSON—I want to ask some questions about our education program in Indonesia. Are any of the officers aware of Mr Rob Cannon, who is regarded as an international education specialist in Jakarta? Is there anybody who knows Mr Cannon?

Mr Baxter—No, Senator.

Senator FERGUSON—I had better read you a little of the email that I received. I do know Rob Cannon, and I know that he has been involved in international education in Indonesia for more than 20 years. Part of that time I thought was with AusAID but he certainly has done some work with USAID as well, in education programs. He sent me this email on 15 January this year:

This week I received a request from a senior AusAID officer in Jakarta to meet, which I will do on my return to Jakarta on 28 January. The agenda is unknown at this stage, but it may be connected with my concerns about the ESSP ...

Mr Baxter—The Education Sector Support Program.

Senator FERGUSON—Yes. The mail goes on:

The only ESSP documentation I have seen has been released by GRM in Brisbane. This is an operational planning TA, a copy of which is attached. The contents of this document confirm the worst fears of several experienced professionals in Indonesia about the poor quality and irrelevance of what is to be implemented in the name of Australia. One example is the intention to be able to assist every district in Indonesia, nearly 500 in total. This approaches pure fantasy. I can provide many other examples if necessary.

Are you aware whether or not this meeting with a senior AusAID officer in Jakarta took place on 28 January?

Mr Baxter—No, Senator. I am not aware of that.

Senator FERGUSON—I am going to have to dig a bit deeper then and explain to you some of the problems that he says exist in the Education Sector Support Program.

In brief, can I say that it is argued that the conception of the ESSP as stated in document is seriously flawed. This document provides ample evidence of a lack of understanding about the present operation of education in Indonesia, of its governance and of the fundamentals of good development practice and lessons learned from prior donor assistance to the sector. There is a major misunderstanding about how Indonesian education is managed in the decentralised environment that began in 1999. Throughout the ESSP document the term 'government of Indonesia' is used in a sense that equates it with the central government in Jakarta. In the decentralised system this is not so.

The government of Indonesia includes provincial and district government, particularly the latter in the case of education. So it is simply wrong for the document to state in paragraph 2.4: 'Training will be provided to district based Ministry of National Education officials and school supervisors.' These officials belong to the district governments not the central Ministry of National Education. This statement demonstrates the fundamental misunderstanding of the decentralised nature of education in Indonesia.

Could you comment on those criticisms of your program as provided by ESSP?

Mr Baxter—I will make a general comment before asking my colleague Mr Moore, who is the deputy director-general of the Asia Division to comment in detail. We do have a very large and successful program in Indonesia promoting greater access for Indonesian school children to school facilities and also to train school officials across the country. You will recall that after the tsunami of 2004 there was a very significant increase in our program in Indonesia, and education has been very much a focal point of that. I was in Indonesia late last year and met with many officials from the Indonesian government, and certainly the only commentary that we heard on our education support was very positive from the government of Indonesia. On the specific program, I will ask Mr Moore to make some comments.

Mr Moore—We will certainly respond on the details of the suggestions you have put to us. We have been working for several years with the government of Indonesia, particularly constructing new junior secondary schools in a partnership with local communities, the governments of Indonesia and Australia. This has been tremendously successful. We have completed the construction of 2,000 schools and this has led to an increase in the availability of nearly one-third of a million extra school places. This scheme is seen by all commentators that I am aware of as having been a tremendously successful partnership.

It is true that we are thinking ahead, and we are in dialogue with the government of Indonesia about the next phase of its expansion programs for the education sector. As part of that, we are talking about additional school construction to build on this physical work that we have done very successfully. We are also working with the education authorities at the centre and, as you say, at the provincial level to strengthen the quality of school management and teacher education, and to make sure that when we get more children into those school places that they get a decent education. The Education Sector Support Program is a whole-of-sector multipartner program. We are one player in this. It is led by the government of Indonesia and it is currently a draft program which all parties are scrutinising and seeking to enhance the quality of. It is very advantageous to have the comments and critique of expert advisers because we want to put that into the process. I am confident that what we do in the next period and what Indonesia does will take us forward in delivering quality education for a large number of additional children in Indonesia.

Senator FERGUSON—I am not sure that you have not reinforced the criticism when you keep talking about the government of Indonesia. Rob Cannon is an Australian who has lived there for 20 years on and off. As I see the significant criticism, he says the misunderstanding permeates the whole design concept because education in Indonesia is so decentralised. He says there is no evidence in the document that district government, which has the main responsibility at that level for education, has or will be consulted in the design and implementation of the activities. He also is quite critical in saying that the program will have no sustainability once Australian funding ceases in each of the individual projects and if the district ownership of the program is not developed. You seem to be talking about the government of Indonesia all the time and not necessarily the district government.

Mr Baxter—As a general point, we are the largest bilateral donor of grant aid to Indonesia. We understand very well the decentralised nature of the Indonesian government system and have worked not only under that system but with both the provincial and central governments in Indonesia to assist the building of capacity at all those levels of government. So I do not think it is correct to portray the Australian government or AusAID as unaware of the way in which the Indonesian governmental system operates. I accept the criticisms that have been given to you. We have a program that is a bit more than \$400 million a year that we are implementing across Indonesia in a variety of provinces and in a variety of sectors. It is viewed very positively by governments in Indonesia at both the provincial and central levels, so I think we do have a good understanding. We welcome comments that people want to make and constructive criticisms of our programs. Obviously we will take on board and be very interested to see those criticisms that have been provided to you. But I just want to make clear we do have a lot of experience in working at all levels in Indonesia and with all levels of government.

Senator FERGUSON—I ask this question because Rob Cannon is a person I know quite well. I have known him for 30 years—not that I see him very often, but I do know him. He is highly regarded, and I know that he has done a lot of work with USAID as well in the last few years. His concern is about getting value for money in the expenditure that we have within the aid program, so I think his criticisms are constructive. There are a number of other distinct suggestions and criticisms that he made. If I was to provide what he considers to be weaknesses in the program in the form of questions on notice, could we get a response as a committee to the suggestions that he makes where things might be strengthened or to criticisms that might be invalid? Some

of his criticisms might be quite invalid. Rather than me going through the whole lot of these—and there are 14 points that he makes—if I put them in as a series of 14 questions on notice, would you have time to investigate them more deeply? Could you also, as an additional question on notice, inform me whether or not a senior AusAID official did meet with Mr Cannon on 28 January or thereabouts and of the outcomes of that meeting? I know it is not that long ago, but I would be surprised if the meeting did not take place, because I knew he was going back on the 27th. As you know, in an Indonesian election they elect governments, provinces and then the district, and the total responsibility in the long run resides with the district government, which is different to a lot of other places.

Mr Baxter—We would be very happy to take those questions on notice and give you detailed answers. I mentioned I went to Indonesia at the end of last year. One of the things I did was to go and look at the reconstruction program that we have started jointly with Indonesia at the district level in West Sumatra for schools that had been flattened or destroyed as a result of the earthquake. So we were obviously working very closely with the district officials to reconstruct the schools and so have a good understanding of how that system operates. But we are happy to look at the criticisms that have been levelled and give you detailed answers, and we are happy to get information on whether the meeting occurred and what the outcome of the meeting was.

Senator FERGUSON—I would like to know. I went to Banda Aceh myself a couple of years ago and saw the wonderful work that is being done up there. I know it is not easy, especially right in Banda Aceh itself where some people want to put things back where they might get blown over again by a tidal wave.

I will just have to redo them in question form. I will make sure you get them in the next day or two. I am aware of the short time that we have tonight and I just don't think it would be fair for me to take it up going through all these questions when I can give them to you and you can give considered answers.

Mr Baxter—Certainly.

Mr Moore—We will be very happy to do that, but if I may very quickly respond on two points just to offer some level of reassurance: it is not only in the area of education but in other service delivery elements where this question of the decentralisation of decision making and responsibility and the decentralisation of resources is critical. So we are actually working on the whole system of public financial management. We are working with the department and the Minister for Finance and Deregulation to try to ensure that there is sustainability in the financing and that the resourcing that gets down to the provincial levels matches the authority that has been delegated to that level of government.

Senator FERGUSON—As a matter of fact, I think I can do better than you wait until I redo these. I will, in the form of a question, give you the paper that is sent to me. I think that will be adequate for you to get the answers developed from. There are 14 points in it.

Mr Moore—Thank you.

Senator LUDLAM—I would like to address the issue of our work in Burma. I said this earlier when we had the department at the table but I will repeat it. I want to put my acknowledgement and support on the record for the lifting of our aid budget to Burma—in the minister's speech of 8 February. Can you give us a bit of an idea of where this sits within our priorities, at least funding wise? The minister has indicated we are taking our total aid budget to around \$50 million a year. Where does that place it within the relative range of aid to different parts of the world?

Mr Baxter—It is a significant program. I guess, by way of comparison, in the region we provide about \$120 million to the Philippines in bilateral assistance, so Burma is about half of that. But it is a significant program.

Senator LUDLAM—It is certainly a significant increase on historical levels, so it is greatly appreciated. As I mentioned before, I spent a couple of days in January in Mae Sot on the Thai-Burma border and the Australian aid budget and presence in Burma is absolutely appreciated by the people up there. You run into Australian volunteers wherever you go up in that part of the world. So I wanted to provide that feedback. I know we do not actually have anybody stationed in that border area but our work there is acknowledged and appreciated.

Can you give us, historically I suppose, a bit of a profile of where our aid money into that country actually goes geographically? How much of it goes in through Rangoon and how much of it is making its way elsewhere?

Mr Moore—Obviously, in the most recent past a large proportion of our assistance has been responding to the post-Nargis situation and so it has gone into the delta region. This year we estimate that about \$10.7 million will be used for Nargis related reconstruction. In ongoing relief last year the figure was more than double that—it was about \$25 million.

We have longstanding programs of assistance to areas like the northern Rakhine state on the other side of the country which, as you know, is also home to very disadvantaged communities. There are special efforts required by international partners to reach the Rohingya populations. We work with a wide variety of non-government organisations and international bodies of repute who endeavour to reach all affected communities in the country. As you know, that is easier at some times than others and easier in some parts of the country than others. But we certainly endeavour to make sure that our assistance does not in some way get trapped in and around Rangoon. We certainly plan there and dialogue there, but the partners with whom we work endeavour to reach out to affected communities throughout the country.

Senator LUDLAM—Okay, but in recent times our focus has been on the Irrawaddy Delta and the regions that were hardest hit?

Mr Moore—We have had that particular focus post Nargis.

Senator LUDLAM—With the lifting of the aid budget into the country, is there any thinking being done or foreshadowed as to where that is best placed?

Mr Moore—Certainly we have been giving that thought, and in particular we think that there will be substantial scope to build on what we have already been doing. There has been a particular emphasis on health, on education and on rural livelihoods. The last one, in particular, we think we will be able to do a lot more on. We will work with other international partners to try and put into the hands of farmers and fishers the means to lift their own incomes: getting them additional seeds and access to credit and some basic rural infrastructure so it makes it easier for them to get their goods to market—things of that ilk.

When we are thinking about affected communities we are cognisant of the fact that there are displaced people within the country and people who have been pushed across the border. As you know, we have been providing assistance to the Thai-Burma Border Consortium for many years. We were able to lift that slightly over the last couple of years. Last year it was a million dollars' worth of assistance we were able to provide. And when we come to think about the additional assistance we will be looking at our capacity to assist more in that area as well.

Senator LUDLAM—Wonderful. I am going to go to the issue of cross-border aid later, but for now I am just talking about the fact that we can fund, and indeed we have been funding for a number of years, a lot of very important work for the displaced people who have come over the Thai border and are in the vast refugee camps on that side of the border. With the \$1 million you mentioned, roughly what has that been as a total proportion of our aid budget historically—say, over the last year or two?

Mr Moore—Of the budget in Burma? You would really have to go back before the Nargis cyclone in order to make that a representative proportion. In that case it would probably be somewhere between five and seven per cent historically—that sort of order of magnitude.

Senator LUDLAM—I do not know at what stage your thinking is in assessing where best to place the additional funds that Australia is considering putting into that country, but I suppose I—however is the politest way to do this—state as strongly as I possibly can that the border area, particularly the Thai-Burma border area, is coping with the impacts not just of a collapsed economy and a nasty regime but of a war. I think we can change the proportions of the funding that we are spending, if there is extra money in the pot, to provide greater resources to the groups that are up there, as other countries have been doing for years. There is a very high degree of coordination and probably accountability, I presume you are finding, with the TBBC and they are making a lot out of very little up in that part of the world. For the aid that we do send in through Rangoon, what checks and balances do we have in place to ensure that it is not inadvertently advantaging the regime?

Mr Moore—First and foremost, we do not put our assistance in the hands of the regime. It is all delivered through reputable partners on the ground who have experience and knowledge. That is the first thing. We have our own people on the ground. We have two A-based AusAID officers. We have increased that since the cyclone. In addition, we send officers to participate in monitoring. Today there are AusAID officers on their way to Burma to conduct monitoring exercises with the UN and also to take forward the planning for this additional assistance.

The sorts of people that we are working with in Burma would be extremely well-known to you—including Red Cross, CARE Australia and UNICEF. All these players have very robust systems for planning delivery of assistance and for monitoring it. They report to us; we scrutinise those reports. We go with them on monitoring visits into the field; we go separately. And we do vetting and verification exercises. We are very confident that, even though it is a very difficult environment, we are able to account for Australian assistance in Burma and to make sure that it is getting into the hands of those who need it most.

Senator LUDLAM—That is great. Does AusAID have staff permanently based out of our embassy in Rangoon?

Mr Moore—We have two Australian based staff members there, plus support staff.

Senator LUDLAM—I have a couple more questions. I know Senator Kroger has given way, in particular, which I appreciate. Can you tell us what the government is considering in terms of immediate assistance to the roughly half a million displaced people in Burma's eastern states?

Mr Moore—Senator, you and I know that those people are the hardest to reach and access is an ongoing problem. We work with our partners in order to take advantage of increased access wherever possible, but there are large numbers of people, perhaps half a million, who essentially are receiving very little or, obviously, no assistance at all—or, in fact, harassment—from the government.

Senator LUDLAM—The point I am making, I suppose, is that the only assistance, the only health care, and the only news of the outside world that they are receiving is brought in in backpacks by people working on the Thai side of the border. This is funded by some of our partners in distribution of aid, and Australia is one of the few countries up on the border that does not fund that work. Can you tell us—and I did put this question earlier to the department—anything at all about AusAID's thinking on the value of funding cross-border aid, as many of our partners do up there?

Mr Moore—My first response would be the point that I have just made. We fully agree with you that there is a significant community of people who lack services, so we share that concern. However, the policy of taking assistance across the border is one that successive Australian governments have deemed as inappropriate, and the current government remains of that view. It is a matter of judgement about the costs and the benefits. Different countries put the weights in different places. The concerns for us are, first and foremost, that this is not legally sanctioned, people are going into a conflict zone—

Senator LUDLAM—Sorry, just to pull you up there, they are coming out the conflict zone to collect supplies and equipment and take it back.

Mr Moore—Sure. But they are also frequently accompanied—for reasons that we all understand—by protagonists in the conflict. My understanding is that up to 12 cross-border workers have died in the course of providing cross-border relief, so it is a dangerous operation. As soon as we provide supplies that go cross-border we have no capacity to monitor those whatsoever. For these reasons, we, the European Union, and, I believe, Japan, have judged that we cannot be party to those efforts.

Senator LUDLAM—Can you confirm for us, though, that you do recognise the value of the Australian government funding the work up on the border and that, whether or not we are funding the crossing the cross-border activities, at least we could be more greatly resourcing the work of the people who are up there?

Mr Moore—I would hope that we would be able to do that in the future.

Senator LUDLAM—Thanks very much. We will continue this conversation in a few months. It is greatly appreciated. I would just like to thank Senator Kroger for making way earlier.

Senator KROGER—I would like to go back to the ANAO audit that was raised much earlier on. I want to turn to some of the disturbing elements of that which essentially suggest that AusAID has a problem with transparency, accountability and communication. I want to get your comments in relation to how you intend to address the six recommendations that it makes on devolution, country program aid, technical assistance, whole-of-government coordination, monitoring and evaluation, and external reporting.

Mr Baxter—Would you like me to go through our response to each of the recommendations?

Senator KROGER—That would be great, and if you have a time frame that you have put to those that would also be informative.

Mr Baxter—The first thing I would like to say is that we welcomed the ANAO report and, in particular, I would draw attention to the overall conclusion of the report, and that was:

... since 2005, AusAID has managed the expansion of the aid program in a way that supports delivery of effective aid.

While we recognise that there were some deficiencies in AusAID's administration that were brought to our attention, the overall finding of the report was positive in terms of its assessment of AusAID's capacity to manage a scaled-up aid program.

AusAID has agreed to the six recommendations made by the ANAO, and we are progressing with the implementation of measures to address the issues that were raised in those recommendations. In terms of the time frame in which we are doing that, the answer is: as soon as possible. AusAID staff have already undertaken a number of actions to improve our performance in the areas that were highlighted by the ANAO. The progress of the implementation of our response to the recommendations is monitored by the agency's audit committee, which is chaired by one of the deputy directors-general and they report to the AusAID executive, which I chair. So there will be very senior and close oversight of our implementation of measures to address the recommendations.

The first recommendation related to better support, program management, human resource management, analysing the key drivers behind high staff turnover and developing strategies to increase the length of time staff spend in roles and increasing the management responsibilities of locally engaged staff where appropriate. It is certainly true that AusAID's rate of internal movement is higher than over public service agencies. One way that that is being addressed is to implement a policy that staff will be expected to stay in their positions for at least two years unless there are compelling operational reasons that they should not. Some of those compelling operational reasons which would impact on that two-year rule would include things like the need to react rapidly to natural disasters. Last year when we had, simultaneously, major flooding in South-East Asia, tsunamis in Tonga and Samoa and an earthquake in West Sumatra in the same week, obviously it is all hands to the wheel and we pull people out of areas that are not as pressed and we put them onto higher priority tasks. But we recognise that this is an issue.

Senator KROGER—Just before you move on to the next thing, what are the reasons that you have identified for the high staff turnover?

Mr Baxter—As I say, part of it is the nature of our business, where we are asked to respond quickly to unforeseen events like natural disasters. We live in a region that has more natural disasters, unfortunately, than any other region on earth—as evidenced by our experience last year in dealing with them. There was a tsunami in 2004 and there was Cyclone Nargis in Burma more recently. So there are a series of events that occur that require us to be flexible in the way in which we deploy our staff.

Senator KROGER—Are you suggesting that staff are leaving because of the stresses involved in having to be—

Mr Baxter—I am particularly talking about the length of time staff are spending in roles, rather than people leaving the agency itself.

Senator KROGER—Okay.

Mr Baxter—In terms of our overall staff turnover, I do not think that there is an enormous difference between AusAID and the broader public sector average in terms of separations, if that is what you are talking about.

Senator KROGER—That is what I was actually referring to—the actual turnover for staff and the loss of accumulated experience, knowledge and skills.

Mr Baxter—I am not aware of our separations being at any significantly higher rate than other agencies or departments in the public sector. We are also undertaking a new workforce planning process at the moment which will include a staff mobility policy requiring staff to remain in their jobs for a two-year period. In response to the ANAO's comments on looking to increase the management responsibilities of our locally engaged staff at posts, we have certainly done this. We have some quite senior locally engaged staff in posts like Jakarta and Port Moresby, but there are some constraints to the seniority of the roles that we can give locally engaged staff. One of those is security: only Australian citizens can get security clearance to see sensitive information which may impact on the way in which we design our programs and deliver them. There is also an issue of financial regulations under the FMA Act. Only Australian public servants can exercise delegations to spend public money in certain circumstances. So they are not AusAID imposed constraints; they are public-sector-wide imposed constraints. But the principle of ensuring that our locally engaged staff have good career paths is something that we are very determined to manage in an appropriate way.

Senator KROGER—So you think that there is a limitation on how far you can increase the level of support at a local level so that you are giving more work at a local level rather than bringing in contractors or whoever to undertake programs?

Mr Baxter—The relevant public sector legislation places limits on us, both from a security perspective and from a financial management perspective. But working within that system, AusAID has probably more senior staff engaged locally than any other department overseas because we do employ, as program experts, nationals of the countries in which we deliver our programs and they undertake quite senior roles. That is particularly the case in our two largest posts, which are Jakarta and Port Moresby. In each of those posts we have around 100 locally engaged staff fulfilling a wide variety of roles.

Senator KROGER—Has that type of program with those specific partnerships and a greater focus on developing local staff happened largely through the PPDs?

Mr Baxter—With the PPD type approach, one of the things we are doing much more in a country like Indonesia is delivering our aid through the Indonesian government systems rather than establishing projects that are done in parallel to the Indonesian system. So when we work on education and health, we work with the education and the health departments in Indonesia to strengthen their systems while at the same time delivering particular programs, whether they are a focus on basic education or on a particular aspect of health care. That requires us to have a much higher level of dialogue with the partner country about their policies and how our programs can align with their policies. So we have to have a deeper understanding of those government systems. Clearly engaging capable local staff gives us a much better knowledge base from which to operate.

The second recommendation talked about AusAID needing to make country and regional strategy more central to aid allocation and thereby improve selectivity of aid investment. It also recommended that AusAID completes strategies for all major country and regional programs, keeps them up-to-date and builds on the framework provided by the Pacific Partnerships for Development, including indicative multiyear resource allocations in all country and regional strategies. We agree that there is a need to improve AusAID's performance in that area. We are on track to have new country strategies in place for all our major country and regional programs by the end of this year. Currently of the top 20 recipient countries in regions for Australian assistance, 11 have country partnership or country strategies in place, four more will be finalised by June and the other five by the end of this year.

It is not always appropriate for us to have a government partnership or a country strategy approach agreed with the host country. Zimbabwe is a good example. We are not going to negotiate with the Mugabe regime on how we provide assistance to Zimbabwe. Fiji would be another example that I would give—and Burma, which we have been talking about tonight. So there are exceptions but, in general, where that is possible, we recognise that that is the best approach. We are also developing a new way to develop our country program strategies to ensure that the expertise and the views of all of the agencies in the Australian government have input into those processes.

The third recommendation talked about increasing the use of partner government systems in delivering aid. I have just mentioned that we are doing that a lot more. Basically that comes down to a risk management decision in many cases. In some countries where there are high levels of corruption or low levels of capacity in partner government systems, it is not an effective way to deliver aid where you have a choice between making an intervention in the health sector through a central government system which could be very slow or cumbersome or working with the NGO community, including church groups, to actually get aid into a village to fix a particular problem. So there are assessments that you have to make.

Senator KROGER—Would PNG be one of those?

Mr Baxter—In some areas, yes. The area of HIV-AIDS I think is a good example where most of our work is done outside the government system and it proves to be effective. But, as I say, it is largely a risk management and a capability assessment process. As you would know, the overall international trend is towards doing more through partner government systems. Take a place like Afghanistan. At the recent London conference there was an agreement by donors to try and channel up to 50 per cent of aid going into Afghanistan through the Afghan government system. Our response to that as the Australian government was to say that we welcome that aspiration but we want to see a lot of improvement in the way the Afghan government system operates before that would be an appropriate way in which we could channel our aid. We are also developing a new policy and management framework to provide more guidance to staff on how to

make decisions as to when it is appropriate to work through a government system and when there might be other alternatives which are more appropriate from either an effectiveness or a risk management perspective.

The fourth recommendation really related to strengthening our monitoring, evaluation and management of the aid program, particularly by publishing management responses to all major reviews conducted by the Office of Development Effectiveness—we have certainly agreed to do that—and publishing an annual program of evaluations that the Office of Development Effectiveness is going to undertake at the start of the year. We have agreed to do that and we will start that in the next financial year.

Senator KROGER—So that is a self-evaluation—

Mr Baxter—Yes.

Senator KROGER—of various areas within AusAID and various programs, I presume?

Mr Baxter—Yes. The Office of Development Effectiveness reports directly to me and is separate from the rest of the agency in that sense, and it publishes evaluations of different aspects of our program as well as publishing an annual review of development effectiveness.

The next recommendation talked about strengthening our external reporting and developing additional performance indicators in our portfolio budget statement. We have agreed to do that and agreed that we will develop additional performance indicators on a broader range of aspects of agency performance, such as the number of country programs with an approved strategy in place. Where we publish this additional information on monitoring of our performance is an issue we are still considering—whether it is in the annual report or in the portfolio budget statements. Those issues will be considered by government and a decision made. We already include a number of performance indicators in the PBS, including overall development results; outputs for specific activities, like the number of schools we have constructed in Indonesia under our education program; whether or not, under our own assessments, 75 per cent of activities achieve a satisfactory rating; and whether our strategy objectives are fully or partially achieved, but we recognise that there is a need for us to do more to improve our performance reporting.

The final recommendation talked about improving transparency and accountability for aid program expenditure. It talked about obtaining clarification from the Department of Finance and Deregulation on the way in which AusAID uses administered expenses for departmental purposes and the current approach to classifying administered expenses. It said that if the current processes are going to be continued then we should disclose in the annual report ‘details of the program, role and cost of APS and locally engaged staff funded from the administered appropriation’ as well as other costs like travel, accommodation, IT et cetera.

We have been working with the department of finance to develop guidance in this area, and we hope that that work will be finalised in time for implementation in the next financial year. We have been following the guidance that was released by the department of finance in 2007 as the way in which we classify administered and departmental expenses, and that has been accepted over the period since 2007 in successive audits of our financial statements, which in every year have been approved without qualification by the ANAO. It is a broader issue than AusAID, but AusAID present, I think, some unique challenges because of the way in which we have to incur expenses to deliver the aid program. Obviously, we need people and other resources to deliver the aid program. As I said, we hope that we will finalise our work with the Department of Finance and Deregulation and have a new system in place for the next financial year.

Senator KROGER—Thanks, Mr Baxter, for that thorough overview. In conclusion: from what I have read, there is a suggestion that AusAID will probably double by 2016, I think it was—something like that. Do you think that these recommendations, if implemented, would provide the strategic, targeted focus that is necessary to ensure that aid is most effectively delivered on the ground, as opposed to a lot of that being consumed in what is called—what is the term you used?

Mr Baxter—Technical assistance?

Senator KROGER—Technical assistance, that is it.

Mr Baxter—I think one of the very positive things about the ANAO report is that it has given us, if you like, a health check of some areas of our management that we need to improve. There is no question that we accept that we can improve our performance. You are right in that the trajectory of the aid program is going to be a very significant increase over the next five to six years. We have to put in place, and we are putting in place, the mechanisms that will enable the agency to ensure that that funding is not only used effectively but used in such a way that it is easy for the parliament and the Australian public to understand where the money

goes, what results we have achieved with it and what the processes are by which we make decisions on the allocation of those funds. So, yes, I agree with that.

Senator KROGER—I am very pleased to hear it, because, as you so articulately put it, given the number of natural disasters that you have been dealing with, the stresses on the system seem to be increasing as opposed to retreating. I have further questions—shall I continue?

Senator HEFFERNAN—Did you eloquently read out a report that you have written that is available on the web?

Mr Baxter—We have responded to the ANAO recommendations, yes.

Senator KROGER—I will turn to the Office of the Deployable Civilian Capability that has been announced, where the government have indicated that they are going to spend \$52 million on the project. Could you just expand on that for me? Over what period of time is that \$52 million to be deployed? Do you have that information?

Mr Baxter—Yes. The funding is provided for four years. It is over a four-year period.

Senator KROGER—I understand that there was going to be a civilian force of some 500 people. Is that right?

Mr Baxter—Yes. There was a decision made by the government in November last year to call this new facility the Australian Civilian Corps. That is what it is known as now. The government has tasked AusAID with having register of 500 Australians built-up over time so that we have a capability to deploy up to 100 people who are part of the Australian Civilian Corps. The government has asked AusAID to have an interim capability in place by 31 March this year and to have a civilian corps fully operational by the end of this calendar year. So we have been busily preparing to meet those deadlines over the past few months since the government made the announcement to establish the civilian corps.

Senator KROGER—Are you actually going through the recruitment of those civilians?

Mr Baxter—We are. We are going through, firstly, the set-up phase of the office itself.

Senator KROGER—Which is out of where?

Mr Baxter—It sits in AusAID. The office of the Australian Civilian Corps will have 21 staff. We have staffed 16 positions so far. People who make up the office of the Australian Civilian Corps have been drawn from a number of government departments, not just AusAID. We have secondees from the Department of Defence, the Department of Prime Minister and Cabinet, the Australian Federal Police and other agencies that have capabilities that we want. They are also from the Attorney-General's Department because there will be legal issues related to deployment. So it will be very much a whole-of-government facility that will be housed in AusAID and will be deployed from AusAID.

We plan in the middle of this year to seek public expressions of interest to be part of the register. Obviously we will go through a vetting process and select the people that we want and the kind of skills base we want. The people who will be on the register will have a very broad range of skills, from people who are good at starting up a public financial management system after a disaster to people who are good at fixing a town water supply. There will be some very practical skills. Then the government will make decisions on deployments in response to either situations after conflict has ended or situations following natural disasters. They are the kind of circumstances that we would look to deploy in.

Senator KROGER—Will those civilians be volunteers or will they be paid?

Mr Baxter—They will be paid. They will be drawn from the Commonwealth public sector, the state governments, the private sector, NGOs and a whole range of areas. It is skills we are looking for rather than people from particular areas. They will be seconded formally to AusAID and therefore paid as AusAID employees when they are deployed under the civilian corps.

Senator HEFFERNAN—What is the hourly rate?

Mr Baxter—I cannot tell you that at the moment.

Senator HEFFERNAN—Have a guess.

Mr Baxter—I would not like to guess.

Senator HEFFERNAN—You are a cautious person.

Senator KROGER—Chair, do you want me to go on for a couple more minutes?

CHAIR—We only have about one minute left and then we are going to switch over to Austrade.

Senator KROGER—I have a number of questions, but I am happy to put them on notice.

CHAIR—Put them on notice, if you like.

Senator KROGER—Can I just ask one more? It is a really quick one.

CHAIR—Yes, you may.

Senator KROGER—It is in relation to the Minister for Health and Ageing and the Prime Minister announcing they were going to donate some of our swine flu vaccine to Pacific island countries. I was wondering whether that had been done.

Mr Baxter—I will ask my colleague, Mr Proctor, who looks after our health sector, to answer. I am certainly aware of the program.

Mr Proctor—To the best of my knowledge it is being done; I could not guarantee that it has been completed. It was part of a broader effort which also provided some funding through WHO and others to assist the distribution of these vaccines once they are in the country. Unless others have some knowledge of it, it might be better just to give you a quick response on notice.

Senator KROGER—That would be good, because I am interested to know, firstly, if they had been delivered, secondly, whether they had been taken up—because I know the take-up rate of them has been fairly slow here—and, thirdly, what the outcome of it was. It would be good to know the three aspects of that.

Senator HEFFERNAN—Could you give us, on notice, the pay and conditions and terms of employment of the so-called volunteers in that—

Mr Baxter—Of the civilian corps?

Senator HEFFERNAN—Yes—which includes, as you said, people drawn from the Public Service et cetera as volunteers.

Mr Baxter—Certainly. We will give you an answer to that.

Senator HEFFERNAN—How are you a volunteer if you are paid?

Mr Baxter—That was not a word that I used; it is not a volunteer service.

Senator HEFFERNAN—Would you give us the pay and conditions.

Mr Baxter—I will give you the process that we are going through to determine that.

Senator HEFFERNAN—You do not have the pay and conditions up yet?

Mr Baxter—Obviously it will vary, depending on where we deploy. If we deploy people—

Senator HEFFERNAN—Could you give us the details of the pay and conditions, wherever the deployment.

Mr Baxter—Okay.

CHAIR—Thank you, Mr Baxter, and I thank your officials for attending this evening and being of assistance to the committee. I now ask that the officials of the Australian Trade Commission and the relevant areas of the Department of Foreign Affairs and Trade come to the table.

[8.31 pm]

Australian Trade Commission

CHAIR—Welcome, Mr Yuile, and officers of Austrade. I also welcome the return of Mr Richardson. We are going to start with Senator Heffernan and some questions on BSE.

Senator HEFFERNAN—Could I be informed as to what role, if any, Austrade have had in negotiations, communications and in any other matters of interest with the US and Canadian governments on the importation of beef into Australia?

Mr Yuile—I am not aware of any contact that we have had with the Canadian government. It would have been through the high commission, I would imagine.

Senator HEFFERNAN—Austrade has had no dealings at all with this decision—had no role to play, no communication?

Mr Richardson—DFAT does.