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Proof Committee Hansard

PARLIAMENTARY JOINT COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE

Australia's relationship with Timor-Leste

(Public)

WEDNESDAY, 22 MAY 2013

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PARLIAMENTARY JOINT COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Wednesday, 22 May 2013

Members in attendance: Senators Moore, Stephens and Ms Brodtmann, Mr Fitzgibbon, Dr Stone.

Terms of Reference for the Inquiry:

To inquire into and report on:

Australia's relationship with Timor-Leste, with special emphasis on:

- bilateral relations at the parliamentary and government levels;
- aid, including support with governance issues;
- economic issues, including trade and investment;
- cultural, educational and scientific relations and exchanges;
- people to people links; and
- defence cooperation and those aspects of regional security that affect Timor-Leste.

The Committee will consider both the current situation and opportunities for the future.

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SMITH, Ms Kerry Leanne, Senior Manager, Foreign Compliance, Australian Fisheries Management Authority

VEITCH, Mr Simon, Director, Fisheries Regulation and Governance, Department of Agriculture, Fisheries and Forestry

Committee met at 09:01

CHAIR (Mr Fitzgibbon): I declare open the inquiry into Australia's relationship with Timor-Leste. On behalf of the committee I would like to welcome representatives of the Department of Agriculture, Fisheries and Forestry and the Australian Fisheries Management Authority. Before proceeding to questions, do you wish to make a short opening statement?

Mr Magee: Yes, thank you. The Department of Agriculture, Fisheries and Forestry, joined by its portfolio agency the Australian Fisheries Management Authority, welcomes the opportunity to attend the Joint Standing Committee on Foreign Affairs, Defence and Trade's inquiry into Australia's relationship with Timor-Leste.

The department's involvement with Timor-Leste predominantly relates to fisheries management and governance and biosecurity cooperation. Australia has strong regional fisheries interests and engages with Timor-Leste on fisheries management and governance in several bilateral and multilateral forums. The Australian Fisheries Management Authority works with Timor-Leste's Ministry of Agriculture and Fisheries on fisheries management and governance, including building its human and institutional capacity. Supported by AusAID funding, these agencies are jointly improving Timor-Leste's fisheries stock assessments, implementing revised fisheries legislation and coordinating improved monitoring, control and surveillance to combat illegal fishing.

Official staff exchanges have trained Timorese ministry of agriculture officers in fisheries investigation and evidence practices and preparation. And AFMA officers have worked with Timor-Leste to develop the Timor-Leste National Plan of Action to Detect and Deter Illegal, Unreported and Unregulated Fishing. These activities support the regional plan of action to promote responsible fishing practices, including combating illegal, unreported and unregulated fishing in the South-East Asia region.

Due to Australia's close geographical proximity we have significant interest in ensuring that Timor-Leste has the capacity to monitor and detect the entry of exotic plant and animal pests and diseases. Building Timor-Leste's capacity to prevent, detect and respond to these pests and diseases also helps provide Australia with early warning of changes in regional biosecurity risks that will enable us to protect the health of our own flora and fauna and Australia's economy.

Recognising the importance that agriculture plays in the Timorese economy, and the value of biosecurity in achieving that, Australia renewed the memorandum of understanding between the government of Australia and the government of the Democratic Republic of Timor-Leste on collaborative animal, fish, plant health and biosecurity activities in 2010. This MOU provides the framework for ongoing and future biosecurity collaboration, incorporating a range of jointly funded biosecurity cooperation activities on plant and animal health and other biosecurity issues. DAFF is involved in building Timor-Leste's capacity to prevent, detect and respond to animal and plant pests and diseases.

Among other things, Australia's collaborative biosecurity activities in Timor-Leste aim to strengthen its disease surveillance, data collection, management and, importantly, the diagnostic capabilities of the staff working over there. These activities are mutually agreed, focused on key biosecurity risk areas that provide opportunities to confirm disease status, build the technical capacity of local staff and circulate public awareness information.

Examples of some recent activities include the development of veterinary and plant health field surveillance, diagnostic, microscope and laboratory skills. Further to this, DAFF is working with Timor-Leste to develop a concept proposal for AusAID's government partnership for development program to help build animal health and quarantine capacity.

In closing, Australia continues to work closely with Timor-Leste in supporting fisheries management and governance and biosecurity cooperation. Australia and Timor-Leste are working together to combat illegal,

unreported and unregulated fishing in our waters, including the exclusion of illegal fishers. In addition, Timor-Leste's and Australia's close engagement on biosecurity cooperation provides mutual benefits in reducing the biosecurity risks associated with plant and animal diseases in Timor-Leste and the region, and therefore to Australia. Thanks very much, Chair.

CHAIR: Thank you. What is the source of the illegal fishing? Where are they coming from? Are they coming from South-East Asia or further on?

Ms Smith: There is a range of illegal activity that happens in East Timor waters, including mother-ship activity, where large refrigerated vessels receive fish from smaller vessels. That is the primary illegal activity that occurs in East Timor waters.

CHAIR: Presumably, though, these mother ships are flagged somewhere. Do we know where—or do we suspect?

Ms Smith: We have recently done some collaborative work with East Timor, PNG and Indonesia under the auspices of the regional plan of action. There is a sub-regional group formed under that. They have done some surveillance work as part of that particular activity, and we have identified a range of different mother ships flagged to Thailand, Taiwan and other South-East Asian countries.

CHAIR: Do we actually ever contact these countries about these ships that are flagged in their ports? Is that part of the process?

Mr Veitch: Yes, it is. The circumstances depend on whether we have hard evidence to support our engagement with the other country. If we do have hard evidence then we can contact them directly and say, 'You're not exercising your flag-state controls appropriately; can you do something about that'. In other circumstances we work through the regional plan of action. That is where we have 10 South-East Asian countries and Australia working collaboratively, recognising we have a significant regional problem, and because it is so big and so complicated, and so variable, and very hard to get hard evidence on, we are trying to do it from a grass-roots government-to-government level and increasingly, over time, close down the illegal operations throughout the region—because it is a region-wide problem; it is not just country to country. It is extensive and extremely complicated.

CHAIR: I suppose that is why surveillance and evidence gathering are important. Presumably that is done by patrol boats and by aerial surveillance.

Ms Smith: Correct. The Food and Agriculture Organization has recently concluded negotiations on a port state measures agreement, so there are also strong mechanisms that can be used in ports to halt the trade of illegally taken fish and fish products.

CHAIR: So how does that work? Do they sail back to their home port or to other ports?

Ms Smith: Other ports. Ports that are used to offload catch for our purposes in our region are typically South-East Asian ports. Having strong port state measures, inspections, certifying where the catch has been taken and inspecting log books and other authorities that allow them to undertake that fishing activity allows greater scrutiny of the activities that are taking place.

CHAIR: Who does the inspections? Is it the home country?

Ms Smith: It is the port state. The vessel may be flagged to another country but where the vessel is unloading has the responsibility to undertake those port state inspections.

Dr STONE: We saw a vessel brought from China when we were in Timor-Leste a little while back. It was supposed to be one of their key tools for intercepting illegal fishing activity and so on. Then we heard that there were difficulties in that ship being deployed in terms of how it was maintained and where it could go. Are you aware of the vessel we are talking about? It is a very large vessel. Have we been able to assist in any way in giving them better reach? We were told at the time that, while illegal fishing was of great concern to them and they lost a lot of money through it, there was clearly violation of their own national security status as well potentially. Are you aware of that vessel and what has happened with it?

Ms Smith: Was it a patrol vessel?

Dr STONE: Yes, a big patrol vessel.

Mr Veitch: I am familiar with the vessel from media reporting. That is about the extent of it. What you point out is a common problem amongst developing countries in the region that are trying to undertake surveillance and enforcement activities. The logistics of keeping these patrol boats going—the fuel and the technical abilities—are significant overheads. It is important for these countries to recognise this and be able to direct resources to make

sure they can actually get on the water. That is a common problem throughout the Pacific in the smaller developing countries and into South-East Asia.

Dr STONE: So they are underdone in terms of their capacity to even patrol and intercept.

Mr Veitch: They are developing—that is the way we understand the situation they are in at the moment.

Dr STONE: I want to ask you about another element of your work—biosecurity related to exotic animal diseases. Clearly they are our nearest neighbour in many respects, although PNG is a little closer. We now have buffalo and beef coming from India to Indonesia given the cessation of the Australian live beef trade. There are significant diseases of course in India amongst their buffalo and beef that we do not have, including blue tongue and some very significant diseases we are most concerned about. Presumably some of that meat is finding its way into West Timor. How do we go about making sure that we do have a skilled exotic animal disease detection response in Timor-Leste? Are we supporting them very substantially? We understand that you are developing an AusAID proposal, a government partnership for development program to build MAF's animal health and quarantine capacity. How is that going? Can we be assured it is improving their quarantining capacity and their awareness of the risk of particular animal diseases?

Dr Black: We do have ongoing cooperation about building capacity around biosecurity and quarantine. The capacity is not huge. Part of that process is looking at strategic thinking and planning around what is important, so we have actually started that process. I just want to correct something, for the record. You stated that we did not have bluetongue work. Australia does have bluetongue virus, in terms of risk profile. In terms of their capacity around quarantine and making assessments—

Dr STONE: Shall I change it to foot-and-mouth?

Dr Black: Yes, exactly.

Dr STONE: Which is worse? Our bluetongue at the moment is voluntarily under control. We are designated, not actively with bluetongue. Anyway, let us not argue.

Dr Black: I was not trying to argue; I was just saying it for the record. The issue, for assessing the risk, is we are working with them around their capacity for that. In fact, at the moment, the primary focus for much of our work in the immediate term is to do with the risk from rabies. Rabies has been moving through eastern Indonesia and we have been actively supporting them in planning, potentially, contingency plans, because of the threat of rabies. The process that we undertake is not to impose some process but to work with them about identifying risks—and the risk that is sitting at their doorstep right now is rabies. We have in the last month held a workshop in Dili with the agencies relevant to human health and animal health, and with FAO and WHO to assist them with that process.

The issue around the movement of meat from other parts of the region is on their radar, in terms of all of the risk profile, but at the moment I would say that is probably not their main focus. We are building capacity about them making decisions on how they deploy resources for quarantine, addressing the risks which they face in the region.

Dr STONE: How is our joint application for the AusAID funding going, given there have been some restraints or constraints on AusAID funding in the near future—is that project still going ahead?

Dr Black: The application has gone in but we do not know the outcome of it yet. The focus of that application is primarily around poverty-alleviation, with some poultry and biosecurity issues, and proving their capacity there, but we do not have the outcome of that application. DAFF does spend money independently of AusAID but in the animal-health area—it has been growing since about 2010—in the last financial year it would only be in the order of about \$100,000.

Dr STONE: Do we offer, through Australia, inoculations or some sort of veterinary chemical support for them to try to protect some of their livestock against these diseases—rabies is another one—that might help them in their fight against invasive new diseases?

Dr Black: We have been proactive in developing—the World Organisation for Animal Health has a vaccine bank, which contains rabies vaccine. We have been instrumental in arranging contact for Timor-Leste with the OIE, the World Organisation for Animal Health, to access those vaccines. Those vaccines are made available for free. In Timor-Leste's instance, the support that we are also providing is to make sure that even when they have the vaccine they have the capacity to deliver it, so some infrastructure is required for that as well. That is part of the planning process.

Dr STONE: And TB vaccination for their cattle?

Dr Black: There is no vaccination for TB, but there is testing available. We are not, to the best of my knowledge, assisting with tuberculosis. There are discussions around whether brucellosis in the region, which should be given a higher profile, and controlled programs around those are on the table for discussion. But there is not an active program at the moment.

Senator STEPHENS: Yesterday we had discussions with a department about the arrangements around the resource projects in East Timor and how they were now taking on board the environmental-management issues around the Sunrise project and oil and gas things. Can you tell us, in terms of your work, do you relate to that work in terms of protection of the ocean environment and fisheries stock? Do you have a relationship with that organisation that is called NOPSEMA?

Mr Veitch: We do not have a regular day-to-day relationship with NOPSEMA, but if requested to provide specific fisheries advice or perspective about Australian fisheries and how they might interact with a development, then that is the sort of work that we would be expected to be consulted about. Of course fish do not recognise international boundaries—some fish; most fish in fact—so that can be a concern about managing fish stocks, whether they are ones that East Timor would be seeking to use or those that we might be looking to use. So the impact of development proposals on fisheries is a consideration, but unless we are approached about a particular concern—and that would usually come through a different process of environmental impact assessment and then we would be asked to provide our advice about the impacts on fisheries specifically.

Senator STEPHENS: The fish that are caught, are they processed in Timor-Leste? Is it processed, or is it—

Mr Veitch: I have to admit that I am not familiar with the internal workings of East Timor's fisheries processing, but I would expect that the fish that are taken in the waters would normally—if they are high-value fish they would normally be taken to another destination for processing or sale. The smaller fish would be used for domestic consumption; the fish that are caught closer to shore would typically be for domestic consumption. Large commercial species would typically go somewhere else. Typically PNG I would imagine.

CHAIR: Has the East Timor government licensed commercial fishers in their waters? Do we know the extent of that versus the illegal fishing? Perhaps you can take that on notice.

Mr Veitch: We would expect that they would have some approach to regulating their fisheries and that we are working with them to improve the level of regulation. One of the big parts of the IUU is unreported and unregulated fishing. It is fair to say that a lot of the developing countries have underregulated fisheries; they could be regulated more strongly. They almost undoubtedly have regulations in place under their own laws—we have been helping them to establish those laws—but the strength of them and the effectiveness of those regulations is the thing that is the major question.

Senator STEPHENS: My only other question was in relation to the studies that are referred to in your submission. It is obvious that *Net returns—a human development capacity building framework for marine capture fisheries management* has been completed. *A framework for model fisheries legislation in South East Asia*—where is that one up to? Is that complete as well?

Mr Veitch: Yes. The model fisheries legislation work that we did was funded through the department with, if I recall correctly, some support from AusAID. It was a modest project, but it was one that was very effective in that it looked at all of the 11 countries of the regional plan of action, with East Timor being one of those. What the report did was look at the international context for fisheries laws—what is any country expected to do under international law with fisheries and have its domestic laws reflect—and then look in particular at each country, including East Timor, about where its laws are currently at and identify the strengths, weaknesses and gaps. In the case of East Timor, there is plenty of room for improved legislation, and we have been working on a national plan of action against illegal unreported and unregulated fishing through Australian Fisheries Management Authority.

Senator STEPHENS: One of the interesting pieces of evidence that we heard from the Department of Defence yesterday was the extent—we heard lots of really interesting information—to which English language training is so important in terms of capacity building. The work that you are doing in these collaborative efforts—is that done in Portuguese or English?

Ms Smith: It is done in English. We have undertaken fisheries officer exchange programs with East Timor since November 2010, and the first exchange revealed that the English language was a significant challenge. Subsequently, we have instigated some intensive English language training before each exchange program.

Senator MOORE: You mentioned the exchange with officers and developmental training, which is important—we have had that from a number of departments. Other departments have said that one of their key issues is English training and that there is a great need for the development of officers and skills. Your submission

does not mention that specifically. Is looking at English training for the people from East Timor something that your department does?

Mr Magee: In the exchange of professional staff that we have had on the animal, plant and fisheries sides, generally there has been a reasonable understanding of English as the people have trained professionally. I guess it could be an issue in some of the extension work but, in that regard, Australia has invested quite heavily in training the professional staff in Timor-Leste and then built in a public awareness, so they probably do some of that in Portuguese.

Senator MOORE: Are the Australian staff able to speak Portuguese, Tetum or Bahasa—they are the three, aren't they?

Mr Magee: Some of the staff that we have in the Northern Australia Quarantine Strategy may have some understanding of those languages, but I am not aware of others.

Ms Smith: Some of our fisheries officers do have Bahasa language.

Senator MOORE: It just makes sense but it is not necessary—a prerequisite—for anyone going into this area.

Ms Smith: We try to target the most appropriate fisheries officers to work closely with the appropriate countries.

Senator MOORE: Your submission focuses mainly on training in areas of security in agriculture and fishing. Is there a program looking at capacity in fishing? People who live in the coastal areas of East Timor are small fishers as opposed to commercial fishers, and there is often discussion about how they can develop this into a potential industry for the country. Does your department have any role in developing capacity as opposed to security?

Mr Veitch: I will answer with respect to fisheries. One of the cornerstones of our work in the region is sustainable fisheries management: that it is not an inexhaustible resource, it has limits and those limits should be as well understood as possible. That means any fisheries manager needs to collect data about what is being pulled out of the fishery, so they can understand what limits there are on it. That is a key part of our understanding and training in the area. The net returns publication that is mentioned in our submission goes into the aspect of human capacity—

Senator MOORE: Human capacity development framework.

Mr Veitch: That is right. So human capacity development recognises one of the greatest gaps, or needs, in the region. It is sometimes confused with fishing capacity, which is increasing the ability to catch more fish. That in many fisheries of the world is a real threat, and so we have to be careful about our language in that respect that we are clear that it is human capacity rather than fishing capacity that we are talking about. East Timor's waters have been fished by other countries without sufficient regulation—that is our understanding and it would make sense that fishing is a significant problem in the region, and so we are interested in helping east Timor to understand and to regulate their fisheries better so they can be managed sustainably.

Senator MOORE: Are there Indonesian fishing industries in the region?

Mr Veitch: I am not aware particularly, but—

Senator MOORE: It is not something you would think of with Indonesia, but I was just wondering whether there was an Indonesian industry that crossed in that area.

Mr Veitch: There may well be Indonesian fishing vessels that go into the region, and we work closely with Indonesia at the central government level to try to improve Indonesia's management of its fisheries.

Senator MOORE: Yes, we have programs in Indonesia as well, haven't we?

Mr Veitch: That is right.

Senator MOORE: Under this same RO—

Mr Veitch: RPOA.

Senator MOORE: RPOA. The same program covers Indonesia as well.

Mr Veitch: Correct, yes.

Senator MOORE: Thank you. In terms of agriculture, we have heard a lot about the subsistence agriculture with one or two cows and difficulties with that process. Again, there is the same question: do we have a capacity-building program that works through your department to look at those issues? It would be through AusAID, of course—that is where the money comes from—but using the expertise that your department has.

Mr Magee: Perhaps I could just start briefly with the plant side. The work we have been doing there over the last three or four years has helped the people—

Senator MOORE: Is that Seeds of Life?

Mr Magee: This is through the International Plant Health Program. Some of that survey work is intended to give them some baseline data of their own pest and disease status. In the event that they develop any of their export industries or wish to do so, that is data that they are going to need for their own capacity development. At the same time as we are doing that, of course, we are also having a good look around ourselves at some of the plant diseases and pests that occur in Timor-Leste. There are a number of diseases up there that are not presently in Australia, so we are monitoring their own capacity and their remote diagnostic skills so that we can assist them in the identification of those diseases or any other pests and diseases that might occur. So AusAID has assisted us in that process with funding for diagnostics and for training as well, and we draw upon our own specialist staff in the Northern Australia Quarantine Strategy, who are skilled plant pathologists and entomologists. We also have in the International Plant Health Program people that are skilled in the data collection and the mapping of this sort of information to improve their own capacity in Timor-Leste.

Senator MOORE: I will get back to cows, because I know that there is a big interest in that area. But, in the quarantine/customs area, one of the things that I noticed the last time I was there was that a lot of people are doing handicrafts and that is a big market. When you bring things into Brisbane, where I am from, if there is anything suspicious you can hand it over, it goes off to a place where it is sprayed, and it comes back. That is a standard practice. In Darwin, which is the only port from East Timor, that facility is not available, so if people bring things in they are automatically given up. We do not have Customs as such coming to us, but I think that is a major issue. They are coming next time. We will get onto it. The reason the things are taken is the quarantine issue, because of the possibility of bringing something into Australia which is harmful. Everyone knows that, particularly with the information you have given us. There are diseases there that we do not have, and we have to be very careful. But in commercial terms it just seems extraordinarily stupid that, if we are trying to encourage people to come backwards and forwards between East Timor and Australia and they purchase things locally, we do not have that facility in Darwin to look at them. Were you aware that that facility in Darwin was not working or had been closed?

Mr Magee: I take it you are referring to when goods are declared at the airport.

Senator MOORE: Yes.

Mr Magee: That is a national program in our organisation. I do not know the reasons why in Brisbane they would treat the items and return them whereas in Darwin, as I think you are saying, they just confiscate them.

Senator MOORE: The facility closed, so they do not have the ability to take it off you and go and treat it. I just remember that the last time I came back that caused a little bit of stress for people at the airport, because they thought they were doing the right thing. I have written letters, but I do not know what has happened. But I was just wondering whether you were aware of that, because the reason that Customs take it is the quarantine.

Mr Magee: Yes.

Senator MOORE: And it is the only port from East Timor.

Mr Magee: It might be something I would need to take on notice to check with Australian Customs.

Senator MOORE: That would be great. I will raise it with Customs as well. I just think it is an important issue, because there is going to be more traffic. Everyone is hoping there will be more traffic, and that is important. With the cattle—and we will talk to the next people as well; I am looking forward to that—are there development programs coming through your agency to help people? There are parts of East Timor, apparently, where you could have larger herds. It was one of the things they said they wanted to have. They wanted to develop a better industry for both milk and beef.

Dr Black: DAFF directly is not supporting any work in the cattle area. The project which we have put up through the AusAID Government Partnerships for Development program actually focuses on village poultry.

Senator MOORE: That is much easier.

Dr Black: And much more widespread and fits into their production appropriate systems at the moment.

Senator MOORE: Do they have bird flu?

Dr Black: No, not H5N1. In fact, we did help them with surveillance early on.

Senator MOORE: Good, because that would be a major problem in that whole area. So they have not had it? That is good.

Dr Black: They have not had confirmed H5N1. They do have regular outbreaks of Newcastle disease in their poultry.

Senator MOORE: Yes. One of the submissions mentioned particular work on Newcastle disease.

Dr Black: But, in terms of poverty alleviation, the assessment really is that it makes more sense to focus on poultry in a subsistence area.

Senator MOORE: Sure. It is cheaper.

Dr Black: And it is a more sustainable ongoing system. You may be aware that there have been attempts to have cattle production systems in Timor-Leste previously and they have been failures, for a whole range of reasons—dairy production in particular. Trying to raise dairy cows in that environment is—

Senator MOORE: Hard work.

Dr Black: exceptionally difficult. A very objective assessment would be that it is a very hard argument to make in some cases. So we are not directly supporting that but we are supporting poultry production.

Senator MOORE: That is fine. You have got some things through poultry. Can we get some information from you on notice about those programs on poultry?

Dr Black: This is the plan we have proposed through the current—

Senator MOORE: Oh, you have not got it yet?

Dr Black: It is not happening at the moment. We have engaged, as part of that process, an expert from Sydney university who is experienced in those sorts of system development processes, so it is not DAFF independently; we are engaging other experts to help us do that.

Senator MOORE: We will have a submission later today from Universities Australia. They have given lists of what work is being done across a whole range of links with universities, and there is a whole bunch of stuff in the agricultural and food security areas. Is the department involved in working with those programs? I know Charles Darwin, RMIT and a couple of others have particularly identified that they have done work in food security and development of agriculture. Are people in your department working on those things and do they know what is going on?

Mr Magee: Not that I am aware of. Most of our professional linkages on the plant side would be in the specialist sciences of pathology and entomology. I am less sure about the relationships in terms of food security.

Dr STONE: Is your agency doing anything much in relation to swine, pigs?

Dr Black: Only in terms of disease surveillance. We have certainly included pigs in the surveillance activities which are undertaken in East Timor.

Dr STONE: Not with genetics?

Dr Black: No. The focus tends to be around the biosecurity issues rather than production issues, so that is why do not have that involvement.

Dr STONE: There has been some research done to say that the most important or useful additional protein supplementation is through pig production. It has lots of other benefits as well. So you look at the biosecurity issues but you are not engaged in production.

Dr Black: Only in the proposal we have put up around poultry.

Dr STONE: So part of that is pigs as well?

Dr Black: No, no. I am saying the only production focus has been around poultry. The biosecurity issues are generally across the board. But, in terms of production, the only activity is this proposed AusAID government partnership which would look at poultry-type production issues.

CHAIR: It is just chooks.

Dr Black: In terms of fitting in with their systems, once you understand what those systems are there may be relevant bits that pick up other areas. But the focus initially, as far as I am aware, is poultry.

Senator MOORE: Are the chooks for both laying and eating?

Dr Black: That is my understanding, yes.

Senator MOORE: So they are trying to get more protein as well.

Dr Black: Yes.

CHAIR: On that note, thanks for your attendance here today. If there are any matters on which we might need additional information the secretary will contact you. He will also send you a copy of a transcript of your evidence, to which you can make any necessary corrections of errors. Thank you very much.

AUSTIN, Dr Nicholas Richard, Chief Executive Officer, Australian Centre for International Agricultural Research

HEARN, Dr Simon Eric, Principal Advisor, Australian Centre for International Agricultural Research

HORNE, Dr Peter, Research Program Manager, Livestock Production Systems, and Principal Regional Coordinator, Indonesia, East Timor and the Philippines, Australian Centre for International Agricultural Research

[09:41]

CHAIR: On behalf of the committee I welcome representatives from the Australian Centre for International Agricultural Research. Is there anything you wish to add about the capacity in which you appear?

Dr Horne: I also have a role as regional coordinator for our investments in Timor-Leste, Indonesia and the Philippines.

CHAIR: Before we proceed to questions, do you wish to make a short opening statement?

Dr Austin: Firstly, thank you for the opportunity to appear before this inquiry and the opportunity to make an opening statement. I recognise that ACIAR, as a small statutory authority within Australia's aid program, may not be well-known to all members of the committee. For over 30 years ACIAR has directed a program of research that draws on Australian and international expertise, working with partner country expertise, which has lifted agricultural productivity, improved food security and reduced poverty. Our program in East Timor is particularly important for us. As the committee knows well, the population of one million is expected to reach three million by 2050, and a large majority of the population—70 or 80 per cent, although numbers vary—is engaged in agriculture. With a global hunger index of 27 and worsening—an alarming rate—opportunities that arise from improving agricultural productivity are important and obvious. So, ACIAR has established long-term strategies in East Timor in key sectors that underpin livelihoods and improve food security, particularly in crops and in livestock production.

In crops ACIAR commenced a program in 2001, around about independence, which, with AusAID's support, aims to increase farmer access to new varieties, and it has achieved some significant successes to date in these varieties. Stable crops like maize, peanuts, cassava and sweet potato have already improved yields by 20 to 80 per cent where new varieties have been taken up. So we are excited by that work. At least 30,000 farmers to date have benefited and there are ambitious but I think realistic projections for a much greater impact. We would be pleased to talk more about that.

In the livestock sector, a newer program, with a 10-year vision, is targeting a 25 per cent increased income for smallholder livestock producers through improved nutrition and improved management and marketing. On that base, ACIAR's program has made, with AusAID, some important achievements, and we are looking forward to continue to build that program and its successes to date.

CHAIR: Excellent. When the committee visited East Timor, we saw the Seeds of Life program. As you said, it has had reasonably significant successes. When that is rolled out, what sort of impact will it have? Do we know what impact it will have on the hungry season? You say there has been a 20 to 80 per cent improvement in yields and whatnot, but will that shorten it? Is it a matter of improving storage at the same time? What sort of effects is it going to have?

Dr Austin: One of the challenges, as you know well, in East Timor is the quite diverse agroecology for different climatic zones and the need for varieties that meet particular climatic or growing season conditions in different parts of what is a relatively small country. That is increasingly challenged by climate change, which is going to impact in different ways in different parts of the country. The Seeds of Life program is trying to interpret the impacts of climate change and how they will play out on the suitability of different varieties and, in turn, on the resilience of the production system. So it is not maximum productivity but it is ensuring that the poorer years still have production; it is about resilience. The new varieties help significantly. Because East Timor is starting from such a low base with varieties and fairly readily drawing on the genetic improvement that has been achieved elsewhere, including through the international research system, the CGIAR, it is able to bring those varieties into production systems fairly readily.

The focus of the current program, as I am sure you have been made aware, is in developing a national seed system, both a formal system to ensure the quality of seeds that are being delivered but also an informal system, recognising in the short term that a large proportion of varieties are going to be delivered informally. So you are trading off some of the quality against timeliness and availability to get the system up and running. The target of the current phase of Seeds of Life is that 50 per cent of farmers have access to improved varieties of staples. We

would anticipate that will have a significant impact on their agricultural productivity and, in time, allow connection to markets, so improved incomes as well.

CHAIR: We also had a look at one of the coffee plantations while we were there. Are we doing anything in the coffee area? Are there prospects in the future for doing something in that area?

Dr Austin: Our programs in all countries, including East Timor, evolve through a consultation process to identify where the priorities are in-country but also where the opportunities are. Importantly, where Australia has comparative advantage or expertise that can be brought to bear, we have a particular focus on poverty and, from that perspective, the staple crops and livestock offer far greater opportunities in the short to medium term. There are smallholder producers, perhaps livestock keepers, and there are obviously important interactions between crop and livestock where we target the effort. It is not to say that coffee production and the coffee sector do not have benefits to smallholders, but the more immediate and the more targeted benefit comes from work with livestock and staple crops.

Dr Horne: ACIAR funds quite a lot of work in coffee in the regions of PNG and Indonesia, and I think it is fair to say that we see a partnership with Timor-Leste evolving over time. We have to prioritise our focus now, and it is very much on food security and poverty alleviation, but we see big opportunities to draw upon perhaps the more advanced research and development activities in the neighbouring countries, as the opportunities in these other sectors emerge. So in the coffee sector we are working very much in neighbouring countries on pest and disease management and on market development for smallholders in Indonesia, particularly in Flores and Sulawesi, in Papua and in PNG.

CHAIR: So there might be some prospect for doing that once we have fixed the subsistence farming or improved productivity—

Dr Horne: Indeed. Within the resources available and as priorities change within Timor-Leste, we would look to be responding to the changing priorities in the country, but always focused on smallholder livelihoods, helping them engage in markets and addressing food security issues.

CHAIR: Is there any prospect for aquaculture?

Dr Austin: We see very real prospects and at this stage are working with the Ministry of Agriculture and Fisheries in scoping out those opportunities in more detail. We are drawing on expertise from Australia and from WorldFish, one of the international research centres, in developing a policy around those opportunities. At this stage, we do not have an active research program in aquaculture, but, as my colleague Peter Horne alluded, we have relevant activity in the region in aquaculture and in marine fisheries that can be readily brought to bear for the situation in East Timor.

CHAIR: I suppose that would be quite a high employer if fish farms and the like were established. That would, presumably, produce not just protein but jobs as well.

Dr Austin: Yes, you have touched on two important areas: employment, which is obviously a significant issue, and the nutritional aspects of aquaculture and dietary protein. Over time, we would expect our program will explore other opportunities for nutritional security in Timor-Leste as well, both in horticulture and in cropping. But that is further down the track. I think there are initial gains to be made to be made just around productivity of staples, then moving into nutritional security once calorific intake is more adequate.

CHAIR: Is there anything we can do to accelerate that program in partnership with Timor-Leste? Could we be doing more?

Dr Austin: We could always do more, but it comes back to the question of capacity to absorb, and I think all of our programs have taken that long-term strategy for good reason. An important part of our partnership with the ministry in East Timor is around capacity building and capability. I know the Crawford Fund will be appearing later today. We work closely with the Crawford Fund around training and capacity building. Also, ACIAR runs a program: the John Allwright Fellowship is part of the Australia Awards scheme, which supports master's and PhD students. So we have had a number of students through the University of Western Australia, for example, in agricultural research. That is a long-term investment, ensuring that those students, when they graduate, have careers within the ministry and opportunities to work and continue that partnership so that benefits continue to accrue from Australian researchers working alongside their counterparts as that capacity builds. So there are certainly enormous opportunities. Increasing investment in the capacity for East Timor to solve their own problems is an important focus.

Dr STONE: Yesterday we heard from His Excellency the Ambassador of Timor-Leste, and one of his representatives is, of course, still with us today. He talked about his personal conviction that irrigation could be far better developed in Timor-Leste with the building of dams to capture the very heavy rainfall, which at the

moment is lost very quickly given the topography and infrastructure. Have you looked at all at irrigation? Clearly, Bali is only as verdant as it is because of the use of irrigation for rice growing and cropping. Are you aware of that interest of Timor-Leste in the development of irrigation, which would make an enormous difference in cropping outcomes and for livestock too? Following on from that, I am interested in the question of tenure of land amongst individuals. Most of the agricultural production is in the hands of individual families and, as we know, is subsistence. Is the extension of cropping land or the use of different animal technologies ever impeded by people's concerns about who actually has title to the land?

Dr Austin: I think they are important and related questions in some respects. We are certainly aware of the interest and the opportunities in irrigation. I mentioned climate change previously, and one of the ways to mitigate some of the variability in water availability is through irrigation systems. At small farmer level there are obviously challenges with those sorts of investments. Irrigation takes many forms, from the large formal infrastructure schemes through to small ponds and retaining water within season and between seasons. There is quite a bit that can be achieved through better salt water management in the short term, with smaller investment outlays to reduce that variability and increase production. Longer term, no doubt there is enormous potential, but there are some big gains to be made earlier.

Dr Horne: If I can add to that, it is interesting that you joined both issues in one question, and I am sure that was on purpose. Just across the border, on the same island, Australia has made major investments in small farm dams for irrigation. Something like 400 or 500 of those were built in the 1990s. Some have been successful, but quite a large number have had problems associated with them which are not technical. They are largely issues around regulation and reinvestment in maintenance and the social issues around land tenure, who owns the water, how are these managed by community groups. In ACIAR we are well aware that one aspect of that work is around infrastructure but perhaps the sustainable issue is around scale, management, land tenure, water management groups and empowering local communities to be in charge of those resources. I think that is the area that probably has a great deal of potential for gain, you might say, around irrigation systems in Timor-Leste.

On land tenure, our experience not just in neighbouring countries but right throughout the region is that technical solutions are relatively easily built into agricultural research but the issues around uptake and impact on small-holder farmers are very much challenged by issues like land tenure, animal ownership and so forth. This is no different in Timor-Leste. A key part of all of our programs is not just looking at the technical aspects of the research but working with communities to identify how the technical potential of agricultural research outputs can be realised within the realities of the rural context around land tenure, land ownership and, increasingly, access to credit. So a major focus of our work with Indonesia on the island of Timor, in the province of NTT, is coming up with novel ways that farmers can access small amounts credit so that they can capitalise on the potential of the agricultural research outputs.

Dr STONE: You mentioned Timor, meaning West Timor?

Dr Horne: Yes.

Dr STONE: How do our efforts in the two places compare? You mentioned more than 500 small dams built in the 1990s in the West Timor. Is our effort, in terms of our investment, similar in those two countries or are we putting more effort into Timor-Leste?

Dr Horne: I guess there are two ways of looking at that. There is effort per head of population, and of course the population in eastern Indonesia is much greater. Also, we have had a much longer term engagement in eastern Indonesia than we have had in Timor-Leste. I think it is perhaps the longer term engagement that points towards the lessons we can learn from that. As Dr Austin mentioned, we recognise that capacity building is a key challenge in Timor-Leste which requires a long-term effort. It was the same in Indonesia. ACIAR has been working with Indonesian research and development agencies for more than 30 years alongside AusAID. The net result of that is that there is a cadre of talented research and development specialists not just through ACIAR efforts but AusAID and DAFF and many other agencies who are now positioned not only to make decisions about agricultural R&D but are also active in implementing it. That cadre of people exists right through eastern Indonesia, and we are currently drawing on that cadre of people to benefit the work that is going on in Timor Leste. In answer to your question, is the effort more or less in each country, I think the focus is that the long-term effort Indonesia has produced people who can assist us with I think a speeding up of that development process in Timor Leste.

Dr STONE: So they are further down the road in terms of self-sustainability.

Mr Roddam: In terms of capacity, yes.

Senator MOORE: I wanted to talk with you about the linkages you have with the various universities who are doing work in these areas. I know you do. One of the submissions was from Universities Australia and they have a list of all the programs. One of the important things to do was to make an audit of exactly who is doing what so that we understood what was going on. They have done a list of what they believe are the major university work being done in East Timor. Many of them look at food security and agriculture and development of skills. What is the role of ACIAR with that kind of project?

Dr Austin: I think it is important to draw the distinction. It is sometimes assumed that ACIAR undertakes research. We do not. We partner institutions, as I think you are well aware. So we work with universities in Australia and in all of our partner countries, including in East Timor. The National University of East Timor, UNTL, is a key partner along with the Ministry of Agriculture and Fisheries. The counterparts we draw on expertise from University of WA and other universities in Australia to match and bring expertise that is relevant to the various programs.

Senator MOORE: It would be an automatic thing for any research area that was wanting to work in this area in any country, but we are looking at East Timor now, to talk to you guys.

Dr Austin: We play an important role in understanding where capacity exists and finding ways to encourage the capacity to focus on the challenges, the priorities that are agreed through consultation. We have on occasion where the circumstances call for it gone for open tender processes and sought expressions of interest. That has some advantages and some disadvantages. We tend to work to identify where capacity exists, then encouraging researchers to make their skills available and then assisting in negotiating how that will work. We are constantly looking for new capacity and we draw not just from Australia and partner companies but also from universities internationally, although at a relatively small scale at this stage.

Senator MOORE: Your submission does touch on a lot of dot points in terms of the agriculture area. I have a particular interest in the cattle one. You heard the question I asked earlier to DAFF. There is discussion about the potential in East Timor for cattle production. Is that a focus, is that a priority in your area or just one of many things you do? I know there are so many demands in terms of your time and expertise and budget.

Dr Horne: Yes, all those things you touched on limit the scale of the activities we can do. But we recognised that livestock were going to be a crucial way for poor farmers in Timor Leste to graduate away from their food insecurity. Livestock quite often are the only way that farmers can accumulate capital which allows them to make decisions on how to move forward.

Given both the limited capacity in Timor-Leste and the importance of the livestock sector, in 2010 we worked with the ministry of agriculture and the university UNTL to develop a 10-year livestock research program. As an agency we cannot commit funding for 10 years but we can commit in principle to that. It was quite consultative to come up with the priorities in that program. The ministry of agriculture identified two key underpinning principles for that strategy. The first was capacity building and the second was strengthening linkages with Indonesia through that work. We used those principles in putting together our program. Given the principle from the ministry around strengthening linkages with Indonesia and the quite significant advances they have made just across the border on smallholder cattle systems, the first priority has been to get started on the cattle research. But built into that strategy is also a second stage which will involve either starting collaborative research on pig production systems and/or poultry production systems.

Senator MOORE: Are you involved or is Australia involved with the work in Indonesia? You said your role is Indonesia, Philippines and East Timor at the moment. Are we involved in any way in that work? I know there have been strong developments in Indonesia in smallholdings and future proofing against disease.

Dr Horne: Indeed. I think we are probably the lead agency supporting that research and development in Indonesia. We have quite a long history in that space. Indeed, a recent pleasing development is that the work that has been funded by Australia in Indonesia has on purpose brought together a diverse range of research agencies and development agencies in Indonesia. Those agencies, having seen how cooperative research happens in Australia, have recently and successfully applied for funding with the Indonesian government to establish an eastern Indonesia cattle research consortium that binds together these agencies. We look towards that institution now as one that can assist us with the work that goes on right across the region not just in Indonesia.

Senator MOORE: Can we get some information on that project?

Dr Horne: Indeed. There are a number of projects. We can provide that to you.

Senator MOORE: The focus in a couple of the submissions has been on a tripartite arrangement—with us, Indonesia and East Timor working together—which is interesting moving into the future in terms of the history. This seems to be one where that is important.

Dr Horne: Yes, and we currently fund an Indonesian university to assist us with the research and capacity building in Timor-Leste—the University of Mataram in NTB.

Senator STEPHENS: Thank you for your submission. I want to go to the issues you have raised in the submission around the conversation we have just been having about productivity and resilience of livestock, fishery and horticulture systems. In your unique position do you have the opportunity to identify potential investors in Timor-Leste's agricultural economy in terms of trying to bring in private sector investors or organisations beyond the aid community to invest in agricultural ventures in Timor-Leste?

Dr Austin: It is certainly an area with obvious attraction. It is also an area with some significant challenges, given that private sector investment often follows the earlier research questions which are about managing some of the risks, so the consequence of the research is to reduce some of those risks and make it a more attractive investment opportunity. Currently in East Timor we do not have private sector investment in our programs but we do in Indonesia. I might ask my colleague Peter Horne to make some comments on our relationships there with the private sector. It is an area that, across our program and in parallel with the broader aid programs interests in engaging with the private sector, we are looking to pursue more actively.

Dr Horne: It is true that private sector engagement is something we looked to as an important partnership in terms of enhancing the potential uptake of research results but also co-investing in those research activities when there are also benefits to the private sector. It is relatively recent in our Indonesia program that we have been actively engaging and seeking out private sector partners, perhaps starting in the mid-2000s, but we have been able to develop some quite significant partnerships there with large multinational companies, large Indonesian companies and now, more recently, with Indonesian banks, all of whom see that the technical support for farmers is what has been holding back their ability to be able to be productive and competitive supply chains.

We are right on the point now, just across the border in Indonesia, where we are getting not just corporate social responsibility investments in research but also commercial interest investments in agricultural research and that is really exciting for us. We will be attending the first conference in about two months' time in NTT, which is looking at a whole range of those private sector investments that are possible. Again, that is just across the border. In all of our work with Timor-Leste we look to see what linkages and learnings we can create between what is currently happening in Indonesia and what could happen in Timor-Leste, but recognising, as Dr Austin said, that the potential for private sector investment in agriculture in Timor-Leste is pretty low at the moment.

Senator STEPHENS: I am interested that you say that. Yesterday His Excellency outlined the key priorities that are in the government's strategic plan. One is called 'Strengthening the economy through agriculture'. I would be interested to know whether or not your work has considered the issue of palm oil and palm oil plantations in East Timor?

Dr Horne: Certainly not to date, no. It has not been raised as a priority in our discussions with the ministry of agriculture, and our investments are very much oriented towards the priorities that they raise and then matching those priorities with Australia's capacity to support them.

Senator STEPHENS: Thanks. In your submission you discuss a range of programs and challenges. You talk about rabies being endemic and a project that you were involved in looking to design and implement more effective surveillance strategies and improvements of rabies control. What level of rabies exists in Timor-Leste? Is it rampant?

Dr Horne: I think it would be fair to say that that information is not well known. One of the goals of this regional project is to understand the extent of spread of rabies through the region, so it is not just—

Senator STEPHENS: So that is one of the projects for the 11 countries?

Dr Horne: Yes, this particular project is working in PNG, Indonesia and Timor-Leste, so it is a regional approach to understanding the extent of spread, the degree of surveillance and the risks that are associated with that.

Senator STEPHENS: You also talk about swine fever, Bali cattle production, integrated pest management: are there any other issues around those projects that you would like to put on the record?

Dr Horne: I guess we recognise that some of the biosecurity issues do not recognise the political border on the island of Timor, and any of those biosecurity issues will need to be addressed through a regional approach rather than a national approach. A recent example was a request that came to us from the ministry of agriculture in Timor-Leste to try to address a sudden outbreak of an insect pest in papaya. That insect pest outbreak happened in Indonesia at the same time. We mobilised fairly quickly, and through biological control that pest has now been brought under control in both countries.

Dr STONE: You didn't bring in cane toads?

Dr Horne: No. Actually, the research focused on biocontrol agents that already existed in the region.

Dr Hearn: I would just add that I recently attended a meeting in Istanbul to do with Asia-Pacific biosafety and biosecurity issues in research. One of the things that came out of that most emphatically was—Timor-Leste was not there, but clearly Indonesia and others were there—that there was a real common purpose in the principles that the various countries from the region espoused at this meeting. But the capacity differential between the different countries, as you might expect, was enormous both in terms of human capacity and infrastructure. To have effective biosecurity there is obviously a capital cost as well as human capital recognising, as has just been stated, that there really do need to be some great partnerships in this area.

We have talked about it for a long time and will continue to talk about it, but they really were asking for greater leads. It was very much expressed that Australia's experience in this area of biosecurity and biosafety in the region is very respected and was seen as almost a level to aspire to, even though countries realise it is a long road to get to that level of achievement. We are trying to continue to improve ourselves as well, so it is a continuous thing.

Dr Austin: Just to make one additional comment in relation to biosecurity—that is, to recognise that ACIAR's program, first and foremost, is about improving poverty in developing countries, but through the partnership approach significant benefits accrue to Australia. Biosecurity is one of the areas where those benefits are most obvious, both through identifying and preventing incursions into Australia and giving Australian researchers the opportunity to work with exotic pests and diseases, and to gain an appreciation for those. So there is a very clear mutual benefit out of that partnership approach, particularly in the near neighbourhood.

CHAIR: Thank you for your attendance here today. If there are any matters for which we need additional information the secretary will write to you. The secretary will also send you a copy of the transcript of your evidence, to which you are free to make any necessary corrections to errors in transcription. Hansard may wish to check some details with you or may not. Other than that, thank you very much for your attendance here today.

CRASWELL, Dr Eric Thurlow, Acting Chief Executive, the Crawford Fund

[10:17]

CHAIR: On behalf of the committee, I would like to welcome representatives from the Crawford Fund. Before proceeding to questions, do you wish to make a short opening statement?

Dr Craswell: Yes. It is a pleasure to have the opportunity to represent the Crawford Fund before the committee. Timor-Leste is a very important country. The Crawford Fund, as you may know, is named in honour of Sir John Crawford, who was an academic and public servant but had a big international role in developing the agricultural research system of the Consultative Group on International Agricultural Research. We were initiated 25 years ago.

We have divided our activities into two main areas. One is in public awareness, to make the Australian public aware of the importance of international agricultural research. If I could paraphrase Bill Gates, he recently said: 'Of all the interventions to reduce poverty in developing countries, improving agricultural productivity is the best.' That is a major activity. We have an annual conference, usually in Parliament House here, in the seminar room, covering different topics. We welcome policymakers and decision makers to that.

Our other main activity is in training. We undertake group and individual training with a wide range of countries—those on the AusAID list mainly and mainly in our region, including Timor-Leste. We have financial support from the private sector, from the federal government and also from state governments. Most of our training is decided by committees which are in every state and territory of Australia. We have engaged or involved in this some very senior people—John Anderson chairs our New South Wales committee, Sallyanne Atkinson chairs our committee in Queensland and all the committee chairs together make up our board, which is chaired by John Kerin. So we have some very strong support from people who know this place well. The previous chair of our board was Neil Andrew and he is still actively engaged with the Crawford Fund.

In our submission we listed all of the trading activities; there are 26 of them in Timor-Leste. We have had about 650 trainees, although I should point out that 400 of those were in one activity which was training from AUSTCARE on upland soil management in Timor-Leste. We have covered nine different crops with activities in land and water sustainability issues, research management and communications; four on animal science; four on fisheries; and one on forestry. These are listed in our submission. We also gave an example in our submission of some of the public-awareness activities. This publication, which the Crawford Fund put together, is about healing wounds—how to get agriculture back on track in countries that have been subject to major civil and internal problems. That includes Cambodia and Afghanistan, Rwanda, the Solomon Islands and of course Timor-Leste.

I would only mention in detail now one particular area which I was personally involved in, on the topic of biosecurity for citrus production. There is a disease of citrus called huang long bin—citrus greening—and it has devastated large areas of citrus in Florida and the USA. We held a masterclass on this at Yogyakarta State University. That masterclass was attended by Americo Brito who is responsible for plant protection in the Timor-Leste government. We also funded two senior people—Marcos da Cruz, the Secretary of State for Agriculture in Timor Leste and Gil Rangel da Cruz, the National Director for Agriculture and Horticulture. They came in at the end of this masterclass and learnt about the disease and its management. That was done as a way to try to get high-level support for plant protection against what is a very serious threat. By the way, we also had at that masterclass—at their own cost—quite a number of people from Australian quarantine agencies who came to learn about this disease, which is not in Australia yet, how to control the psyllid pest that spreads it and how to manage it if it were to come in. I will leave it there.

CHAIR: Thank you, Dr Craswell. Neil Andrew is one of my predecessors in the seat of Wakefield and he has often talked of your good work when I have seen him here in the corridors of power. I would certainly agree with your comments on Bill Gates' comments about agriculture being the key to transforming societies. My feeling is we do not do enough public-relations work around what our aid budget does for small subsistence farmers. Do you think we could improve our public relations in that area and how would you suggest we do it?

Dr Craswell: I think we can improve it, and the Crawford Fund has a public awareness program. I mentioned the annual conference. But, every time one of the centre directors comes from the rice centre or the maize centre in Mexico, our public awareness person organises them to go on the ABC, on the radio, on the TV occasionally and also in the print media. We have quite a strong record of that. I guess it is not something that makes the front pages, but we are trying to increase our public awareness effort. Of course, we have a close association with ACIAR, the previous witness group. We work with them.

But one of our efforts may pay off a bit more. A few years ago, when there was a spike in the commodity prices for food globally, our organisation set up a task force which put out a report on this and what Australia

could do to help. I think that was very widely distributed. Now we are working on another task force, which is actually chaired by Neil Andrew, on the benefits to Australia from international agricultural research. We have talked a lot about biosecurity, but actually a lot of the benefits to Australia come from collaboration in improved plant varieties and plant germplasm. We have an economist doing some work on this and we are hoping to put this report out in a month or two. I think people will be surprised at the significance and the size of the benefits to Australia from our collaboration in plant breeding, crop protection, and animal disease prevention and movement—all of those important areas that Australia contributes to as a donor but actually also gets benefits back from. We call this doing well by doing good.

Dr STONE: You spend a lot of time in your submission talking about the potential for more workers from Timor-Leste coming to Australia. You make the point that Timor-Leste is ranked, I think, No. 1 in the world in terms of poor nutrition and stunting, due, obviously, to lack of adequate income and not being able to buy food. You talk about how 1,100 Timorese go to Korea—you obviously mean the Republic of Korea—as workers, clearly at a discounted salary rate. They are only being paid \$1,000 or so a month. And you say that another 600 are intended to go. I was interested in the fact that China has a similar program. They send Chinese agricultural workers to Japan, where they spend two years—like the workers do in Korea—at a discounted salary rate. Are you implying that, if we were to make more of the potential for the Australian horticulture industry, or perhaps the abattoir or piggery industry, to employ more semi-skilled or unskilled workers, there needs to be an adjustment of the costs to the Australian employer of such labour—that that is a major impediment now to people being more interested in that overseas labour?

Dr Craswell: To reply, I am afraid I have to say that I have no knowledge of this issue. Our focus is on international agricultural research, and we do not get into issues of labour and migration. I am sorry.

Dr STONE: I am probably confusing you with the Crawford school at ANU. In terms of your research—and we are very familiar with the advocacy of people like Neil Andrews in this place for what you do—are you happy that our Australian aid budget is directed to the right places? Can you see where we should do differently in terms of our current focus on Timor-Leste?

Dr Craswell: I do believe that in the area of agricultural research the ACIAR model is a very effective and good one, because what it does is it matches up the problems in the country as determined by the agencies in the country, in Timor-Leste, with Australian expertise. In some areas we do not have any expertise that would make a match but where those two come together, and ACIAR can put together research partnerships, they build together a very effective team that can solve problems. Also, after the ACIAR funding stops, it goes on for a long time. We are gathering information about that kind of impact of capacity building from the projects. To some extent the Crawford Fund comes alongside ACIAR and we fill in gaps. If I heard correctly earlier, ACIAR does not have aquaculture projects yet in Timor-Leste, but we have had a couple of training activities in that area involving the Northern Territory department and Charles Darwin University. I think Australians cannot take on everything. In fact, with other donors covering a lot of other issues I think we have to see us in that context. We are not the biggest spending donor even in our local region.

Dr STONE: So where have you developed your business relationships in Timor-Leste to ensure that you identify those gaps and is there a particular other set of NGOs in Timor-Leste or the government itself or a government department or do you go directly into the villages when you are trying to develop up the program that you put into Timor-Leste?

Dr Craswell: The process we have is largely based on Australian agencies with people in the country applying for a training grant. Now in the case of our Northern Territory committee, the coordinator, Tania Paul, has been based in East Timor while doing her work. Our different state committees have different strategies depending on their expertise. Northern Territory's has decided that Timor-Leste is a very good geographic target because the climate is very similar and there are all kinds of benefits from them being so close. I think Tania is interacting with government agencies and, as I mentioned, we have some high-level policy makers in the government that have been involved with our master class and so on. We have worked with AUSTCARE and other NGOs that are in the aid business. We are much more a responsive organisation than a directive one when it comes to our training activities.

Dr STONE: So you are satisfied that women are accessing your training activities as often as men given women are mostly doing the work in agriculture and food growing in Timor-Leste?

Dr Craswell: I do not have a specific example from Timor-Leste but we have had in Cathy McGowan one who has been involved very much with Crawford Fund training. She has done a lot of work with PNG women in agriculture. There is a group that she has supported. We have had projects on ornamental flowers and flower

arranging as a kind of a cash crop or activity value chain. She and a number of the women on our staff involved with our activities are very active.

Dr STONE: I know Cathy well. I do not think she has been working in Timor-Leste but you have got others who would be in that country also focusing on the engagement of women?

Dr Craswell: Yes. I cannot give specific examples of that.

Senator MOORE: We know your work. I have no questions in terms of the process.

Senator STEPHENS: Thank you very much, Dr Craswell.

CHAIR: Thank you, Dr Craswell, for your attendance here today. If there are any matters on which we might need additional information, the secretary will write to you. The secretary will send you a copy of the transcript of your evidence, to which you can make any necessary corrections to errors of transcription.

Proceedings suspended from 10:35 to 11:01

NEWTON, Assistant Commissioner Mandy, National Manager, International Deployment Group, Australian Federal Police

[11:01]

CHAIR: Welcome to the Parliamentary Joint Committee on Foreign Affairs, Defence and Trade's inquiry into Australia's relationship with Timor-Leste. Before proceeding to questions, do you wish to make a short opening statement to the committee?

Assistant Commissioner Newton: Good morning, Chair and members of the committee. Thank you for the opportunity to make an opening statement to this hearing into Australia's relationship with Timor-Leste. I would like to provide a brief history of the Australian Federal Police's relationship with Timor-Leste and outline the excellent work the AFP is delivering through the development of the Policia Nacional de Timor-Leste, the PNTL, to enable Timor-Leste to maintain human security and uphold rule of law.

The AFP has a long and proud history in Timor-Leste. The first contingent of AFP officers arrived in Timor-Leste to support the United Nations on 21 June 1999. In September 1999 when the Australian-led INTERFET mission arrived in Timor-Leste, the AFP made a significant contribution alongside the Australian Defence Force to restore peace and stability to the fragile nation. The AFP maintained a significant contribution to all five UN missions until the final withdrawal of 50 AFP members in late 2012.

From the AFP's arrival in 1999 until our departure in 2012, the AFP has had significant involvement in restoring and then maintaining law and order in Timor-Leste. Without such stability, the pursuit of improvements in area such as health, education and economic development will not be effective. As stability in law and justice began to return to Timor-Leste, it was identified that many of the national institutions such as the PNTL would not be capable of maintaining the state of security achieved to that point.

One of the primary programs provided by Australia through the AFP was the establishment of the Timor-Leste Police Development Program in 2004. The TLPDP was originally a joint program delivered between AFP and AusAID. The Timor-Leste PDP was developed as a capacity development program designed to help build the skills and capacity of the PNTL into those of a professional and capable policing organisation.

Between 2008 and 2010, the AFP was the sole contributor to TLPDP. In 2010 the federal government committed \$74.7 million over four years to the Timor-Leste PDP. The program has developed and been enhanced over time and is now part of the Australia-Timor-Leste Country Strategy 2009 to 2014 which focuses on assisting Timor-Leste to achieve their national objective 4, which is building the foundations of a safer community.

The mandate of the Timor-Leste PDP has evolved while still focusing on building the foundations of an effective and accountable police service for the people of Timor-Leste and to establish a policing capability where the governance, values and operational characteristics of the PNTL support and increasingly strengthen the rule of law in an emerging democracy. The AFP works closely with AusAID, the Australian Defence Force and the Department of Foreign Affairs and Trade in developing and implementing a whole-of-government approach to Australia's commitment to Timor-Leste. The AFP also works closely with NGOs, the UN and other countries that provide assistance in the law and justice sector to ensure an integrated approach is taken wherever possible when assisting PNTL.

The AFP currently maintains 36 AFP officers, 10 contractors and 12 locally engaged staff in Timor-Leste to deliver our program of work that incorporates training, mentoring and capacity development activities. The program of activities includes governance, leadership and management, investigations, operations and gender equity. Since 2010 more than 300 members of the PNTL have undergone training, with an emphasis on developing capability and accountability in management levels. Timor-Leste PDP has delivered, in conjunction with PNTL, a nationally accredited diploma in executive police management superintendence, certificate IV in police management to inspectors and certificate III in police supervision to sergeants. Each of these programs incorporate anticorruption and disciplinary curriculum along with the investigations programs that are conducted. The Timor-Leste PDP has assisted the PNTL in the development of their professional standards unit that reports to the commission on all disciplinary issues. Each police station has a professional standards office and all disciplinary issues must be reported centrally. The AFP funded, in conjunction with the UN prior to their departure, disciplinary workshops for PNTL officers.

The AFP has undertaken a major refurbishment of the police training centre including accommodation, training rooms and gymnasium at a cost of \$7.2 million. The new facility provides a solid platform for police training and incorporates special facilities to accommodate women to encourage more women to become police officers. The Timor-Leste PDP has provided significant amounts of equipment and enabling tools to the PNTL, such as IT equipment, motorbikes, vehicles and hand-held radios to assist in their capacity to respond professionally to crime

and emergencies. The PDP has also refurbished the national operations centre and established effective communication and crime reporting systems, including an incident management system throughout Timor-Leste. The AFP also provided a senior police liaison officer to Timor-Leste between 2002 and 2011 to work with the PNTL on operational related activity associated with transnational crime and regional security. It was identified during this period of time that there were low levels of reported transnational crimes, although there is an ongoing need to be vigilant on transnational crime and regional security challenges as the economy of Timor-Leste develops.

The Timor-Leste Police Development Program is a world-leading example in post-conflict capacity building with substantial progress being made since 2004. In the second half of 2013 the International Deployment Group will undertake a review of the current structure and direction of the program. The evaluation will assess the effectiveness, efficiency and sustainability of the program and its outcomes. While the review is yet to officially begin, early feedback from stakeholders has been positive. The AFP, through the Timor-Leste Police Development Program, remains committed to building the PNTL into a credible and professional police force. It is important to note that many of the PNTL senior officers are relatively new to policing. In fact, it is only since the start of 2013 that they have assumed sole responsibility for policing, notwithstanding the formal handover of responsibilities from the UN taking place in 2011. Until the end of 2012 PNTL senior officers have had the UN and other donor country advisers as a backstop to address any shortfalls in their management of policing. I want to stress the development initiatives of this type do not provide a quick fix. The outcomes that the Timor-Leste PDP seek to achieve are long-term strategic outcomes that may take a generation to see in full effect.

Overall, the AFP has made a significant impact in Timor-Leste. The AFP's commitment to the UN and Timor-Leste helped to bring about security and stability to a young, fragile state. The AFP will remain committed to building the PNTL into a credible and professional police force capable of providing and maintaining law and order in Timor-Leste. The AFP, along with our aid partners, will continue to support the fledgeling Timor-Leste catchment in their efforts to build peace and a functional society. Thank you very much for the opportunity to make a statement. I am happy to answer any questions.

CHAIR: Thank you, Assistant Commissioner. You talk about transnational crime activity and that it is not present at the moment, but what would be the tipping point for that to happen and are there any gaps in Timor-Leste's domestic legislation which might hinder police pursuing that?

Ms Newton: I guess it is something that they have to keep a close eye on, and within the region we all keep a close eye on how transnational crime is managed. The purpose of the AFP having transnational crime assistance in the Pacific is to help those nations identify issues of transnational crime. As you may be aware, the movement of guns between nations continues to be an issue. There is very little concern in regard to people-smuggling in Timor-Leste at this point in time. But we do recognise that, as there is more money in the economy, issues associated with foreign bribery and other financial related crimes are likely to increase. We provide a role in support of Timor-Leste to be able to deal with those issues.

We certainly have been reviewing legislation in conjunction with Timor-Leste, but I guess at this point a lot of the crime types legislation still needs further development. I will use domestic violence legislation as an example. The legislation was not put in place until 2010 and it is only in 2012 that it was actually enacted and was in the process of implementation.

One of the other challenges for Timor-Leste police is that legislation is generally written in Portuguese. A lot of people do not speak Portuguese, although the judicial system does. It is a difficult process of getting them to learn legislation and understand it as it applies in different languages.

CHAIR: In terms of the Timor-Leste martial arts groups and those organisations—they seem to have been dormant in the recent round of elections. Do you expect that that will continue to be the case or are they just lying dormant for the time being?

Ms Newton: I think it is a sign of the police having a greater capability to deal with issues now as they arise. We did not see during the election period nearly the number of issues arising, and they were dealt with very quickly. Because you do have such a large population of youth in the country, it will be difficult to manage over a period of time, particularly with unemployment issues being a concern and people having spare time on their hands and not really being self-directed in where they are going. It is one of the things that they closely watch and we work with them on being able to try to manage the situation—nip the issues in the bud if they possibly can as they arise.

CHAIR: Terrific.

Dr STONE: You mentioned in your opening remarks, Acting Commissioner, that we have tried in particular to improve the accommodation so more women might feel comfortable in the local police forces. Can you tell us what numbers they are now recruiting compared to before?

Ms Newton: At the moment 18.6 per cent of the whole police force of just over 3,300 are women. They have just had a recruit course two days ago. That commenced with 250, but that actually only about 10 per cent women coming in on the course. The idea behind how we have redeveloped the training centre is to have a separate accommodation area for women, because there is that segregation concern of young girls being able to go in the college. That appears to be working well. We do have a number of programs that try to encourage more women to join policing. But I would have to say that the number—close on 20 per cent over there—is actually better than some of our own jurisdictions in Australia in terms of policewoman.

Dr STONE: Given that domestic violence and violence against women are a critical issue in most societies across the globe, but particularly ones where there is a lot of poverty, is Australian support in training the East Timorese police on community policing issues, particularly domestic violence issues, making any headway in terms of greater protection and safety for women in the community?

Ms Newton: As I mentioned before, because the legislation really was only enacted from last year it is a learning process for the Timorese in understanding how to apply the legislation. Our commander who has just recently come back after being there for three years said that what has been quite noticeable, particularly within the district areas, is the frequency of sexual related crimes being dealt with and reported. They are being addressed more frequently. We have increased the training in the area of sexual violence management and domestic violence management. There is also a program of work that is being delivered to develop skills of being able to have people actually also understand what domestic violence is. If you have a large population of police who have lived in a society where it was normal you run into issues about education of the staff and about being able to apply the law. Some of issues they have are also because of the backlog of the legislative process; in the courts there is quite a backlog of offences. The crimes that are high priority, such as murder, sit at the top of the list, so with a large number of charges that go before the courts it is a long time before something actually gets finalised in the judicial system, which also detracts from people wanting to report. But we are seeing a greater incidence of reporting.

We have also been involved with NGOs in country, in particular the Fokupers group, which provides shelters for women to move into when there has been domestic violence and also for young girls who are heavily pregnant or have young babies, in particular from incest, to assist them to reintegrate into the community, because once they leave their family they of course have nowhere to go in our village. That is trying to assist local community groups in having counselling services and other skill sets and trying to manage it from a multilevel of government as well as local services and aid donors.

Dr STONE: On a slightly different tack, clearly the relationships between army and police are always potentially vexed in new, emerging societies—we had the difficulties a few years back where it was clear that there was not the most harmonious of relationships between the East Timorese police and the army. What does the Australian Federal Police do to try to set up a framework so there is a clear understanding of the roles of the two different agencies and that there isn't the potential for them to be two competing forces in the country pursuing their own ends?

Ms Newton: I guess we take an approach that we have been taking in Australia for some time. The RAMSI mission in the Solomon Islands probably was the one mission that actually sorted out and defined the roles of what the police and military should be doing, and we have had a very strong relationship with Defence ever since that time. We have full-time superintendent liaison officers at the JOC, the Joint Operations Command, just outside Canberra. What we tend to do is go into country and work with both the police and military in defining the differences between the roles that are performed. That is an active process on our behalf with the Australian Defence Force, because we do not want police to be delivering policing from a paramilitary style of operations. One of the things we are going to have to manage into the future in the Solomon Islands, because there is no military, is how we develop capability there that supports a traditional military role but define it in a policing context. So we have a very close relationship with defence in working through those issues and joint strategies and with the Department of Foreign Affairs and Trade and each of the heads of mission. Our staff and staff from the Defence Force attend those meetings and we work together on our joint plans in country.

Senator STEPHENS: A submission that came from the Strategic and Defence Studies Centre from the ANU advised that the Timor-Leste minister of justice, in cooperation with the UNDP, began developing a draft customary law in 2008. Concerns were raised in that submission about the capacity to supervise local justice mechanisms and ensure human rights protections. Do you have any comments on that?

Ms Newton: Before coming along I made an inquiry of one of our staff who has been in the country as to what is the balance between the application of customary law in the provincial areas versus legislative law. I guess the way we see it from a policing perspective is that we have to develop a network of judicial processes and law and justice that fits the country's requirements and is not just applied the way Australia would apply it in our own country. In all of our missions in the region we have found over the years that there is a component of customary law or customary ways of doing business and dealing with things, by chief of a region, perhaps, and other elders within the region, versus the legislated law in the country. It appears that the lower level types of crimes, like theft and things like that, are dealt with at a local level within the district areas, in the main. But the more serious types of offences, like sexual assaults and certainly domestic violence and the killing of people, are brought into Dili through the judicial process.

I guess the extent of customary laws, and its application, versus legislated law is something that would have to be debated in-country. We would support the debate and discussion on it to make sure that the right balance is in place. They have police officers in the district areas to deal with the more serious related offences.

Senator STEPHENS: That takes me to my second question. I thought the submission you provided to us was very interesting and very detailed in relation to the contribution that the AFP has made to police training. To what extent does the AFP recruit people with expertise from state police jurisdictions to be part of this training?

Ms Newton: Part of the AFP?

Senator STEPHENS: Yes, part of the training in East Timor.

Ms Newton: When the International Deployment Group was set up in 2004, the Australian Federal Police actually recruited a lot of state and territory jurisdiction police into the AFP directly as lateral recruits. So close on 40 to 50 per cent of the International Deployment Group have come from a state jurisdiction, as well as ACT Policing, which is part of the Australian Federal Police anyway. So there are strong sets of community policing skills that deliver on the training and develop the curriculum within each location.

We have also developed a new overarching design of how we deliver capacity development programs internationally. This has been done in conjunction with most of the countries we have worked with over time. It provides a template for how we put together programs that are consistent with what the country needs rather than how we would apply it here. That is the guidance and direction our staff have with the training program, prior to going to missions on how to do capacity development. It is a strong community policing background that falls within the jurisdiction of the International Deployment Group.

Senator STEPHENS: Given that in Timor-Leste we are seeing a growing population of young people and rising unemployment, do AFP officers engage in community programs like sports and PCYC type things?

Ms Newton: Yes, and they have also helped in some of the orphanages and places like that. Over time we have given a direction from time to time for our staff to get involved in a particular community event. They actually have to spend a certain amount of time contributing to the community, which most want to do anyway—and get involved in sport. Over the years the AFP has had a very strong program of involvement in sporting activities, particularly with the Muslim community here in Australia, as well.

Senator STEPHENS: How many AFP officers would be in Timor-Leste now?

Ms Newton: At the moment we have 36 police officers there, 10 contractors and 12 locally engaged staff. Then, according to what their training is, we bring in other staff for the particular programs. So, if we are delivering a specialist forensic training program we will bring our forensic people from Australia across to run the program over there. A lot of our management development programs involve people being trained through the Australian Institute of Police Management at Manly. They go to the locations or we bring together police from across the Pacific region to have executive level training.

Senator STEPHENS: You make the point in your submission about the police college, the police training centre, being accredited as a police academy. I would imagine that there is more involved in that than just a legislative name change. What accreditation is needed for it to become an academy? Is that through the Australian Institute?

Ms Newton: No, it is actually a full university accreditation, and that means every course that they perform that is accredited for a university qualification is taken into account. That is done through Timor Leste.

Senator STEPHENS: So the short courses could be combined over a period of time to be units in a degree?

Ms Newton: They have to be accredited courses, which the leadership and middle management level are. Some of the other courses may never be accredited because of the amount of time that it takes to put that together. But what we did want to do was to make sure that the people in the management levels in the future of Timor

Leste are developed in a way that they have university qualifications, that they are proud of those qualifications and that they want to achieve them. Therefore, 60 per cent of the superintendents have completed the qualification with over 12 months of study that they have performed. This is very challenging in a country like that, where they do not necessarily have the same education levels that we have. We bring them out to Australia, to visit Canberra, to look at our different capabilities. It is quite an extensive program that is run.

Senator STEPHENS: Is the training in Timor Leste done in English or Portuguese?

Ms Newton: English. The recruit training is in Portuguese.

Senator STEPHENS: One last question: how many of the AFP officers who are there permanently are women?

Ms Newton: I would have to take that on notice, but we tend to have a substantial number of women in the group. In fact, our last commander was a woman. Our last UN commander was a woman, and then I show up there being a female as well for their major events. We will provide that to you on notice.

Senator MOORE: Thank you for your submission. The submission talks about a review that the AFP will be doing this year. What kind of timing is on that review? Is that the first major review of the East Timor situation?

Ms Newton: It is the first major review that we have undertaken against the AusAID review requirements that have to be completed. There have been broader reviews of the overall aid program that Australia provides and that we have been a component of, as well as a number of UN types of reviews that have taken place. We have now commenced preparing for that review to take place, and it will take about three months in total. We have external providers who come in and do that in conjunction with us. That is an external oversight of how the aid program undertakes reviews.

Senator MOORE: With a completion date by the end of this calendar year?

Ms Newton: Yes. I would say it would be about November when we actually complete it. So that you are aware, we have also had Australia over there using the Timor Leste PDP as a case study as to the best performance of how aid can be delivered against the Australian aid program. They have just completed their work on having that as the case study.

Senator MOORE: You spoke in your opening statement as well as in the review about the ongoing work. In your submission, you said that the withdrawal of the UN has resulted in the identification in some gaps in policing. Were those gaps identified together in terms of where the gaps were and what the plan was? And are the gaps the kinds of things that you have mentioned in your submission about training expertise and those kinds of things? Is there anything else you want to add to that?

Ms Newton: Can I just say that we spent a good six months prior to the UN leaving working with them as to how the handover would take place in conjunction with the commissioner of the Timorese police. Since that time, we have identified some of the gaps, and they are probably more about the coordination and management of policing activity with the UN withdrawal. We spent a lot of time with the commissioner and his executive team on working through those issues, but we have had to be very clear that we cannot provide what the UN provided previously. We do not have enough people to be able to do that. We try and stay in our lane as far as the programs we deliver. We have made it very clear to the Commissioner of Police that we want to see the results and outcomes of everything we deliver before we move to the next workload that might be of interest to them. So the commissioner is well aware that his people have to actually deliver on what we are assisting with prior to us saying, 'Yes, let's move to the next workload.' It is a collaborative approach—we have been working with the other agencies that still have police there, and with the UNODC as well, and we will continue doing that so that we complement each other in what we are delivering.

Senator MOORE: Who is actually on the ground now?

Ms Newton: Predominantly there are about six UN staff in various capabilities and about six Portuguese staff at any point in time. They are involved in the recruit training course that has just commenced. They are perhaps not as integrated in some of the approaches we have to delivery but we try to work with them as much as possible, as well as with any contribution that Indonesia makes. We try to make sure we stay in contact with all the suppliers in that area to enable integration.

Senator MOORE: So they are the only players—the remnants of the UN and a couple from Portugal. What is the Indonesian role?

Ms Newton: Because of the crime that moves between those two nations, they have an ongoing interest in the in-country capability to deal with the movement of crime between their borders and Indonesia. There are still quite strong relationships there as well.

Senator MOORE: Sure. What kind of crime is that? You have a couple of paragraphs at the end about transnational things and the fact that it has been identified as one of the lowest areas, but the competition there has some very serious problems. In terms of the crime that crosses the border—

Ms Newton: The people who live in that area do not necessarily treat it as a border.

Senator MOORE: Exactly.

Ms Newton: It does relate to that border related crime.

Senator MOORE: Smuggling?

Ms Newton: I do not think there is a strong inference of smuggling—there is not necessarily the full amount of money available for that to be of particular or major concern. It is also about the Indonesians wanting to make sure they have capacity for the future in investigations; that is why we have a strong relationship with the Indonesians, anyway, and we want to make sure that we make a combined effort in that investigation space.

Senator MOORE: The issue that some people were raising a few years ago—and I have never followed up on it—was a concern about drugs coming in, particularly tablets, because of the ease of movement, and the impact that could have on a community that is not used to that kind of thing. Is that an issue that has been followed up? That was raised about five years ago as a potential problem in the area.

Ms Newton: Because they do not have an economic environment that could support large quantities of that, it is not an issue yet. It is something to watch in the future. Marijuana is probably more of an issue because it can be home-grown locally.

Senator MOORE: It is part of the agriculture that does work.

Ms Newton: Yes, that is right.

Senator MOORE: Okay. We have had lots of evidence from many agencies, including yours, about the transfer of staff, staff interchange, and training and development. One of the questions I am asking is about English training because many of the other departments have had to identify and work on that. Is that something the AFP has been involved in or worked on in any way—the effectiveness of language training, particularly with four languages on the ground and the interchange between those and the official language of policing? Is there an official language of policing?

Ms Newton: No, there is not, really, and that is probably part of the difficulty. Even when you look at their library of material there is a combination of multiple languages within the library. We have put 237 Timorese staff through English-language training. Ultimately, it would probably be useful for a decision to be made about what is going to be the natural language—the predominant one to be dealt with. We work between all of them as we need to, but we want the officer-level and supervisor groups to ensure that they have language skills and are able to speak English.

Senator MOORE: And the language training of your staff—are they expected to be able to speak some or any of the other languages?

Ms Newton: Not Portuguese, but they do tend to pick up language locally in-country.

Senator MOORE: But they would pick up Bahasa and Tetum.

Ms Newton: Yes. More Tetum than Bahasa, perhaps. In answer to Senator Stephens, there are 10 women in our contingent there.

Senator MOORE: Out of how many?

Ms Newton: Out of 36 of our staff.

Senator MOORE: And that varies according to placement?

Ms Newton: Yes, it varies according to the mission group going in and out.

Senator MOORE: Is it a two-year placement?

Ms Newton: It is normally about 40, 60 or 80 weeks. It varies depending on what the actual role is.

CHAIR: Thank you, Assistant Commissioner Newton, for your attendance and evidence here today. If there are any matters on which we need additional information, the secretary will write to you. The secretariat will also send you a copy of the transcript of your evidence, to which you can make any necessary corrections to errors in transcription. Thank you very much for your time here today.

Ms Newton: Thank you very much for the invitation.

CONOLAN, Mrs Teresa, ACBPS Chief of Staff/National Manager Executive Coordination, Australian Customs and Border Protection Service

CZABANIA, Mr Troy, National Manager Border Strategies and Planning, Australian Customs and Border Protection Service

SMITH, Mr Donald (Don), National Manager Intelligence and National Manager Collection Management and Counter People Smuggling Taskforce, Australian Customs and Border Protection Service

[11:36]

CHAIR: Welcome. Do you have any comments on the capacity in which you appear?

Mrs Conolan: My position as National Manager for Executive Coordination includes responsibility for coordinating the service's international engagement activities.

CHAIR: Do you wish to make a short opening statement?

Mrs Conolan: I would like to. We did not make a submission to the committee, but I appreciate the invitation to come and speak today. At the outset, I would like to broadly outline our customs and border protection role, which gives direction to the engagement that we have with Timor-Leste.

We are Australia's lead border management agency and we employ an intelligence and risk based approach to managing the Australian border. Our mission is to protect the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border related trade statistics. Customs and Border Protection's operating environment can be summarised as one of increasing numbers and complexity of border transactions taking place in diverse channels across a range of physical and electronic environments.

The volume of transactions at the border, both cargo and people, will increase markedly over the coming decade. The range of goods, biosecurity hazards and economic risks is also growing, as is the geographic area in which Customs and Border Protection operates, with more remote ports coming on line and ramping up operations. The Customs and Border Protection approach to international engagement therefore is strategic, forward looking and targeted towards developing collaborative, mutually beneficial relationships which deliver positive outcomes for the agency in its border protection and facilitation roles.

We broadly support the strategic objectives of the Australian government as outlined in policy documents such as the document on the National Security Strategy and the *Australia in the Asian century* white paper. We currently have eight posts overseas as well as staff deployed as advisers to Papua New Guinea and the Solomon Islands. Of the eight posts, six are located in Asia. They are Jakarta, Kuala Lumpur, Bangkok, Beijing, New Delhi and Colombo, Sri Lanka. Each of these posts has regional responsibilities. Customs and Border Protection's day-to-day engagement with Timor-Leste is managed by a our post in Jakarta, so we do not have any resources on the ground in Timor-Leste. The post is led by a minister counsellor, a senior executive service officer band 1, and supported by one executive level 2 and two executives level 1 plus the locally engaged staff.

Australia's close proximity and shared maritime boundaries with Timor-Leste mean that Customs and Border Protection and its counterparts in Timor-Leste share many common interests in operational aspects of border management, including combating transnational and organised crime, the protection of fisheries and strengthening maritime security more broadly. As I noted earlier, we adopt an intelligence and risk based approach, and to date the level of engagement between Customs and Border Protection and Timor-Leste agencies has been limited—if we were to make comparisons with engagement undertaken by other Australian government agencies such as Defence and our colleagues from the Australian Federal Police, as we just heard. However, our engagement is commensurate with the potential threats to Australia's border from Timor-Leste, the capability that currently exists within Timor-Leste's border security agencies to mitigate those threats and the capacity for improving Timor-Leste's ability to manage its borders.

Customs and Border Protection has delivered a range of capacity-building initiatives throughout the South-East Asia region that aim to strengthen the management of borders within the region. Under that framework of international engagement, the service has delivered a range of targeted engagement activities with Timor-Leste that may be of interest to you. They are more directly generated at management development kinds of opportunities.

Timor-Leste participated in the Customs International Executive Management Program in the years 2003, 2009 and 2011. The program aims to enhance networks between regional customs administrations, develop management capacity of participating agencies and improve customs procedures and integrity in overseas customs practices. The program has been running since 1989 and is highly regarded by participating countries.

Customs and Border Protection understands that Timor-Leste Customs is eager to participate in the next course, planned for 2013-14. Timor-Leste also participated for the first time in the biennial Pacific Customs Management Program in 2012, which aims at increasing capability around public service leadership in Pacific Island countries.

Timor-Leste, with representatives from Defence, National Police, the Ministry of Agriculture and Fisheries and the Ministry of Justice, also participated in the Customs and Border Protection funded regional maritime security desktop exercise in the years 2010, 2011 and 2012. That is a scenario based exercise which was initially held in Darwin and more recently in Jakarta. It brings together a number of regional maritime enforcement agencies to discuss shared challenges to maritime security and promote greater cooperation between the countries.

Timor-Leste and Customs and Border Protection, through our Border Protection Command, are participants in the subregional monitoring, surveillance and compliance forum, which focuses on illegal fishing in associated waters. The last forum was held in Papua New Guinea in February 2013.

More broadly, Customs and Border Protection and Defence, through maritime assets assigned to the Border Protection Command, have also conducted a series of maritime security patrols within the Joint Petroleum Development Area. While these patrols are currently not coordinated or undertaken jointly with Timor-Leste, the patrols do assist in providing a level of security for offshore oil and gas facilities located within the Joint Petroleum Development Area.

Looking to the future, Timor-Leste is progressing a four-year program of customs reform supported by the World Bank that will see a greater focus on border management and trade facilitation. The programs of reform will also emphasise the strengthening of accountability, capability and integrity of the customs officers. In February this year our senior representative in the region travelled to Timor-Leste to meet with their customs executive, the new director-general of customs, who had recently been appointed. This trip provided the opportunity to enhance Customs and Border Protection's understanding of Timor-Leste's customs capability and to inform decisions about possible future collaboration initiatives similar in nature to those we have undertaken with other neighbouring customs administrations. Customs and Border Protection will continue to seek further opportunities for engagement with the senior leadership of Timor-Leste Customs, including the hosting of a study tour for the director-general of Timor-Leste Customs and select members of her executive team.

Customs and Border Protection is currently exploring with Timor-Leste Customs the possibility of a establishing a memorandum of understanding. That MOU, on Customs cooperation, would form part of a longer-term strategy to improve information from their intelligence flows on border related activity with Timor-Leste.

Finally, we will continue to work closely with other government agencies on areas of mutual cooperation to support Timor-Leste. I would like to thank you for the opportunity to make that statement and we are happy to take any questions.

CHAIR: Thank you. The AFP talked about the threat of transnational crime that would occur once the economy there develops to such a point where there is a demand and capacity for it. Are you satisfied that we will be aware of that prior to it happening, or as it happens, rather than responding to problems that develop? Do we have the necessary levels of intelligence and the like and cooperation with Timor-Leste to address that?

Mrs Conolan: I will hand over to Mr Smith in a moment, but I think that would be the purpose of the MOU. We do establish those with our international Customs partners so that we can facilitate that early exchange of information and do joint work. But that has not been developed as yet; that is work we are starting following on from the visit in February.

CHAIR: How long will the MOU take to develop—or how long do they normally take to develop?

Mrs Conolan: They can take some months—not many months; a few months. We have standing arrangements with Customs administrations around the world. So we have a basic sort of template that we use that gives us the legal authority to share information. I might hand over to Mr Smith.

Mr Smith: Good morning. Obviously, we have an interest in the level of transnational crime activity within Timor-Leste, but our primary focus is on transnational crime and related activities as they impact on the Australian border. At the moment we do not have any information to indicate that there is a transnational crime focus coming out of Timor-Leste directed towards the Australian border. And we do maintain a predictive intelligence capability within the agency, again focusing particularly on the border. We have confidence that we would be able to identify the level and nature of any particular transnational crime threat that has been directed against the Australian border from Timor-Leste, were that to occur.

Dr STONE: I think what you were saying to us, Mrs Conolan, was that you are happy to look after Timor-Leste's Australian mutual interests from Jakarta, because at this point in time there is no real demand for an agency to be established in Dili or somewhere else—unlike in PNG, the Solomons, KL and the other places you

mentioned. But you are telling us that you are developing more cooperative arrangements. Of course we have a mutual interest in assisting Timor-Leste developing its society, but there is also our border protection needs. So it is not a case of you needing more funds to establish a greater presence? You do not believe there is a need for a greater presence for Customs and Border Protection services located in the country at this point in time?

Mrs Conolan: Not at this stage. We are happy to work with them and respond to their own level of capability, as they are now coming to us to reach out to develop a memorandum of understanding—so we will respond to that. The Customs administration itself is being well supported by World Bank funding. They have a principal advisor there, who happens to be an ex Australian Customs service officer. Their own development has a way to go, so we are happy to support them in growing that capability, and we can do that as they reach out. As the AFP were saying, through having study tours here they can learn from our experience and we can help them with training as they ask for it, when they become more mature.

Dr STONE: Have we helped them at all with actual border protection vehicles—boats, so they can patrol for themselves? Do you have some comment about their own infrastructure, their capability to get out on the water and do their own physical surveillance or intercepting work?

Mr Smith: I am not aware of any capacity-building assistance we have provided by way of patrol boats.

Dr STONE: I know we have given boats to Samoa and some of those Pacific Island nations.

Mr Smith: Do you mean under the Defence Pacific boats program?

Dr STONE: Probably.

Mr Smith: I am not aware that we have given any kind of assistance to Timor-Leste. Border protection command does, I think, undertake augmented security patrols, as Mrs Conolan mentioned. So, we undertake security patrols within the joint petroleum development area. But they are Customs and Border Protection command vessels that undertake those patrols.

Dr STONE: So, we move a little into Timor-Leste waters in doing that patrolling?

Mr Smith: Within the joint petroleum development area between the waters of the two countries.

Dr STONE: Can you tell us the size of the customs and border protection service in Timor-Leste? How many people are actually employed in their sector?

Mrs Conolan: They are sitting at around 260.

Dr STONE: Are you aware of how they liaise with their own police force and military? Is there a strong connection between their own customs and border protection activity and their own police and military?

Mrs Conolan: I cannot report on that relationship; I am not clear on that. I do know that part of the reform they are going through is a restructuring. Customs was traditionally in the revenue ministry, and they are taking on a stronger national border security role. There is an issue at the moment—I think there is a tension as they restructure around that.

Dr STONE: Given that they have a major issue with illegal fishers and serious incursions on their own food supply, I am wondering if you have been requested for more support in terms of their being able to physically go out and do intercepting work and so on.

Mrs Conolan: No.

Ms BRODTMANN: Going back to the MOU, could you outline what you are looking at covering in that?

Mr Czabania: Generally the MOU just sets up our relationship with the country at a broad level—information sharing, how we might work together, how we might work on joint capacity-building. It sets up generally bilateral meetings at the CEO or director-general level and under their scope-for-work programs. So, if there were agreed work programs in the areas of illegal fishing—there could be annexes or similar—that might set up how we might work in those spaces. But I think the one we are looking to set up would kind of cement that relationship at a higher level at this point.

Ms BRODTMANN: Such as provides the broad framework on the way forward, and then you will update it in the future.

Mr Czabania: Yes.

Ms BRODTMANN: Do you have a time line on that? Have you started negotiating?

Mr Czabania: No, we have not started negotiations, although when the Band 1 visited earlier this year she did make a commitment to progress that as a matter of priority. The timing depends on when we can get sign-off on

both countries, and they need to go through the relevant legal areas. But we have an MOU template that we can use as the basis. So hopefully it will not take years but months.

Mrs Conolan: Our representative, as Troy was saying, was there in February and just started those discussions. Now that the D-G has been appointed, I think that allows us to move forward more quickly with that. And we have committed for our CEO to meet with their director-general in some meetings in June. So that could formalise those discussions and start it rolling more formally.

Ms BRODTMANN: I am just interested, picking up on other comments about that capacity-building aspect. They have 260 officers there working in this field, but I just wonder what their IT is like, and their access to those sorts of facilities that allow them to do really good risk management and prevention.

Mrs Conolan: If I could give a broad-brush: just reading the report from our representative in February, I think there is quite a formal program of modernisation that the World Customs Organization promotes and supports, so they have got the right IT systems being put in place for cargo clearance, for example. But that is still immature, so the risk assessment processes are immature. A lot of the risk assessment work is also hampered around port infrastructure facilities. We can improve and modernise customs processes, but poor port infrastructure hampers their ability to do that. So it goes to those things. That is why I was saying we can respond when their own capability gets to a point where we can add value, but at the moment there are so many other things that impede—

Ms BRODTMANN: That depend on it.

Mrs Conolan: Yes.

Ms BRODTMANN: And this is under that World Bank program?

Mrs Conolan: Yes.

Senator MOORE: I want to follow up with a question I raised with Agriculture this morning. It is around when you go to an airport and you bring things back into the country and they are checked to see whether there is anything in them that is dangerous to Australia. When you come into most capital cities in Australia from an overseas trip and you have things with you, you have the provision that you can have the things sent away to be treated and then be returned to you. Is that a Customs thing? It is through the Customs officers that you get checked. I sent letters several months ago, but I have to follow up. My understanding is that that service is no longer available in Darwin. So, for people who are going between East Timor and Darwin, being the only air route that is currently working, if they buy things in East Timor, even from the most reputable places in East Timor, there is some possibility that they will not pass that check. What happens when they go to Darwin now is that they are just lost, because they have not got that service available in the city. It is my understanding that it used to be there and it is no longer there. If we are going to have more tourism and be encouraging that interchange, that is quite a significant gap. I know for sure that, when I go into Brisbane—a couple of times I have come in large groups and we have had things—all that happens is that, for a price, the artefact is taken away, something is done to it and then it is returned to you later, and you have just maintained that link with the culture that you had. I want to know, in terms of what we do in the future, if we are going to be building up a greater transit between the two countries, how we make that work. I think it is a major issue. I am not quite sure. I thought it was Customs, but it is not?

Mrs Conolan: We manage the airports. We manage the primary line.

Senator MOORE: And the checking.

Mrs Conolan: And the checking. But that is a quarantine issue. It is an AQIS issue. If someone self-declares that they have goods to declare or they have been in an area where they have got goods, that is referred to Quarantine. In many of our airports, most baggage goes through Quarantine X-rays. Some goods, I know, can be taken away and cleaned if you have been in areas—

Senator MOORE: They are sprayed or something.

Mrs Conolan: They do. They can get washed down, if you have been on farms and you have got dirty shoes and things like that. I think they can also, perhaps, treat things and give them back. But I am not aware of that as an issue. I can take that back and pass it on.

Senator MOORE: My other question, just in terms of an intercountry issue, is about the training of the customs people in East Timor. I know that your agency has been involved in working with people. From your perspective, is there an issue around language training?

Mrs Conolan: We have not actually been involved in training with them. Their training is addressed through this World Bank program. We have not been involved.

Senator MOORE: I knew that was being funded by the World Bank, but I thought they were using our people as well because of the expertise. They are not?

Mrs Conolan: We have not been involved to date.

Mr Czabania: Not that I am aware of in Timor-Leste—only at the management level that Ms Conolan mentioned before, but that training is that in Australia.

Mrs Conolan: There are some similar issues to the issue that AFP raised around the legislation and the language. There will be a similar issue with the Customs Act and training officers in that. That was an observation from our minister counsellor who attended—

Senator MOORE: And also what is the major language in terms of interacting with people? That same issue would be there for Customs as well.

Mrs Conolan: The other observation is that they have been provided with some detection technologies from other countries—China, Japan—but they lack the training in an ongoing way to use that appropriately. There are also the maintenance contracts and things. They have had donations and equipment, but how do you manage that ongoing and have the training and support? I think that is lacking. They are the things that have emerged from this recent trip that we might be able to follow up and provide some ongoing support.

Senator MOORE: The information as a result of that—and you talked about the recent trip and the senior officer who went there—that goes back through your network. Do you also feed that back to the World Bank—the international training group?

Mrs Conolan: Yes. In fact, the key principle adviser in East Timor was leading directly with our counsellor, so together they are working on the support we could provide. I am working closely together on that.

Senator MOORE: So the knowledge is shared?

Mrs Conolan: Yes, definitely.

Senator STEPHENS: Mrs Conolan, you mentioned the Joint Petroleum Development Area and the security patrols that Customs and Border Protection have undertaken. Can you make any comment about whether or not there have been threats to assets involved in those projects?

Mrs Conolan: I cannot comment on that. Are you able to, Donald?

Mr Smith: Do you mean threats to our vessels?

Senator STEPHENS: No, I meant in terms of the security of the assets that are part of those projects—the platforms and things.

Mr Smith: Not to my knowledge, either. I do not have anything to comment on them.

Senator STEPHENS: I would presume there is an expectation that the companies themselves would provide security to those assets—platforms et cetera?

Mr Smith: Yes they do, and I would add that they are very supportive of our involvement and actively provide us updates when there is any security concern. So they are sharing that type of information.

Senator STEPHENS: In sharing that information do you have any evidence of any growing incidence of piracy or theft of goods being shipped out to the rigs?

Mr Smith: Nothing that I am aware of, no.

Senator STEPHENS: Thank you.

CHAIR: Thank you for your attendance here today. If there are any further matters on which we might need additional information, the secretary will write to write to you. The secretary will also send you a copy of the transcript of your evidence, to which you can make any necessary corrections to errors of transcription.

Proceedings suspended 12:03 to 13:07

JOHNSON, Mr Andrew Duncan, Government Relations Team Leader, World Vision Australia

CHAIR: Welcome. Before proceeding to questions, I invite you to make a short opening statement.

Mr Johnson: Thanks. World Vision Australia welcomes the opportunity to make a submission to the inquiry and for the opportunity to appear here today. As you are probably aware, World Vision is an international Christian humanitarian organisation focused on working with local communities on community based development.

World Vision Timor-Leste is part of the World Vision partnership. We began work in Timor-Leste in 1996 in the Alieu district south of Dili, and in September 1999 we set up our office in Dili. We now work in three regions across the country—Alieu; Bobonaro, in the west; and Baucau, in the east. Our work is grant funded, with a range of government and other organisations, including AusAID, through the AusAID NGO Cooperation Program, or ANCP. The focus of the work is on three sectors: health, including water, sanitation, hygiene and maternal, newborn and child health; education; and community economic development, including food security and climate change adaptation.

The office in Timor-Leste has experienced steady growth over the past few years and now has a budget of \$7 million annually. World Vision Australia's relationship with the office in Timor-Leste has grown in recent years due to the agreement to implement what is known as the World Vision Pacific Timor-Leste office based in Brisbane that will coordinate all of World Vision's work in the Pacific and Timor-Leste.

The focus of our submission has been in two areas. First, the submission looks at a range of high-level indicators, including child mortality, maternal mortality and life expectancy, all of which are crucial to achieving the MDGs, particularly MDGs 2, 4 and 5, which are focused on education and child and maternal health. The second part of the submission focuses on our work in Timor-Leste and seeks to provide some examples of the outcomes we are seeking from our work. The focus of our work has been seeking to work with the poorest in Timor-Leste, practically those in remote communities where infrastructure provides significant challenges. As I mentioned, we are a community based NGO focused on community driven development, therefore we are investing both in the basic needs like health and education along with capacity-building work such as improving crop yields, crop diversification, savings groups, local value chain development and climate adaptation work.

Our view is that, while the challenges in Timor-Leste are great, the future is bright for the people there. Despite having come through a significant period of instability, great progress is being made. This is demonstrated in our submission by the significant improvements in areas such as halving child mortality and maternal mortality rates over the last 10 years and the significant progress in education access and food production. However, there are still huge development needs in Timor-Leste, especially in relation to rural services and employment.

Australia has a unique and special relationship with the people of Timor and we believe there are significant opportunities for Australia to make a continuing contribution. I am happy to seek to answer any questions you may have or to take on notice any questions I am unable to answer and arrange for answers. Thanks very much.

CHAIR: Thank you, Mr Johnson.

Senator MOORE: Mr Johnson, you are aware of the AusAID change in the way it is has its relationship with East Timor since 2011 and the change to work on the priorities as spelt out by the Timorese government.

Mr Johnson: Yes.

Senator MOORE: World Vision was one of the earliest Australian or Australian linked NGOs working there. Has that change caused any change in the way you operate on the ground? Has there been any difference from pre-2011 to post-2011 because of that change?

Mr Johnson: Our model of working is community based. It has always been based on working with local communities on the basis of their needs, so we have always worked in a way that has sought to engage with the needs of the local community. I am certainly aware that there are a number of partnerships in more recent times that we have been able to strike with various ministries in the East Timorese government in our food security work and our health work and also, but I can check this, in our education work. So I am not sure that that particular change has made a significant difference, but certainly the strengthening of East Timor's government has helped us in seeking to strike those arrangements.

Senator MOORE: Another issue is the number of players who are involved working in support of East Timor. There are a large number of NGOs and there are international NGOs. I see you are getting funding through Japan and New Zealand, so you are getting money for your programs through them rather than yet another NGO being in the field.

Mr Johnson: Yes.

Senator MOORE: That is linked also to the large number of friendship groups from Australia. I think the number of organisations and local councils that have a particular relationship with East Timor is unprecedented. From the perspective of World Vision, how do you see that working on the ground in terms of coordination and sharing and a sense of what it is like working in East Timor? How do you avoid the problems of falling over each other and competing for different areas? How do you perceive that working from World Vision's point of view

Mr Johnson: One is to understand World Vision's federated model. That is the reason we have funding from lots of different governments and other sources. We do not work as World Vision Australia in East Timor, we work as World Vision Timor-Leste. That means that any partnerships that are struck by World Vision offices around the world are all coordinated through our work on the ground there. I am certainly aware that World Vision has good relationships on the ground with other NGOs and organisations. That is a place of continued conversation in relation to coordination. The other thing to be aware of in relation to World Vision's model is that we only work in communities where we have reached partnership agreements with the communities to work with them locally. We see that as a way of avoiding duplication or multiple people. If a community is working with someone else, it is not appropriate for us to work there and we find somewhere else to work. Those are two ways in which World Vision seeks to deal with overlap and coordination issues.

Senator MOORE: On the ground, is there a link with the Australian embassy?

Mr Johnson: Yes. We have an office based in Dili, so there are relationships with the Australian government in Dili.

Senator MOORE: Your head office is in Dili and you have the other two regions where you have services. What is the make-up of the people who are being employed—those locally engaged and those from outside?

Mr Johnson: I have the exact numbers here. The total staffing of World Vision Timor-Leste is about 250, and 237 of those are Timorese and 13 are expatriate staff. That was in January 2013. Of those 250, 45 work in the office in Dili and 205 are field based staff, based around the country. At the moment it is led by a country director and there are also operations and program departments.

Senator MOORE: The country director is from where? You can take that on notice.

Mr Johnson: I will take that on notice.

Senator MOORE: That would be a significant employer, would it not, in terms of paid employment within the current East Timor model?

Mr Johnson: As you can see, quite a significant number are East Timorese. A very small percentage of our staff are external.

Dr STONE: You have a very significant workforce in Timor-Leste. It is good to hear how many local people you have engaged. How are they trained? Are the people you employ locally given specific training programs or are they already skilled in what you aim them to do? What sort of staff are they? Obviously, there is community development in some form.

Mr Johnson: We have technical specialists in areas in which we work—food security, health, nutrition, wash and education—and there are also monitoring and evaluation staff. There are also all the operational staff that you would normally expect to find. Our approach has been to engage people on the basis of the technical expertise that they bring and the needs that we have, but across the World Vision partnership we also have very thorough succession planning and personal development of staff approaches.

Dr STONE: So you would tend to employ persons who have already gained skills and qualifications?

Mr Johnson: Yes.

Dr STONE: In terms of the three areas that you are working in, how did you choose those? Do they have markedly different outcomes in things like child and mother mortality, levels of nutrition, stunting and so on compared to other areas? Are you able to do any comparisons—you have been active for 17 years—compared to neighbouring areas perhaps?

Mr Johnson: Yes, we do monitoring and evaluation. I can get you some details in terms of the outcomes we have. Unfortunately, I only have a draft of our annual report, so that is still confidential, but that does have some results in it. In terms of the choice of sectors, there are a number of factors. As I mentioned, we work with local communities, so our area development program model is to work with local communities to identify, in partnership with them, what their needs are. The other thing that impacts upon the choices that we make is that we work where we have expertise and experience. We are implementing a number of programs—for example, in child health and nutrition—where we have seen success elsewhere. For example, our 7-11 strategy based around

seven key interventions for mothers and 11 key interventions for children has been implemented elsewhere. It has been shown to be successful and it is an area in which we have expertise.

It is the same in our education work. It is focused on early childhood care and development. That is something that we do in a lot of places around the world and in which we have experience and expertise. It is the same with our food security work and our economic development work. We are implementing our savings groups model and our value chain development model. They are things in which we have experience in other places that we implement.

Our other focus has always been on where the poorest are and the greatest need is. That is why you will notice that we are based in some more remote and difficult-to-get-to locations in seeking to deal with those core aspects of child and maternal mortality, enrolment in school and those kinds of things.

Dr STONE: Do you include family planning advice and support in your maternal health area?

Mr Johnson: I do not have details on that right in front of me, but I can take that on notice and check for you.

Dr STONE: Yes—particularly contraceptive advice and family spacing advice.

Mr Johnson: Yes.

Dr STONE: In terms of your nutrition and food aid work, do you deliver food aid itself or are you more involved in trying to build the capacity of farmers?

Mr Johnson: Certainly, during the emergency period in 1999, we were involved in the distribution of emergency relief. But our food security work—there is a memorandum of understanding with the relevant department in East Timor—is particularly focused on capacity building, increasing yields, income-generating crops and that kind of thing. You can see from our submission, in one of the case studies we have provided there, that there are two parts to that: one is the income generation and generating crops that can be sold, and the other is the improvement of nutrition locally, in local communities. So that is the focus of our food security work, and that tends to be the way our food security work works.

Dr STONE: So, even though they have some of the highest levels of malnutrition in the world, the highest levels of stunting and five to six months of very little food, you don't deliver any school lunches, say, or food support for lactating women or whatever—it's all about growing a better crop?

Mr Johnson: Some of our maternal, newborn and child health and nutrition work is focused on improving childhood nutrition, but that is separate from, say, our food security work, which is trying to increase yields and nutritional value.

Dr STONE: To cut a very long story short, I am just wondering: although your workers are surrounded by extreme examples sometimes of malnutrition, particularly among babies and lactating mothers, you do not deliver any actual food aid as an interim measure, like powdered milk from Australia?

Mr Johnson: Yes, we do, but it is part of our maternal, newborn and child health work. We certainly do at our health clinics and that kind of thing.

Dr STONE: You give out some foodstuffs—

Mr Johnson: Yes.

Dr STONE: to those most in need?

Mr Johnson: Yes—in situations of severe malnutrition, yes.

Dr STONE: Okay. How do you work with local policing? Say, if you are seeing—as I am sure you would—family abuse, abuse of women—domestic violence—do you work with local policing agents to try and give better protection in the areas you work in?

Mr Johnson: My understanding is that we do that kind of work in various parts of the world. We do not have any child protection work like that based in East Timor, no.

Dr STONE: Is that something you have thought about from time to time, given the levels of violence?

Mr Johnson: I would need to check.

Dr STONE: Okay. You talked about early childhood work. Do you actually run early childhood or what we in Australia might call preschool education programs?

Mr Johnson: Yes. We have an early childhood care and development model, and we do have centre based care but also home based care and mobile care situations. So, yes, we do that kind of work.

Dr STONE: Like infant welfare type mobile care?

Mr Johnson: Also early childhood education.

Dr STONE: So it is a preschool situation you actually offer.

Mr Johnson: Yes, depending on the situation and in a culturally appropriate way.

Dr STONE: Right. What languages do your staff typically speak? Are they operating in local languages or do you expect them to speak Portuguese, officially, when they are working with their counterparts in Dili?

Mr Johnson: It depends on the circumstances, but we do what is locally and culturally appropriate. My experience in East Timor has been that, even in situations where they might speak a local language, there is still a local dialect, so it is very much dependent on the local situation and what is most culturally appropriate for the situation.

Dr STONE: Thank you. You will get back to us on the family planning issues.

Mr Johnson: Yes, I have made a note of that.

Dr STONE: And the child protection issues.

Mr Johnson: And the child protection issues, yes. Thank you.

CHAIR: Thanks for your attendance here today.

Mr Johnson: No worries.

CHAIR: If there are any matters that we might need additional information on, the secretary will write to you. The secretary will send you a copy of the transcript of your evidence, to which you can make any necessary corrections to errors of transcription. Thank you very much for being here.

WALLIS, Dr Joanne Elizabeth, Lecturer and Convener, Bachelor of Asia-Pacific Security Program, Strategic and Defence Studies Centre, Australian National University

[13:26]

CHAIR: On behalf of the committee I welcome representatives from the Asia-Pacific security program. Before proceeding to questions, do you wish to make a short opening statement?

Dr Wallis: Yes, I do, thank you. Thank you all very much for inviting me to appear today. I would like to begin by acknowledging the progress that Timor-Leste has made since it gained independence in 2002. The political situation is stable, the economy is growing and the public services have been established. This progress is largely due to the resilience and the dedication of the Timorese people. I hear you have been to Timor-Leste and I imagine you would have seen that with your own eyes. But, as you would also have seen, significant challenges remain. Timor-Leste remains one of the world's poorest countries, and this is despite the fact that billions of dollars of external assistance have been provided to Timor-Leste, including millions of dollars of Australian aid. I argue that this suggests that it might be time to rethink the manner in which Australia's assistance to Timor-Leste is delivered.

As I said in my submission, for several years after Timor-Leste's independence state institutions were highly centralised and they were absent from the lives of the more than 70 per cent of Timorese people who live in rural areas. Instead, many Timorese people continued to live according to local sociopolitical practices and institutions. They essentially lived outside the state and they received almost no public services. This suggests that focusing Australian aid and governance support on building centralised state institutions in Timor-Leste may not have been and may still not be the most efficient or effective use of Australian development assistance. There is strong evidence that Australia should look beyond the state in Timor-Leste to the often effective and legitimate local sociopolitical practices and institutions that lie beneath. Australia should therefore expand the focus of its assistance to the local level and support increased political, administrative and developmental decentralisation so that we can assist the Timorese people to build their state from the ground up, embedded on strong local foundations.

The Timor-Leste government has recognised the difficulties of reaching into rural areas and in 2003 it began working on a framework for decentralisation, but progress on political decentralisation has been slow. In 2009, a law was adopted to provide that Timor-Leste's 13 districts and 65 subdistricts would be merged into 13 municipalities. While elections for the new municipal assemblies were originally supposed to take place in 2010, they have since been deferred until 2014 or, more likely, 2015, primarily due to a lack of political consensus and concern about the progress of local capacity building.

But there has been more significant progress on administrative decentralisation. In 2004 the Timor-Leste government sought to engage with local sociopolitical institutions at the level of Timor-Leste's 442 villages and 2,225 hamlets by introducing democratic elections for village and hamlet leaders and by empowering them to lead activities in a broad range of areas. In 2009 the government expanded the mandate of village leaders and began to decentralise more resources to the local level. And in 2004 the Timor Leste government also decentralised certain law and justice functions to the village level.

Momentum for decentralisation has continued with the Timor Leste government implementing a referendum package of infrastructure projects in 2009 many of which were in rural areas. In 2010 it introduced the decentralised development package, which decentralised infrastructure projects to the district level. In 2011 the government enhanced the decentralisation of infrastructure projects by introducing decentralised development programs which also decentralised development projects to the subdistrict level. These decentralised development projects have seen significant resources distributed to rural areas, which has prompted a flurry of new companies to be created through Timor Leste. This has in turn created more jobs at the local level. But the quality of these development projects, as well as the political and administrative decision making and implementation under the decentralised system, has differed, primarily due to variable levels of local capacity, at times limited opportunities for local input and minimal government oversight. This suggests that Australian assistance should be directed towards assisting the implementation and oversight of decentralised administrative and justice systems as well as these development projects. Australia can draw on its own long experience of decentralised government and administration as well as our experience of Indigenous justice mechanisms when providing this assistance.

I am pleased to note that since I made my submission—great minds must think alike—AusAID has announced that it will partner with the Timor Leste government in support of a new national program for village development. This program is to be implemented over eight years from 2014 and will see village communities directly involved in the planning, construction and management of infrastructure development projects. Providing

people at the local level with the opportunity to participate in their development is likely to enhance the appropriateness and sustainability of these infrastructure development projects. It is also an effective way for the Timor Leste government to deliver development to rural people in a situation where it has few other tools to reach them directly. Improved development and infrastructure in the rural areas may in turn help to strengthen the link between the Timor Leste government and the people living in rural areas. So I commend AusAID on this announcement and I hope that it signals that my proposal for a new focus on the local level will influence other aspects of Australia's assistance to Timor Leste. I am happy to take your questions.

CHAIR: Thank you. I understand what you are getting at and in part I agree with you, but isn't it a question of doing both at the same time rather than an either/or situation? I cannot see how we avoid strengthening the apparatus of the state in such a new nation even a decade after its independence. Are you saying that we should take funds from one area and put them in the local area, or are you saying that if we have extra funds we should put them into local development?

Dr Wallis: I am not saying abandon the work we do with the central government. As you would have heard over the last day or so, there is still a lot of work to do. I am saying that we should redirect some of our funds, though, to the local level, recognising the fact that most Timorese people do live in rural areas. As you would have seen, they are doing it tough. Timor Leste is a very new state and it is understandable that the central government has had difficulty developing the rural areas. This is where I think external donors like Australia could play a role in helping the rural community. So I think it is more a case of redistribution of the funds that we give rather than new funds. I would still maintain our work at the centre but shift the focus to the rural and local areas as well.

Dr STONE: Like the chairman, I certainly understand that there is great value in any country in developing local leadership and capacities to be self-sufficient. I am interested in the local justice functions you talked about being delegated. Can you tell us a little more about what is happening there?

Dr Wallis: Basically in Timor Leste administrative and justice functions have been devolved to the village level in the form of a village leader and a village council. The village leader has powers to create justice mechanisms for minor disputes and for domestic violence. This is basically just recognising what goes on in practice, because the police and the courts are highly centralised in Dili and the major towns and, although their capacity is improving, they do not really have a presence in most rural areas. So, in practice, most people would go to their village chief, as they would call him or her—what the legislation calls their village leader—to resolve the dispute. Basically, the government has made the pragmatic decision to recognise that this is happening and to give it legitimacy by recognising it in legislation.

Now, there are a myriad issues that arise from justice at the local level, and I have tabled an article that I wrote that explores this in a bit more detail. The main issue is that we have done a lot of work, and other international donors have done a lot of work, to establish the rule of law in Timor-Leste which, as you would all know, means that there is a consistent application of a known law throughout the country. The problem with local justice mechanisms as they have been created and as they operate in practice is that sometimes they work to the detriment of the rule of law because local leaders are applying their local, customary law, which might not necessarily reflect the next village over's customary law, let alone what the state law says about that issue.

Having said that, I would argue that recognising these functions at least provides an opportunity for the government to oversee them. Before the government recognised that this was going on and included it in legislation, it had been going on at the village level without any oversight, without any control. Now it has been formally recognised—and I would argue that there needs to be more formal recognition—and the UNDP is actually working with the Timor-Leste government to codify customary law. It is a very low priority at the moment; unfortunately, it has gone onto the backburner. I would argue that recognising the role of local justice actors and the role of customary law does provide the state with the opportunity to have some oversight. For example, if more oversight were to be exercised, there is a proposal that the ombudsman, the providor, whom you might have met when you were there, who has the human rights functions in Timor-Leste under the Constitution, could be given a role in the oversight of human rights practices of local justice actors. There is also a proposal, as happens in other places in the Pacific, to have rights of appeal where, if you are not happy with your village leader's decision, another way around it is to be able to appeal to a state court so you get the external oversight.

This is going on every day. As I said, the average Timorese just does not have the options of the police or the courts that an Australian would. I would argue that recognising and working with the reality is much more productive than what happened before, which was ignoring it and just focusing on building the centralised state institutions, with no routes for oversight.

Dr STONE: Are the village leaders elected?

Dr Wallis: Yes, they are.

Dr STONE: And those elections are regarded as fair?

Dr Wallis: Yes, although we have to remember people often make their political decisions based on priorities that are perhaps different from ours in Australia. The way that the decentralised government system developed in Timor-Leste was that the administrative divisions, the villages and the hamlets had basically been created by the Portuguese colonial administration, but they reflected the reality of what was going on the ground, because the Portuguese used a method of indirect rule. It was much easier to recognise what was going on on the ground than it was to create a new mechanism. That was then used by the Indonesian regime when they were occupying Timor-Leste, and then the UN kept the same administrative divisions. In practice, it was a customary leader, a traditional leader, who led the village and led the hamlet, and those customary leaders were performing governance and justice roles before they were recognised by this legislation—and they continue to do so, sometimes outside this legislation even. The government decided to legitimise these local leaders by electing them.

The elections are considered to be free and fair, but most Timorese tend to elect their customary leader anyway. So, in practice, you really just have a democratic system ratifying what is already in place. Even if they do not elect the customary leader, often the traditional leaders will confer legitimacy on the elected leader. It is very hard to get anything done as a village leader or as a hamlet leader unless you have that local customary, traditional legitimacy. Occasionally, someone who gets elected does not receive that, and he or she—in the main, he—struggles to get anything done. So they are democratically elected, but the Timorese people, as you will see if you get time to read my article, have very cleverly adopted and adapted the liberal democratic system to suit their customary practices and what they have been doing for centuries at a local level.

Dr STONE: In your research, have you been looking—or do you know of others who been looking—at the issue of land tenure and water tenure and the difficulties that then imposes on local development?

Dr Wallis: I would not profess to have expertise in this and there are colleagues of mine at the ANU who have far more than me, but I am a lawyer by training and did some pro bono legal work for one of the largest NGOs in Timor-Leste on the proposed land law. The reason it is taking so long is that there are a lot of problems with that land law. One of them is to do with how it has dealt with customary land tenure. As with most customary practices in Timor-Leste, land tenure is collective, which is very difficult to incorporate into a more individualised titled land system. The solutions that have been proposed in the last draft of the law I looked at were not entirely satisfactory at resolving some of the difficulties of how to manage that collective customary land tenure. I am not an expert though, so would not profess to say more, but there are good people at the ANU who do work on that.

Senator MOORE: I have not read your latest one, but in your submission you talked about the whole process of, when you go to the local level, the issue of women's empowerment. You also mentioned the DV, which we have heard about from other witnesses. Through this process of getting a more localised response it seems to be your concern that this area could have less powerful women. Certainly we have seen in the series of elections in East Timor that there have been strong women elected—perhaps not as many as we like, but we have that in Australia too; nonetheless, there has been a focus of getting women into positions. Do you believe there is an issue at the local level in terms of the existing community structures of maintaining that focus on women in the decision-making and leadership positions?

Dr Wallis: There has been a recognition that in the first round of elections for the village and hamlets in 2005 not many women were elected. I am afraid I do not have those statistics at my fingertips now, but the proportion of women elected in the last round of elections in 2009 did increase, so there is perhaps a slight gain of women leading at the local level. But they are up against a very challenging situation in that traditional Timorese culture is patriarchal and it is often very difficult for women to be able to have their say, in a political context.

A couple of positive moves that the Timor-Leste government has made are that local government law mandates that two seats of the village council have to go to women. Then they have two seats for young people and one of those has to go to a young woman. So at least three seats on the council are for women, which is positive for having a woman's voice out there. How much practical say those women have in village matters is something that I would not be able to speak with authority on, although I imagine it might be sometimes problematic. We have to remember though that change to culture is incremental and that culture is constantly evolving. It is not a fixed change. If you have been hearing about the domestic violence law that was adopted a few years ago, for example, you would have heard that changes have occurred just by the publicising that law and by the socialisation of the process that went about the introduction of that law.

The position of women will be an evolving one. The momentum is positive but it will be incremental not a rapid change. One of the advantages of the electoral system that Timor-Leste has chosen for its national government is that the party-list system does mean more women get elected. There are probably more women in the national parliament than there are at the local level. The momentum is positive but women still do face a lot of challenges.

Senator MOORE: It is very strong at the national level and with clear identification and promotion. Does that kind of party politics continue at the local level?

Dr Wallis: If you went to the rural areas, you would see that with every village you could pretty much identify which party they voted for, based on the posters that are on display. In the first round of local elections, political parties did play a very significant role, and that translated some of the divisions at the national level down to the local level. Remember, this was pre-2006; it was before the reconciliation had happened, after the 2006 crisis, so the tensions between FRETILIN and other parties were quite strong, and they did play out at the local level. As a result of this, in the last round of local government elections, parties were prevented from running.

Senator MOORE: That is always difficult.

Dr Wallis: Everybody knows who represents what party, but—

Senator MOORE: They could not be formally identified; you could not run as a FRETILIN candidate or as a candidate of one of the other parties, whose names I do not know as well, but you could not identify yourself in that way.

Dr Wallis: Yes, and that did help water down a bit of the conflict that sometimes happens between the political parties. That is a danger of having elected local leaders. It is just that you translate those tensions down to the local level.

Senator MOORE: And what about the voter turnout at the local levels? Was that as strong as we have seen at the national elections?

Dr Wallis: Yes, although I would note that at the last election it fell off a bit. Electoral turnouts as a rule are strong in Timor-Leste. We have to remember that the Timorese people fought for 24 years for the right to vote, and they take their opportunity when they can.

Senator MOORE: And you are saying that the next round, with the newly amalgamated structure with these new—whatever they are going to be called—

Dr Wallis: The municipalities.

Senator MOORE: Yes, municipalities. You are saying that will not be until well into the future at this stage?

Dr Wallis: The latest estimate is 2014. Some more cynical people say 2015.

Senator MOORE: Do the previous councils continue to operate in that time?

Dr Wallis: Yes, at the level of the districts—there are 13 districts, run by a centrally appointed administration, and at the subdistrict level by administrators who are also centrally appointed. They continue to operate.

Senator MOORE: And the premise of your paper is that that central ownership has to be broken down.

Dr Wallis: The premise of my paper is a pragmatic one, which is that the central government is a long way away from being able to provide the level of public services that Timorese people expect and, I would argue, need. The reality is that at the local level and the hamlet level you have village chiefs and village leaders doing this on a day-to-day basis. They need to be given the support and resources to do their jobs. Today is a bit of a false example, because we are at parliament, but think about how often the government is involved in our everyday lives: the electricity we use, the water we drink, the roads we drive on, the laws we comply with. For most Timorese people in rural areas, that is not a reality. They do not have electricity and water supplies, they do not have roads, they do not have a police presence. Their source of law and order is their village chief; those village chiefs have been their source of justice and basic administration. Until recently, those leaders have not been given many resources or powers, although they are getting a lot of this local pressure. So, my basic argument is: let's recognise the reality that we need to help these local leaders, who are really doing the bulk of the governance work for a lot of people in Timor-Leste.

Senator MOORE: So, the premise of this new municipality structure into the future is that they will have their own budgets, the same way we expect them to have. Is that all linked into this change?

Dr Wallis: The municipalities will have elected assemblies with budgets, and the villages and the hamlets will feed up to the municipalities. I argue for it to be decentralised right down to the village and hamlet. The municipalities will at least move some of the state resources closer to that level. But it is really a pragmatic

argument, recognising the difficulties that face the central government and the reality of everyday life for more rural Timorese.

Senator MOORE: And a tough geography.

Dr Wallis: Yes.

Senator MOORE: Thank you.

Dr Wallis: Would I be able to make a closing statement?

CHAIR: Of course.

Dr Wallis: I just wanted to thank you again for inviting me to appear. We have discussed today how Australia's assistance to Timor-Leste can be improved. But, regardless of how much assistance we provide or the efforts we make to improve our relationship with Timor-Leste, history remains an important stumbling block. There is a perception that Australia effectively abandoned the Timorese people during World War II and again in 1974 and 1975. Australia was the only country to effectively recognise the Indonesian occupation of the territory. Our leadership during the events of 1999 and the assistance we have provided since has mitigated this to a certain extent. But, until the maritime boundary between Timor-Leste is settled and the exploitation of resources in the Timor Sea is agreed in a mutually satisfactory way there will always be strains in the relationship. It is not my area of expertise, but I suggest that the best way for Australia to improve its relationship with Timor-Leste would be for us to comply with international law as set out in the UN Convention on the Law of the Sea and to refer the question of the maritime boundary to an international tribunal, preferably the International Court of Justice.

The committee should not underestimate how central the exploitation of resources in the Timor Sea is to the Timor-Leste government's strategic development planning, or the amount of popular resentment that is present within Timor-Leste concerning Australia's approach to these resources. Australia is a very wealthy country with one of the highest standards of living in the world. Timor-Leste remains one of the world's poorest countries where 37 per cent of the population live below the global poverty line.

I ask the committee to consider whether Australia is meeting its legal and moral obligations to Timor-Leste when you are preparing your report. Only once we do that will we ever have a truly free, fair and friendly relationship with one of our nearest neighbours.

CHAIR: Thank you for your attendance here today. If there are any matters where we need additional information the secretary will write to you. He will also send you a copy of the transcript of your evidence to which you can make any necessary corrections to errors in transcription.

Proceedings suspended from 13:50 to 14:10

DAVIES, Mr Robin, Associate Director, Development Policy Centre, Crawford School of Public Policy

HOWES, Professor Stephen, Director, Development Policy Centre, Crawford School of Public Policy

[14:10]

CHAIR: Welcome. Before proceeding to questions, do you wish to make a short opening statement?

Prof. Howes: Briefly. The focus of the Development Policy Centre is on Australian aid policy and on the region, meaning the Pacific and PNG, but we also extend that to cover Timor-Leste. We are very interested in Australia's relationships with our near neighbours from a development perspective. So our interests go beyond aid to cover labour mobility and you can see that in this submission. We feel that we can bring together expertise on Timor-Leste that you might not get elsewhere. Unfortunately, Dr Richard Curtain, who is a visiting fellow with the centre, could not be here. He himself is actually in Timor-Leste. He has had a long association with the country and is a labour market expert, so he has studied these issues in depth.

Robin Davies, who is our associate director, has had a long experience in AusAID, including directly on Timor-Leste, so he brings a lot of insight from that. I am very interested in both aid effectiveness and labour mobility. Our submission was put together, with coverage of both these issues. I guess the main focus is on a so-called regional employment strategy. I think everyone would agree that perhaps the No. 1 challenge facing Timor is the creation of employment, whether you are looking at it from the point of view of stability, poverty or malnutrition. There is no one strategy that will create jobs in Timor. But it would be a mistake just to rely on agriculture, because of the number of jobs and the potential for employment in agriculture is always limited. It would be a mistake just to think that they can domestically transform themselves through their oil revenues. We think you also have to look at Timor as a very small, unintegrated economy and, like a lot of other small economies, they have a lot of potential through exporting their labour. So we think labour mobility should get more attention than it has and that Australia can play an important role in that. We have a number of recommendations regarding existing programs that could be modified to better suit the needs of our partner countries, such as Timor.

Then we go on to the aid program. We do not have a comprehensive review, but we look at a number of key features which we think would merit your attention, from looking at the heavy reliance on multilateral partners and apparent poor performance of those partners through to the potential for south-south cooperation in Timor and then finally at that key critical security issue. Those are the main items we cover. Thanks for your interest in this matter. I will speak mainly on the labour mobility side and Robin will speak mainly on the aid program. But we will both chip in as needed.

CHAIR: Terrific. Thank you very much. You talk a bit about the propensity of high unemployment, particularly in the urban areas, which correlates to instability. How do you see us resolving that?

Prof. Howes: I think it would be a mistake to think that Australia can resolve this issue ourselves, but we can play a useful role. We can provide more employment opportunities. We set out a number of measures in this paper that we can take that deal precisely with that issue. If I could just briefly run through those. The first is to provide access to relevant English language training.

There is no doubt that Timor also has employment opportunities in Asia and it has the advantage of being on the edge of Asia. But English is the language of the global economy and, regardless of what should be the national language of Timor—we are not getting into that—if they want to participate in the global economy and they want their labour to participate, they need English language training. We think that is something that AusAID has tentatively dipped their toe into, but they could do a lot more in promoting English language training.

CHAIR: Do you see that as critical in working in Australia? I think you were going to talk about seasonal work opportunities.

Prof. Howes: We have spoken with the hotel that has taken on the Timorese in Broome in the hospitality sector under the Seasonal Worker Program. They are very happy with those workers, but they do keep them very much in the background, room cleaning, and they are reluctant to give them more interaction with customers, either at the front desk or even as waiters or waitresses in the restaurant. One of the reasons they give is their poor English. It is an issue for that and certainly an issue for any more skilled employment avenues. That is the first part of what we recommend. Then we talk about the Australia-Pacific Technical College. I am sure you are familiar with it. That is an aid initiative that has been provided to the Pacific island. Timor is in so many ways like a Pacific island economy, and they would also benefit from access to the APTC.

APTC has been set up so that it would not be costly for Australia to give access to Timor-Leste. We recommend Timorese inclusion in that, but we also have to accept that the APTC has not succeeded in one of its

two objectives. One objective was to provide training; it has done that. The other objective was to promote international labour mobility. That was an explicit objective right from the time of its formulation under the Howard government, and it is still the objective today, if you look at the program. If you look at tracer studies, very few—one or two per cent—have gone from the APTC overseas to work. So the APTC itself needs to be reformed to promote the sorts of international labour opportunities that we are talking about. The things we suggest are to help people find work placements and then to provide assistance. The Australian government needs to set up some sort of linking/matching service to help put Australian employers who are on the lookout for workers in contact with graduates from the APTC, because they are not going to go looking there naturally; they are going to go to the UK or maybe the Philippines or the US. There needs to be some sort of placement service if we are serious about this.

The third strategy is around the Seasonal Worker Program, which you mentioned. Again, it is a good initiative but we have to accept that it has not really worked. The take-up has been very low. That is true for Timorese but also for the program as a whole. Tonga has done well under the program. But if you look at total numbers it seems to have stabilised at around a thousand a year. That is a very small number compared to the need. If we compare it to the New Zealand scheme, which is similar, they have around 7,000 a year. They have a smaller horticultural sector.

CHAIR: Why is that?

Prof. Howes: That is a very good question.

CHAIR: Give us the reasons.

Prof. Howes: We have done a lot of research on that, actually. There are several reasons for it. If you had to focus on one, I would talk about backpackers. The government introduced the Seasonal Worker Program in about 2008. In about 2005-06, because of this problem of shortage of workers in horticulture, the government was not prepared to introduce the Seasonal Worker Program, so they said: 'We will modify the holiday worker program and we will tell backpackers that if they work on a farm for three months they can get a visa for a second year.' Normally it is a one-year program. So they created a strong incentive for backpackers to work on farms—and backpackers have.

The total number of backpackers has gone up. That may be to do with the financial crisis; I am not sure. The number going into agriculture has tripled. We have surveyed farmers and most of them are now reliant on backpackers. Farmers can still be frustrated because backpackers are not reliable; they are not as well trained. But that immediate sense of 'I can't find anyone to pick my fruit' has gone from the market. That is one issue.

If you are serious about making the scheme work for countries like Timor then you need to level the playing field and at least get rid of that incentive for backpackers to go and work in horticulture. For example, if you said, 'If you take any work in a regional area then you can get the visa for a second year,' it would take the pressure off people going into horticulture. They would be able to work more broadly.

CHAIR: It is your contention that, in effect, we have filled it with backpackers rather than seasonal workers from Timor or Tonga and places like that?

Prof. Howes: Yes. The government has put in place two policies to address this issue of shortage of labour in horticulture. The policy that the government put in first, which is the backpacker policy, has won that battle.

Senator MOORE: Is there any difference in cost between the two?

Prof. Howes: There are other reasons, but I would highlight that as the first. Overwhelmingly, that just comes out as the main reason. There are some differences in cost. But it is not just cost; it is also flexibility. It is a highly regulated scheme. You have got to get several permissions from government, and of course you have got to take the risk of bringing out a group of workers. You have got to pick the time that you want them and they have got to stay for a minimum number of months. And you do have to pay, I think, half the airfare, which of course you do not have to pay with backpackers. It is a highly regulated scheme. On the other hand, we know that the rest of the horticultural sector is very informal and often there is a high degree of non-compliance. There is a prevalence of payment by cash, underpayment and use of illegal labour. If you talk to industry participants, they will all acknowledge this.

CHAIR: I have been fruit picking. You do not need to tell me, Professor Howes.

Prof. Howes: There are other issues. I guess migration is a sensitive issue and government has not really promoted the scheme. That is the feedback we have received. To be honest, I think the peak industry groups are not very well organised themselves. Although they paid lip-service to the scheme, you could not say that they have really got fully behind it themselves.

We think the seasonal worker program is a good initiative but it needs to be reformed at the moment. Timor is benefitting very little from it. They are finding it very difficult to crack the horticultural sector. They have a labour market attache in Canberra, so they are serious about trying to use the scheme but they are finding it very difficult. I think there are only about 30 Timorese here at the moment. They have had some success in Broome in the seasonal tourism; but, again, it is a handful of people. One small thing is that seasonal tourism is restricted to Broome and a couple of other locations. That could be easily broadened out. So we think the seasonal worker program should be reformed. Then we go onto some other—

CHAIR: When you say 'reformed', are you saying that it should be less formal and less regulated in order to match the industry? Everybody uses the word 'reform', but it means different things to different people, I guess.

Prof. Howes: Yes, that is right. It is a good point.

CHAIR: It could be more specific.

Prof. Howes: That is right. To try to level the playing field, we suggest that the full airfare should be the responsibility of the employee. You have to try to reduce the burden on the grower, so we think the airfare should be the responsibility of the employee. We think there should be a crackdown on illegal labour in the horticultural sector. We think that the scheme needs to be better promoted. We think the current incentives for backpackers to work in horticulture should be removed, and we think the geographical restriction on seasonal tourism should be lifted.

Senator MOORE: Given that, there were a number of motivations to bring in this policy and one of them, as you have pointed out, was to fill the gap that was there in the market. Fruit growers were saying that they could not get pickers. If you were to introduce those series of reforms there could well be a gap if you were to take away the incentive for the backpackers, which was the thing that got them there. It has got mixed success in Queensland. In some it is working very well with the backpackers—they have fitted right in to the whole community—and I think it has been very successful. If you remove the incentive for them to do that and then put the added cost onto people who have no money—in fact, that is the other thing: the people who are coming are very poor. So if we said, 'Okay, you've got to pay for the full cost of the airfare before you can do this,' I wonder whether there has been any kind of look at whether that would work in terms of financial impost as well as what it would do if there were this gap.

Prof. Howes: The second one is the easy one to handle, because we know that there is massive demand from Timor and the other Pacific islands for this scheme. They make a huge profit by coming here. The wages they earn here are an order of magnitude larger than what they can earn. So, yes, there would have to be a scheme introduced whereby the fare was paid upfront, as it is now, and then the amount was deducted off their wages. It is just that you would deduct the whole amount rather than half the amount.

On the first point, it is a political judgement as to whether you could remove that incentive to work on farms. From an economic point of view you would have to think, 'Why would you give a special incentive to people who work on farms,' but a sort of middle path would be to say that we will provide an incentive for people to work in regional areas. That might mute the impact rather than resulting in a complete exodus from the sector.

Senator MOORE: Have you raised these issues with DEEWR?

Prof. Howes: Yes, we have an ongoing dialogue and relationship with them. We had a conference on this issue last year. Of course, they say that they are implementing government policy and that the scheme is small now but it will grow. Our concern is that it does not seem to be growing. It seems to have stabilised at this very low level.

Senator MOORE: There are lots of things in your submission, and lots of recommendations, but I would prefer to have a discussion more than anything else. We had DEEWR in here yesterday, which is one of those things: it probably would have been better to have them after you spoke so that we could raise these issues, which we will raise on notice. You talked about the Broome scheme. It did not come out yesterday in the discussion with the department that their work had been limited to backroom work. The impression given—we did not challenge it—was that these people were learning a range of hospitality skills which they would be able to reinvest back home. Your process of saying that people were doing the more back-of-house work—you said you surveyed and you spoke to people—

Prof. Howes: I should clarify that: it is not a government regulation. This is just one person, because as far as I know there is only one hotel in Broome that is actually employing Timorese, perhaps there are two. It is a very small number.

Senator MOORE: I think it is two. It is a very small number, and that was admitted. They said that, as with all these schemes, the first thing you have to do is get the employers willing to take it on and then work with them. But I got the impression yesterday that it was two hotels. So in that hotel, the impression you got when you

were talking with them was that that was the focus. Quite rightly, the issue of English has come up consistently in a whole range of our submissions about that being a major thing. Is English part of the training or is it considered to be totally separate? When people come and do that scheme, which is the only one we have that is so focused into the hospitality, is it an expectation that learning English is part of that or is it that people will pick it up on the ground, that there is no English component in there. I did not ask that question yesterday. I might have to now, just to see whether in that scheme they do focus on English language.

Prof. Howes: All I can say is that I know for the rest of the program there are no formal training requirements. It is left to the employer, so I imagine it would be up to the employer as to what training they want to provide. This employer is certainly very positive about the scheme, very keen to support it and I think would like to expand the role of these workers. But this is where they are starting—in the back room.

Senator MOORE: Reception and bookings and restaurant work—and all those things—from your perception have been impacted by the difficulty with English?

Prof. Howes: They just have not put them there so far. They have started them off in room cleaning.

Senator MOORE: Which is a real limitation. There is only so much skill you can learn in how to clean room—

Prof. Howes: Yes.

Senator MOORE: One of the things that we find when we are doing visits for other committees is that consistently in regional areas and high-profile regional areas a lot of the work is being done by backpackers as well.

Prof. Howes: Yes, they are used across the board. Another of our recommendations is, because it will be difficult to reform the Seasonal Worker Program—and you have mentioned some of the difficulties, and we cannot be guaranteed the success of that—I think there is a case for opening up the backpacker scheme to countries like Timor-Leste. That is the other way to look at it. Why should the backpacker scheme be limited essentially to other OECD countries, and why do we exclude neighbouring countries from that scheme?

Senator MOORE: And that is your recommendation about the various visas—

Prof. Howes: Yes. The Australian government has started to make provision now for developing countries to participate in one of these backpacker schemes under a slightly different and more restrictive visa program than the one which is open to the big countries like the UK and the European countries, and that is the 462 visa. The main difference is that there is a quota. There is no quota on the big program, on the 417, but on the 462 there is a quota and you have to be endorsed by your government. But especially for Timor with the strong networks and links that there are already between the country and with the interest of the committee in promoting people-to-people links, this would be one very positive recommendation that you could make.

CHAIR: And less rigmarole, presumably.

Prof. Howes: Exactly.

CHAIR: So it would better suit the informality of the horticulture industry.

Prof. Howes: Yes, it would certainly better suit that. I think the difficulty would be the one raised by the senator: how do you meet the upfront costs, because in this case you would not already have locked in an employer or a labour-hire company. You would have to work that out and that might be done through the Timorese government or it might be done through one of the Australia-Timor groups. They might sponsor people to come over. It is not a guaranteed success by any means, but I think that it is an option that is worth considering.

CHAIR: Presumably, Timorese workers might borrow for good or ill and then later repay it, if they could find credit, I suppose. I suppose there is a large expatriate community of Timorese Australians who might—

Prof. Howes: That is right. Individually or as a group they might sponsor individuals to come out.

Senator MOORE: It is not just the East Timor-Darwin flight, which is relatively expensive and we have talked about that before, it is that next leg. Once you hit Darwin it is getting to wherever the work is, and that can be quite expensive.

CHAIR: They could take a bus. There is still a bus, isn't there?

Senator MOORE: To Gayndah?

CHAIR: It would be a tough trip though.

Senator MOORE: In terms of working area, were being the main points, Professor?

Prof. Howes: There are just two more I will mention, and they are more left-field ideas. This is a great opportunity for us to put left-field ideas to you. We look to New Zealand as a model in this—

Senator MOORE: That is always worrying, Professor.

Prof. Howes: That might be a black mark. They have something called the Pacific Access Quota. They say, 'Yes, we have a nondiscriminatory immigration regime, but we have a special relationship to and responsibility for the Pacific,' and partly drawing on their historical relationship, it is basically a small quota system and it is targeted mainly at Samoa, Tonga—

Senator MOORE: The Cook Islands.

Prof. Howes: and it used to be Fiji. In Cook Islands they all have passports. It is a lottery system and you apply and you have to have English and you have to have a job to go to. They have excess demand for this and the scheme seems to work pretty well. Again, that is the scheme and it is bureaucratic. You are bringing these people in, and you are saying that it is not a brain drain because you are not targeting the skilled class. It is open to anyone to apply. You are saying that these small countries need these migration links because these remittances are an enduring form of income support. That is what they have proved to be for countries like Samoa and Tonga; Samoa and Tonga would be lost without the remittances. So that is not an idea that has any traction in Australia, but if you are thinking about labour mobility, I think it is an idea worth considering.

CHAIR: When DIAC gave their evidence one of the committee members raised this. They said we have got a non-discriminatory policy and therefore we could not possibly comprehend this. Do you think this is one area where the historical legacy of the White Australia Policy is stopping us from just being practical?

Prof. Howes: Yes, I think Australia has the unfortunate record. We had the black birding, which was a shameful episode, but then we expelled all Pacific Islanders from Australia. I think that was the 1904 legislation. And then, with the White Australia Policy being replaced by a skilled migration and family reunion policy, there was no room for Pacific Islanders to come to Australia. Whether it is the former colony of PNG, or a country like Timor, we have remarkably few citizens of those countries migrating to Australia and becoming Australians. So, yes, it is an unfortunate legacy.

CHAIR: And a perverse one in a lot of ways because they were discriminated against in the introduction of those policies and now they are not the beneficiaries of a non-discriminatory policy.

Prof. Howes: That is right, they cannot benefit under the current policy. These are poor countries. Even for Timor, with its oil, there is no guarantee that it is going to become prosperous. And aid certainly will not do it. Our big labour market and our strong labour demand is another area, and it can be a win-win for Australia as well.

That takes me to the final point, which is an even bolder suggestion. We think we should be looking at this integration in a visionary way and looking at a closer economic relationship—extending to countries like Timor, in a very traditional and incremental way, the sort of relationship we have with New Zealand. Eventually we should be thinking of this as a free labour market with a free flow of people between not just Australia and New Zealand but Australia, New Zealand and countries like Timor-Leste. The vision should be one of economic integration if we are really serious about helping these countries to develop.

CHAIR: What effect would that have? Do we have an idea about what the consequences of that might be?

Prof. Howes: It would have a very positive effect on Timor-Leste. If you look at the Pacific, which are the countries that do best? It is countries like Cook Islands, which has the highest per capita income because it has free access to the New Zealand market. And there are countries like Marshall Islands. These are not thriving economies, but their standard of living is much higher.

CHAIR: Because of remittances?

Prof. Howes: Yes, and in that case it is the US. They have free and full access to the US labour market. It is countries that do not have access to any labour market—such as Timor, PNG, Solomon Islands and Vanuatu—that have the worst economic performance. It would have a huge impact on those countries but we would not really notice it—except for PNG. We have to treat PNG separately, because it is so much bigger, but countries the size of Timor are so small that it would not have a big impact.

CHAIR: So it would be your contention that the best economic and social development aid we could give is, in effect, remittances?

Prof. Howes: Economic integration, including remittances. I would not say it is the best, because the aid program is very important. But we too often focus only on aid when we are thinking about what we can do. Aid has never made a country prosperous but economic integration does.

Senator MOORE: What does economic integration mean?

Prof. Howes: For these Pacific countries, their main export is their labour. It would mean free movement of labour but it would also mean free movement of goods, so it would be a free-trade agreement.

CHAIR: I think Timor-Leste already has that.

Prof. Howes: They would have access into our—we might not into their economy.

CHAIR: Presumably if you had labour mobility, some of the airfares would come down over time because you would have more people coming backwards and forwards and it would help with skills formation and the like.

Prof. Howes: Yes. There would be a much stronger incentive to obtain skills because you would be held to employ them.

Senator MOORE: And it is not that far to go. One of the issues was trying to keep the community together and not lose people—so as long as there was that view that you were still able to get home regularly. One of the things we heard many years ago about rebuilding the whole country was the hope that people would not have to leave the country to become skilled and to be developed, that they would be able to have that access at home. It is how you balance those two things.

Prof. Howes: Yes, that is a very good point. In the end, it is up to the Timor government whether it wants to push these issues. There is that sense, as you mentioned, that they want to develop the country, but they also accept that they need to pursue these employment opportunities. They have this labour attache here whose sole job it is to try to get more Timorese through the seasonal worker program. I think they are the only country that does that, of the countries that are eligible. They also have this interesting scheme with South Korea.

Senator MOORE: I know Ms Stone was very keen on following up on that before she left. That is something about which I knew nothing until I read your submission. It seems odd: East Timor and South Korea. It is something that does not leap immediately to mind. What is the background to that?

Prof. Howes: I am not an expert on it. I know South Korea offers this scheme to a number of countries. It is a bit like our seasonal-worker program. They now have big labour shortages, because they have been so successful in the dirty, dangerous industries like construction. So they have labour needs and they see it as a way to win friends and promote development. They have this in a number of countries. I have come across it in the Philippines as well. The only study I know is the study that has been done in the Philippines. It is kind of similar to the Australian studies. These people earn a multiple of their earnings, so there is massive demand to go there—

Senator MOORE: And send it home.

Prof. Howes: Yes, they send it home. I have only asked informally about the Timor experience. The Timorese officials I have asked are positive about it, but I cannot say more about that.

Senator MOORE: Has it been going for long?

Prof. Howes: I think we mentioned that it has been going since 2009.

Senator MOORE: So there would be a body of evidence by now, in terms of how it is going.

Prof. Howes: Yes. It would be a good research topic.

Senator MOORE: The language would also be difficult there, I would think. It is hard enough when you have four languages around, but South Korea is not one of those. So for a number of people going from East Timor to Seoul, that must be quite an impact.

Prof. Howes: I was told that in other countries you have a prerequisite. You have to be able to speak Korean, but they relaxed that in the case of Timor. They are learning it on the job.

Senator MOORE: Would we find 2,000 people in Australia who could speak Korean? That is something to look at. Maybe we could ask the labour attache at the embassy whether they have any more information on that.

Prof. Howes: Yes.

Mr Davies: As Stephen said, we have not tried to do a comprehensive assessment of Australia's aid engagement with East Timor. We do not actually have that depth of expertise in the centre, but we have some broad perspectives on the relationship and I have some historical engagement with the program dating back to 2003, which I might draw on just briefly.

Before I make a few remarks, I just want to pick up on one theme from the previous discussion, which was around English-language training. Going back to my own engagement with the program back in 2003, of course one of the very first things that the Australian government wanted to do was put in place a comprehensive English language training program as part of its bilateral aid program, but at that time that proposition was not particularly well received by the government of Timor-Leste for the obvious reasons—sensitivities related to the official

languages of the time. Now, 10 years on, as the government of Timor-Leste becomes more focused on regional labour mobility and global labour mobility opportunities, I am unsure whether the proposition has been put back to them strongly enough that Australia might do more to support English language training as part of its aid program. AusAID is doing a bit in this area through teacher training, so not through direct training of individuals wanting to come to Australia to work or to go elsewhere to work. So it is happening to a limited extent, but I leave that as a question on the table. I am unsure whether the question has been vigorously put to the government of Timor-Leste in recent times.

Just moving onto a few general remarks about the aid relationship, we have focused on two things in particular towards the end of our submission: one is the role of multilateral organisations both as delivery agents for Australian aid and in their own right, and the other is the potential for south-south cooperation. I want to say a little bit on those two things, but first I want to talk generally about the strategic framework of Australia's aid program in Timor-Leste. As we noted in the submission, that program has operated for its first decade in the absence of any formal strategic framework. You could argue that it was none the worse for that. It was a time of great turmoil in the early 2000s and then again after the 2006 troubles and it might have been more trouble than it was worth to try to lock down a highly specified framework. But, in 2009, at the end of that decade, a formal framework was put in place. I would say it was a very general framework and then within two years it was effectively overtaken by what is described as a strategic planning agreement between Australia and the government of East Timor, which is all about supporting East Timor's strategic development program, its 20-year vision.

Again, it is a very general framework. It involves interventions across at least seven major areas. It is still a very dispersed program. I could say a bit more on that if you wish, but the key point about it is when you look at this dispersed program the activities that Australia is supporting fall into two very broad camps. There are activities increasingly that support enhancements to the quality of government expenditure by Timor-Leste. For example, Australia is supporting the Ministry of Finance to undertake appraisals of infrastructure proposals or to design cash transfer schemes that get resources out to the village level or the district level. So that is all about enhancing the quality of government spending by a government that increasingly has very substantial spending capacity. I would have to say that all of that is a good thing.

Then in the second category you have a lot of activities that have been around for a long time and keep rolling over. I think you could fairly describe many of these activities as filling gaps left by the government of Timor-Leste whether it is in health, education, rural water supply and sanitation, rural roads or agricultural development. So there is a lot going on in those areas which is I think more in the category of gap filling. I suggest it would be desirable over time if the program increasingly gravitated towards activities in the first of those categories—enhancing the quality of government spending by the government of East Timor—and moved incrementally away from what is effectively gap filling. I think that would respond to a sense in the community in East Timor that a lot of what the government is spending its money on is big picture visionary stuff that is not necessarily delivering returns at the community level. So that is a comment on broad strategy. There is more I could say on that, including some areas of inconsistency between the current framework and the strategy that was adopted in 2009, but I will leave it there.

Just moving on to those other two areas: multilateral organisations in East Timor have assessed their own performance in rather unflattering terms, though I would not rush to say that their performance is worse than that of many bilateral donors, but certainly independent evaluations of the programs of the World Bank, the Asian Development Bank and many of the UN agencies are not uniformly positive. In fact, AusAID has made similar assessments of their performance in its annual program performance reports year after year. This is pretty important because these organisations are responsible for delivering about 30 or 40 per cent of Australia's aid, and they are responsible currently for maybe a sixth of total aid to East Timor. More significantly, East Timor has started borrowing from the multilateral development banks as of last year. It took out its first loans last year from the Asian Development Bank. It has a right to borrow from the World Bank, and the World Bank is making provision for it to do so. So those two organisations in particular are likely to become more significant providers of assistance to East Timor in the years ahead. So I think a heightened focus on the quality of program planning and delivery by the multilateral organisations is going to be important, particularly at a time when Australia is taking a much more determined approach to assessing the performance of multilateral organisations and adjusting its funding allocations on the basis of those assessments through a regular multilateral assessment process, which kicked off about a year ago.

The final point relates to South-South cooperation. We have explained what that means in the submission, but essentially we are talking about situations in which one developing country, typically a middle-income country

like Malaysia, China or India, will provide usually technical assistance, sometimes financial assistance, to a low-income country or a lower income country. We have seen this happen in the region. We have seen Malaysia providing assistance to Afghanistan, for example. China, as is well known, is providing assistance to a great many countries in the region, and so is India increasingly. It is becoming a very common occurrence. Often those relationships are supported by traditional donors like Australia. Australia might provide the resources to help a middle-income country provide technical assistance to a third country, in which case we are talking about so-called triangular cooperation.

It seems clear that East Timor is ripe for this kind of cooperation and, in particular, that there should be opportunities for Indonesia to work very closely with East Timor in certain areas. I mentioned previously the new cash transfer program in East Timor, which is broadly modelled on an Indonesian program, the national community empowerment program. There should be plenty of scope for East Timor and Indonesia to work together in the implementation, monitoring and refinement of that program as it goes forward. Likewise, Australia is providing a lot of assistance to Indonesia through very large, complex programs, the most recent of which is the Indonesian knowledge sector program. You would think there would be significant efficiencies to be gained by, in a sense, extending the remit of those programs to include East Timor where appropriate. That is something we want to emphasise: there may be scope for Australia's program of aid to Indonesia to include, to some extent, East Timor. Even without that, there may be scope for Australia to support Indonesia or other countries in the region, including even Korea, to provide assistance to East Timor. Those are the three main points I want to make on the aid relationship.

Senator MOORE: You raised the issue about the change from the focus on filling gaps to a more direct link with government. The 2011 change in the way that AusAID integrates with East Timor by working in line with previous agreements but making it much more clear that the aid program to East Timor is negotiated with the East Timorese government so that the focus and the objectives tend to be more in line with what East Timor have said—'This is what we want, and this is how it fits into our national plan'—was stressed by AusAID yesterday as a change, even though, when I asked whether it led to much difference in what they spent it on, they said no, because the issues of health, education and agriculture—maternal and child health was in the health one—and I think there is also ongoing infrastructure stuff, still are taking the bulk of our aid. How would you see that working? You are saying that there should be more focus on the way the East Timorese government operates and develops its own program. AusAID would say—I think, having heard their evidence yesterday—that they are already in that transition, but what they are doing is focusing on the areas of need as identified by them with the government. Where is the difference in that?

Mr Davies: To give one very specific example, the Australian aid program is apparently still funding school construction in Timor-Leste.

Senator MOORE: They said 'school upgrades' yesterday, but it is the same thing.

Mr Davies: Yes. Infrastructure spending on educational facilities, schools. They are providing curriculum materials. You would expect that, over time, responsibility for meeting those sorts of costs would be assumed by the government of Timor-Leste and Australia's role would become to focus on the overall expenditure planning and management process, working with the ministry of education or the ministry of finance. That is just one concrete example where you would expect not instant change but change over time.

Going back to the broader question about how things might have changed with the shift to the strategic planning agreement, by comparison with the 2009 country assistance strategy, it is true that not a lot has changed in terms of the program composition, though that is partly a timing issue—there are some significant changes coming—but there has certainly been a change of tone. When you look at the way the strategic planning agreement is constructed, it takes as its starting point, as is right and proper, the strategic development program of Timor-Leste. Then it essentially ticks off the areas in which Australia's aid program, as it is currently constituted, will provide support to the priorities of the government of Timor-Leste. So far so good.

What is missing compared with the 2009 framework is any sense that this is in fact a negotiation, a meeting of two sides to look for shared priorities. In the 2009 strategy, for example, there was a significant focus on strengthening civil society organisations and there was a significant focus on anti-corruption integrity. Those two areas fell away completely in the strategic planning agreement. It is not that the program itself changed, as you say, but in terms of tone there was quite a substantial shift. It became more of a one-way relationship. Over time, you might see that shift reflected in the composition of the program, which I think would be unfortunate because a very important part of ensuring the quality of government expenditure is ensuring support for independent monitors of the quality of that expenditure in the civil society sector. That is one area that was prominent in 2009 that I would hope does not fall away in the program.

Senator MOORE: Yet the rhetoric is that the 2011 and post-2011 process was much more negotiated. Is it the fact that—I do not know; these are the questions I will have to ask both the East Timorese government and AusAID—building up civil society, accountability and those sorts of things, which were very big post-2006, were not prioritised by the East Timorese government, and so, when Australia was negotiating with them, they were not seen as so important? Are you aware of any discussions of that kind?

Mr Davies: No. I certainly was not privy to any of those discussions. That is clearly the case, and overall it is a very good thing that this is a process driven by the government of Timor-Leste and Australia is responding to its priorities, but that does not mean you cannot have a dialogue.

Senator MOORE: We have to. It actually reinforces the need for dialogue. We went through yesterday with AusAID where the key priorities were in our budget, and the two biggies were health and education. I think that was reinforced. There were also issues, as you said, around development of skills, and certainly that has been identified in employment issues. That was listed as well, although when you hear just how much is happening, and the priority there, what is happening on the ground could be questionable.

We will follow it up with AusAID. Some of the issues you have raised involve taking it back and keeping the discussion going about the process. The key point they made yesterday about something new that is happening in their aid program is this focus on giving money in a similar way as with the Indonesian government—giving money direct to local communities. That was highlighted by the evidence that that was something new; it was not in the previous program, and it is part of the whole process. Do you have any comments on that, from your knowledge of the area as a new program? Is that something that meets that need, which is building community and building knowledge?

Mr Davies: Yes. As you would have heard from AusAID, it has been a very successful program in Indonesia—

Senator MOORE: They claimed that, yes.

Mr Davies: And it has been reproduced elsewhere, for example through the National Solidarity Program in Afghanistan. So it is a model that works; there is no question about the fundamental soundness of the model. How it is implemented is important, though. It has the potential, if badly implemented, to aggravate conflict dynamics at the community level. So it needs careful, orderly extension through the country and it needs careful, independent monitoring. But, those things said, I think it is a very welcome development.

Senator MOORE: So a focus on independent monitoring as well, all the way through.

Mr Davies: Yes.

CHAIR: All right. Thanks very much for your attendance here today. If there are any matters on which we may need additional information, the secretary will write to you. Thank you very much for your evidence.

Mr Davies: Thank you very much for the opportunity.

BELL, Professor Sharon, Deputy Vice-Chancellor, Charles Darwin University

MAYER, Professor Dianne, Pro-Vice-Chancellor, Victoria University

MOORE, Ms Ainslie, Policy Director International, Universities Australia

[15:02]

CHAIR: On behalf of the committee I welcome representatives from Universities Australia. Before we proceed to questions, do you wish to make a short opening statement?

Ms Moore: I will, thank you, and then I will leave my colleagues to answer the detail of your questions, more than likely.

CHAIR: Terrific.

Ms Moore: Thank you for the opportunity to contribute to this inquiry and for the opportunity to appear before the committee. Universities Australia and its members have engaged in substantial and ongoing work in Timor-Leste and with the Timor-Leste government. We welcome the opportunity to update the committee on the work to date.

In early-March 2012, at the request of the Hon. Steve Bracks, as special advisor to the Prime Minister of Timor-Leste, Xanana Gusmao, Professor Glynn Davis, then the Chair of Universities Australia, convened a meeting of vice-chancellors, the Timor-Leste education minister and the Timor-Leste Ambassador to Australia. That meeting discussed the engagement of Australian universities with Timor-Leste and considered mechanisms that could improve the coordination of Australian university activity in Timor-Leste. That first meeting agreed that we should produce a scoping document to map the extent of Australian university engagement, and that document has been provided to you as part of the Universities Australia submission.

A second meeting was held following the development of that scoping document, at a roundtable in Darwin chaired by Professor Barney Glover, the Vice-Chancellor of Charles Darwin University. Thirteen universities contributed to the project and to the roundtable and indicated their ongoing desire to collaborate with each other and engage with desire.

That roundtable agreed to three broad initiatives that have subsequently been endorsed by the Universities Australia board. They are improved communication between members, improved coordination between members and stronger program outcomes. The specific outcome of that roundtable was that Universities Australia interest group be formed to develop models for enhanced collaboration and that a follow-up meeting be held in Dili at some point in 2013. That interest group would include representatives from those universities with the strongest engagement with Timor-Leste, Timor-Leste embassy officials, AusAID and Australian government representatives. Charles Darwin University, Deakin University and the Australian Catholic University are the three universities that have been nominated firstly to that committee.

Australian universities have a strong, broad and deep engagement with Timor-Leste they across almost all aspects of society, as evidenced by the scoping document. The work has enabled universities to identify potential Australian partners where work has been collaborative or ambitions have been aligned, as well as highlighted the various Timorese partners that universities work with where models have been successful to date.

This is the first time that Universities Australia has engaged in any kind of work of this nature. I think it is indicative of the strength of feeling and the depth of engagement that Australian universities have with Timor as opposed to any other country in the region. Thank you.

CHAIR: Thank you.

Senator MOORE: I think it is so exciting. We touched a little bit in this sphere when we did the inquiry into Africa, because I think Universities Australia could provide a coordinating submission and then it was like universities were coming out of the woodwork in terms of the historical engagement and also the hope for the future. It seems a little bit different here in that there does not seem to be such a strong history of Australian universities being involved but it is amazing when you look at the scope. We were talking earlier about the scoping document and the range of processes that are going on. Your next step is so important. Step 1 was finding out what was going on, which is always a bit shocking; and step 2, seeing it. Then what happens next? One the things that we talked about with one of the witnesses was about the engagement with the university in East Timor and about the role that that would have. Is the expectation when you have the meeting in East Timor, which is great, that they would be a major player?

Prof. Bell: If I could comment. I think it is really important to say that from a practical and operational point of view the roundtable has led to several really critical next steps. One is the one that is before you, which might

look as if in a sense it is just some foundation work. But this is the third iteration of this document and each time, as you suggested, Senator Moore, the document and the amount of information has expanded significantly. I think one of the things that we have recognised is just the absolute value of having that information at hand as a roadmap for us to be able to identify priorities and engage in negotiated discussion with the Timorese government and, indeed, with UNDIL, the university in Dili, and other education providers.

The second outcome has been that CDU, Victoria University and ACU have had a series of dialogues since the roundtable mapping out what we think the priorities arising from this exercise have been. The engagement in Timor was interrupted to a small extent by the election and then the reframing of government and obviously critical people in leadership roles within that context. But that has indeed progressed and certainly the vice-chancellors of Charles Darwin University and Victoria University, as the two lead institutions, have been in fairly constant dialogue about next steps from here.

In terms of initiatives that have arisen, which I think are very important to the committee and in some ways reflect the discussion and we were hearing beforehand, one of the major initiatives that has emerged is that the prime ministerial meeting in Bali in November last year has led to a discussion about the potential for universities to actually be leaders in terms of a continuing dialogue in the subregion, the subregion being defined as eastern Indonesia, Timor-Leste and the Northern Territory. We are obviously working with VU in that space, given the long-standing engagement. Prime Minister Gusmao in particular has seen universities as playing a critical role because of their stability and longevity. He sees that being somewhat in contrast to NGOs, which may have a shelf life that is perhaps not as stable as universities.

Senator MOORE: And there is their focus.

Prof. Bell: Absolutely. Universities have the potential to draw on the past and senior leadership within the education sector but also, importantly, to draw in the next generation—the youth and those who will lead in the future. That is a very critical component of one of the initiatives that we are now focusing on as one of the next critical steps. The initiative's intention is to draw in universities from that subregion but also to see some of the major universities as contributors from the Australian sector. So it becomes an ongoing dialogue around the areas of strategic importance that are framed in ways which can inform government policy and responses but will hopefully also inform Australian engagement and AusAID engagement. It is important to say that at the roundtable at CDU there was AusAID representation as well as representation from universities.

Ms Moore: And UNTL.

Prof. Bell: Yes, and Timorese government representation. It was a very effective forum for laying the foundations.

Prof. Mayer: Just adding to your question about the involvement of the university, I think everyone is committed to that, as Sharon has indicated. There are also other tertiary institutions like the Dili Institute of Technology, so it is not just those in the higher education space but also those in the vocational education space. There are two components.

Senator MOORE: There does not seem to be a long history of a lot of exchange of students between East Timor and Australia. That is certainly one of the things that we found with other countries in the region that have been engaging in things like the Colombo Plan, which we consistently hear about. The submission from the Crawford institute talked about training courses that they do, the way that feeds back into people who have prominent positions in policy development in East Timor and how that knowledge is shared. I would certainly have thought that would be one of the areas where you would be hoping for an enhancement of skills, reinforced by communication between Australian institutes and East Timor that would build that alumni relationship. Is that one of the hopes of the whole thing?

Prof. Bell: I think it is really important. I have two comments to make in that space. Perhaps it is hard for the longevity of engagement to be reflected in a document like this. Regarding the leading institutions that have had long engagement with Timor, there are critical staff members who have been involved for periods of 20 or 30 years. Obviously that has sometimes been interrupted engagement due to the political situation. There is an extraordinary wealth of knowledge and expertise. Interestingly, sometimes that expertise is recognised more readily by some of the international aid organisations than here in Australia. For instance, I think of one of our professors of politics, Professor Shoemaker, who has been working for USAID in terms of developing robust governance structures in government in Timor-Leste. We all have many examples. We now have quite a number of examples of senior government officials who are graduates of our programs and are in really critical positions, and there is certainly a continuing and close dialogue. We are drawing on that constantly in order to have the discussions where we can mutually gain recognition of needs and priorities.

So I think we are now in a situation where, although it is perhaps not so visible, we are dealing with second- and third-generational engagement. Obviously, because of the circumstances of Timor-Leste, what we do not see is the large number of students in exchange programs. But obviously over time we would hope that that would develop, and we already have the mechanisms for that in place. Di might like to mention the conference that has been held annually by VU, and of course the new initiative I just mentioned will draw students from each of those subregional areas into that dialogue as well.

Prof. Mayer: I would also like to add that it is important to think of this as reciprocity—two-way. I think we have to encourage many more of our Australian higher-education students to take on study. In fact we have just been successful in placing two VU students who are doing a semester-long study at UNTL, much to everyone's surprise in the UNTL context. But yes, there has been a long history of what we have referred to as a development conference every other year, working with UNTL. I think it is very much about working together, involving alumni of the various institutions. For example, the minister for basic education is a graduate of VU, so we have close connections there, and I know CDU does as well. I think it is really important to build over time and, as Sharon has said: yes, it is quite possible that the documentation does not show the depth of that, or the extent of that relationship over time, and the outcomes attached to that. And one of the key things for the current development conference, which is happening in July this year, is not just a bunch of people talking to each other around all the good things that there might be to do but, rather, have a plenary at the end with ministers in which there is some engagement about the things that have been discussed.

CHAIR: I noticed that in your submission you talked about there being opportunities to study in oil and gas and those sorts of things. One of the big things for Timor is that they have this huge revenue base from the oil and gas industry but much employment from it. What role do you see universities playing in trying to shift that? It is obviously very specialised work.

Prof. Bell: From CDU's point of view it is a nascent area of development. In some ways that is a strength, because in fact we are developing our expertise at the same time as that expertise is being developed in Timor-Leste, so we have some of the same nascent needs to actually develop expertise in both our regions that relates to quite a specialist area of development. So, we have constant dialogue. We have had the officials from Timor come out to see our gas and oil training facility, which is a new facility at CDU. The potential to develop capacity in terms of online programs in that space is very significant, because we do a lot of online education in the engineering space, interestingly, and we also have a sophisticated simulation capacity. Simulation can actually be a basis for training without having to engage in geographical movement.

One of the important things to constantly remind ourselves is that, partly because of that basis of being able to invest, of course the Timorese will look to the best providers in the world. In the oil and gas space, for instance, there are quite strong links with Glasgow, and students are actually travelling halfway across the world to develop that strength. So I think we need to be constantly aware that we are operating in this space within a global context. Obviously one of the most prominent set of players, with which there are critical strategic relationships, is the Portuguese-speaking world. But, as I said, in specialist areas there is also very much a targeting of those parts of the world there is long-developed expertise. I was surprised to hear, for instance, that students are going from Timor to Glasgow to sit examinations, even though they are studying online through the rest of the year in Timor. So it is an interesting, dynamic and in some ways connected environment in ways that you might not imagine.

I do think, however—and I think our colleagues in the Timorese government would be the first to agree, and I think the previous speakers mentioned it—that there is a sense that some of the decision-making and governance structures within government are not well developed to ensure that decisions are taken about the expenditure of that funding, even when funding is available for human capacity development in a timely fashion. I think we all find that the time lines are often quite long and yet the needs in some areas are very much in the present. I think the opposite also pertains in some areas of economic development, particularly with the emphasis in the recent 12 months on vocational education and training. We are looking at a critical scenario where students may well graduate from programs with certificates in vocational education in the short term and actually not have employment opportunities into which to move. To me, that is that question—

CHAIR: That is a tragedy, isn't it.

Prof. Bell: of the whole-of-government need to ensure that these are not linear developments. Obviously you do not develop the skills and then develop the economy; it is a complex web of needing to ensure that those opportunities are there, particularly in the context where youth unemployment, as you are aware, is running at very high levels, particularly in rural areas and in Dili. Education actually has the potential to be disruptive rather than an enabling factor if those opportunities are not there.

CHAIR: There is only one thing more dangerous than an unemployed youth and that is an educated unemployed youth, I would imagine. Maybe I am speaking from personal experience!

Senator MOORE: You went fruit picking.

CHAIR: I did go fruit picking after uni, and a few other things. Just on that fact, we were talking before with the Crawford school about expanding labour mobility and opportunities to work in Australia. Is that going to be critical to avoiding that gap, if you know what I mean? People might get a good education at university or technical school and there might not be the immediate opportunity back in Timor, but there might be plenty of opportunities in Australia, particularly in northern Australia. Do you see there are some synergies there if we get the policy settings right?

Prof. Bell: Di might wish to comment on this, but I think it is important to say that both Victoria University and CDU are dual-sector institutions, so this is very much at the forefront of our minds. There are several critical factors, but one of the primary factors, both in vocational education and in higher education opportunities and employment opportunities, is that we face a situation where, because of the disruption at all levels of education in Timor, identifying those students and potential workers who would benefit from that labour mobility and those educational opportunities is impeded by a number of enabling factors in terms of educational levels—if you like, entry levels—and also language requirements. Certainly in vocational education we are involved in a constant dialogue around, yes, there are absolutely critical needs—there are opportunities, particularly in the Northern Territory, where we have significant skills shortages in almost every area—but it is about actually finding the basis and the support to ensure that we can develop language skills to a point where they are at an operational level critical to the industry environment, and particularly in relation to OH&S, because in most of the industries we are talking about language is most important. It is really critical. So those issues are important.

We face the same thing, I think, in relation to higher education scholarships. Our universities both offer scholarships in this space. It is really quite difficult for us to identify students who will meet threshold standards, and we are always being creative about how to ensure that applicants can be supported to gain those threshold standards in both language and ability to work within the higher education sector or the tertiary sector in Australia.

Prof. Mayer: Some discussions that we have been having with colleagues at Dili Institute of Technology are raising this issue of preparing people with skills but skills for what?

So they have been talking about something like doing an audit, a mapping, of the skill needs. On the one level that kind of sounds simple and on another level you could say, 'Well, there is skill need in a whole range of areas.' I think there is a fairly delicate balance between working out what the critical skill areas that are needed and then providing the vocational education, as an example, in that space. It is a balance.

Senator MOORE: In terms of financial contribution—which is, as we know, certainly one of the issues with the university sector with budget constraints—is there perceived to be much of a need for financial input? I am not sure. Reading the submissions and reading what is going on now, they seem to be very core programs across health, food security and education—with quite a few skills in terms of teaching. They seem to be core business. Do you see this particular program having financial impositions for your universities?

Prof. Bell: At CDU—and I am sure at VU—we would never call this an imposition. We see it as such a critical—

Senator MOORE: A potential investment.

Prof. Bell: It is a critical part of our moral and ethical obligation in the context of, if you like, the long-term beneficial development of our region. Are their short-term financial impositions and constraints? Yes. How do we actually finance this type of activity? We finance it through several ways. One is that some of the work we are all engaged in is research, and there are research streams that are funded. So some of the work that, for instance, CDU does in terms of attempting to develop agricultural strategies in relation to cashew cropping has been funded through mainstream research grants—national competitive grants.

Obviously we all participate and benefit to a certain degree in terms of gaining funding through the aid environment. But probably the biggest contribution that we all make is an unfunded contribution in the sense that we make a contribution of our staff time in kind. As the financial circumstances of universities become more constrained, that in itself becomes more difficult because there are no funding streams to actually cover that staff time when that staff time is devoted to capacity building. I think a lot of the work that we do quite rightly in terms of the training environment is done on a cost-recovery basis. So the minimal we will gain is to gain recompense in terms of real cash costs that are contributed. But we are always making a significant additional contribution in terms of staff time.

Prof. Mayer: And even deliberate contributions—for example, providing our own scholarships, because it is a priority area for us. Yes, you are right: universities work within an envelope—and that envelope is perhaps getting a little smaller—but everything is about prioritising. I agree with Sharon: it is about what the priorities are and where we invest that money. It as an important part of the work that we do.

Prof. Bell: In a country like Timor-Leste, the translational aspects of the work we do and the costs associated with that cannot be underestimated. Every research project, if it is going to be effective in that space—whether it be in agriculture, health or education—needs to be translated in ways that are accessible to the Timorese community and the Timorese policy environment in government, and none of our research funding actually funds that translational activity. In training there are also similar needs for translation, both at the front end in terms of taking curriculum content and skill competencies and translating them into the context that is appropriate within Timor and then also translating the outcomes back into our own environment. These are extended processes and time lines.

Senator MOORE: I am interested in the work with Menzies health. I just think there is so much that can be done in that sense from your university. There was also some in there on the aspects of gender in the area. Amidst all the others that all looked important and necessary, they kind of jumped out. What is the time frame for the next meeting in Dili?

Prof. Bell: The next major initiative in Dili will be the VU conference.

Prof. Mayer: That is in July, 11th and 12 July.

Prof. Bell: And the subregional, what we are calling the Youth Leadership Forum of the universities, is planned for September-October this year.

Senator MOORE: The committee is really interested in any papers that come out of those meetings in terms of statements and plans for the future. They would be very useful.

CHAIR: Thank you very much.

Senator MOORE: Good luck.

CHAIR: Keep up the good work. Thanks for your attendance here today. If there are any matters that we might need additional information on, the secretary will write to you. We will also provide you with a copy of the transcript of your evidence to which you can make any necessary corrections to errors in transcription. Again, thank you. We have now reached the end of our public hearing. I would like to thank Hansard, obviously, and the witnesses for their assistance in the hearing.

Committee adjourned at 15:31