

The Senate

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Foreign Affairs, Defence and Trade  
Legislation Committee

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Additional estimates 2014–15

March 2015

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# Members of the committee

## Core members

Senator Chris Back, LP, WA (Chair)  
Senator Alex Gallacher, ALP, SA (Deputy Chair)  
Senator Anne McEwen, ALP, SA  
Senator David Fawcett, LP, SA  
Senator James McGrath, LNP, QLD  
Senator Scott Ludlam, AG, WA

## Substitute members

Senator the Hon Arthur Sinodinos, LP, NSW replaced Senator McGrath on 25 and 26 February 2015.  
Senator Anne Urquhart, ALP, TAS replaced Senator McEwen on 25 February 2015.  
Senator the Hon Lisa Singh, ALP, TAS replaced Senator McEwen on 26 February 2015.

## Secretariat

Mr David Sullivan, Committee Secretary  
Mr Owen Griffiths, Principal Research Officer  
Ms Shennia Spillane, Senior Research Officer  
Ms Kimberley Balaga, Research Officer  
Ms Megan Jones, Administrative Officer

Senate Foreign Affairs, Defence and Trade Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

Phone: + 61 2 6277 3535  
Fax: + 61 2 6277 5818  
Email: [fadt.sen@aph.gov.au](mailto:fadt.sen@aph.gov.au)  
Internet: [http://www.aph.gov.au/senate\\_fadt](http://www.aph.gov.au/senate_fadt)



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# Senate Foreign Affairs, Defence and Trade Legislation Committee

## Report to the Senate

### Introduction

1.1 On 12 February 2015, the Senate referred the following documents to the committee for examination and report:

- particulars of proposed additional expenditure in respect of the year ending on 30 June 2015 [Appropriation Bill (No. 3) 2014-2015];
- particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2015 [Appropriation Bill (No. 4) 2014-2015]; and
- particulars of proposed additional expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2015 [Appropriation (Parliamentary Departments) Bill (No. 2) 2014-15].<sup>1</sup>

1.2 The committee conducted public hearings with the Defence portfolio on 25 February 2015 and the Foreign Affairs and Trade portfolio on 26 February 2015. The committee received evidence from Senator the Hon George Brandis QC, representing the Minister for Defence, and Senator the Hon Michael Ronaldson, the Minister for Veterans' Affairs, and from officers from the relevant departments and agencies. The committee also received evidence from Senator the Hon Simon Birmingham and Senator the Hon Nigel Scullion, representing the Minister for Trade and from officers from the relevant departments and agencies.

1.3 Links to the transcripts of these public hearings and to answers and additional information are available on the committee's internet site at:

[http://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/fadtctte/estimates/add1415/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/fadtctte/estimates/add1415/index)

### Questions on notice

1.4 In accordance with Standing Order 26(9)(a), the committee agreed that the date for the return of written answers in response to questions placed on notice would be 17 April 2015.

### Defence portfolio

#### *Department of Defence*

1.5 The committee acknowledged the attendance of Air Chief Marshal Mark Binskin AC, Chief of the Defence Force (CDF); Mr Dennis Richardson AO,

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1 *Journals of the Senate*, No. 78, 12 February 2015, p. 2178.

Departmental Secretary; and Mr Warren King, the Chief Executive Officer of Defence Materiel Organisation (DMO), and officers of the Defence organisation.<sup>2</sup>

*Chief of the Defence Force's opening statement*

1.6 Air Chief Marshal Binskin made an opening statement. The CDF began by noting that in the previous week he had met with more than 20 senior military leaders from the international coalition to discuss ongoing operations in Iraq:

Collectively, we agree that effective action against Daesh—or ISIL, as it is also known—requires a strong corporation between international partners. To this end, the coalition's strategy focuses on a range of objectives, from denying Daesh safe havens and building partner capacity to supporting effective governance in Iraq and disrupting the flow of money and fighters to Daesh. Since our operations began last August, the international coalition has assisted Iraqi and Kurdish forces to reclaim 700 to 800 square kilometres of previously occupied territory and restricted Daesh's freedom of movement, forcing the terrorists to become increasingly defensive.<sup>3</sup>

1.7 The CDF provided an operational update on Afghanistan and Defence's formal transition from combat operations to a train, advise and assist mission. He explained that Afghan National Security Forces are now fully responsible for national security and commented that:

This will be a critical year for Afghanistan as the ANSF test their ability to maintain security without foreign combat troops. I accept there will be challenges, but the early signs are encouraging and the international community will continue to support the Afghans through the NATO led Resolute Support mission. Resolute Support has three simultaneous lines of effort: to train, advise and assist the Afghan security forces; to provide ongoing financial assistance; and to develop long-term partnerships. These key actions are designed to support institutional development in areas like management, logistics and manning to ensure the progress achieved over the past 13 years is both sustainable and, importantly, enduring. There are currently around 400 ADF personnel contributing to this important work in Afghanistan, and there is a genuine appreciation for the work that we have done, and continue to do, for the people of Afghanistan.<sup>4</sup>

1.8 The CDF noted the important work being undertaken in the Middle East region, including the maritime contribution under Operation MANITOU. A number of Royal Australian Navy personal are currently deployed in key positions in the headquarters of Combined Task Force 150, working alongside HMAS *Success* and crew to promote maritime security.<sup>5</sup>

1.9 The CDF also updated the committee on the emergency support services the ADF is providing to regions affected by Cyclones Lam and Marcia:

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2 *Proof Committee Hansard*, 25 February 2015, p. 4.

3 *Proof Committee Hansard*, 25 February 2015, p. 5.

4 *Proof Committee Hansard*, 25 February 2015, p. 5.

5 *Proof Committee Hansard*, 25 February 2015, p. 5.

As soon as conditions allowed, Air Force deployed a King Air and an AP3C Orion maritime patrol aircraft to conduct a damage assessment over Queensland in the wake of Tropical Cyclone Marcia. Rockhampton based soldiers from the Army Reserve's 11th Brigade then moved in to help start the clean-up early on Saturday. The ADF also deployed an emergency support force to Queensland's worst hit areas in Yeppoon, Rockhampton and Mount Morgan. The engineer elements from Townsville's 3rd Brigade are working with Queensland State Emergency Service personnel, emergency management officials and local council personnel to restore essential services. Their work is focused on aged-care facilities and schools in those worst affected areas...Following Cyclone Lam, in the Northern Territory, Defence has assisted Emergency Management Australia to assess temporary accommodation requirements for around 300 residents at Galiwinku. We stand ready, as always, to provide further support to the state and territory government relief efforts if requested. In fact, as we sit here, an Air Force C17 aircraft is positioning to Sydney to transport tents from Sydney to Darwin to help support them.<sup>6</sup>

1.10 Other topics examined during the hearing on 25 February 2015 included:

*Questions arising from opening statements, portfolio overview and budget summary*

- developments in Iraq and Syria (pp 5-13, 23, 35–36, 86–87)
- matters relating to foreign fighters (pp 7–8)
- time line of activities in Iraq (pp 8–9)
- Australian rules of engagement (p 9, 23)
- the special operations task group in Iraq (pp 34–35)
- the response to cyclones (pp 5, 22–23)
- Australian forces in Ukraine (pp 26–28)
- operations in Afghanistan (pp 28–29)
- military involvement during the Martin Place siege (pp 29–32, 33–34)
- matters relating to Mr Rex Patrick (pp 62–66, 83)

*Program 1.4 Air Force Capabilities*

- matters relating to unmanned aerial vehicles (pp 36–37)
- Tamworth Flying School (pp 39–41)
- F35 Joint Strike Fighter (pp 78–79)

*Program 1.5 Intelligence Capabilities*

- the SIM card encryption keys hack (pp 81–83)

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6 *Proof Committee Hansard, 25 February 2015, p. 5.*

*Program 1.8 Chief Operating Officer—Defence People*

- ADF remuneration (pp 98–106)

*Defence Materiel Organisation*

- ASLAV replacements (pp 59–60)
- shipbuilding, maintenance, Collins developments, tenders and the competitive evaluation process (pp 17– 21, 23–26, 32–33, 42–54, 55–58, 67– 78, 84–85, 87–97)

*Department of Veterans' Affairs*

1.11 The committee welcomed Mr Simon Lewis PSM, Secretary of the Department of Veterans' Affairs, and officers from the department.<sup>7</sup>

1.12 Topics examined during the hearing on 25 February 2015 included:

- the DVA Capability Review Program (pp 109–110)
- consequences of cessations or mergers of veterans advisory groups (pp 110–112)
- changes to pension indexation (pp 112–113, 117)
- French Legion of Honour candidates (pp 113–115)
- matters relating to compensation claims (pp 115–117)
- the repatriation of Australian Vietnam veterans from Terendak (p. 117, 124)
- the closure of Veterans' Access Network offices (pp 119–121)
- statistics on homeless veterans (pp 121–122)
- mental health care initiatives (pp 122–123)
- matters relating to the Defence Abuse report recommendations (pp 123–124)
- repairs to the Anzac Cove seawall (p. 125)

*Australian War Memorial*

1.13 The committee welcomed Dr Brendan Nelson AO, Director, and officers of the Australian War Memorial.<sup>8</sup>

1.14 Topics examined during the hearing on 25 February 2015 included:

- the War Memorial's travelling exhibition (p. 127)
- Northrop Grumman (pp 128–130)

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7 *Proof Committee Hansard, 25 February 2015, p. 108.*

8 *Proof Committee Hansard, 25 February 2015, p. 126.*

## Foreign Affairs and Trade portfolio

### *Department of Foreign Affairs and Trade*

1.15 The committee welcomed Mr Peter Varghese AO, Secretary, and officers of the Department of Foreign Affairs and Trade (DFAT).<sup>9</sup>

1.16 Topics examined during the hearing on 26 February 2015 included:

#### *Portfolio Overview*

- Ebola, including the Sierra Leone response and the Aspen Medical contract (pp 5–19, 23–27, 93)
- the Australia Awards Scholarship program (pp 19–21)
- aid for trade targets (pp 22–23)
- matters relating to the aid budget and funding allocation (pp 27, 40–41)
- the Development Innovation Hub (pp 30–33, 36–37, 41)
- performance of Australian aid (pp 38–40)
- UN Security Council (pp 44–45)
- use of international residences (pp 47–49)
- departmental voluntary redundancies (pp 49–51)
- the Abbott Point coal terminal (pp 51–53)
- Australian assistance during Burma election (p. 57)
- an update on Russia and Ukraine, uranium sales and Australian-obligated uranium (pp 59–61)
- Australia–US cooperation regarding counterterrorism and security issues (pp 61–62)
- the Elizabeth O'Neill Journalism Scholarship (pp 64–65)
- ministerial travel arrangements and costs (pp 66–77)

1.17 The committee covered a range of topics throughout day's program, including:

#### *Outcome 1*

##### *South East Asia*

- matters relating to Mr Anwar Ibrahim (p. 88)

##### *Americas*

- Australia's relationship with the countries of Latin America (pp 33–35)

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<sup>9</sup> *Proof Committee Hansard, 26 February 2015, p. 5.*

*South, Central and West Asia*

- matters involving Sri Lanka, including Packer family casino interests and people smuggling (pp 75–77)

*Middle East and Africa*

- developments in Gaza and Israel (pp 77–78)

*Pacific*

- matters relating to Bougainville (pp 89–90)

*Multilateral Policy, Legal and Environment*

- Australian seat on UN Human Rights Council (pp 62–64)

*New Colombo Plan*

- the New Colombo Plan Scholarship Program (pp 85–87)

*Outcome 2**Consular and Passport Services*

- consular services, the consular strategy review and passport fee structures (pp 91–93)

*Trade portfolio****DFAT trade programs, Australian Trade Commission, and Export Finance and Insurance Corporation***

1.18 The committee welcomed officers of the Australian Trade Commission (Austrade), the Export Finance and Insurance Corporation (Efic) and Tourism Australia who appeared with DFAT officers in the trade portfolio.<sup>10</sup>

1.19 Topics examined during the hearing on 26 February 2015 included:

*Bilateral, regional and multilateral trade negotiations*

- Free Trade Agreements with China, Korea and Japan (pp 93–102, 105–106, 108)
- the Regional Comprehensive Economic Partnership (pp 109, 112–115)
- the Trans–Pacific Partnership Agreement (pp 34, 43, 102–112)

*Export Finance and Insurance Corporation*

- the allocation of capital by Efic to multinational companies vs small and medium enterprises (pp 116–18)

*Austrade and Tourism Australia*

- Australian Business Week in India (pp 119–120)
- TradeStart agreements (pp 120–121)

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10 *Proof Committee Hansard*, 26 February 2015, p. 93.

- the Cadbury business case (pp 121–123)
- 2020 tourism targets, particularly in relation to the China market (pp 123–126)
- regional tourism funding in Tasmania (pp 127–131)

### **Acknowledgements**

1.20 The committee thanks Senator the Hon George Brandis QC and Senator the Hon Michael Ronaldson for their assistance during its hearings. The committee also acknowledges the attendance and cooperation of the many departmental and agency officers and the services of various parliamentary staff involved in the estimates process.

Senator Chris Back

**Chair**



# **Appendix 1**

## **Tabled documents**

### **Additional estimates 2014–2015**

#### **Defence portfolio**

*Wednesday, 25 February 2015*

Received from Air Chief Marshal Mark Binskin AC, Chief of the Defence Force, Opening Statement, 25 February 2015.

Received from Air Chief Marshal Mark Binskin AC, Chief of the Defence Force, Correspondence to Mr Patrick, dated 17 September 2014.

Received from Senator the Hon Michael Ronaldson, Minister for Veterans' Affairs, Opening Statement, 25 February 2015.

#### **Foreign Affairs and Trade portfolio**

*Thursday, 26 February 2015*

Received from Mr Peter Varghese, Secretary, Department of Foreign Affairs and Trade, Aspen Medical: list of activities with the Australian Government, not dated.

