

The Senate

---

Foreign Affairs, Defence and  
Trade Committee

---

Budget estimates 2007–08

June 2007

© Commonwealth of Australia

ISBN 978-0-642-71804-4

This document is produced by the Senate Foreign Affairs, Defence and Trade Legislation Committee Secretariat, and printed by the Senate Printing Unit, Parliament House, Canberra.

# Senate Standing Committee on Foreign Affairs, Defence and Trade

## Membership

<b>Chair:</b>	Senator Marise Payne (LP, NSW)
<b>Deputy Chair:</b>	Senator Steve Hutchins (ALP, NSW)
<b>Members:</b>	Senator Mark Bishop (ALP, WA)
	Senator Alan Ferguson (LP, SA)
	Senator Michael Forshaw (ALP, NSW)
	Senator John Hogg (ALP, Qld)
	Senator Hon Sandy Macdonald (NATS, NSW)
	Senator Russell Trood (LP, Qld)

### *Other senators who participated*

Senator J Adams (LP, WA)	Senator A McEwen (ALP, SA)
Senator L Allison (AD, SA)	Senator J McGauran (LP, Vic)
Senator A Bartlett (AD, Qld)	Senator G Marshall (ALP, Vic)
Senator C Bernardi (LP, SA)	Senator B Mason (LP, Qld)
Senator R Boswell (NATS, Qld)	Senator C Milne (AG, Tas)
Senator G Brandis (LP, Qld)	Senator F Nash (NATS, NSW)
Senator B Brown (AG, Tas)	Senator K Nettle (AG, NSW)
Senator C Brown (ALP, Tas)	Senator S Parry (LP, Tas)
Senator G Campbell (ALP, NSW)	Senator H Polley (ALP, Tas)
Senator K Carr (ALP, Vic)	Senator R Ray (ALP, Vic)
Senator G Chapman (LP, SA)	Senator Hon N Scullion (CLP, NT)
Senator S Conroy (ALP, Vic)	Senator R Siewert (AG, WA)
Senator T Crossin (ALP, NT)	Senator G Sterle (ALP, WA)
Senator A Eggleston (LP, WA)	Senator N Stott Despoja (AD, SA)
Senator C Evans (ALP, WA)	Senator J Watson (LP, Tas)
Senator Hon J Faulkner (ALP, NSW)	Senator R Webber (ALP, WA)
Senator S Fielding (FFP, Vic)	Senator D Wortley (ALP, SA)
Senator C Fierravanti-Wells (LP, NSW)	
Senator M Fifield (LP, Vic)	
Senator B Heffernan (LP, NSW)	
Senator A Hurley (ALP, SA)	
Senator B Joyce (NATS, Qld)	
Senator Hon R Kemp (LP, Vic)	
Senator L Kirk (ALP, SA)	
Senator R Lightfoot (LP, WA)	
Senator J Ludwig (ALP, Qld)	
Senator K Lundy (ALP, ACT)	
Senator I Macdonald (LP, Qld)	

Committee secretariat

Dr Kathleen Dermody, Secretary

Ms Pamela Corrigan, Research Officer

Ms Jenene James, Research Officer

Parliament House, Canberra ACT 2600

Phone: (02) 6277 3535, fax: (02) 6277 5818

e-mail: [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)

## Table of contents

	<i>Page</i>
<b>Membership .....</b>	<b>iii</b>
<b>Report to the Senate .....</b>	<b>1</b>
Introduction .....	1
Questions on notice .....	1
Matters of procedural importance .....	1
<b>Foreign Affairs and Trade portfolio .....</b>	<b>1</b>
<i>Department of Foreign Affairs and Trade .....</i>	<i>1</i>
Changes to output structure .....	1
Late answers to questions on notice .....	2
Portfolio overview .....	3
1.1.1—North Asia .....	3
1.1.2—South East Asia .....	3
1.1.3—Americas .....	4
1.1.4—Europe .....	4
1.1.5—South and West Asia, Middle East and Africa .....	4
1.1.6—Pacific .....	5
1.1.7—Bilateral, regional and multi-lateral trade negotiations, and .....	5
1.1.8—Trade development /policy coordination and APEC .....	5
1.1.9—International organisations, legal and environment .....	6
1.1.10—Security, nuclear disarmament and non-proliferation .....	6
<i>AusAID .....</i>	<i>7</i>
<i>Austrade .....</i>	<i>8</i>
<b>Defence portfolio .....</b>	<b>8</b>
<i>Department of Defence .....</i>	<i>8</i>
Pre-estimates briefing on the portfolio budget statements and annual report .....	8
Proposed changes to the Department of Defence's output structure .....	8
Secretary's opening statement .....	9
Chief of the Defence Force opening statement .....	10
Portfolio overview .....	11
Budget summary .....	11
Major capital facilities .....	12
People—Defence personnel .....	12
<i>Defence Materiel Organisation .....</i>	<i>12</i>
Outcome 1—Defence capabilities .....	13
Outcome 2—Navy .....	13
Outcome 7—Superannuation and housing support services .....	13

<i>Defence Housing Australia</i> .....	13
<i>Department of Veterans' Affairs</i> .....	14
Outcome 1—Compensation .....	14
Outcome 2—Health .....	14
Outcome 3—Commemorations .....	14
Output 6 .....	14
Acknowledgements .....	15
Index of proof transcripts .....	17
<b>Foreign Affairs and Trade portfolio</b> .....	19
<i>Department of Foreign Affairs and Trade</i> .....	19
<i>Australian Agency for International Development (AusAID)</i> .....	19
<i>Australian Trade Commission (Austrade)</i> .....	20
<b>Defence portfolio</b> .....	21
<i>Department of Defence</i> .....	21
<i>Defence Housing Australia</i> .....	21
<i>Department of Veterans' Affairs</i> .....	21

# **Senate Standing Committee on Foreign Affairs, Defence and Trade**

## **Report to the Senate**

### **Introduction**

1. On 9 May 2007, the Senate referred to the committee for examination and report the following documents:

- Particulars of certain proposed expenditure in respect of the year ending 30 June 2008 relating to the Defence portfolio and the Foreign Affairs and Trade portfolio, and
- Particulars of proposed expenditure in respect of the year ending 30 June 2008.

2. The committee has considered the proposed budget expenditure for the year ending 30 June 2008, and has received evidence from the Minister representing the Minister for Foreign Affairs and the Minister for Trade; the Minister representing the Minister for Defence, and the Minister for Veterans' Affairs; and officers of the departments and agencies concerned.

3. The committee met in public session on 28, 29, 30 and 31 May 2007. Further written explanations provided by departments and agencies will be presented separately in volumes of additional information. This information will also be placed on the committee's internet site ([www.aph.gov.au/senate\\_fadt](http://www.aph.gov.au/senate_fadt)).

### **Questions on notice**

4. The committee resolved, under Standing Order 26, that written answers and additional information should be submitted to the committee by close of business on Thursday, 26 July 2007.

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

#### ***Department of Foreign Affairs and Trade***

##### *Changes to output structure*

5. The committee notes that the Department of Foreign Affairs and Trade has recently undergone a structural reorganisation in Outcome 1. Mr Doug Chester, Deputy Secretary, advised that 'the department did a reorganisation of divisions late last year and, as a result of that reorganisation, responsibility for various geographic areas was separated and realigned'.<sup>1</sup> This has resulted in changes to the numbering of the following outputs:

---

1 *Proof Committee Hansard*, 28 May 2007, p. 4.

<b>Department of Foreign Affairs and Trade</b>		
<b>Outcome 1</b>	<b>Previous</b>	<b>Current</b>
Output 1.1	Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity	No change
Output 1.1.1	North Asia	No change
Output 1.1.2	South and South–East Asia	South–East Asia
Output 1.1.3	Americas and Europe	Americas
Output 1.1.4	South Pacific, Middle East and Africa	Europe
Output 1.1.5	Bilateral, regional and multi-lateral trade negotiations	South and West Asia, Middle East and Africa
Output 1.1.6	Trade development/policy coordination and Asia–Pacific Economic Cooperation	Pacific
Output 1.1.7	International organisations, legal and environment	Bilateral, regional and multi-lateral trade negotiations
Output 1.1.8	Security, nuclear disarmament and non–proliferation	Trade development/policy coordination and Asia–Pacific Economic Cooperation
Output 1.1.9	–	International organisations, legal and environment
Output 1.1.10	–	Security, nuclear disarmament and non–proliferation

6. The committee acknowledged the attendance at the hearings of Mr Doug Chester, Deputy Secretary, and officers of the Department of Foreign Affairs and Trade.<sup>2</sup>

*Late answers to questions on notice*

7. The Department of Foreign Affairs and Trade was asked about the late response to the 80 questions taken on notice during the last estimates hearings in February 2007. The department informed the committee that no question had been answered by the required date of 29 March 2007 set down by the committee.

8. Mr Chester stated that 68 answers were submitted to the Minister's office on 26 March (and approved on 17 April). The remaining 12 were submitted on 29 March (and approved on 8 May, apart from one answer that was amended). Of these answers,

---

2 Transcript page numbers for each day begin at page 1. Foreign Affairs and Trade portfolio hearings are in *proof Committee Hansard*, 28 and 29 May 2007. (See the transcript index at back of this report.)



79 were provided to the committee secretariat in one batch on 8 May, with the final answer provided on 23 May.<sup>3</sup>

9. The committee sought an explanation for the delay in submitting the answers to the committee following approval by the Minister on 17 April. Mr Chester took the question on notice.<sup>4</sup>

10. Other matters raised during the hearing are listed below.

#### *Portfolio overview*<sup>5</sup>

- Change in the numbering of outputs due to a reorganisation of divisions within the department (pp. 4–5, 28 May 2007).

#### *Output 1.1*

##### *1.1.1—North Asia*

- Asia–Pacific security arrangements (pp. 6–7).
- Six–party talks on North Korea (pp. 8–9 and 10); DFAT delegation to Pyongyang in March (p. 10).
- Prime Minister's visit to Japan and the issue of comfort women (pp. 9–10).
- DFAT involvement in the Dalai Lama's pending visit, including representations from China (pp. 10–11).
- Update on allegations of organ harvesting in China (pp. 11–12); Beijing Olympic Games and human rights concerns (p. 13); update on human rights dialogue with China (pp. 13–14).

##### *1.1.2—South East Asia*

- Burma's decision not to change the status of Aung San Suu Kyi's detention and house arrest; Australia's response; construction of a nuclear facility in Burma (p. 14).
- Complaint from a constituent about an incident in Cambodia relating to a motorcade of cars (pp. 14–16).
- Mr Peter Ellis: DFAT's role in the handling of the case (pp. 16–27). [Also relates to output 1.1.9]
- East Timor: assessment of the electoral process (p. 27); Australia's long-term plans for peace building (pp. 27–28).

---

3 *Proof Committee Hansard*, 28 May 2007, pp. 5–6.

4 *Proof Committee Hansard*, 28 May 2007, p. 6.

5 Transcript page numbers for DFAT portfolio overview and outputs 1.1.1–1.1.5 refer to *proof Committee Hansard*, 28 May 2007.

- Status of Australia's diplomatic relations with Burma; restrictions on visits to Australia by Burmese linked with the regime (pp. 28–29 and 31).
- Australian government representations to Indonesia about human rights in West Papua (pp. 29 and 31).
- Whether there are any plans to move the Australian embassy in Burma from Rangoon to the new capital (p. 30).
- Thailand: progress made towards the recovery of democracy; update on the insurrection in southern Thailand (p. 30).
- Australia's participation in counterterrorism activity in the Philippines (p. 31).
- Regional interfaith dialogue: aims and participants (pp. 32–33).

#### *1.1.3—Americas*

- Discussions between Australia and the United States about the arrest of protestors at Pine Gap military base (pp. 33–34 and 63).

#### *1.1.4—Europe*

- Appointment of new ambassador-designate to Italy (pp. 34–52).
- Russia: President Putin's proposal for a moratorium on the treaty on conventional forces in Europe (p. 52); media reports about the beating of Australian born gay rights activist, Peter Tatchell, and others at a gay pride march (pp. 52–53).
- France: election of new President; Australia's relationship with Mr Sarkozy and members of his cabinet (p. 53).
- Croatia: guidance to DFAT officers about the Croatian nationalist organisation, Ustasha (pp. 53–54); Senator Coonan's attendance at a Croatian independence function and subsequent statement to SBS radio (p. 54).
- Former Senator Jim Short's appointment and duties as Special Envoy for Cyprus (pp. 54–55).

#### *1.1.5—South and West Asia, Middle East and Africa*

- Zimbabwe: update on human rights situation and living standards (pp. 55–56); maintaining of diplomatic relations (pp. 56–57); sanctions, including travel and financial restrictions (pp. 57–59); Australian interests in Zimbabwe (pp. 59 and 63).
- Update on the situation in Iraq (pp. 60–78), including: Australian government representations to the Iraqi government; Australia's contribution to the reconciliation effort (p. 60); measurement of civilian casualties in Iraq (pp. 60–61 and 71–73); hydrocarbons legislation (pp. 70–71 and 74–75); developments in establishing enforceable legal systems (pp. 73–74); reconstruction efforts, International Compact with Iraq, and International Reconstruction Fund Facility (pp. 74–76); troop surge (p. 77); petition by members of the Iraqi parliament for a timetable for withdrawal of foreign troops (pp. 77–78).

- DFAT's involvement in act of grace payments for civilian casualties involving Australian forces (pp. 61–62).
- Operating costs for the Australian embassy in Baghdad (pp. 62–64).
- Update on AFP investigation into seven alleged breaches of UN sanctions on imports from Iraq (pp. 64–68).
- Intelligence sharing on Iraq with the United States (pp. 68–70 and 76).
- Funding of mosque in Adelaide by the Saudi Arabian Government (p. 77).

#### *1.1.6—Pacific<sup>6</sup>*

- PNG: ministerial-level contact between Australian and PNG governments; update on the Julian Moti case; delay in deployment of Australian police advisers; Australian civilian advisers involved in the Enhanced Cooperation Program (pp. 4–5, 29 May 2007).
- Solomon Islands: open letter from Mr Downer to the Solomon Islands people; requirement for ministerial approval for visa exemptions for RAMSI personnel; current level of contact between Solomon Islands government and RAMSI staff; decision not to rearm the police; review of RAMSI by the Pacific Islands Forum (pp. 5–8 and 18).
- Evacuation of the Carteret Islands population to Bougainville due to the rising sea level (p. 8).
- Requests by Pacific Island nations to make arrangements for their populations to come to Australia in the event of climate change/rising sea levels; planning by DFAT on the impact of people movement in the Pacific due to climate change (pp. 8–10).
- Status of our financial relationship with Nauru; MOU with Nauru (pp. 10–14 and 59).
- Fiji: update on measures taken by the Australian government after the coup; Pacific Islands Forum Fiji Joint Working Group on the Situation in Fiji; election timetable; Fiji Human Rights Commission (pp. 14–17 and 59).
- DFAT's assessment of the situation in Tonga; aid to assist businesses to recover from damage caused in the riots (pp. 17–18 and 59).

#### *1.1.7—Bilateral, regional and multi-lateral trade negotiations, and*

#### *1.1.8—Trade development /policy coordination and APEC*

- Australia–China free trade agreement (FTA) negotiations (pp. 103–104, 113, and 114–116).
- WTO: Doha round (pp. 104–108).

---

6 Transcript page numbers for DFAT outputs 1.1.6–1.1.10 refer to *proof Committee Hansard*, 29 May 2007.

- WTO dispute processes initiated by the Philippines in relation to Australian quarantine (pp. 108–109).
- Concerns regarding BSE and imports of US beef to Australia (pp. 109–111).
- Structure of FTA negotiating teams and staffing (pp. 111–112).
- Gulf Cooperation Council FTA (pp. 112–113).
- Japan FTA (pp. 113–114).
- ASEAN FTA (pp. 116–117).
- Chile FTA (p. 117).
- Malaysia FTA (p. 117).
- US FTA: review of implementation (pp. 117–118).
- Impact of Australian elections on FTA negotiations (pp. 118–119).
- APEC meeting – agenda and priorities (pp. 119–120).

#### *1.1.9—International organisations, legal and environment*

- Update on Mr Trent Smith's case, including issues relating to Mr Hyndes, witness before the Industrial Relations Commission (pp. 18–53).
- Update on DFAT's involvement in the case of Mr David Hicks (pp. 53–56 and 59); MOU relating to Mr Hicks' return and ongoing conditions (p. 60).
- Australian government's current view on the Guantanamo Bay facility (pp. 56–59).
- Mutual assistance arrangement with the United States in relation to exchanging refugees (pp. 61–62).
- Sri Lankan asylum seekers—DFAT discussions with Indonesian, Sri Lankan and Nauru governments (pp. 62–63).

#### *1.1.10—Security, nuclear disarmament and non-proliferation*

- Nuclear Suppliers Group (NSG); whether NSG should authorise the provision of uranium to India; current Australian policy on the sale of uranium to India (pp. 63–65 and 67).
- Australia's participation in the Generation IV advanced nuclear research reactor program (pp. 65–66).
- Global Nuclear Energy Partnership (pp. 66–67).
- Australian government's position on the proposed international treaty to ban cluster munitions (pp. 67–69).
- International initiative to address the threat posed by Man Portable Air Defence Systems (MANPADS) (pp. 69–70).
- DFAT's involvement in planning for a possible avian influenza outbreak (p. 70).
- Taiwan's possible participation in World Health Organisation activities (p. 70).

*AusAID*<sup>7</sup>

11. The committee acknowledged the attendance at the hearings of Mr Bruce Davis, Director General, and officers representing AusAID.

12. Matters raised by the committee included:

- Budget outlays for this year and the next three forward years (pp. 80–86 and 110, 28 May 2007).
- OECD Development Assistance Committee (DAC) guidelines on the definition of aid (pp. 87–89 and 94).
- *Sydney Morning Herald* article about aid and related issues. Iraq debt relief; DAC guidelines for debt relief; debt relief for other countries; payment to legal firm Sparke Helmore for legal assistance during the Cole inquiry (pp. 90–98).
- Mr Charles Tapp's employment with AusAID (pp. 98–99).
- NGO input into the formulation of aid policy (p. 99).
- Removal of charitable status from AID/WATCH by the ATO (pp. 99 and 100).
- AusAID's policy on aid to the Burmese Government (pp. 99–100).
- Deforestation initiative (pp. 100–101 and 110–115).
- Decision making at the World Bank in relation to Paul Wolfowitz (p. 102).
- Funding for sexual and reproductive health programs; contraception programs; whether there are conflicts between the AusAID family planning guidelines and the AusAID white paper; review of family planning guidelines (pp. 102–105).
- Programs to reduce maternal mortality rates associated with pregnancy and childbirth (pp. 105–106 and 109).
- Integration of sexual and reproductive health and HIV/AIDS issues; funding for HIV/AIDS program in Papua New Guinea; ODE/PNG government impact evaluation of HIV programs in Papua New Guinea (pp. 106–109).
- AusAID support for the International AIDS Society conference in Sydney in July 2007 (pp. 115–116).
- Capacity building in the Pacific and Asia (pp. 117–120).
- Bilateral emergency funding (pp. 120–122).
- Staffing and accommodation (pp. 122–127).

---

7 Transcript page numbers for AusAID refer to *proof Committee Hansard*, 28 May 2007.

***Austrade***<sup>8</sup>

13. The committee acknowledged the attendance at the hearings of Mr Peter Yuile, Deputy Chief Executive Officer, and officers representing Austrade.

14. Matters raised by the committee included:

- Enhancing Australia's commercial engagement program; India program (pp. 71–72 and 88, 29 May 2007).
- Staffing levels and location of staff (pp. 72–76 and 88).
- Number of Australian companies exporting; number of exporters assisted by Austrade (pp. 76–79 and 88).
- Performance measurement, including key performance indicators (KPIs) (pp. 79–88 and 94).
- Export market development grants (EMDG) scheme (pp. 88–94).
- Australian government's *Global integration* statement; funding for Global opportunities program (pp. 94–99).
- Business Club program events (pp. 99–102).

**Defence portfolio*****Department of Defence****Pre-estimates briefing on the Portfolio Budget Statement and Annual Report*

15. Committee members attended a private briefing from Defence officers responsible for the PBS and Annual Report to gain a better understanding of these documents, their structure and outputs, the location and explanation of the various tables contained in the PBS and to determine a schedule and order for asking questions. The committee takes this opportunity to thank Defence for their assistance and willingness to assist the committee.

*Proposed changes to the Department of Defence's Output structure*

16. During this briefing, the committee was advised of proposed changes to Defence's outcome and output structure. The changes are outlined in the PBS.

17. During the hearing, a defence witness explained that the proposed changes were noted in the PBS to flag that Defence would have a new outcome structure which has been agreed to by the Minister for Finance and Administration. He explained:

The changes were agreed too late for us to be able to translate all of the information into this document this time around for two reasons. One was

---

8 Transcript page numbers for Austrade refer to *proof Committee Hansard*, 29 May 2007.

that we did not have enough time, but the second thing was that we were transitioning to an upgraded portfolio budgeting system. Our budgeting system, which we call BORIS, had just gone through a major upgrade and we judged that it was too risky to try in the short time frame to translate the information in here. We would rather do it in a measured way. So we have alerted you to that. What we plan to do in the additional estimates, the PAES, when we bring this back in December or January, is show you how we have converted the old structure into the new one, and the cross walk to explain that.<sup>9</sup>

18. The committee took this opportunity to refer to the briefing from Defence officers held prior to the hearings and suggested that a similar briefing would be helpful in light of the proposed restructure. The intention of another briefing would be to enable committee members to better 'track the outputs under the old system to the new system' in order to gain some familiarity with it and not waste time at the next round of estimates.<sup>10</sup> A committee member also added that the next annual report would need to spell out the changes using the same terms, so that committee members could 'easily move from the annual report this year to the accounts for next year'.<sup>11</sup>

19. With regard to the transition to the new structure, Defence informed the committee that it would be obliged to report in the old structure for its Annual Report for financial year 2006–2007. In response to concerns about the contents of the Annual Report, a Defence officer suggested:

What we can do in the new structure from 2007–08 onwards is show it to you in the current structure and in the revised structure. We could brief you on that before we have the hearing into the additional estimates.<sup>12</sup>

20. The committee indicated that such a proposal would be welcomed.

21. The committee acknowledged the presence at the hearings, of Mr Nick Warner, Secretary of the Department of Defence, and Air Chief Marshal, Angus Houston, AM, Chief of Defence Force (CDF).<sup>13</sup>

#### *Secretary's opening statement*

22. Secretary of the Department of Defence, Mr Nick Warner, informed the committee that the Defence Management Review report, along with Defence's response, was released publicly on 5 April 2007. He stated that...

---

9 *Proof Committee Hansard*, 30 May 2007, p. 85.

10 *Proof Committee Hansard*, 30 May 2007, p. 85.

11 *Proof Committee Hansard*, 30 May 2007, p. 85.

12 *Proof Committee Hansard*, 30 May 2007, p. 85.

13 Transcript page numbers for each day begin at page 1. Defence portfolio hearings are in *proof Committee Hansards*, 30 and 31 May 2007. (See the transcript index at back of this report.)

The report acknowledged the significant progress Defence has made over the past decade in a range of areas, most notably in military operations but also in policy development and a range of public sector reforms.

...

having acknowledged these achievements and successes, the review team made a series of recommendations about how Defence can improve its organisational efficiency and effectiveness. The report made 53 recommendations. The CDF and I, in consultation with the Defence service chiefs and group heads, agreed to implement 50 of the recommendations in full and two of the recommendations in part.

...

of the 50-plus recommendations we agreed, four key principles will underpin our approach to implementation: accountability and governance, support to our minister and government more broadly, people management and the need to reform our business systems. Clearer and more streamlined governance and accountability arrangements will assist us in maintaining a high operational tempo while also driving organisational reform and planning for the future.<sup>14</sup>

*Chief of the Defence Force opening statement*

23. Chief of the Defence Force, Air Chief Marshal Houston, gave the committee a comprehensive update on ADF operational achievements, and recruitment and retention issues, since the additional estimates hearings in February 2007.

24. Air Chief Marshal Houston informed the committee that:

Firstly, in terms of our operations broadly, we continue to maintain a busy tempo, with the government to date approving the overall deployment of about 3,850 people to nine overseas operating locations in 2007. We also have 450 personnel deployed on security tasks in our maritime protection zone and other personnel deployed on international engagement, including participation in exercises and foreign visits. Additionally, in preparation for APEC 2007, a forward headquarters element has been established in Sydney for liaison and coordination of Defence support to the APEC security task force. Each of these deployments are within the capability of our forces, are sustainable for the duration of the deployment and leaves us postured to meet a range of contingency requirements.

... On our progress with recruiting and retention: As you are aware, the ADF has been directed to grow to a full-time strength of 57,000 by 2016. Its current strength is about 51,000, so this represents an increase of 6,000, or just over 11.75 per cent, in ten years. To do this, we have to increase

---

14 *Proof Committee Hansard*, Wednesday 30 May, 2007, p. 4.



recruiting and improve retention. We have set ourselves a goal of increasing our recruiting intake for our full-time force from 4,677 to 6,500 per annum and reducing our separation rate from just over 11 per cent to below 10 per cent. We began looking at improving our recruiting in some depth in 2005. Already we have seen marked and improved recruiting performance.

...

Our first initiatives looked at stabilising key ranks within Army and Navy... [Within Navy] doctors, principal warfare officers, submarine warfare officers, underwater medicine qualified sailors, submarine and junior technical sailors are in particularly short supply, due in part to their attractiveness to the private professional organisations and industry. ... But it is not all bad and there are some encouraging signs that critical parts of our Navy workforce are on the road to recovery.<sup>15</sup>

## 25. Other major topics examined during the hearing included:

### *Portfolio overview*

- Number of ADF personnel deployed overseas; number of deployments and recruitment issues (pp. 9–10).<sup>16</sup>
- Improvised explosive device (IED) attacks (p. 11, 14, 16).
- Iraqi security forces training; ethno-sectarian violence (pp. 11–12, 14–16; 17).
- Australia's long-term commitment in Iraq (pp. 13–10).
- Operation Fard-al-Qanun (pp. 18–19).
- Timetable for the withdrawal of coalition forces (pp. 19–20).
- Case of Mr Hector Patino (pp. 20–22; 61).
- Afghanistan: increasing threat posed by the insurgency; protection for the reconstruction task force (p. 22). Rotation of ADF personnel (pp. 23–24).
- NATO and Afghanistan (pp. 24–25).
- HMAS *Westralia* (pp. 27–44; 46).
- Report on Defence management review (Proust report) (pp. 44–62; 77).
- Security, storage and disposal of weapons and munitions (pp. 62–69).

### *Budget summary*

- Portfolio budget statements (PBS): revised defence capability plan (pp. 70–76).
- Defence contract with Qantas Business Travel (pp. 76–81).

---

15 *Proof Committee Hansard*, Wednesday 30 May, 2007, p. 8.

16 Defence estimates was heard on Wednesday 30 May and Thursday 31 May 2007. References on the second hearing day are date marked.

- Defence spending on advertising and associated matter in 2006–2007 (pp. 81–85; 91).
- PBS: revised outcome and output structure (p. 85).
- PBS: Section 31 receipts (pp. 9–10; 31May07, p. 57). Saving and efficiency measures (pp. 87–89).
- Comsuper: civilian compensation claims and Comcare (pp. 90–91; 31May07, p. 57).
- The Aboriginal Community Assistance Program (ACAP) and the Cadet Enhancement Program (pp. 92–94).
- PBS: recruitment and retention (pp. 95–96).
- PBS: DMO maintenance cycles (p. 97).

#### *Major capital facilities*

- Mulwala propellant manufacturing plant; Mulwala redevelopment project (pp. 98–100; 31May07, p. 63).
- RAAF base Pearce and capital works (pp. 100–101).

#### *People—Defence personnel*

- ADF personnel record keeping (pp. 102–103).
- Length of overseas deployments (pp. 9–10, 23–24; 103–106). Pre- and post-deployment psychological screening and mental health issues (pp. 106–110).
- Signalman Geoff Gregg (31May07, pp. 3–12; 44–54).
- Suicide rates and discharges (31May07, pp. 12–14; 15–16).
- Defence Deployed Health Surveillance Program (31May07, pp. 14–15).
- Deployment allowances (31May07, pp. 17–18, 19–20; 57).
- Amberley State School (31May07, pp. 20–24).
- Recruitment and retention (31May07, pp. 25–34). Special Forces Direct Recruiting Scheme (31May07, pp. 55–56).
- Tritium leaks at Bulimba Barracks (31May07, pp. 34–37; 39–43). Contaminated compasses (31May07, pp. 37–39).
- ADF Drug policy for contractors (31May07, pp. 56–57).
- Separation rates of women in ADF (31May07, pp. 57).

#### *Defence Materiel Organisation*

- Review process (31May07, pp. 58–59).
- Contract negotiations with Kaman (31May07, pp. 60–63).

*Outcome 1: Defence capabilities*

- Air combat capability gap; Super Hornet program and F–111s (31May07, pp. 67–70).
- Report: Joint operations for the 21<sup>st</sup> century (31May07, pp. 71–73).

*Outcome 2: Navy*

- Australian Navy used in combating whaling by Japanese in the Southern Ocean (31May07, pp. 73–75).
- The Australian Antarctic Territory economic exclusion zone (EEZ) (31May07, pp. 74–75).

*Outcome 7: Superannuation and housing support services*

- Superannuation: proportioning rule and its application to Defence Force superannuation benefits (31May07, pp. 63–67).

***Defence Housing Australia***<sup>17</sup>

26. The committee acknowledged the presence at the hearings of Mr Richard Bear, General Manager, Development and Construction, and officers of Defence Housing Australia.

27. Issues that were discussed included:

- Defence Home Ownership Assistance Scheme (pp. 76–80).
- Staffing levels and roles in DHA (pp. 80–81).
- DHA budget and funding (p. 81).

***Department of Veterans' Affairs***<sup>18</sup>

28. The committee acknowledged the presence at the hearings of Mr Mark Sullivan, Secretary, and officers of the Department of Veterans' Affairs.

29. Before commencing the examination of officers from the Department of Veterans' Affairs, the Secretary of the Department expressed concerns about the level of detail contained in questions about the personal circumstances of Geoff Gregg during the estimates examination of Defence. He indicated that he was not prepared to go into the 'some of the material that I heard today in terms of citing the evidence

---

17 Transcript page numbers for Defence Housing Australia refer to *proof Committee Hansard*, 31 May 2007.

18 Transcript page numbers for Department of Veterans' Affairs refer to *proof Committee Hansard*, 31 May 2007.

from psychological reports and chronologies'. He stated that he would be 'quite happy to go through the processes, the policy issues and the procedural issues...'<sup>19</sup>

30. The committee member indicated he had been advised that that the parents, widow and family members had given their approval for questions to be asked. He indicated that his intention was to ask questions on procedures and not go to questions dealing with health details.

31. Issues that the committee examined included:

*Outcome 1—Compensation*

- Signalman Geoff Gregg (pp. 82–97; 106).
- Writeway Research Service (pp. 98–99).
- Claims for disability pensions from personnel returning from theatres of conflict (pp. 99–100).
- General rate pensions (pp. 100, 102).
- Staffing levels and overdue claims (pp. 102–103).
- Suicide statistics and compensation claims (pp. 104–105). Mental health wellbeing forum (pp. 105–106, 112).
- Vietnam Veterans Health Study (pp. 106–107).

*Outcome 2—Health*

- Veterans' chaplaincy services (pp. 107–109).
- Nuclear test veterans and access to the white card (pp. 115–117).
- Letter to special rate intermediate pensioners (p. 117).
- Veterans home care service (pp. 117–119).

*Outcome 3—Commemorations*

- Hyde Park memorial in London (pp. 112–113).
- Memorials at Le Hamel and Villers–Bretonneux in France (pp. 113–115).

*Output 6*

- Mr Desmond Kelly and the allegation of leaked sensitive information (pp. 109–112).

---

<sup>19</sup> *Proof Committee Hansard*, 31 May 2007, p. 82.

## **Acknowledgements**

32. The committee expresses its appreciation of the assistance given during its hearings by Senator the Hon Chris Ellison and Senator the Hon Helen Coonan. 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 Marise Payne**

Chair



**Senate Standing Committee on Foreign Affairs,  
Defence and Trade**

**Table of contents to proof transcripts**

**Budget estimates 2007–2008**

**Monday, 28 May 2007**

**Tuesday, 29 May 2007**

**Wednesday, 30 May 2007**

**Thursday, 31 May 2007**





---

Monday 28 and Tuesday 29 May 2007

## FOREIGN AFFAIRS AND TRADE PORTFOLIO

	<i>Page no</i>
In attendance .....	1
 <i>Department of Foreign Affairs and Trade</i>	
Portfolio overview .....	4–6 [28 May]
Output 1.1.1—North Asia.....	6–14 [28 May]
Output 1.1.2—South–East Asia.....	14–33 [28 May]
Output 1.1.3—Americas .....	33–34 [28 May]
Output 1.1.4—Europe.....	34–55 [28 May]
Output 1.1.5—South and West Asia, Middle East and Africa .....	55–79 [28 May]
Output 1.1.6—Pacific .....	4–18 [29 May]
Output 1.1.7—Bilateral, regional and multi–lateral trade negotiations.....	103–120 [29 May]
Output 1.1.8—Trade development/policy coordination and APEC .....	103–120 [29 May]
Output 1.1.9—International organisations, legal and environment.....	18–63 [29 May]
Output 1.1.10—Security, nuclear disarmament and non–proliferation.....	63–70 [29 May]

---

Monday 28 May 2007

### *Australian Agency for International Development (AusAID)*

	<i>Page no</i>
In attendance .....	3
 Outcome 1: Australia’s national interest advanced by assistance to developing countries to reduce poverty and achieve sustainable development.	
1.1: Policy	
1.2: Program management	
Administered items—Australia’s development cooperation program.....	79–127

---

Tuesday 29 May 2007

*Australian Trade Commission (Austrade)*

	<i>Page no</i>
In attendance .....	3
Outcome 1: Australians succeeding in international business with widespread community support.....	70–102
Outcome 2: Australians informed about and provided access to consular, passport and immigration services in specific locations overseas .....	70–102

---

---

Wednesday 30 and 31 May 2007

## **DEFENCE PORTFOLIO**

### ***Department of Defence***

	<i>Page no</i>
In attendance .....	1 [30 May]
Portfolio overview .....	9–69 [30 May]
Budget summary .....	70–97 [30 May]; 57 [31 May]
Major capital facilities .....	98–100 [30 May]; 63 [31 May]
People—Defence personnel.....	9–24, 102–110 [30 May]; 3–57 [31 May]
Defence Materiel Organisation .....	58–63 [31 May]
Outcome 1—Defence capabilities .....	67–73 [31 May]
Outcome 2—Navy capability .....	73–75 [31 May]
Outcome 7—Superannuation and housing support services .....	63 [31 May]

---

Thursday 31 May 2007

### ***Defence Housing Australia***

In attendance .....	3
General matters .....	76

---

Thursday 31 May 2007

### ***Department of Veterans' Affairs***

In attendance .....	3
Outcome 1—Compensation.....	82
Outcome 2—Health .....	107
Outcome 3—Commemorations.....	112
Output 6 .....	109

---