

Additional Estimates 2017-18

Reference

1.1 On 8 February 2018, the Senate referred the following documents to the Senate Foreign Affairs, Defence and Trade Legislation Committee (the committee) for examination and report:

- Particulars of proposed additional expenditure in respect of the year ending on 30 June 2018 [Appropriation Bill (No. 3) 2017-2018];
- Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2018 [Appropriation Bill (No. 4) 2017-2018]; and
- Final Budget Outcome 2016-17.¹

Portfolio coverage

1.2 The committee has responsibility for examining the expenditure and outcomes of the following:

- Defence Portfolio (including Veterans' Affairs); and
- Foreign Affairs and Trade Portfolio.²

Portfolio Additional Estimates Statements 2017-18

1.3 The Portfolio Additional Estimates Statements for 2017-18 for the Defence Portfolio, Department of Veterans' Affairs and the Foreign Affairs and Trade Portfolio were tabled in the Senate on 8 February 2018.³

Hearings

1.4 The committee conducted public hearings on 28 February and 1 March 2018. The Defence Portfolio (including Veterans' Affairs) was examined on 28 February and the Foreign Affairs and Trade Portfolio on 1 March 2018.

1.5 The committee received evidence from Senator the Hon Marise Payne, Minister for Defence and representing the Minister for Veterans' Affairs, and from officers from the relevant departments and agencies within the Defence Portfolio, including Veterans' Affairs. The committee also received evidence from Senator the Hon Marise Payne, representing the Minister for Foreign Affairs, and

1 *Journals of the Senate*, No. 83, 8 February 2018, p. 2647.

2 *Journals of the Senate*, No. 2, 31 August 2016, pp 75-76. This order was subsequently amended on 12 February 2018 and 15 February 2018; however, the amendments did not relate to these portfolios. See *Journals of the Senate*, No. 84, 12 February 2018, pp 2668-2669, and *Journals of the Senate* No. 87, 15 February 2018, p. 2740.

3 *Journals of the Senate*, No. 83, 8 February 2018, p. 2647.

Senator the Hon James McGrath, representing the Minister for Trade, Tourism and Investment, and from officers from the Department of Foreign Affairs and Trade and portfolio agencies.

1.6 The committee expresses its appreciation for the assistance of the Ministers and officers who appeared.

1.7 Over the course of the hearings, the committee took evidence from the following departments and agencies:

Defence Portfolio (including Veterans' Affairs)

- Department of Defence
- Australian War Memorial
- Department of Veterans' Affairs

Foreign Affairs and Trade Portfolio

- Department of Foreign Affairs and Trade
- Australian Trade and Investment Commission
- Export Finance and Insurance Corporation
- Tourism Australia

1.8 The committee released Defence Housing Australia without examination.

Questions on notice and Hansard transcripts

1.9 In accordance with Standing Order 26(9)(a), the committee has set 13 April 2018 as the due date for the return of answers to questions on notice.

1.10 The transcripts of these public hearings and answers and additional information are available on the committee's website at:

https://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/fadt/2017-18_Additional_estimates

1.11 In this report references to Hansard are to the proof transcripts. Page numbers may vary between the proof and official Hansard transcript.

Defence Portfolio, 28 February 2018

Department of Defence

1.12 Senator the Hon Marise Payne, Minister for Defence, and Air Chief Marshal Mark Binskin AC, Chief of the Defence Force, made opening statements.

1.13 Topics examined during the hearing included:

- Commencement of the Pacific Maritime Security Program Aerial Surveillance across the central and western pacific (pp 13, 17-22)
- Sexual abuse-related issues (pp 13-15)
- Relationships between senior officers and junior officers in the Australian Defence Force (pp 15-17)

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- Acquisition of offshore patrol vessels, including development of sovereign shipbuilding capability (pp 22-39)
 - Progress on contract negotiations for the Future Submarine Program, including staffing of the Future Submarine Program office in France (pp 39-47, 93)
 - Deployment of Australian troops in Iraq (pp 47-51)
 - Update on US marine presence in Darwin (p. 51)
 - Update on Operation MANITOU and the activities of HMAS *Warramunga* (pp 51-52)
 - Outcomes of the L'Estrange Review, including transition of the Australian Signals Directorate to a statutory agency (pp 54-56)
 - Job creation arising from the Defence Export Strategy (pp 56-61)
 - Shipbuilding program board composition and payment of board members (pp 64-67)
 - Operational strategic air policy (pp 67-69)
 - Update on the OneSKY program (p. 72)
 - Australian Defence Satellite Communication Terrestrial Enhancement (pp 74-76)
 - Update on the F-35 development program (pp 76-78)
 - Procurement of musical instruments (pp 78-79)
 - Repurposing of a KC-30 jet for government use (pp 82-86)
 - Travel entitlements for government officials, including use of special purpose flights (pp 85, 89-92)
 - Investment by foreign firms in Australian infrastructure or infrastructure projects (pp 86-88)
 - Summary of the Future Submarine Program Strategic Partnering Agreement (pp 93-94)
 - Update on the local industry capability pilot (pp 94-96)
 - Expansion of the Shoalwater Bay military training area (pp 97-98)
 - PFAS contamination at and around RAAF bases (pp 98-101)
 - Update on the Maribyrnong Remediation Project (pp 103-105)
 - The role of the National Cyber Coordinator (pp 107-109)

Australian War Memorial

- Planned events to commemorate the Centenary of Armistice 2018 (p. 110)
- Work undertaken to recognise the contribution of Indigenous people in wars (pp 110-112)

- Australian War Memorial (AWM) policy in relation to media (pp 112-113)
- Gender balance of research historians at the AWM (p. 113)
- Process used by the AWM for accessing non-government sources of revenue (pp 113-115)
- Update on the AWM redevelopment project (p. 114)
- Loans of AWM collections to other Australian military museums (p. 115)

Department of Veterans' Affairs

- Response to the recommendations of the Senate inquiry into suicide by veterans and ex-service personnel (pp 116-119)
- Update on the progress of the independent study into the mental health impacts of compensation claim assessment processes on veterans engaging with DVA and Commonwealth Superannuation Corporation (pp 119-121)
- Update on the progress of Veteran Centric Reforms (pp 122-131)
- Tender to identify service providers to conduct a trial of post-traumatic assistance dogs (p. 126)
- The Prime Minister's Veterans' Employment Program (pp 131-134)
- Update on Saluting Their Service grants (pp 134-135)
- Veterans and Veterans Families Counselling Service and On The Line (pp 135-137)

Foreign Affairs and Trade Portfolio, 1 March 2018

Department of Foreign Affairs and Trade

Non-trade programs

1.14 Ms Frances Adamson, Secretary of the Department of Foreign Affairs and Trade (DFAT), provided an opening statement.

1.15 Topics examined during the hearing included:

- Aid funding in the Pacific region (pp 10-11)
- Comments by the Minister for International Development and the Pacific regarding Chinese aid to countries in the Pacific region (pp 11-16)
- Comments by the former Deputy Prime Minister on 28 January 2018 regarding Beijing and Moscow (pp 17-19)
- Article in *The Australian* on 1 March 2018, regarding status of Australia's diplomatic relations with China (pp 20-21)
- South China Sea freedom of navigation (pp 21-22)
- Quadrilateral Dialogue of Australia, the US, Japan and India (pp 22-23)
- Finalisation of the Maritime border treaty between Australia and Timor-Leste (pp 23-24)

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- Request from Adani for a letter of support from the Australian Government to the Chinese Government regarding the proposed Carmichael Coal Mine and Rail Project (Carmichael Project) to help secure Chinese finance (pp 24-27)
 - Foreign Policy White Paper, including consultation processes and the development phase, domestic and international responses, restructuring the department to align it with the White Paper's priorities, the relationship with defence strategic policy, expansion of diplomatic presence overseas, and the Indo-Pacific as a key strategic interest (pp 27-29, 53-55, 93)
 - Child protection policy relating to international aid activities and the level of notifications of incidents of child sexual abuse (pp 29-37)
 - DFAT meeting with the Export-Import Bank of Korea regarding the Carmichael Project at the request of Adani (pp 37-39)
 - Response to the Cambodian Prime Minister's comments about protesters and crackdown on democracy in Cambodia (pp 39-40, 45-46)
 - Announcement of the new Australian High Commissioner to the United Kingdom (pp 40-43, 58-65)
 - Impact of the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill 2017 on advocacy work within the aid sector (pp 43-44)
 - Rohingya refugee crisis – including the United Nations fact-finding mission in Myanmar, the recent Amnesty International report, the current situation in Rakhine State, the current situation of the Rohingya refugees in Bangladesh and progress toward repatriation, Australia's defence engagement with Myanmar, financial contribution from the Australian Government toward the humanitarian response plan, and representations by the Australian Government regarding the need for United Nations agencies to have humanitarian access to affected parts of Rakhine State (pp 47-48, 101-103)
 - Australian representations to Israel concerning Palestinian minors in detention, particularly in regard to the arrest and detention of Ms Ahd Tamimi (pp 48-49)
 - Allegations of misconduct against the Director General of the World Intellectual Property Organisation, Mr Francis Gurry, and Australia's support for his candidacy (pp 49-50, 104-108)
 - Meeting between the Hon Alexander Downer AC and Mr George Papadopoulos (pp 51-52)
 - Progress on implementation of new arrangements under the *Passports Legislation Amendment (Overseas Travel by Child Sex Offenders) Act 2017* (p. 53)
 - Coalition to Defeat ISIS Foreign Ministers' Meeting in Kuwait and the current status of ISIS threat in the Middle East and in Australia's region (pp 55-57)

- Government policy to discourage orphanage tourism and the launch of the Smart Volunteering campaign (pp 57-58)
- Announcement of the new Australian High Commissioner to New Zealand (pp 66-67)
- Consular assistance provided to Mr James Ricketson being held in prison in Cambodia (pp 68-69)
- Representations by Australia regarding human rights abuses in Western Sahara and action regarding the mining of phosphate by Australian company Incitec Pivot (pp 69-70)
- US decision to relocate its embassy to Jerusalem and Ambassador Hockey's comments, and Australia's abstention on a vote in the UN General Assembly last year condemning the US for its decision to recognise Jerusalem as Israel's capital (pp 70-71, 74-76)
- Support provided to the Foreign Minister's partner when accompanying her on official business (pp 71-72, 74-75)
- DFAT social media policy (pp 72-73)
- Release of the open letter from the Foreign Affairs Committee of the North Korean Supreme People's Assembly to the Parliament in October 2017 (pp 76-77)
- Engagement between Democratic People's Republic of Korea and Republic of Korea in the context of the Winter Olympics (p. 77)
- Prime Minister's trip to Washington (pp 78-81)
- Fashion diplomacy and the Foreign Minister's attendance at London Fashion Week (pp 81-84)
- Prime Minister's trip to Japan (pp 84-85)
- Australian Pacific Climate Change Action Program (pp 85-87)
- Aid Governance Board (pp 87-89)
- Leadership capability in international development (pp 90-91)
- Mechanisms for dialogue with China regarding the detention of citizens in China in relation to their work in promoting human rights, and progress on protecting and strengthening political freedoms (pp 91-92)
- Decision not to extend postings from one year to four years, as suggested in the functional and efficiency review (pp 93-94)
- European Union-Australia Leadership Forum and the attendance of Emeritus Professor Gillian Triggs chairing a roundtable on migration issues (pp 94-95)
- Use of DFAT Twitter account in relation to tweeting about days of religious observance (pp 95-96)
- Aid provided to the Palestinian Authority (pp 96-97)

- Australia's representations regarding persecution of Christians in Pakistan (p. 98)
- Australia's representations regarding human rights issues in Iran (p. 98)
- Aid funding to support HIV activities in Papua New Guinea (pp 99-100)
- New Colombo Plan (pp 100-101)

Trade programs

- Trans-Pacific Partnership TPP-11, including side letters, economic modelling, TPP 11 Myth Busters document, skills testing of foreign workers, skilled occupations list, benefits for West Australian industries and small and medium enterprises, benefits in regard to the agricultural sector and Japan, elimination of tariffs in Canada on Australian wine and action under the World Trade Organisation in relation to a specific non-tariff barrier affecting Australian wine (pp 108-118, 120-121)
- Non-tariff barrier strategy (pp 118-119)
- Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector (p. 119)

Australian Trade and Investment Commission

1.16 Dr Stephanie Fahey, Chief Executive Officer of Austrade, made an opening statement.

1.17 Topics examined included:

- Austrade Organisational Capability Assessment, development of the Austrade Agency Strategy 2018-22 and organisational restructure (pp 122-123)
- Work on non-tariff barriers (pp 123-124)
- Building Brand Australia program and the Brand Australia Unlimited (pp 124-125, 128)
- Efficiencies from the whole-of-government approach to offshore property management, including co-location of foreign posts with DFAT (pp 125-126)
- Northern Australia Investment Forum (pp 127-128)
- Investing in African Mining Indaba – Austrade participation (p. 129)

Export Finance and Insurance Corporation

- Change to the Statement of Expectations to enable the funding of onshore resource projects and related infrastructure and the resulting business and activity, including meetings with Adani (pp 129-136)
- Efic's lending capacity and maximum guarantee (p. 133)
- Category A register to allow for public feedback on projects that have potentially significant environmental and social impact (pp 133-134)
- Defence Export Facility (pp 134-135)

- Policy and processes for assessing climate risk (pp 136-138)

Tourism Australia

- MYEFO 2017-18 – level of funding in relation to tourism and area promotion over the forward estimates (pp 138-139)
- Youth marketing campaign and working holiday-makers (p. 139)
- Crocodile Dundee Campaign in the US (p. 140)
- Privatisation of the Survey of Tourist Accommodation and comparative costs with the new Australian Accommodation Monitor Survey (pp 141-142)
- Studies and internal strategies in relation to the impact of climate change on the tourism sector (p. 142)

**Senator Linda Reynolds CSC
Chair**