

The Senate

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Foreign Affairs, Defence and Trade  
Legislation Committee

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Additional estimates 2019–20

March 2020

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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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## Committee Membership

Senator the Hon Eric Abetz, <b>Chair</b>	LP, TAS
Senator Kimberley Kitching, <b>Deputy Chair</b>	ALP, VIC
Senator Tim Ayres	ALP, NSW
Senator the Hon David Fawcett (excluding 6.30pm-9.30pm, 5 March 2020)	LP, SA
Senator the Hon Concetta Fierravanti-Wells	LP, NSW
Senator Jacqui Lambie	JLN, TAS
Senator David Van (from 6.30pm-9.30pm, 5 March 2020)	LP, VIC

### **Senators in attendance:**

Senators Abetz, Kitching, Ayres, Fawcett, Fierravanti-Wells, Lambie, Van, Farrell, Faruqi, Green, Lines, McMahon, Molan, Patrick, Roberts, Scarr, Steele-John, Waters, Watt, Whish-Wilson, Wong

### **Secretariat**

Ms Lyn Beverley, Committee Secretary  
Ms Margaret Cahill, Research Officer  
Ms Shannon Ross, Administrative Officer



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# Additional Estimates 2019-20

## Reference

1.1 On 13 February 2020 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 2020 [Appropriation Bill (No. 3) 2019-2020];
- Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2020 [Appropriation Bill (No. 4) 2019-2020];
- Final Budget Outcome 2018-19; and
- Advances under the annual Appropriation Acts for 2018-19.<sup>1</sup>

## 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.<sup>2</sup>

## Portfolio Additional Estimates Statements 2019-20

1.3 The Portfolio Additional Estimates Statements for 2019-20 for the Defence Portfolio, Department of Veterans' Affairs and the Foreign Affairs and Trade Portfolio were also tabled in the Senate on 13 February 2020.<sup>3</sup>

## Senate Order for attendance of the Naval Shipbuilding Advisory Board

1.4 On 12 February 2020 the Senate passed a motion that it:

(a) notes that members of the Naval Shipbuilding Advisory Board are officers for the purposes of standing order 26(5); and

(b) requires members of the Naval Shipbuilding Advisory Board including, but not limited to, the Chair of the Board to appear before the Foreign Affairs, Defence and Trade Legislation Committee when it meets to consider the 2019-20 additional estimates, at 9 am on 4 March 2020.<sup>4</sup>

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1 *Journals of the Senate, No. 42*, 13 February 2020, pp. 1283-84.

2 *Journals of the Senate, No. 3*, 4 July 2019, pp. 83-84. This resolution was subsequently amended on 13 February 2020; however, the amendments did not relate to these portfolios. See *Journals of the Senate, No. 42*, 13 February 2020, pp. 1268-69.

3 *Journals of the Senate, No. 42*, 13 February 2020, p. 1284.

4 *Journals of the Senate, No. 41*, 12 February 2020, p. 1245.

1.5 On 27 February 2020, Senator the Hon Linda Reynolds CSC, Minister for Defence, wrote to the President of the Senate to advise of the inability of board members residing overseas to attend the hearing on 4 March 2020 (See Appendix 2). Subsequent to this advice, two Australian based members of the Naval Shipbuilding Advisory Board, Mr Ron Finlay AM and Dr Lesley Seebeck, attended the hearing on 4 March 2020.

1.6 The Committee agreed to hold a further hearing with the Naval Shipbuilding Advisory Board to enable overseas-based members to attend; however, a time has not been determined because of the issues associated with international travel at this time.

## Hearings

1.7 The Committee conducted public hearings on 4 and 5 March 2020.

1.8 On 4 March 2020, the Committee examined the Defence Portfolio (including Veterans' Affairs) and received evidence from Senator the Linda Reynolds CSC, Minister for Defence, and also representing the Minister for Veterans' Affairs; and from officers of the Department of Defence, Department of Veterans' Affairs, and relevant portfolio bodies.

1.9 On 5 March 2020, the Committee examined the Foreign Affairs and Trade Portfolio and received evidence from Senator the Hon Marise Payne, Minister for Foreign Affairs, and Senator the Hon Simon Birmingham, Minister for Trade, Tourism and Investment; and from officers of the Department of Foreign Affairs and Trade and relevant portfolio agencies.

1.10 The Committee expresses its appreciation for the assistance of the Ministers and officials who appeared.

1.11 Over the course of the hearings, the Committee took evidence from the following bodies:

### *Defence Portfolio (including Veterans' Affairs)*

- Naval Shipbuilding Advisory Board
- Department of Defence
- Australian Signals Directorate
- Defence Housing Australia
- 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 Australia
- Tourism Australia

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## Questions on notice and Hansard transcripts

1.12 In accordance with Standing Order 26(9)(a), the Committee set 17 April 2020 as the due date for the return of answers to questions on notice.

1.13 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/2019-20\\_Additional\\_estimates](https://www.aph.gov.au/Parliamentary_Business/Senate_estimates/fadt/2019-20_Additional_estimates)

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

## Defence Portfolio, 4 March 2020

### *Naval Shipbuilding Advisory Board*

1.15 Topics examined during the hearing included:

- Expertise of board members (p. 6)
- ANAO Report - *Future Submarine Program – Transition to Design*, including risk management, board recommendation to consider alternatives if negotiations on the Strategic Partnering Agreement were not successful, impact on negotiations of decision to down-select to one, board recommendation to re-baseline the schedule, recommendation to accelerate Collins class life-of-type extensions to provide additional capability (pp. 6-20)
- Risk of multiple contracts for the Future Submarine Programme (pp. 18-19)
- Board's involvement in consideration of technical capabilities (p. 21)
- Advice to the Board on delayed schedule (p. 22)
- Australian industry content (pp. 22-23)

### *Department of Defence (Defence)*

1.16 Topics examined during the hearing included:

- Future Submarine Programme, including Australian industry content level and the inclusion of a minimum target of 60 per cent of contract value spent in Australia (pp. 24-36), timelines and delays (pp. 36-39), construction of parts of the first submarine in France (pp. 59-60), cost estimates (p. 61), consideration of bids which included an air independent propulsion system (p. 68), cost of combat system (p. 69)
- PFAS contamination at Defence sites (pp. 39-42)
- Strategic implications of climate change on Defence personnel, operations and estate (pp. 42-46)
- Inspector-General of the Australian Defence Force Annual Report for 2018-19 (pp. 46-47)
- Upgrade to RAAF Base Tindal and capacity to host B-2 bombers (p. 47)

- Use of material from Defence website in Prime Minister's social media (pp. 48-55)
- Potential security breach of Defence Force Recruiting Network (pp. 55-59)
- Processes for dealing with allegations of bullying in the Australian Defence Force (ADF) (pp. 61-62)
- Instances of suicide in the ADF (p. 63)
- Recording the mode of separation from the ADF in the Defence HR system (p. 63)
- MT2010 class action – maritime technician class of 2010 (p. 64)
- ADF transition programme, including collaboration with Department of Veterans' Affairs (pp. 64-65)
- Coronavirus (COVID-19), including Defence response and possible assistance to civilian authorities (pp. 66-67)
- Joint Strike Fighter Programme, including engine test cell schedule, and delivery of F-35s and progress towards initial operating capability (pp. 67, 87)
- Offshore Patrol Vessels, including level of Australian industry content in Boomeranger contract (p. 68, 87-88)
- Capability gap addressed by the protected mobile fires project (pp. 70-71)
- Lendlease project management contract for the HMAS Cerberus redevelopment (pp. 71-72)
- Recent operations of Chinese maritime research vessel, the *Xiang Yan Hong 01*, to the north-west of Australia (p. 72)
- ARC-CSIRO engagement with China on research projects (pp. 72-73)
- Address by Admiral Phil Davison to the Lowy Institute of Australia (p. 73)
- Collins Class submarines, including decision on full cycle docking location, life of type extension (LOTE), and specifications for functional baseline after LOTE (pp. 74-83)
- Naval shipbuilding workforce (pp. 83-86)

### ***Australian Signals Directorate (ASD)***

1.17 Topics examined during the hearing included:

- Vulnerability in Citrix devices (pp. 91-93)
- ASD powers and capabilities, particularly in regard to comments made by Mr Mike Pezzullo, Secretary of the Department of Home Affairs, in October 2019 on possible future arrangements (pp. 93-95)

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***Defence Housing Australia***

1.18 Topics examined during the hearing included:

- Process for removing ex-service personnel from Defence housing following discharge (pp. 96-97)
- Modification to Mt Lofty development proposal (pp. 97-98)

***Australian War Memorial (AWM)***

1.19 Topics examined during the hearing included:

- Selection process of new Director (p. 99)
- Update on demolition of Anzac Hall (p. 100)
- The AWM as a healing environment for veterans (p. 100)
- Staff training to provide support to patrons (pp. 100-101)
- Voluntary donations to the AWM (pp. 101-102)

***Department of Veterans' Affairs (DVA)***

1.20 Topics examined during the hearing included:

- Creation of the National Commissioner for Defence and Veteran Suicide Prevention (National Commissioner), including legislation, functions, powers, budget and review of suicide deaths in the Defence and Veteran communities since 2001 (pp. 102-115)
- Use of art therapy for veterans (pp. 115-116)
- Waiting list for Open Arms (p. 116)
- Veteran suicide, including prevention pilot programmes, Triage and Connect processes, statistics, mental health programmes, and transition programmes (pp. 117-118, 121-125)
- Claims processing times and processes (pp. 118-119, 121-123)
- Claims that health care professionals are being pressured by DVA staff (pp. 119-121)
- Level of complaints (p. 121)
- DVA staffing level (p. 121)
- Partnership with Team Rubicon (p. 124)
- Training for delegates and advocates (pp. 125-126)
- Appeals to the Veterans' Review Board and Administrative Appeals Tribunal (pp. 126-128)
- Soldier On employment programme (pp. 126-127)
- Engagement with veteran organisation Swiss 8 (pp. 128-129)
- Homelessness and incarceration within the veteran community (pp. 128-129)

- Allied health referral policy, including independent market assessment of allied health rates and tailored referral arrangements (pp. 130-131)
- Contact by the Secretary with Ex-Service Organisation Round Table members about nominations for National Commissioner (pp. 131-133)

## **Foreign Affairs and Trade Portfolio, 5 March 2020**

### ***Department of Foreign Affairs and Trade (DFAT)***

#### *Non-trade programmes*

##### 1.21 Topics examined during the hearing included:

- COVID-19 response, including assisted departures from China and Yokohama, ongoing consular support, assistance to unaccompanied minors remaining in Wuhan, imposition of travel bans, assistance to South-east Asia and Pacific region countries (pp. 5-19)
- Enhancements to the crisis capacity of the Smartraveller website (pp. 16-17)
- Climate Change Action Strategy and climate change expertise in DFAT (pp. 22-25)
- Mr Julian Assange, including extradition hearing, health and welfare in prison, and consular assistance (pp. 25-31, 46-47)
- Audit of multilateral institutions (pp. 28-29, 78)
- US-China Phase 1 Trade Deal and impact on Australia (pp. 19-22, 31-32)
- Prime Minister's request to include Mr Brian Houston on invitation list to the state reception at the White House 2019 (pp. 32-36)
- Prime Minister's trip to Hawaii in December 2019 (pp. 36-37)
- Israel and the Palestinian Territories, including the International Criminal Court's investigation into alleged war crimes in the Palestinian territories, United Nations Refugee Agency (UNHCR) publication of companies operating on the West Bank, UN Human Rights Council standing agenda item No.7, Australia's definition and position on anti-semitism, funding for organisations supporting the Boycott, Divestment and Sanctions movement, and Trump peace plan (pp. 37-38, 39, 61-63, 67-68)
- China Tribunal Judgement report on organ harvesting in China (pp. 38-39)
- United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), including Australia's response to the UN report on alleged misconduct of senior officials, and content of textbooks available in UNRWA schools (pp. 39-41)
- DFAT contract with DHL for air freight services following revelations of alleged financial misconduct within the company (pp. 42-45)
- Status of Dr Yang Hengjun's case and provision of consular assistance (pp. 45-46)

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- International climate change agreements and accounting treatment of carryover credits (pp. 48-54)
  - Pacific Islands Forum Communique and Declaration for Urgent Climate Change Action (pp. 54-56)
  - Decision not to join the UK Government Global Pledge on media freedom (pp. 57-59)
  - Official Development Assistance funding and development policy review (pp. 59-60, 68-70, 79-81)
  - Repatriation of Australian women and children in al-Hawl camp in Syria (pp. 60-61)
  - Engagement with Myanmar, including meeting of the Australian Ambassador with the Commander and Chief of the Tatmadaw (pp. 64-65)
  - Australian representations to India following recent violence against Muslims (p. 65)
  - Arrangement to second DFAT officers to the Minerals Council of Australia (p. 66)
  - Comments by the Hon George Brandis on the election of the Rt Hon Boris Johnson MP as Prime Minister (pp. 71-73)
  - Comments by former ambassador, the Hon Joe Hockey about the Hon Alexander Downer (pp. 73-74)
  - Bipartisan Pacific visits (pp. 74-75)
  - World Trade Organisation categorisations of 'developing' or 'developed' country, particularly in relation to China (pp. 75-77)
  - Engagement with the business community on the relationship with China (pp. 77-78)
  - Soft Power Review (pp. 78-79)
  - Aid facilities and management of contractors (pp. 81-82)
  - Philippines, including UN Human Rights Council investigation into extrajudicial killings by security forces, and restriction of trade union activities (pp. 82-84)
  - Loan of \$300 million to Papua New Guinea (pp. 84-86)
  - Human rights situation for the Uyghurs in Xinjiang (p.86)
  - Iran, including assassination of General Qasem Soleimani and retaliatory strikes against US military targets in Iraq, sanctions, Joint Comprehensive Plan of Action, and representations about human rights violations (pp. 87-89, 93-94)
  - Missing cars purchased to transport leaders during the 2018 APEC summit in Port Moresby (p. 88)

- Agreements between the United States and the Taliban and parallel agreement between the United States and the Afghan government (p. 89)
- Second Kyoto protocol with Doha amendment (pp. 90-91)
- Visit by President Joko Widodo and Comprehensive Strategic Partnership (pp. 91-92)
- 2018 Boe Declaration and Pacific Fusion Centre (pp. 92-93)
- Governor-General's visit to Israel to celebrate 75<sup>th</sup> anniversary of the liberation of Auschwitz (pp. 94-95)
- Use of chemical weapons by Turkish armed forces in north Syria (p. 95)
- Representations regarding the presence of Chinese ships mapping off the coast of Western Australia (p. 96)

#### *Trade programmes*

1.22 Topics examined during the hearing included:

- Impact of COVID-19 on trade, particularly with China (pp. 97-99)
- EU-Australia free trade agreement negotiations, including exceptions on SMEs, labour market testing, and geographical indications (pp. 100-101, 105)
- Regional Comprehensive Economic Partnership negotiations with regard to labour market testing (p. 101)
- Trade exposed industries affected by the bushfires and package of recovery measures (pp. 102-103)
- Temporary Migration Visa and Migrant Worker Taskforce (p.103)

#### *Australian Trade and Investment Commission (Austrade)*

1.23 Topics examined during the hearing included:

- Regional Tourism Events Initiative, including grant processes, decision making processes, and impact of COVID-19 (pp. 106-107)

#### *Export Finance Australia*

1.24 Topics examined during the hearing included:

- Proposals and projects supported under the Pacific and Indo-Pacific infrastructure mandate (pp. 109-110, 112-113)
- Critical Minerals Strategy (pp. 111-112)

#### *Tourism Australia*

1.25 Topics examined during the hearing included:

- \$76 million tourism recovery package as part of the National Bushfire Recovery Fund (pp. 114-118, 119-120, 129-130)
- Events engaging the diplomatic network (p. 119)
- Impact of COVID-19 and bushfires on tourism industry (pp. 120-122)

- Domestic market campaigning, including 'Holiday Here This Year', and the national commercial partnership packages (pp. 123-128)

**Senator the Hon Eric Abetz**  
**Chair**



# Appendix 1

## Tabled documents

### Defence Portfolio

*Wednesday, 4 March 2020*

Mr Ron Finlay AM, Member, Naval Shipbuilding Advisory Board	Statement by Professor Donald C Winter on behalf of the Naval Shipbuilding Advisory Board
Senator the Hon Linda Reynolds CSC, Minister for Defence	Opening statement
Ms Rachel Noble PSM, Director-General, Australian Signals Directorate	Opening statement
Mr Barry Jackson, Managing Director, Defence Housing Australia	Opening statement
Ms Liz Cosson AM CSC, Secretary, Department of Veterans' Affairs	Opening statement

### Foreign Affairs and Trade Portfolio

*Thursday, 5 March 2020*

Ms Frances Adamson, Secretary, Department of Foreign Affairs and Trade	Official development assistance funding
Ms Frances Adamson, Secretary, Department of Foreign Affairs and Trade	Correspondence from the Permanent Representative of Australia to the United Nations to the Secretary-General of the United Nations



# Appendix 2

## Letter from the Minister for Defence to the President of the Senate



**SENATOR THE HON LINDA REYNOLDS CSC**  
**MINISTER FOR DEFENCE**  
**SENATOR FOR WESTERN AUSTRALIA**

Senator the Hon Scott Ryan  
President of the Senate  
Parliament House  
CANBERRA ACT 2600

MC20-000471

**27 FEB 2020**

Dear Mr <sup>SRH</sup> President,

I refer to General Business Notice of Motion 415 which was put and passed on 12 February 2020, which *requires members of the Naval Shipbuilding Advisory Board including, but not limited to, the Chair of the Board to appear before the Foreign Affairs, Defence and Trade Legislation Committee when it meets to consider the 2019-20 additional estimates, at 9 am on 4 March 2020.* You will be aware that the Naval Shipbuilding Advisory Board (NSAB) falls within my area of responsibility.

The Department of Defence has contacted NSAB board members to advise them of this ruling and seek their availability.

All board members are conscious of the significance of the Senate Order but have advised that they have prior interstate or international commitments that would preclude their attendance on 4 March 2020. It is worth emphasising that six of the nine members permanently reside in the United States of America, and as eminent experts in their respective fields, hold multiple board appointments and corporate responsibilities.

The next meeting of the NSAB in Australia is scheduled for the week on 30 March and I have written to the Chair of the Foreign Affairs Defence and Trade Legislation Committee, Senator Abetz, proposing that a supplementary/spill-over hearing might be scheduled at this time to facilitate the appearance of the NSAB before the Estimates committee.

I trust this information will be of assistance to you should the matter come before the Senate chamber again.

Yours sincerely,

**Linda Reynolds**

