

Senate Foreign Affairs, Defence and Trade Legislation Committee

Report to the Senate

Introduction

1.1 On 9 February 2017, 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 2017 [Appropriation Bill (No. 3) 2016-2017]; and
- particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2017 [Appropriation Bill (No. 4) 2016-2017].¹

1.2 The committee conducted public hearings with the Defence portfolio on 1 March 2017 and the Foreign Affairs and Trade portfolio on 2 March 2017. 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. The committee also received evidence from Senator the Hon George Brandis QC, representing the Minister for Foreign Affairs, and Senator the Hon James McGrath, representing the Minister for Tourism and International Education and the Minister for Trade and Investment, and from officers from the relevant departments and agencies.

1.3 The committee held a spill-over hearing on 30 March 2017 with the Department of Defence. The committee received evidence from Senator the Hon Marise Payne, Minister for Defence, and from officers from the department.

1.4 The transcripts of these public hearings and answers and additional information are available on the committee's website at: http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/fadtcte/estimates/adding1617/index

Questions on notice

1.5 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 Friday 21 April 2017.

Defence portfolio: 1 March 2017 hearing

Department of Defence

1.6 The committee received evidence from Air Chief Marshal Mark Binskin AC, Chief of the Defence Force (CDF), Mr Dennis Richardson AO, Departmental Secretary and officers of the Defence organisation.

1 *Journals of the Senate*, No. 26, 9 February 2017, pp. 888–889.

Opening statements

1.7 Air Chief Marshal Binskin, CDF, updated the committee on operations in the Middle East, in particular Australia's work with the Iraqi security forces. The CDF discussed Australia's ongoing contribution to the Resolute Support mission in Afghanistan, Defence's international maritime efforts, and border protection operations.²

1.8 Mr Richardson, Secretary, discussed downsizing of Defence APS workforce and the restructuring of the workforce to better meet the needs of the White Paper; in particular, augmentation of cyber and shipbuilding areas. The Secretary advised that the successor program to Pathway to Change would be in place by mid-2017, and noted that Defence's budget will come under pressure over the next four years as significant activities such as shipbuilding were rolled out.³

1.9 Other topics examined during the hearing on 1 March 2017 included:

Questions arising from opening statements, portfolio and budget overview

- Counter-Daesh efforts (pp. 10–16)
- Transparency of absorbed budget measures (pp. 13–14)
- Deir al-Zor strike (pp. 15–16)
- Defence's interaction with the Trump administration (pp. 18–21, 36–38, 65–68)
- Iraq dossier released to Fairfax (pp. 35–36)
- Dispute with Indonesia (pp. 26–29)

Program 1.2: Navy Capabilities

- Future Submarine Program (pp. 45–46, 50–51, 69–74, 82)
- Naval Shipbuilding Plan (pp. 46–50)
- Coles and Rizzo reports (pp. 30–32)

Program 1.3 Army Capabilities

- Combat ration packs (pp. 32–35, 51, 74)

Program 1.4 Air Force Capabilities

- Joint Strike Fighter (pp. 76–77, 85–87)
- PC-9 replacement program (p. 77)
- Expansion of Shoalwater Bay and Townsville field training areas (pp. 77–80, 94–95)
- Consolidation of defence bases (pp. 90–92)

2 *Proof Committee Hansard*, 1 March 2017, pp. 8–9.

3 *Proof Committee Hansard*, 1 March 2017, pp. 9–10.

- Local content of uniforms (pp. 83–85)
- Management of credit cards (pp. 87–89)
- Review of the suicide prevention services (pp. 92–94)

Program 1.7: Capability Acquisition and Sustainment

- Centre for Defence Industry Capability (pp. 51–55)
- Australian industry content in projects (pp. 74–75, 80–82)

Program 1.9 Associate Secretary—Estate and infrastructure

- Disposal of departmental property (pp. 22–23)
- Contamination issues (pp. 57–62)
- Power supply to Osbourne, SA (pp. 38–41)

Program 1.11 Associate Secretary—Defence People

- Aboriginal Community Assistance Program in Leura (pp. 55–56)
- Pathway to Change review (pp. 62–64)
- Sexual Misconduct Prevention and Response Office (pp. 64–65)
- Indigenous APS personnel (pp. 16–17)
- Number of contractors and consultants (pp. 17–18, 23–26)
- IT contract with Abacus Innovation, Mr Walker's employment (pp. 41–44)

Defence Housing Australia

1.10 The committee received evidence from Ms Jan Mason, Managing Director, and officers.

1.11 Topics examined during the hearing on 1 March 2017 included:

- Refurbishment of houses (pp. 95–96)
- Local content in projects (p. 96)
- Toowoomba development (p. 97)
- Process for appointing directors (pp. 98–99)

Australian War Memorial

1.12 The committee received evidence from Dr Brendan Nelson, Director, and officers.

1.13 Topics examined during the hearing on 1 March 2017 included:

- Art as therapy for veterans (pp. 99–100)
- Honest history article on visitor figures (pp. 101–102)
- Spirit of Anzac traveling exhibition (p. 102)
- National Anzac Centre Albany (pp. 102–103)

- Beersheba commemorations (p. 103)

Department of Veterans' Affairs

1.14 The committee received evidence from Mr Simon Lewis PSM, Departmental Secretary, and officers.

1.15 Topics examined during the hearing on 1 March 2017 included:

- Review of suicide intervention services, suicide figures (pp. 104–106, 126–127)
- ICT upgrades and business case for veteran-centric reform (pp. 106–109)
- Effect of incomplete service records on applications (pp. 109–111)
- Use of companion dogs as medical treatment for mental health conditions (pp. 111–113)
- Minister's rules for Digital Readiness Bill (pp. 113–115)
- Rejected claims and appeals (pp. 115, 123–124)
- Leading health conditions in claims to DVA (pp. 116–117)
- Mefloquine claims (pp. 117–121)
- Veterans' Employment Program (pp. 121–124)
- Appeals to the AAT (pp. 124–126)
- Figures related to radiation exposure (pp. 127–129)
- Veteran and Community Grants program (pp. 129–130)
- Veterans Access Network offices (pp. 130–131)
- DART communication and engagement (pp. 131–133)
- Advocacy Training and Development Program (pp. 133)
- Rehabilitation services (pp. 135–136)

Foreign Affairs and Trade portfolio: 2 March 2017 hearing

Department of Foreign Affairs and Trade (non-trade programs)

1.16 The committee welcomed Ms Frances Adamson, Departmental Secretary, and officers.⁴

1.17 The Secretary's opening statement updated the committee on DFAT's corporate reforms, regional management training, progress of the Foreign Policy White Paper, and the Global Heads of Mission meeting.⁵

1.18 Topics examined during the hearing on 2 March 2017 included:

4 *Proof Committee Hansard*, 2 March 2017, p. 6.

5 *Proof Committee Hansard*, 2 March 2017, pp. 6–8.

Portfolio and Budget Overview

- Global Heads of Mission meeting, Foreign Policy White Paper (pp. 8–16, 18)
- Review of officials' entitlements (pp. 16–19)
- Forward aid budgets (pp. 19–21, 23–24, 37–38)
- Foreign Minister's Portsea Polo attendance (pp. 26–30, 41–43)
- Mateship military film, Joe Hockey's and DFAT's roles (pp. 77–78)

Pacific

- Funding for YWAM medical supply ship (p. 79)
- PNG LNG project (pp. 67–70)
- PNG broadcasting for natural disasters, ABC Pacific services (pp. 91–95)
- Regional Assistance Mission to Solomon Islands (RAMSI) (pp. 80–81)

North Asia

- Special Strategic Partnership, Prime Minister Abe's visit (pp. 24–26, 32)

Southeast Asia

- Human rights violations in Myanmar (pp. 82–84)
- Funding to prevent Philippines child abuse (p. 89)

Middle East and Africa

- Coalition to counter Daesh, provision of aid in Middle East (pp. 52–56)
- Relocation of Tel-Aviv embassy (pp. 56–57)
- Suspension of aid to World Vision in Palestinian territories (pp. 81–82)

Americas

- Australia's engagement with the US (pp. 30–36, 43–47)
- Prime Minister Turnbull's phone call with President Trump (pp. 39–41)
- Australia-US Business Week, G'Day USA, gala costs (pp. 64–67, 72–75, 86–88)
- Tickets to inauguration of President Trump (pp. 75–77)

Europe

- 'She Decides' initiative (pp. 38–39, 60–63)
- Diplomatic immunity of Cardinal Pell (pp. 70–72, 90–91)

Multilateral policy, development, legal and environment

- Australia's UN Human Rights Council bid (pp. 36–38)
- Special Envoy for Human Rights (pp. 47–51)
- Ambassador for Cyber Affairs (pp. 51–52)

- Global Refugee Summit, resettlement of South American refugees (pp. 57–59)

International security, nuclear disarmament and non-proliferation

- Weapons of mass destruction, disarmament, NPT, Australia's relationship with states that have not ratified Biological and Chemical Weapons Conventions (pp. 100–103)

Public diplomacy and communications

- Public diplomacy programs, Ms Abdel-Magied's global tour (pp. 21–23, 90)

Multilateral replenishments and global development partnerships

- Clinton Foundation (pp. 85–86)

Security, ICT and Overseas Property

- Embassy in Washington (pp. 95–99)

Department of Foreign Affairs and Trade (trade programs)

1.19 The committee received evidence from officers of the trade division of the department, Australian Trade and Investment Commission, Export Finance and Insurance Corporation, and Tourism Australia.

1.20 Topics examined during the hearing on 2 March 2017 included:

- Free trade agreements, TPP, JAEPA, ChAFTA, RCEP, SAFTA (pp. 104–107, 117–121)
- One Nation and Coalition partnership, effect on relations with Indonesia (pp. 107–112)
- Non-Tariff Barriers (pp. 112–117, 128)

Australian Trade and Investment Commission

- Landing Pads (pp. 121–124)
- Tourism Grants, Cradle Mountain Master Plan (pp. 124–125)
- Australian Export Awards (pp. 125–126)
- Australia Week in China (pp. 126–127)

Export Finance and Insurance Corporation

- Efic Amendment concerns, NAIF, fossil fuels (pp. 128–135)

Tourism Australia

- Cradle Mountain Master Plan (p. 135)
- Update on Tourism 2020 (pp. 136–139, 141–142)
- Holiday Maker Campaign in UK (p. 139)
- Australia-China Year of Tourism (p. 139–141)

Spill-over hearing: 30 March 2017

Department of Defence

1.21 The committee received evidence from Mr Dennis Richardson, Secretary of the Department of Defence, and officers.

1.22 Topics examined during the hearing on 30 March 2017 included:

- Land contamination
- Enterprise Bargaining Agreement
- Political comments by Defence officials
- Defence procurement, cost overruns and underperformance
- South Australia power supply
- Future Submarines
- Centralised processing, IT service
- Defence Family Support
- Statement on Projects of Concern
- Cost of WA shipyards
- LAND400 procurement
- Minister Pyne's newsletter
- Naval Shipbuilding
- Defence service providers, consultants, contractors

Acknowledgements

1.23 The committee thanks Senator the Hon Marise Payne, Senator the Hon George Brandis QC, Senator the Hon Nigel Scullion, and Senator the Hon James McGrath 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

