

The Senate

Foreign Affairs, Defence and
Trade Committee

Additional estimates 2008–09

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Senate Standing Committee on Foreign Affairs, Defence and Trade

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Senator David Feeney, ALP, Vic
Senator Hon Alan Ferguson, LP, SA
Senator Michael Forshaw, ALP, NSW
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Senate Standing Committee on Foreign Affairs, Defence and Trade

Report to the Senate

Introduction

1.1 On 4 December 2008, the Senate referred to the committee for examination and report the following documents:

- Particulars of certain proposed additional expenditure in respect of the year ending 30 June 2009 relating to the Defence portfolio and the Foreign Affairs and Trade portfolio, and
- Particulars of proposed additional expenditure in respect of the year ending 30 June 2009.

1.2 The committee has considered the proposed additional expenditure for the year ending 30 June 2009. It has received evidence from the Minister representing the following ministers: the Minister for Foreign Affairs; the Minister for Trade; the Minister for Defence; and the Minister for Veterans' Affairs, and officers of the departments and agencies concerned.

1.3 The committee met in public session on 25 and 26 February 2009. 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).

Questions on notice

1.4 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, 9 April 2009.

Defence portfolio

Department of Defence

1.5 The committee acknowledged the presence at the hearings of Air Chief Marshal Angus Houston AC, AFC, Chief of the Defence Force (CDF), Mr Nick Warner PSM, Secretary of the Department of Defence, and officers of the Defence organisation.¹

1 Transcript page numbers for the Defence portfolio refer to *proof Committee Hansard*, 25 February 2009. (See the transcript index at the back of this report.)

Chief of the Defence Force opening statement

1.6 Air Chief Marshal Houston gave the committee an overview on ADF operations in Iraq, Afghanistan, East Timor the Solomon Islands and the ADF response to the recent bushfires in Victoria.²

1.7 CDF stated that Australia's military commitments in the Middle East were recently modified following the expiration of the United Nations Security Council mandate 1790 at the end of 2008:

Just prior to the expiration of the mandate, a motion was passed by the Iraqi parliament for the orderly withdrawal of the remaining non-US coalition forces by the end of July. Following the passage of this resolution Australia negotiated a memorandum of understanding with Iraq which extends our contribution of military staff officers embedded within coalition headquarters to 31 July 2009. Subject to government consideration, after this date the ADF will continue to support Iraq in a number of ways, including through a small staff deployed to the United Nations Assistance Mission in Iraq, and a security detachment to provide protection to the Australian Embassy and its staff in Baghdad.

...

While 2009 will remain a challenging period for the Iraqi government, the desire of the Iraqi parliament to draw down all non-US forces by 31 July is a strong indication of the Iraqi government's improved capacity to manage its own security affairs. Essentially, the security situation in Iraq has improved substantially over the last 18 months. Despite periodic escalations, there has been a downward trend in sectarian violence and in attacks on coalition forces.³

1.8 In relation to Afghanistan, Air Chief Marshal Houston updated the committee on a recent meeting held in Poland of the International Security Assistance Force. He explained:

Earlier this month, I accompanied the Minister for Defence to a working session for International Security Assistance Force defence ministers... This meeting provided the minister with an opportunity to engage with the major troop-contributing countries operating in Afghanistan... While in Krakow, the defence minister conducted successful bilateral meetings with various counterparts including the United States Secretary for Defence, the Canadian Minister of National Defence, and the Afghan Minister for Defence. In addition to these meetings, I conducted successful counterpart calls with the United Kingdom Chief of Defence Staff, and the Dutch Chief of Defence Staff.

2 *Proof Committee Hansard*, 25 February 2009, pp. 4–8.

3 *Proof Committee Hansard*, 25 February 2009, pp. 4–5.

During these calls, the minister and I reiterated the need for a sustained and comprehensive international commitment in Afghanistan that emphasises security, development, governance and engagement with Afghanistan's regional partners—particularly Pakistan. We also stressed the importance of ensuring that non–NATO partners continue to have the opportunity to participate in Afghanistan planning meetings. We also took the opportunity to discuss the upcoming Afghan presidential and provincial elections, and the ongoing development and expansion of Afghanistan's national security forces.⁴

1.9 The CDF also outlined the ADF's contribution to the recent bushfire effort in Victoria:

In terms of ADF support to the disaster effort, I am very proud of the assistance provided by the ADF. At present, we are contributing about 180 people who are providing specialist and emergency support. We have just got another request through the emergency management authority for another 90 people to do search work for the Victorian coroner. These numbers are down from a peak of about 800 personnel and indicate that local people in the fire affected area are beginning to re-establish their communities and local businesses and that state government agencies are now re-established. This has resulted in a decreased reliance on ADF resources and has allowed for a gradual drawdown of troops and assets from the area.

...

Of course, ADF support to the bushfires was just one part of a much larger effort. I would particularly like to congratulate the more than 4,000 firefighters from the Country Fire Authority and the Department of Sustainability and Environment. I would also like to congratulate the Victoria Police and the State Coroner's Office of Victoria. On behalf of all the men and women of the ADF, I commend them on a difficult job very well done.⁵

1.10 The Chief of Army provided a lengthy statement explaining the circumstances surrounding the pay anomalies for special forces personnel. This explanation was followed by intense questioning by committee members.⁶

1.11 Other topics examined during the hearing included:

Portfolio overview and budget summary

- Afghanistan (pp. 19–30, 31, 58).
- East Timor (p. 30).

4 *Proof Committee Hansard*, 25 February 2009, p. 5.

5 *Proof Committee Hansard*, 25 February 2009, p. 7.

6 *Proof Committee Hansard*, 25 February 2009, pp. 8–19.

- Defence white paper: national security; cost and use of fuel (pp. 31–33, 44–46).
- Foreign exchange movements (pp. 34–35).
- Efficiency dividend and funding (pp. 35–37).
- Obesity and overweight issues in the ADF (pp. 37–44, 61).
- Newly announced security adviser (pp. 46–47).
- ADF deployment to the Victorian bushfires (pp. 47–48).

Output group 1.1 Office of the Secretary and Chief of the Defence Force

- Gap year program (pp. 61–63, 81).
- Environmental impact assessments for Exercise Talisman Sabre (pp. 64–66).
- Force disposition in South Australia (pp. 66–67).

Output group 1.2 Navy capabilities

- *HMAS Perth*, mechanical difficulties, a rescue strategy and submariner rescue training (pp. 48–58).

Output group 1.5 Intelligence capabilities

- Pine Gap (p. 82).
- Rendition of Mamdouh Habib (pp. 82–83).

Output group 1.13 People strategies and policy

- Childcare for Defence personnel (pp. 58–60).

Output group 3.1 Defence contribution to support tasks in Australia

- ADF's involvement in the Northern Territory intervention (pp. 63–64, 75).

Defence Materiel Organisation

- Disposal of Leopard tanks for memorial purposes (pp. 67, 75).
- Strategic aviation: the transport of ADF personnel (pp. 67–68, 75).
- Wedgetail airborne early warning and control (AEW&C) aircraft (pp. 68–69).
- Air warfare destroyer program (p. 70).
- Guided missile frigate (FFG) upgrade program (pp. 70–72).
- Anti–ship missile defence program (pp. 73–74).
- Helicopters (pp. 74–75).
- Vigilair (pp. 76–77).
- Joint strike fighter (JSF) (pp. 77–80).
- Israeli interest in 'joint direct attack munition–extended range' (JDAM–ER) (pp. 80–81).

- Use by ADF of white phosphorous (p. 81).
- Methodology for Australian National Audit Office (ANAO) review of major Defence projects (pp. 96–97).

Defence Housing Australia

1.12 The committee acknowledged the presence at the hearings of Mr Michael Del Gigante, Managing Director, and officers from Defence Housing Australia (DHA).

1.13 Matters raised by the committee included:

- New defence housing (pp. 84–85).
- The current financial situation and a slow-down in sales of DHA properties (pp. 85–86).
- Age of housing stocks (p. 86).
- Housing stock in the Adelaide area (pp. 86–87).
- Sustainability and the star rating of DHA stock (pp. 86–87).

Department of Veterans' Affairs

1.14 The committee acknowledged the presence at the hearings of Mr Ian Campbell PSM, Secretary, and officers of the Department of Veterans' Affairs (DVA).

1.15 Matters raised by the committee included:

Portfolio overview/Corporate and general matters

- Partner service pensions: proposed changes to partner entitlements for separated partners (pp. 88–89, 98).
- Questionnaire to separated partners of veterans (pp. 88–89).
- Veterans' access to, and use of, computers, access to printed fact sheets; demographic analysis of DVA clientele (pp. 90–91).
- Staff reductions projected over next three years and a review of administrative changes (p. 91).
- DVA legal expenses, the veterans' appeal process and the Veterans Review Board and the Administrative Appeals Tribunal (pp. 92–93).
- Pensions to Australian allies in Vietnam or elsewhere; protocols and agreements; Prime Minister's Advisory Council on Ex-Service Matters (pp. 94–96, 98).
- Inquiries and reviews: Clarke review (p. 95), review into the Repatriation Pharmaceutical Benefits Scheme, Vietnam veterans health study (pp. 96–97).
- Transition by veterans from military life to civilian life (pp. 97–98).
- Nominal rolls (pp. 98–99).
- Australian memorials in Gaza and Beersheba (pp. 99–100).

- Australian interpretive centre at Villers–Bretonneux (pp. 100–101).
- Monuments and memorials in Canberra (p. 101).

Australian War Memorial

1.16 The committee acknowledged the presence at the hearings of Major General Steve Gower AO, Director, and officers of the Australian War Memorial (AWM).

1.17 Matters raised by the committee included:

- National service memorial in Canberra (pp. 101–102).
- Vandalism to the Australian War Memorial (p. 102).
- Projected budget allocations for the AWM (p. 102).
- Historical evidence and terminology used to describe events portrayed in exhibitions and galleries at the AWM (pp. 102–103).

Foreign Affairs and Trade portfolio

Department of Foreign Affairs and Trade

1.18 The committee acknowledged the attendance at the hearings of Mr David Ritchie, Deputy Secretary, and officers of the Department of Foreign Affairs and Trade.⁷

1.19 The committee sought an update on the issue of the root and branch review. The department responded that, in collaboration with the Department of Finance and Deregulation, it had completed all the analysis work for the review.

1.20 Mr Ritchie stated that:

The analysis that has been completed is considered by the government as part of the 2009–10 budget process, and we will just have to wait to see what comes out of the budget process.⁸

1.21 The committee wanted to know whether the review had been completed and a conclusion had been reached. Mr Ritchie explained:

It is basically the work that we have done, jointly with the Department of Finance, as was required under the root and branch review, to look at the financial base budget data relating to the department and work of the budget relating to the outcomes we are expected to achieve. That work has been done—benchmarking, so to speak, and other things—and that body of

7 Transcript page numbers for the Foreign Affairs and Trade portfolio refer to *proof Committee Hansard*, 26 February 2009. (See the transcript index at the back of this report.)

8 *Proof Committee Hansard*, 26 February 2009, p. 5.

work, agreed between us and finance, is part of the process that is now being undertaken of considering the 2009–10 budget for the department by the government.⁹

1.22 Matters raised by the committee included:

Portfolio overview

- Operation Sunlight (p. 7).
- DFAT collective agreement negotiations (pp. 7–8).
- Staff resignations or separations (pp. 8–9, 11, 66, 95).
- Number of indigenous employees and the National Indigenous Cadetship Project (pp. 9, 95).
- Language training and recruitment of graduate trainees (pp. 9–11, 95).
- Language competencies and heads of missions (pp. 11, 95).
- Age profile of staff in the department and filling of vacancies; costs to fill certain positions (pp. 11–14, 16, 95).
- ASIS activities which could be examined in a public forum (p. 22).

Output 1.1

1.1.1—North Asia

- Japan and whaling and Australia's Special Envoy for Whale Conservation; a diplomatic solution and international legal action (pp. 17–21).
- Australian diplomatic representation with the Democratic People's Republic of North Korea (DPRK) (p. 25).
- North Korean missile program; six party talks (pp. 26, 27).
- Visit from the President of the Republic of Korea: (p. 26).

1.1.2—South East Asia

- Burma: ASEAN, United Nations and diplomatic efforts on Burma; (pp. 27–29). Humanitarian aid and governance in Burma (pp. 30–31).
- Asia Pacific initiative and the recent Australia–Indonesia conference (pp. 31–34).
- Global financial crisis and its effect on South East Asia (pp. 35–38).

1.1.3—Americas

- Guantanamo Bay detainees (pp. 22–25).
- Australia's ambassador in Washington (p. 38).

9 *Proof Committee Hansard*, 26 February 2009, p. 5.

1.1.4—Europe

- The Holy See: Australia's embassy to the Holy See (pp. 38–48, 96–97).

1.1.5—South and West Asia, the Middle East and Africa

- Africa: Australian missions in Africa (pp. 48–49, 53–54, 66).
- Pakistan: counterinsurgency training for Pakistan military (pp. 49–50).
- Afghanistan: Australia's long-term commitment to Afghanistan (pp. 51–53).
- Sri Lanka (p. 66).

1.1.6—Pacific

- Pacific seasonal worker pilot scheme in Australia (pp. 21–22).
- Pacific Islands Forum (p. 59).

*1.1.7—Bilateral, regional and multi-lateral trade negotiations and**1.1.8—Trade development/policy coordination and Asia–Pacific Economic Cooperation*

- The Cairns group (pp. 93–94).
- US stimulus bill and Australia's trade relationship with the US (pp. 94–95).

1.1.9—International organisations, legal and environment

- Australia's participation in the Durban II conference (pp. 59–65, 67).

2.1—Consular and passport services

- India: Mumbai bombings (pp. 54–57, 95).

AusAID

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

1.24 Matters raised by the committee included:

- Emergency assistance for Gaza and United Nations Works and Relief Agency (UNWRA) (pp. 67–69).
- Impact of the global financial crisis on Australia's region: Asian Development Bank and International Labour Organisation observations from AusAID's perspective (pp. 71–73).
- Pacific Partnership Development (PPD) (pp. 72–73, 74–78).
- HIV/AIDs in Papua New Guinea (pp. 78–80).
- AusAID funding and family planning services (pp. 80–81).
- Maternal health and child health (pp. 81–82).
- Australia's contribution to flood relief in Fiji (p. 82).

- Elections in Fiji, Supervisor of Elections (pp. 82–83)
- Responsibility to protect fund (RTP) (pp. 84–85).
- Overseas development aid (ODA) (pp. 85–86).
- Avoid blindness initiative (pp. 86–88).
- Debt for health swap (pp. 88–89).

Australian Centre for International Agricultural Research (ACIAR)

1.25 The committee acknowledged the attendance at the hearings of Mr Peter Core, Chief Executive Officer of ACIAR.

1.26 Matters raised by the committee included:

- Multiyear food security initiative (pp. 69–71).
- Funding for Indian food security research (p. 70).

Austrade

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

1.28 Matters raised by the committee included:

- Export Market Development Grants Scheme (pp. 90–91).
- Free trade agreements (p. 92).
- Reduction of staff and closure of Austrade offices overseas (pp. 92–93).

Acknowledgements

1.29 For their assistance during its hearings, the committee thanks the Special Minister of State, Senator the Hon John Faulkner, Senator the Hon Penny Wong, Senator the Hon Jan McLucas, Senator the Hon Joe Ludwig. 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 Mark Bishop

Chair

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Defence and Trade**

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