

The Senate

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Foreign Affairs, Defence and  
Trade Legislation Committee

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Budget estimates 2006–07

June 2006

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# Senate Foreign Affairs, Defence and Trade Legislation Committee

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# Senate Foreign Affairs, Defence and Trade Legislation Committee

## Report to the Senate

### Introduction

1. On 9 May 2006, the Senate referred to the Committee for examination and report, the following documents:
  - Particulars of proposed additional expenditure for the service of the year ending 30 June 2007; and
  - Particulars of certain proposed additional expenditure for the service of the year ending 30 June 2007 relating to the Defence portfolio and the Foreign Affairs and Trade portfolio.
2. The Committee has considered the proposed budget expenditure for the year ending 30 June 2007, and has received evidence from the Minister representing the Minister for Foreign Affairs and the Minister for Trade; also the Parliamentary Secretary 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 29, 30 and 31 May and 1 June 2006. 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, 27 July 2006.

### Foreign Affairs and Trade portfolio

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

5. The Committee acknowledged the attendance at the hearings, of Mr Doug Chester, and Ms Gillian Bird, and officers of the Department of Foreign Affairs and Trade.<sup>1</sup>

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1 Transcript page numbers for each day begin at page 1. Foreign Affairs and Trade portfolio hearings are in *Proof Hansards*, 29 and 30 May, 2006. (See the transcript index at back of this report.)

6. The Committee notes that it wrote to the Secretary of Department of Foreign Affairs and Trade, Mr Michael L'Estrange, on 16 May 2006, inviting him to attend the public hearings. He declined the invitation stating:

Consistent with the practice established over many years now, the Minister for Foreign Affairs and the Minister for Trade are of the view that the representation of the Department at the estimates hearings at Deputy Secretary level, and involving Division Heads, Branch Heads and other relevant Departmental officers, is appropriate and enables the Department to fulfil its responsibilities at these Committee hearings in a proper, effective and practical way.

7. It is true that a practice seems to have developed whereby the Secretary of the Department does not attend the estimates hearing. The committee has no doubt that the officers representing the Department of Foreign Affairs and Trade at estimates hearings are fully competent to speak authoritatively and informatively on matters asked of them. Nonetheless, the Committee is disappointed that the Secretary of the Department, does not appear. It is more concerned, however, that the non-appearance of the Head of the Department is deemed to be accepted practice. The committee suggests that even though this may be a long-standing practice, it may not be the most desirable one.

8. The Committee believes that the Secretary of the Department of Foreign Affairs and Trade would make a valuable contribution to the estimates process. His knowledge, experience and the authority with which he speaks would be much appreciated. The committee makes an open invitation to the Secretary to attend future estimates hearings.

*Late answers to questions on notice*

9. The Department of Foreign Affairs and Trade was asked about the late response to the 52 questions taken on notice during the last estimates hearings in February 2006. The department informed the committee that no question had been answered by the required date of 30 March 2006 set down by the committee. Mr Doug Chester, Deputy Secretary, stated that all but one of the answers had been sent as a single package to the Minister's office on 5 April for clearance. He explained that they were cleared by Mr Vaile on 9 May and by Mr Downer on 22 May and submitted to the committee as a package on 23 May.<sup>2</sup>

10. The Committee sought an explanation for the approach taken in treating the questions as a single set. This arrangement meant that the complex questions warranting more detailed attention held back the production of the bulk of answers. The Minister told the committee that sometimes the complexity of answering some questions creates delay. She stated, however, that the Committee 'has an entitlement to

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2 *Committee Hansard*, 29 May 2006, p. 5.

have its questions answered in as timely a manner as possible' and undertook to mention the matter to both Minister Downer and Minister Vaile.<sup>3</sup>

*Matters that might come before the Cole Commission and future hearings*

11. During the last estimates hearings in February 2006, the Minister at the table informed the committee of a government directive instructing officials appearing before Senate legislation committees not to answer questions on matters before the commission of inquiry being conducted by the Hon. Terrence Cole into certain Australian companies in relation to the oil for food program.<sup>4</sup>

12. The Minister explained that:

...the royal commission has been set up to deal with those issues in a public way, in a transparent way, that enables all those matters to be properly canvassed. The government has taken the view that it should run its course at an appropriate time.<sup>5</sup>

13. This directive remained in force for the current estimates hearings and on a number of occasions officers declined to answer on the grounds that the questions touched on matters that could come before the Royal Commission.

14. The Minister did, however, inform the committee that:

The government has taken this course not in any way to deny this committee its core job. It is simply a matter of timing to allow the inquiry to run its course. The statement itself says that it might be appropriate for us to make responsive answers to all these questions once the inquiry has reported.<sup>6</sup>

15. The Committee was particularly concerned about the future availability of officers to answer questions that they currently, under the government directive, cannot answer. The Committee noted that officers frequently move from one area of responsibility in the department to another. It was concerned that once the directive was lifted, relevant officers may have moved to another area of the department and may no longer be available to the committee to examine.

16. A committee member brought his concerns to the attention of the Department, and requested that officers involved in the AWB and oil for food inquiry be available to answer questions at future hearings even though they may have moved to other areas of responsibility.

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3 *Committee Hansard*, 29 May 2006, p. 5.

4 *Committee Hansard*, 16 February 2006, p. 4

5 *Committee Hansard*, 16 February 2006, p. 56.

6 *Committee Hansard*, 16 February 2006, pp. 58–59.

17. The Committee now takes up matters raised during the hearing. They included:

*Portfolio overview*

- Language skills of heads of mission in overseas posts (pp. 5–6).
- Departmental code of conduct; APS values as they apply to Australians posted overseas, codes of conduct for locally engaged staff; APS employees engaging in political activities (pp. 6–14).
- DFAT officers on suspended on full pay; disaggregation of the cost to the department to have Mr Smith on suspension (pp. 14–17, 20). Basis for the investigation and subsequent suspension of an officer (pp. 17–19). Reviews of the case, applications for promotion (pp. 20–21).
- Security clearances (p. 22).
- Security issues: Security tapes of the RG Casey building; protocols for retaining or disposing of tapes; security legislation review committee report (Sheller report) recommendations (pp. 21–22, 23–26). Break in at the child care centre; perimeter security breaches; CCTV (pp. 55–58).
- Representations by the Indian Government to the Minister and the department regarding AWB (pp. 26–27).
- Administrative arrangements for the Cole inquiry; cost of departmental resources used to address the inquiry; Iraq Task Force, legal branch; legal services and costs; travel expenses for legal counsel; overtime costs (pp. 27–30, 34–36 [31 May; 41 [1 June]).
- Cole inquiry notices to produce documents; cables (pp. 31–33; 36–40).
- Department's role in Mr Vaile's appearance at the Cole inquiry (p. 41).
- East Timor: current situation; UN presence in East Timor; Australian involvement in UNOTIL, Australian representations to the Security Council (pp. 43–47). Evacuations out of East Timor; law and order (pp. 47–50, 64). Terms of Australia's military and police presence in East Timor; telephone communications (pp. 50–51). Reform of East Timor's agriculture; education (p. 51).
- Budget sustainability: additional funding for new policy initiatives (pp. 53–55).
- Department's role in assisting parliamentary travel; disclosure of travel information (pp. 58–60).
- Security treaty with Indonesia; human rights issues in West Papua; visits by Australian consular present in West Papua; assessment of the Act of Free Choice; West Papuan asylum seekers and Siti Waingai (pp. 60–62).
- Papua New Guinea: removal to PNG of asylum seekers on Horn Island; PNG resources (pp. 62–63).

- Detainees left on Nauru (pp. 62–63).
- Burma and Aung San Suu Kyi (p. 63). Australian representations about the extension of Aung San Suu Kyi's detention (pp. 66–67).
- Laos: detention of Hmong children (p. 63).

#### *1.1.1 North Asia*

- Live organ harvesting from executed prisoners in China; allegations by Falun Gong (pp. 67–68).
- Human rights, religious freedom and freedom of the press, and Australia's ongoing dialogue with China. (pp. 68–69). China's justice system; the ANZUS treaty and Taiwan (pp. 69–71).
- Australians detained and sentenced in Hong Kong (pp. 71, 74–75).

#### *1.1.2 South and South East Asia*

- Earthquake in Indonesia; embassy staff located in Yogyakarta; travel advisory and Australians currently in the area; Australia's response to the disaster; other international agencies involved in disaster relief (pp. 71–73).
- Indonesia and illegal fishing; collaboration between Australia and Indonesia (pp. 73–74).
- Three Australians imprisoned in Hong Kong; prisoner exchange agreements; appeal process; consular contact (pp. 74–77).
- Australian government contact with Philippines government; arrest and detention of Mr Crispin Betran (pp. 78–80).
- Representations by Australia to the Philippines government about the state of emergency powers (p. 80).
- Australian government contact with the government of Burma; discussions with Burma about human rights issues; Australia's mission in Rangoon (pp. 80–81).
- Proposed security treaty with Indonesia; text of the draft treaty; issues covered by treaty; Indonesian representation about West Papuan refugees (pp. 81–82).
- AWB and the Indian wheat contract; role of the department in the transmission of a letter rogatory (p. 85).

#### *1.1.3 Americas and Europe*

- Ireland: Prime Minister Howard's recent visit; Australia's trading relationship, and, Australian mission's role in Ireland (pp. 86–88).
- Case of Mr David Hicks: representations raised with US and British governments; consular access visits; Mr Hick's cell accommodation, and Mr Hick's complaints and 'privileges'; (pp. 91–96). Mr Hick's trial, and, Mr Hick's citizenship (pp. 96–98).
- US and Australia's involvement in the AP6 partnership (pp. 98–99).

- US practices on conducting renditions (pp. 99–100).
- Australia's ambassador to the United States; guests at a state dinner for the PM in Washington (pp. 99–101).

#### *1.1.4 South Pacific, Middle East and Africa*

- Opportunities for Australian companies in north–west Africa; DFAT's role in supporting Australian companies; Paris mission's role in supporting Woodside (pp. 88–91).
- Iran: diplomatic process with Iran; speculation about the use of military action including the use of nuclear weapons against Iran; human rights representations to Iran by Australia (pp. 64–66).
- 'Ethnic cleansing' in Iraq; an exit strategy (p. 102). Civilian deaths and casualties in Iraq; analysis of the ongoing humanitarian situation in Iraq; economic impact of the war; oil production; measuring the civilian casualty and death toll; US statistics (pp. 103–107).
- Allegations by 'Doctors for Iraq' about serious breaches of the Geneva Convention (pp. 108–110).
- Private security forces operating in Iraq (pp. 110–111).
- Declassified document from the Iraq Task Force posted on the Cole Inquiry website (pp. 112–113, 114).
- Solomon Islands: leaked email relating to a comment by DOFA officer (p. 52).
- RAMSI: Ministers' recent joint visit to the Solomon Islands; review of RAMSI; law and order issues and anticorruption (pp. 107–108).
- Bougainville: peace process (p. 108).

#### *1.1.5 Bilateral, regional and multilateral trade negotiations, and*

#### *1.1.6 Trade development /policy coordination and APEC [heard Tuesday, 30 May]*

- US FTA: Australian sugar imports to the US; balance of trade with the US; European community's sugar policies and its impact on the US (pp. 3–7, 30 May).
- Australia's exports to Thailand and Singapore (pp. 7–8).
- Trade negotiations with the United Arab Emirates (pp. 8–11).
- Wheat Australia and the Iraq grain board; contract signing for wheat deal (pp. 11–13).
- Australia–China FTA: discussions on access to the Australian labour market; other services and commodities to be negotiated; China and other FTAs (pp. 14–17).
- WTO: summary of the current situation; Cairns Group; European community; Asia (pp. 17–19).
- Operations of the trade development division and Office of Trade Negotiations (pp. 19–20).

- Australia's export growth (pp. 20–22).
- ASEAN Australia–New Zealand free trade agreement negotiations (pp. 22–24).
- Trade deficit and the current account deficit (pp. 24–25).

#### *1.1.7 International organisations, legal and environment*

- Environmental security: geopolitical implications of climate change in our region (pp. 113–114).
- Requests for compensation for detriment caused by defective administration (pp. 123–125).

#### *1.1.8 Security, nuclear disarmament and non–proliferation*

- Accord between India and US in relation to nuclear power; impact on the nuclear proliferation treaty; nuclear suppliers group (pp. 82–84, 114, 117). Australia's policy on selling uranium (pp. 114–116).
- Discussions between Australia and India on the export of uranium to India; delegation report on visit (pp. 84–85).
- IAEA monitoring of the transfer of uranium (p. 116).
- Rules of the nuclear suppliers group (pp. 117–118). China's uranium production capacity; agreement between Australia and China on which facilities will use Australian uranium (pp. 118, 119–120).
- United Nations ranking of countries' nuclear safety regimes (p. 120). Assessment by DFAT of China's uranium production and nuclear weapons production (pp. 121–122).

#### *1.2 Secure Government communications and security of overseas missions*

- Memorandum of cooperation between the AFP and DFAT; security clearances for diplomatic mission staff (pp. 111–112).

*AusAID* [head Tuesday, 30 May 2006]

18. The Committee acknowledged the attendance at the hearings of Mr Bruce Davis, and officers representing AusAID.

19. Matters raised by the Committee included:

- Comment by the Committee on the confusing layout of tables in the PBS; consistent complaint about access to information about disaggregated figures by individual agency (pp. 26, 44–47; 30 May).
- White paper: additional measures and implementation of the white paper; (pp. 26–27). The white paper and advancing human rights; Pacific land mobilisation program; public–private partnerships; Pacific leadership program–leadership issues and scholarships (pp. 53–54). Performance orientation strengthening; Office of Development Effectiveness; anticorruption strategy (pp. 56–57).

- Multilateral debt relief initiative; debt retirement for Iraq; Paris Club agreement; accounting on paper for the outstanding debt against ODA (overseas aid development) (pp. 27–28; 42–44, 47–48). Mention of the debt in the 'blue book'— *Australia's overseas aid program 2006–07*; what debt relates to; tracking of the debt (pp. 44–46). Debt forgiveness and how it is quantified in budget documents (pp. 46–47). Criteria for debt cancellation (p. 47).
- Indonesia: Australia–Indonesia Partnership for Reconstruction and Development management (pp. 28, 68). Law 41 and open cut mining in previously protected forests (p. 69)
- Aid to Iraq: major projects; methods of payment for goods and services in Iraq; financial guidelines and audit processes; delegations; processing and approving claims; training for contractors (pp. 28–37). Breakdown of aid funding to Iraq; paper by Doctors for Iraq; coordinating with other donors to identify need and provide aid; health sector issues (pp. 49–51).
- Notice to produce documents for the Cole inquiry (p. 37).
- AusAID and AUSTRAC; taking cash out of Australia; matters before the Cole inquiry (pp. 38–41).
- Training of Iraqi police (pp. 48–49).
- HIV/AIDS: UNGAS; draft declaration and the human rights impact of HIV; Asia Pacific Business Coalition; Asia Pacific Leadership Forum (APLF) (pp. 52–53).
- Australia's technical assistance to the Solomon Island's government (p. 55).
- Global fund to fight HIV/AIDS, tuberculosis and malaria; education and strengthening of national systems (pp. 55–56).
- East Timor: overseas aid development and the AFP training the East Timorese police force (pp. 57–58). Reform of East Timor's agriculture; reduction of rice import dependence (p. 58). Allocation of funds to assist the Timor–Leste National Police Force; productive use of the aid available (pp. 58–59).
- East Timor: investment in energy development (pp. 59–60). Health and education programs; programs to empower women and women's reproductive health (pp. 60–61).
- Operations of aid agencies and the unstable situation in Timor at present; AusAID personnel; relief activities and delivery of goods to East Timor (pp. 62–63).
- Nauru: agreements on program policy and designs; funding allocated to the aid program (pp. 64–66).
- Funding for other government departments (p. 66).
- Solomon Islands: engagement of an Australian magistrate (pp. 66–67).

- West Papua and Papua New Guinea: maternal and child health; HIV/AIDS and interaction of health programs between Papua New Guinea and West Papua (pp. 67, 69–71).
- Palestine and the UN relief and works agency (pp. 68–69).
- Aid delivery to Burma (p. 69, 72).
- Nuie: Humanitarian support after cyclone; forests and logging (p. 71).
- Global food store reserves and global food requirements; global warming and rising sea levels (pp. 71–72).
- Non government aid programs; partnerships with non government aid agencies (pp. 72–73).
- World Bank meetings (p. 83).
- AusAID health budget: comparative study of figures; World Health Organisation contribution to reproductive health (pp. 83–84).
- UNFPA and white paper support for multilateral agencies based on their relevance to the white paper's priorities; projects' focus on specific health issues (pp. 84–85).
- Scheduled growth rate in the ODA budget to 2010 (p. 86).
- Humanitarian response funding for the earthquake in Yogyakarta; pressure on funding for future years; AusAID teams responses to meet the immediate and long term needs of the Indonesian people in the area (pp. 86–89).

*Austrade* [head on Tuesday, 30 May 2006]

20. The Committee acknowledged the attendance at the hearings of Mr Hamish McCormick, and officers representing Austrade.

21. Matters raised by the Committee included:

- EMDG: allocation of funding for the financial year; grant claims processed and paid; analysis of rejected claims; breakdown into various categories, of grants paid (pp. 74–78).
- Austrade's operations since the implementation of the US FTA; additional staff; increase in clients assisted by Austrade; monitoring of export performance and outcomes; FTA Export Advisory Board (pp. 78–82).
- Changes to the governance structure of Austrade; change from the FMA act to the CAC act; review of all statutory authorities (pp. 82–83).

## Defence portfolio

### *Department of Defence*

22. The Committee acknowledged the presence at the hearings, of Mr Ric Smith, AO, Secretary of the Department of Defence, and Air Chief Marshal, Angus Houston, AM, Chief of Defence Force (CDF).<sup>7</sup>

### *Declining to answer questions*

23. In his opening statement, the Chair made clear that the Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings:

Any questions going to the operations of financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates.

24. He explained further that 'the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the Parliament or its committees unless the Parliament has expressly provided otherwise'.

25. It should be noted, however, that an estimates committee does not have the capacity to receive evidence in camera and on occasion a clash of interests arises between the committee seeking information and an officer or minister declining to answer a question or series of questions. Under such circumstances, the Committee normally requests or is presented with the grounds for refusing to answer which it then considers and decides whether to require an answer.

26. Such a situation arose during the examination of officers from the Department of Defence. The Committee was inquiring into Lieutenant Commander Fahy's case. She had made allegations of assault and bullying which had been widely canvassed in the media. The Committee recognised that this was a sensitive matter that touched on privacy concerns involving not only Ms Fahy but other individuals caught up in the case. Both the Committee and the Parliamentary Secretary acknowledged that there could be problems pursuing this matter in a public forum. The Parliamentary Secretary stated:

These are particularly difficult matters. The Navy—and the ADF generally in these sorts of things—has one hand tied behind its back. It wishes to be fair and appropriate; at the same time, allegations can continue to be made in the public arena. I think that, in the pursuit of natural justice and privacy matters, we just have to move with the program that has been placed by Navy in the way ahead. We can continue to ask questions, but I just think it

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7 Transcript page numbers for each day begin at page 1. Defence portfolio hearings are in *Proof Hansards*, 31 May and 1 June, 2006. (See the transcript index at back of this report.)

is an inappropriate forum and doing nobody, including Lieutenant Commander Fahy and her parents and the Navy, any good at all.<sup>8</sup>

27. The Committee recognises the need to balance the rights of Committee members to information with the rights of individuals to privacy. It understands that under circumstances where the Committee is seeking information on highly sensitive matters that it considers should not be aired in public, it has the option of pursuing the matter in a forum other than estimates.

28. Under standing orders 25(2)(b) and 25(21), the Senate Foreign Affairs, Defence and Trade Legislation Committee may inquire into matters dealing with the performance of departments under its purview. Standing order 25(2)(b) allows legislation committees 'to inquire into and report upon...annual reports in accordance with a reference of such reports to them, and the performance of departments and agencies allocated to them'. Standing order 25(21) states that 'Annual reports of departments and agencies shall stand referred to the legislation committees in accordance with an allocation of departments and agencies in a resolution of the Senate.'

*Chief of the Defence Force opening statement*

29. Chief of the Defence Force, Air Chief Marshal Houston gave the Committee a comprehensive overview of overseas deployment of ADF personnel. The Committee was particularly interested in the ADF operations in East Timor (pp. 5–7 [31 May]; pp. 4, and 24–30 [1 June]).

30. Air Chief Marshal Houston commented on the communal and gang violence and the nature of the criminal activities in East Timor. The Committee questioned him on a number of issues including the classification of the deployment for ADF personnel, the establishment and composition of the combined task force, and, rules of engagement (pp. 11–14; 19–21 [31 May]; pp. 24–30 [1 June]).

31. Other major themes examined during the hearing included:

*Portfolio overview and major corporate issues:*

- State of readiness for deployment of ADF battalions and companies (pp. 8–10).
- Draw down of troop numbers in the Solomon Islands (pp. 10–11).
- Location and size of deployed forces (pp. 14–15, 19).
- Iraq: Al Muthanna task group; security for Japanese deployment; Project Overwatch; cost of Australia's contribution in Al Muthanna province; current operations and planned withdrawals from Iraq (pp. 15–18; 116 [31 May]; p. 5 [1 June]).

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8 *Committee Hansard*, 1 June 2006, p. 16.

- Repatriation to Australia of deceased ADF personnel; aircraft used for repatriation (pp. 18–19, 52).
- Afghanistan: reconstruction task force; officer level of command (pp. 21–22).
- Joint Strike Fighter project, memorandum of understanding (pp. 22–28).
- Personnel levels on Navy ships; preparedness management system; operational level of capability (pp. 28–31, 32–33).
- Military justice inquiry and the issue of independent investigation (p. 22 [1 June]).
- Overview of a number of reviews being conducted by the Defence Organisation, including the independent management review of the department (pp. 44–59 [1 June]).
- Defence's submission to the Reference Committee's inquiry into naval ship building (pp. 53–55 [1 June]).
- Australian Defence Headquarters (pp. 55–56 [1 June]).
- Podger review: investigation into the circumstances of the lost disk containing the draft report on the Kovco case (p. 61 [1 June]).

#### *Budget summary*

- Net capital investment by function (pp. 42–44).
- Budget figures for Navy, Army and Air Force (pp. 44–45).
- Cost summary for outcome 7 (pp. 45–47).
- Financial training programs for civilian and military personnel; project management and business courses (pp. 47–50).
- Frontline Canteen Services: late annual reports; the board; current operations; future prospects (pp. 50–51).

#### *Defence Materiel Organisation*

- Repair and refit of *HMAS Melbourne*; upgrade of older ships; timing of capability coming on line (pp. 31–33).
- Staff training: project management training; external providers (pp. 48–49 [31 May]; 116 [1 June]).
- Departure of DMO senior personnel to the private sector; guidelines for managing exiting staff; legislative requirements; defence instructions; senior probity adviser for the Defence Organisation; separation procedures for several officers; legal advice (pp. 63–73, 75–77, 79, 115 [31 May]; p. 63 [1 June]).
- Personnel movements from the private sector to DMO (pp. 74).
- Alleged conflict of interest or breach of employment approval during a tender process (pp. 78–79 [31 May]; p. 63 [1 June]).
- *HMAS Sydney* and known deficiencies to be corrected; ADI; liquidated damages; FFG upgrades (pp. 80–85, 115–116 [31 May]; pp. 63–64 [1 June]).

- Adelaide class frigates: renegotiation of the refit contracts; final contract value; spare parts available from reduced ships numbers and identifying costings and assets (pp. 85–88 [31 May]; pp. 63–64 [1 June]).
- Ordnance: classifications of serviceable ordnance; storage of variety categories of ordnance (pp. 88–92).
- Guided weapons and explosives ordnance branch; computer systems armament (COMSARM) (pp. 92–94).
- Contract prepayments to a company for ordnance (pp. 94–95). Prepayments made under the SAMS contract; authorising delegate (pp. 95–96).
- ADI and the SAMS contract; ADI ordnance facilities; Defence payments to ADI; upgrade of facility at Mulwala (pp. 96–100 [31 May]; p. 63 [1 June]).
- AIR87 and ARH Tiger aircraft project; ANAO report; tender process and evaluation plan; Australian Aerospace; press allegations; test and evaluation of aircraft (pp. 100–110). Tiger flight hours and training of pilots; slippage of current contract (pp. 111–112).
- MRH90 helicopters; expected delivery times of the aircraft; pilot training schedule; earned value management systems (pp. 112–114).
- Seasprite helicopters: constant review of contract; program review of options for achieving capability; cost for aircraft to become air worthy; trained Seasprite crews (pp. 116–124).
- M113 armoured personnel carrier upgrade; six month delay in schedule; technical problems (pp. 71–74 [1 June]).
- Combat clothing tendering process: outcome of investigation of APS and ADF personnel (pp. 83–85 [1 June]).

#### *Capital facilities projects*

- Joint Operations Command Headquarters at Bungendore (pp. 85–92 [1 June]).

#### *Outcome 2—Navy capability*

- All–ship, all–shore unclassified message to all Naval personnel (pp. 33–34 [1 June]).
- Operation Relex with the Navy on Australia's northern border; protocols for dealing with asylum seekers in boats (pp. 65–66 [1 June]).

#### *Outcome 3—Army capability*

- Potential use of depleted uranium on joint exercises with the United States (pp. 64–65 [1 June]).

#### *Outcome 4—Air Force capability*

- Project Genesis: aviation policy–making group; sharing air space (pp. 34–35). RAAF air controllers at Tindal and Darwin; civilian and military air controllers; integration of air traffic systems (pp. 35–37).

- Hawk lead-in fighter trainer aircraft and the auxiliary power unit; skilled personnel (pp. 55–58 [31 May]; p. 63 [1 June]).
- C130J Hercules aircraft: operational difficulties in the Middle East; servicing issues; options for the future of the Hercules and other older aircraft (pp. 58–62).
- Introduction of the C17 (pp. 62–63).

#### *Outcome 6—Intelligence*

- Defence Signals Directorate; joint training exercises with Kopassus; Indonesian special forces; Kartika Exchange (pp. 66–68 [1 June]).
- Multinational Command Headquarters in Iraq (p. 68 [1 June]).
- Defence support of other agencies in domestic security and counter-terrorism (pp. 82–83 [1 June]).

#### *Outcome 7—Superannuation and housing support*

- Superannuation and housing support for current and retired defence personnel; administered expenses; change to recruitment and retention benefits; military superannuation benefits scheme (pp. 45–47 [31 May], 52–55; p. 62 [1 June]).

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#### *Defence personnel*

- Recruitment and retention: cost of recruitment programs; targeting recruitment in critical trades; number of personnel trained and training service providers (pp. 37–39; 116).
- Civilian employment levels; integrated civilian and military workforce (pp. 39–40).
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- Departure of senior military personnel to the private sector (pp. 64, 115).
- Case of Lieutenant Commander Robyn Fahy: department commencing mediation; media speculation; chronology of events surrounding Lieutenant Commander Fahy's case; timing of allegations; independent psychiatric opinion; a number of complaints; conduct of medical practitioners and legal fees (pp. 5–1 [31 May]; 30–33; 36–41 [1 June]).
- Board of inquiry: investigation into the circumstances of the death of Private Kovco; the circumstances surrounding the repatriation of the wrong remains; senior investigator at the site in Baghdad; terms of reference for the board of inquiry (pp. 17–21, 60–61, 70, 79 [1 June]). Chronology of events surrounding the investigation in Baghdad. Implementation of a CDF directive on protocols to be followed at a potential crime scene (pp. 21–23 [1 June]). Apology to the family of Mr Sinanovic (p. 23; 41 [31 May]; 60–61, 70–71 [1 June]).
- Military justice inquiry and the issue of independent investigation (p. 22).
- Protocols in place for the treatment of personnel injured, particularly those injured during initial training (pp. 34–36 [1 June]).

- ADF drug policy and employment of civilian contractors working in ADF establishments; legislation and established practice in industry; random drug testing of civilian contractors, workplace safety and liability issues (pp. 75–78 [1 June]).
- Delays in industry security clearances (pp. 80–82 [1 June]).

#### *Defence legal*

- Legal costs paid by the department for Dr McKenzie; legal services guideline; credibility of another practitioner involved in the Fahey case (pp. 30–33 [31 May]; 36–41 [1 June]).
- Air Vice Marshal Criss: settlement offer (p. 42 [1 June]).
- Compensation payments and ex gratia payments to the families of suicide victims (p. 43–44 [1 June]).
- Iraq: act of grace payments to civilians in Iraq (pp. 69–70 [1 June]).

#### *Defence Housing Authority*

32. The Committee acknowledged the presence at the hearings of Mr Richard Bear, General Manager and Mr John Kitney, Chief Finance Officer, from Defence Housing Authority.

33. Issues that were discussed included:

- Breakdown of housing allocations by state; members' satisfaction with housing; property investment market (pp. 93–94 [1 June]).
- Defence housing requirements in the Sydney metropolitan area; housing options outside the Sydney metropolitan area (pp. 94–95).
- Legislative changes to the structure of DHA (p. 95).

#### *Department of Veterans' Affairs*

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

35. Issues that were discussed included:

##### *Outcome 1—Compensation*

- TPI pension indexation and the division of the special rate pension; power to index pensions (pp. 98–99 [1 June]).
- Assessing veterans' claims for DVA entitlements; research companies engaged in verifying the facts of a veteran's claims; the assessment process (pp. 115–118).
- Complaints about the research company; conditions of contract arrangements with DVA (pp. 118–119).

*Outcome 2—Health*

- Vietnam veterans' health feasibility study report (pp. 99, 102).
- Feasibility study report recommendation for a pilot study; form and context of a pilot study (pp. 99–100).
- Extension of services to the Vietnam Veterans' Counselling Service (pp. 101–102). VVCS and continuation of the Devonport Stress Management Group (pp. 109–110).
- Vietnam Veterans' Cancer Incidence and Mortality Study (p. 102).
- Mental health funding: extension of lifestyle management programs; funding and access to particular services; intergenerational health impacts on veterans' children (pp. 102–104).
- Funeral benefit entitlements under various acts (p. 104).
- Introduction of the health and social service access card; integration with DVA health access cards; trial of a veterans 'smart' card' (pp. 104–106).
- District nursing services to veterans; requests for tenders to provide nursing services; tendering process under the Commonwealth Procurement Guidelines (pp. 106–108).
- Expenditure for providing community nursing services (p. 109).
- Conditions for funding hydrotherapy services for veterans; veterans' participation in a pilot scheme; unsupervised hydrotherapy (pp. 110–113, 114–115).
- Health and lifestyle review (pp. 113–114, 115).

*Outcome 3—Commemorations*

- Gallipoli Peninsula: approach to the Commonwealth War graves Commission in London and subsequent actions (pp. 96–98). Update on the work taking place on the roads and car parks; Anzac Day commemorations and subsequent deterioration of the site. Archaeological and historical surveys of the area; Australian appointees to the survey team (pp. 122–124).
- Rebuilding the Australian memorial at Le Hamel; cost of the rebuild; current state of the memorial; reports commissioned to investigate problems on site (pp. 118–121). Background to the original design and documentation; lifespan of a memorial (pp. 121–122).

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- Funding for announcements yet to be announced (p. 106).

## Acknowledgements

36. The Committee expresses its appreciation of the assistance given during its hearings by Senator the Hon Helen Coonan and Senator the Hon Sandy Macdonald. 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.

A handwritten signature in cursive script, appearing to read "David Johnston".

David Johnston

**Chair**



**Foreign Affairs, Defence and Trade  
Legislation Committee**

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