

The Senate

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Foreign Affairs, Defence and Trade  
Legislation Committee

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Budget estimates 2017–18

June 2017

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## **Committee Membership**

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Senator Alex Gallacher, <b>Deputy Chair</b>	ALP, SA
Senator the Hon Eric Abetz	LP, TAS
Senator David Fawcett	LP, SA
Senator Scott Ludlam	AG, WA
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# Senate Foreign Affairs, Defence and Trade Legislation Committee

## Report to the Senate

### Introduction

1.1 On 9 May 2017, the Senate referred the following documents to the committee for examination and report:

- particulars of proposed expenditure in respect of the year ending on 30 June 2018;
- particulars of certain proposed expenditure in respect of the year ending on 30 June 2018; and
- particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2018.<sup>1</sup>

1.2 The committee conducted public hearings with the Defence portfolio on 29 and 30 May 2017 and the Foreign Affairs and Trade portfolio on 31 May and 1 June 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 Trade and Investment and the Minister for Tourism and International Education, and from officers from the relevant departments and agencies.

1.3 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/fadtctte/estimate/s/bud1718/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/fadtctte/estimate/s/bud1718/index)

### Questions on notice

1.4 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 July 2017.

### Defence portfolio: 29 and 30 May 2017 hearings

#### *Department of Defence*

1.5 The committee received evidence from Senator the Hon Marise Payne, Minister for Defence, Air Chief Marshal Mark Binskin AC, Chief of the Defence Force (CDF), Mr Brendan Sargeant, Acting Secretary of the Department of Defence, and officers of the Department of Defence.

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1 *Journals of the Senate*, No. 39, 9 May 2017, p. 1311.

### *Opening statements*

1.6 Minister Payne provided an update on some of Defence's current global and domestic activities, including the international campaign to defeat Daesh in Iraq and Syria and the Australian Defence Force's (ADF) support to the North Atlantic Treaty Organisation-led Resolute Support Mission in Afghanistan. The Minister provided condolences to the families of the two soldiers who lost their lives during training activities, and advised the committee that updates on the investigation would be provided as soon as available. The service of former Secretary of the Department, Mr Dennis Richardson, was also acknowledged by the Minister.<sup>2</sup>

1.7 Air Chief Marshal Binskin, CDF, updated the committee on the ADF's support to the Iraqi Security Force. The CDF advised that Australia's partners in the US-led Coalition were still assessing the extent to which Australian personnel were involved in the approval process of the Coalition air strike in Mosul on 17 March 2017 as a potential civilian casualty incident had been identified. The CDF also offered his acknowledgement and gratitude to the former Secretary of Defence, Mr Dennis Richardson.<sup>3</sup>

1.8 Topics examined during the hearing on 29 May 2017 included:

#### *Questions arising from opening statements, portfolio and budget overview*

- Australia's North Atlantic Treaty Organization contributions (pp. 11–12)
- Australian military exports to Saudi Arabia (pp. 33–35, 39, 46–47)
- Possible change to military support for threat scenarios such as Lindt Café siege (pp. 47–48)
- Bullying of Navy officer Captain Mona Shindy (pp. 65–68)
- Evaluation of air strikes in Iraq (pp. 79–82)
- Transition services for Defence personnel moving to DVA (pp. 87–88)
- Sexual misconduct in the ADF (pp. 110–113)

#### *Program 2.5: Navy Capabilities*

- Future Submarine Program (pp. 22–25, 58–60)
- Submarine periscopes, tender process (pp. 43, 60–64, 69–71, 90, 96–97)

#### *Program 2.6: Army Capabilities*

- LAND400 project (pp. 27–28, 103, 108–109)
- Tender for ration packs (pp. 118–119)

#### *Program 2.7: Air Force Capabilities*

- Joint Strike Fighter project (pp. 93, 104–106)

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2 *Proof Committee Hansard*, 29 May 2017, pp. 7–8.

3 *Proof Committee Hansard*, 29 May 2017, pp. 9–10.



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*Program 2.9: Capability Acquisition and Sustainment*

- Defence Industry Capability Plan (pp. 35, 40–41, 62, 85)
- Effect of repairs to HMAS *Canberra* and *Adelaide* on military capabilities (pp. 19–20, 27–29)

*Program 2.10: Estate and infrastructure*

- Contamination of Defence bases (pp. 13–15, 37–38, 51–52, 72–74, 110, 113)
- Consolidation of Defence bases, sale of Maribyrnong site (pp. 49–54, 71–75, 98–101)

1.9 The committee continued its hearings on non-trade programs on 30 May 2017. It received evidence from the Department of Defence, Defence Housing Australia, the Australian War Memorial, and the Department of Veterans' Affairs.

1.10 Topics examined included:

***Department of Defence***

- Issues related to the MRH-90 helicopter (pp. 8–11)
- Issues with the Eurocopter Tiger armed reconnaissance helicopter (pp. 11–13, 15–18)
- Benefit of conducting Exercise Kowari (p. 14)
- Increased participation of women in Indonesian military forces (p. 15)
- Concerns regarding the Naval Shipbuilding Plan (pp. 25–26, 29, 41, 52–53, 68, 76)
- Centralised Processing Services contract awarded to Leidos Australia (pp. 42–45)

***Defence Housing Australia***

- Defence Housing Australia (DHA) Land sales (pp. 78–81)
- Keeping pace with housing requirements (pp. 79–80)
- Timely provision of housing (pp. 79–80)
- Possibility of privatising DHA (p. 80)

***Australian War Memorial***

- Conclusion of the Spirit of the Anzac Centenary Experience (pp. 89–90)
- Boer War memorial (pp. 90–91)
- Commemorations for Beersheba (p. 92)

***Department of Veterans' Affairs***

- Transitional issues for members moving between departments (pp. 93–94)
- Progress of ICT reforms towards veteran-centric services (pp. 96–101)

- Repatriation Medical Authority's change to Statement of Principles (pp. 102–104)
- Change of wording on the Kokoda Trail memorial (p. 104)
- Advertising of non-liability healthcare to isolated individuals (p. 108)
- Suicide prevention trial in Townsville (pp. 110–113)
- Process for application for veteran and community grants (p. 128)
- Client satisfaction survey results (pp. 93, 123)
- Rehabilitation providers in the Northern Territory (pp. 124–125)
- Funding for commemorative activities (pp. 128–129)

### **Foreign Affairs and Trade portfolio: 31 May and 1 June 2017 hearings**

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

1.11 The committee received evidence from Ms Frances Adamson, Departmental Secretary, and officers of the Department of Foreign Affairs and Trade. Topics examined during the hearing on 31 May 2017 included:

#### *Portfolio and Budget Overview*

- Standardisation of overseas allowances (pp. 8–20)
- Departmental training for Senate Estimates (pp. 22–23)
- New policy framework to counter violent extremism (pp. 29–30)
- Diplomatic visit to Great Barrier Reef (pp. 38–41, 49, 51–54)
- Departmental attendance at Minister Bishop's office function (pp. 34–37)
- Potential intended arrest of Julian Assange (pp. 71–73)

#### *Pacific*

- Conclusion of Regional Assistance Mission to Solomon Islands project (pp. 43–44)

#### *North Asia*

- Executions in China (p. 89)

#### *Southeast Asia*

- Conciliation with Timor-Leste (pp. 40–41, 63–65, 67–68)
- Cases in Indonesia around blasphemy, and homosexual activity (pp. 90–91)

#### *Middle East and Africa*

- Mining, investment and resource partnerships with Africa (pp. 80–81)

#### *Americas*

- Potential withdrawal of United States (US) from Paris Agreement (pp. 4–8)
- Australia-US bilateral meeting in Washington (pp. 21–22)

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*Europe*

- Appointment of High Commissioner to United Kingdom (p. 26–27)

*Multilateral policy, development, legal and environment*

- Working group on nuclear disarmament (pp. 21, 31, 61–62)
- Australia's cyber engagement strategy (pp. 106–108)

*International security, nuclear disarmament and non-proliferation*

- Australia's boycott of nuclear-weapon-ban treaty talks (pp. 32–33)

*Public diplomacy and communications*

- Yassmin Abdel-Magied's public commentary, apology, and position on the board of the Council for Australian-Arab Relations (pp. 59–61)

*Multilateral replenishments and global development partnerships*

- Funding for the Equal Rights Coalition and the Global Equality Fund (pp. 58–59)

1.12 The committee continued its hearings on non-trade programs of the department on 1 June 2017. Topics included:

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

- Centralising overseas property funds within the department (pp. 6–8)
- Process for documenting complaints at overseas posts (pp. 9–11)
- Allocation of tickets to inauguration of President Trump (pp. 12–13)
- Foreign Minister's travel claim to Portsea Polo as official business (pp. 13–20)
- Departmental discussions with other countries on refugee resettlements (pp. 37–39)
- Smartraveller website advice for lesbian, gay, bisexual, trans, and/or intersex community (pp. 42–44)
- Impartial conduct required of Heads of Missions; Ambassador Hockey's commentary (pp. 46–49)

1.13 In its examination of the trade component of the portfolio, the committee received evidence from officers of the trade division of the Department of Foreign Affairs and Trade, the Australian Trade and Investment Commission, the Export Finance and Insurance Corporation, and Tourism Australia. Topics included:

***Department of Foreign Affairs and Trade (trade programs)***

- Future trade agreements in light of changes to the 457 visa program (pp. 81–83)
- Modelling for Trans-Pacific Partnership (p. 84)
- Domestic gas security (pp. 86–87)

- Trade Minister's attendance at conference in China; Chinese investment in resources sector (pp. 86–89)

#### ***Australian Trade and Investment Commission***

- Increased market access for Australian chilled beef to China (p. 95–97)
- Loss of executive staff; restructure of organisation (pp. 97–99)
- Export Market Development Grants program (pp. 99–101)
- Australia Week in China (pp. 101–102)
- Non-tariff barriers (pp. 103–105)

#### ***Export Finance and Insurance Corporation***

- Boikarabelo coalmine and railway (pp. 106–107)
- Funding of overseas resource projects (pp. 108–109)
- Risk of small business export loans (pp. 110–111)
- Resources directed to Northern Australia Infrastructure Fund (pp. 111–113)
- PNG LNG project; distribution of royalties (pp. 113–115)

#### ***Tourism Australia***

- Tourism Demand-Driver Infrastructure Scheme (pp. 118–121)
- Cradle Mountain master plan (pp. 121–122)
- 2017 Budget allocations to Tourism Australia (pp. 122–123)
- Success of Restaurant Australia (pp. 123–126)
- China-Australia Year of Tourism 2017 (pp. 126–127)

#### **Acknowledgements**

1.14 The committee thanks Senator the Hon Marise Payne, Senator the Hon Michaelia Cash, Senator the Hon George Brandis QC, Senator the Hon James McGrath, and Senator the Hon Zed Seselja, for their assistance during its hearings. The committee also acknowledges the attendance and cooperation of departmental and agency officers and the services of parliamentary staff involved in the estimates process.

**Senator Chris Back**  
**Chair**

# Appendix 1

## Tabled documents

### Defence portfolio

#### *Monday, 29 May 2017*

1. Senator the Hon Marise Payne, Minister for Defence, Opening Statement.
2. Air Chief Marshal Binskin, Chief of the Defence Force, Opening Statement.
3. Senator Janet Rice, Environmental Audit Areas of Defence Site Maribyrnong.
4. Senator Janet Rice, Picture of Defence Site Maribyrnong.

#### *Tuesday, 30 May 2017*

5. Ms Jan Mason, Managing Director, Defence Housing Australia, Opening Statement.
6. Mr Simon Lewis, Secretary, Department of Veterans' Affairs, Opening Statement.

### Foreign Affairs and Trade portfolio

#### *Wednesday, 31 May 2017*

7. Senator the Hon Penny Wong, Transcript of Sky News Sunday Agenda Interview with Peter Van Onselen, Paul Kelly, and Julie Bishop.
8. Department of Foreign Affairs and Trade, Attendees to Diplomatic Heads of Mission visit to Cairns 14–16 May 2017.
9. Department of Foreign Affairs and Trade, Participants in Cairns Diplomatic Corps visit.

#### *Thursday, 1 June 2017*

10. Department of Foreign Affairs and Trade, Foundations, Councils and Institutes - Board members as of 19 May 2017.
11. Department of Foreign Affairs and Trade, Foundations, Councils and Institutes.
12. Senator Kimberley Kitching, Foreign Minister's travel allowance logs.
13. Mr Daniel Sloper, Department of Foreign Affairs and Trade, Australia's support for elections in PNG.
14. Department of Foreign Affairs and Trade, Country and Regional Programs.
15. Department of Foreign Affairs and Trade, Ambassador Hockey's FY2014-15 Transaction List.

