

The Senate

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Foreign Affairs, Defence and  
Trade Legislation Committee

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Budget estimates 2011–12

June 2011

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## **Membership of the Committee**

### ***Members:***

Senator Mark Bishop, ALP, WA (Chair)  
Senator Russell Trood, LP, Qld (Deputy Chair)  
Senator Michael Forshaw, ALP, NSW  
Senator Steve Hutchins, ALP, NSW  
Senator Helen Kroger, LP, Vic  
Senator Scott Ludlam, GRN, WA

### ***Participating Members:***

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Senator Simon Birmingham, LP, SA  
Senator Hon George Brandis, LP, Qld  
Senator Hon John Faulkner, ALP, NSW  
Senator Hon Alan Ferguson, LP, SA  
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# Senate Foreign Affairs, Defence and Trade Legislation Committee

## Report to the Senate

### Introduction

1.1 On 10 May 2011, the Senate referred to the committee for examination and report the following documents:

- Particulars of proposed expenditure in respect of the year ending on 30 June 2012;
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2012; and
- Particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2012.<sup>1</sup>

1.2 The committee conducted public hearings with the Defence portfolio on 30 and 31 May 2011 and the Foreign Affairs and Trade portfolio on 1 and 2 June 2011. The committee received evidence from the Parliamentary Secretary for Defence, Senator the Hon. David Feeney, representing the Minister for Defence and the Minister for Veterans' Affairs and from officers from the relevant departments and agencies. It also received evidence from the Minister for Broadband, Communications and the Digital Economy, Senator the Hon. Stephen Conroy, representing the Minister for Foreign Affairs and the Minister for Trade and from officers from the portfolio departments and agencies.

1.3 Links to the transcripts of these public hearings and to answers and additional information are available on the committee's internet site at:

[www.aph.gov.au/Senate/committee/fadt\\_ctte/estimates/index.htm](http://www.aph.gov.au/Senate/committee/fadt_ctte/estimates/index.htm)

### 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 and additional information in response to questions placed on notice would be Friday 29 July 2011.

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1 *Journals of the Senate*, No. 28, 10 May 2011, p. 878.

## **Defence portfolio**

### ***Department of Defence***

1.5 The committee acknowledged the attendance of Air Chief Marshal Angus Houston AC, AFC, Chief of the Defence Force, and Dr Ian Watt AO, Secretary of the Department of Defence, and officers of the Defence organisation.<sup>2</sup>

### ***Late return of answers to questions on notice***

1.6 The committee noted that it had set 21 April 2011 as the date for the return of answers to questions taken on notice during the Additional Budget Estimates held in February 2011. However at that date all answers from the Department of Defence were outstanding. Indeed, it was noted that:

Not a single response, not a single answer, to any question was provided until last Friday; and as we sit here this morning, there remain nine answers to questions which have yet to be received.

1.7 The committee sought an explanation from the Department as to why its answers were not received by the due date.<sup>3</sup> Senator the Hon. David Feeney acknowledged that the answers were late and responded:

I think it is plan that your unhappiness is justified, that we have failed in our responsibility to get those answers to this committee on time...<sup>4</sup>

1.8 He drew attention to the complex national security issues to which many of the questions pertained, explaining that a number of questions were properly the subject of discussion between ministers, their advisers and the department. He indicated, however, that the ministerial team and the department would 'work together to ensure a more timely response to questions on notice in future'.<sup>5</sup>

1.9 The Secretary of the Department explained further that most of the questions were multiple questions and many of the answers were well over a page constituting a 'substantial body of work'. Notwithstanding, he also agreed that the questions could have been answered 'more quickly' and they would 'endeavour to do better'.<sup>6</sup>

### ***Recognition of the Chief of the Defence Force's contribution***

1.10 The Chair noted that this would be the last estimates session that the Chief of the Defence Force, Air Chief Marshal Angus Houston, would be attending before his

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2 *Proof Committee Hansard*, 30 May 2011, p. 5.

3 *Proof Committee Hansard*, 30 May 2011, p. 13–14.

4 *Proof Committee Hansard*, 30 May 2011, p. 14.

5 *Proof Committee Hansard*, 30 May 2011, p. 126.

6 *Proof Committee Hansard*, 30 May 2011, p. 14.



retirement. On behalf of the committee, the Chair acknowledged the outstanding contribution that the CDF had made to the work of the committee. The Chair stated that committee members had benefited from and greatly appreciated Air Chief Marshal Houston's willingness to engage with the committee. He said:

The committee thanks you especially for the efforts you have taken to support its work and to keep it informed through many, many difficult issues. Through your leadership Defence and the committee have established a very sound and constructive working relationship, and we hope that when your successor is appointed in due course that relationship will continue.<sup>7</sup>

1.11 The Deputy Chair also acknowledged the CDF's distinguished service and the cooperative and constructive relationship that had developed between him and the committee. On behalf of the opposition, he thanked Air Chief Marshal Houston for his many years of outstanding service.<sup>8</sup>

1.12 The committee also recognised the contributions that the service chiefs had made to the management of the Australian Defence Force and to Australia's national interest.

### ***Recognition of retiring Senators contribution***

1.13 The Chair, on behalf of the committee, acknowledged the contributions made by retiring members, Senator Alan Ferguson, Senator Michael Forshaw, Senator Steve Hutchins and Senator Russell Trood all of whom had been active participants in the work of the committee. He said:

In that period of eight or 10 years, there have been a number of significant reports brought down by this committee under the chairmanship of Senator Ferguson, Senator Hutchins, Senator Forshaw or Senator Trood. They have dealt with major issues of public interest of the time, resulting in major and, one hopes, permanent change to various operations within Defence. I mention in passing matters relating to military justice, recruitment and retention within the ADF and procurement matters which are a constant feature of work within the DMO but a part of the wider Defence family.

Each of those chairmen have authored major reports of public note and public interest and each of those reports has been adopted by the government of the time. Almost without exception, dozens and dozens if not hundreds of recommendations have been accepted by the then government and the Defence organisation and then moved to implementation. The work of this committee under those successive chairs has been a major reform impetus for public policy within the Australian

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7 *Proof Committee Hansard*, 30 May 2011, p. 6.

8 *Proof Committee Hansard*, 30 May 2011, p. 7.

Defence Force and its work has been appreciated by both previous and current governments.<sup>9</sup>

*Secretary's opening statement*

1.14 Dr Ian Watt made a statement to the committee, which focused on the 2011-12 Defence budget. Other topics covered included the savings measures, approved major capital investment program (AMCIP), the Defence capability plan, the Major Capital Facilities Program, the ICT program, the impact of the white paper, strategic reform program progress, Defence workforce reductions, vetting practices in the Defence Security Authority centre in Brisbane and the Defence-ASC relationship.<sup>10</sup>

1.15 Dr Watt stated that in the 2011-12 budget, Defence would receive departmental appropriation funding of \$26.4 billion compared with \$24.9 billion in 2010-11:

This funding includes new measures and adjustments, including supplementation of \$1.1 billion for the net additional cost of operations, savings measures of \$175 million to be returned to government and a net return of some \$185 million for other budget adjustments which includes a foreign exchange hand back of \$210 million.<sup>11</sup>

*Chief of the Defence Force's opening statement*

1.16 Air Chief Marshal Houston also made an opening statement during which he remembered the death of an ADF soldier who was killed by an improvised explosive device in Afghanistan the previous week. He then provided the committee with updates on Afghanistan, overseas operations, ADF progress, Operation Pacific Assist as a response to the disaster in Japan, the upcoming commencement of the transition process and charges laid against three soldiers regarding the death of civilians in Afghanistan.<sup>12</sup>

1.17 In terms of general progress in Afghanistan, Air Chief Marshal Houston gave particular detail to the International Security Assistance Force (ISAF):

I can report to the committee that ISAF and the Afghan National Security Forces have had a good winter campaign. Due to sustained defensive operations, the Taliban's momentum has been halted and its access to support infrastructure, such as safe houses, caches, medical support and IED-making facilities has been significantly impeded. However, we still face a very tough fighting season this year. Additionally, over the past year there has been a significant surge in the number of Afghan National Security Forces. Last year, the Afghan National Security Forces grew by

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9 *Proof Committee Hansard*, 30 May 2011, p. 7.

10 *Proof Committee Hansard*, 30 May 2011, pp. 8-10.

11 *Proof Committee Hansard*, 30 May 2011, p. 8.

12 *Proof Committee Hansard*, 30 May 2011, pp. 11-14.

79,000 to a total of 270,000. ISAF remains ahead of schedule for its next target of 305,600 by October this year. ISAF is now widening its focus from growing the size of the Afghan National Army to improving the quality and the specialist capabilities of the Afghan forces. A key example is the combined arms artillery school in Kabul, which I visited in April, where Australia is leading the training effort.<sup>13</sup>

1.18 With regard to the decision of the Director of Military Prosecutions to prosecute three members of the ADF in relation to a civilian casualty incident on 12 February 2009, Air Chief Marshal Houston stated:

Since I last updated the committee, the Registrar of Military Justice convened a general court martial to hear the charges against two of the soldiers. Two pre-trial directions hearings were held in Sydney during the weeks of 28 March and 16 May. At the conclusion of these hearings, the Chief Judge Advocate issued a ruling upholding the soldiers' applications that the charges should be dismissed or permanently stayed. The applications were upheld on the grounds that the charges did not disclose a service offence and were not otherwise wrong at law. The judge advocate adjourned the pre-trial directions hearings to allow the DMP time to consider his ruling and action that may be open to her. The judge advocate indicated that he would refer the charges back to the DMP unless the DMP initiates further action, which could include seeking a review of the judge advocate's rulings in a superior civilian court, the reframing of the charges or the preferring of new charges. However, if the DMP does not seek to initiate further action, the current trial proceedings would be dissolved. There will be no further developments until the DMP has reviewed the proceedings and provided advice to the judge advocate.

Today I must stress that the ruling of the judge advocate regarding the charges against the two soldiers has no effect on the general court martial to hear the charges against the third member. The status of this case is as follows: the Registrar of Military Justice is currently working through his case management process; formal court martial proceedings will follow and will include the appointment of the judge advocate, the president and members of the court martial panel, and the date and location of the trial. Senators, as I have indicated to you previously, my highest priorities with this matter are: firstly, to ensure that the members receive a fair trial; secondly, to ensure that the accused members are in no doubt about the application of the presumption of innocence to them, and that they receive all the necessary support that they require; and thirdly, to ensure that the integrity, independence and process of the military justice system are preserved. I believe each of these three priorities has been met thus far and they will continue to be our focus as matters progress.<sup>14</sup>

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13 *Proof Committee Hansard*, 30 May 2011, p. 11.

14 *Proof Committee Hansard*, 30 May 2011, p. 12.

1.19 Air Chief Marshal Houston also addressed the transition process with Army's airborne insertion capability, stating that:

For those not familiar with this capability, the primary task of this unit is to go into an area first and either seize or assist in seizing military access points for follow-on forces. Through various initiatives, such as the Hardened and Networked Army, Enhanced Land Force and Adaptive Army, Army has been looking at how this capability can be employed more efficiently and flexibly. A key judgment of all reviews was that this can best be achieved by transferring the capability from the 3rd Battalion, the Royal Australian Regiment, to Special Operations Command. Earlier this month this decision was endorsed by the Chiefs of Service Committee, and Army is now developing a detailed transition plan for special operations command to undertake a phased assumption of the airborne insertion capability, probably over the course of 2012. Members of the committee will be interested to know that, although this was not a decision driven by budget constraints, it will generate savings estimated at approximately \$600,000 in the first year followed by \$1.45 million per annum thereafter. However, most importantly, this transition will provide the ADF with greater flexibility in terms of rotations for current operations, force availability for contingencies and the development of the future ADF joint amphibious capability.<sup>15</sup>

1.20 Other topics examined during the hearing on 30 May 2011 included:

*Portfolio overview and budget summary*

- Slippage and re-programming of the major capital procurement projects (pp. 17-19).
- Project development and approval (pp. 21-26, 29-32).
- Defence budget (pp. 21-28).
- Staffing levels for defence workforce (p. 29).
- Identifying flawed security checks, security clearances (pp. 34-37).
- Conducting a benchmarking review and best commercial framework for submarine sustainment (pp. 37-39).
- Reviews that the Minister for Defence instituted into the events at ADFA (p. 40).
- Treatment and management of cadets at ADFA (pp. 40-42).
- Infrastructure planning and Defence Support Group Manual of *Manual of Infrastructure Engineering* (pp. 96-97).
- Health situation with respect to an autoclave machine (pp. 97-101).

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15 *Proof Committee Hansard*, 30 May 2011, p. 12.

- Press coverage in relation to social media campaign identifying and persecuting homosexual Defence personnel and Anti-gay facebook page (pp. 101–103).
- Proposed legislation for the Australian Military Court (pp. 103–108).
- Funds for cadets (pp. 108–109).
- Medical facilities in Afghanistan, Kandahar facility (pp. 109–111).
- Numerous reviews on ADF culture (pp. 111–113).
- HMAS *Success* (p. 113).
- Development of ADF Drug policy with the Australian Drug Foundation (p. 113).
- Appointment of new CDF and cascading effect on the appointment of new Services Chiefs (p. 114–115).
- Training the Afghan 4<sup>th</sup> Brigade (pp. 115–116).
- Release of WikiLeaks Afghanistan related documents (pp. 116–117).
- Projects implemented by the Australian Mentoring Task Force (pp. 118–119).
- Allocation of US Central Commander's Emergency Response Program (CERP) funds (p. 119)
- Purchase of Largs Bay vessel from the UK (pp. 120–125).

1.21 Other topics examined during the hearing on 31 May 2011 included:

*Program 2.1 Operations contributing to the security of the immediate neighbourhood*

- East Timor (pp. 53–54).

*Program 1.5 Intelligence capabilities*

- Intelligence capabilities (pp. 54–56).
- Parliamentarians' mobile phones (p. 55).
- Inappropriate security vetting process (pp. 56–58).
- Navy celebrations (p. 58).
- ADF recruitment and recruiting targets (pp. 58–62).

*Program 3.1 Defence contribution to national support tasks in Australia*

- Cyber security: Military Integrated Logistics Information System (MILIS), internet access (pp. 63–67).
- Cluster munitions for use by Australians (pp. 67–71).
- Support from the ADF to the Queensland floods (p. 71).

*Program 1.15 Defence Force Superannuation-Nominal Interest*

- Submissions made by the Defence Honours and Awards Tribunal into the 13 specific acts of gallantry performed by naval and military personnel (pp. 73–74).
- Anglesea Barracks in Tasmania (pp. 74–75).
- Fort Direction in Tasmania (p. 75).
- Pontville site as a detention centre (pp. 75–78).
- Cultana facility (pp. 78–80).
- Security arrangements at Australian Baghdad embassy (pp. 80–81).
- ANAO maintenance of defence estates report (p. 81).

### ***Defence Materiel Organisation***

1.22 Because of the commitments of the CDF and Chief of Army, there was a change to the program, and DMO was heard over two days: 30-31 May 2011. However the report will address all DMO topics within this section.

1.23 Topics examined on 30 May 2011 included:

- Soldier survivability, Land 125 phase 3B and protection of soldiers (pp. 42, 46–47).
- Improved body armour, transition from Modular Combat Body Armour System (MCBAS) to Tiered Body Armour System (TBAS) (pp. 42–46).
- Ballistic plates for body armour (pp. 48–50).
- Computerised DPCU from the US (pp. 51–52).
- Progress of Joint Light Tactical Vehicle (JLTV) project (pp. 52–55).
- The dismissal of a senior public servant (pp. 55–59).
- Slippages and reprogramming of the capital investment program (pp. 59–62).
- The two pass process (pp. 62–63).
- Inappropriate vetting procedures (p. 65).
- Federal Court action 16 of 2009 (pp. 65–74).
- Retaining Mr Skehill (pp. 74–77).
- Air warfare-destroyers and the anticipated delay in the delivery (pp. 77–89).
- Clothing (pp. 89–93).
- Additional white paper for 2014 (pp. 94–95).
- Handling of cabinet documents by DMO (p. 95).
- Rizzo review (p. 95).
- Black review (p. 95).

1.24 Topics examined on 31 May 2011 included:

- Sustainment costs of Collins Class Submarines including the difficulties obtaining spares (pp. 6–9).
- Operational readiness (p. 9).
- Comparisons with overseas submarines (pp. 9–12).
- State of individual submarines (pp. 12–13).
- Submarine Workforce Sustainability Review (p. 15).
- Combat system C145 (pp. 15–16).
- SEA 1439 (p. 16).
- Opportunity for Australian Industry participation and Sonar—Phase 6 (pp. 17–22).
- Benchmark review (pp. 23–25).
- SEA 1000 (pp. 26–29).
- Status of amphibious ships (pp. 30–31).
- Aurora Australis (pp. 31–32).
- HMAS *Tobruk* (pp. 31–32).
- HMAS *Sirius* (pp. 32–33).
- HMAS *Success* (pp. 34–36).
- Hydrographical capability (pp. 36–37).
- Mine clearance divers (pp. 37–40).
- The individual projects on the Projects of Concern list (p. 42).
- UAVs in Australia (p. 43).
- HF modification project (p. 43).
- Lightweight torpedo project (JP2070) (p. 44).
- Wedgetail project (AIR 5077) (p. 44–45).
- Project Vigilare (AIR 5333) (p. 45).
- Project Overlander (pp. 45–46).
- SEA 1448 (pp. 46–47).
- Progress of AIR 5402 (p. 48).
- Current status of AIR 5276 (p. 49).

***Leadership transition in the ADF***

1.25 To mark his final appearance before the committee as the CDF, Air Chief Marshal Angus Huston spoke of the leadership transition that was now in place. He recognised the outstanding contribution of the vice chief of the Defence Force, of the

three service chiefs and others such as General Evans and Admiral Tripovich who formed an 'incredibly good team'. He said that they called themselves the 'Purple 7', had always worked harmoniously and responded to the challenges 'with determination, vigour...and absolute loyalty'. He then reflected on achievements over the last three years:

New Generation Navy is absolutely the platform for Navy to go forward. I think Russ Crane has done a magnificent job in blazing the way with a great demonstration of leadership by example. Adaptive Army is the biggest organisational change in the Army since the end of the Vietnam War. Of course, Ken Gillespie has been an inspirational leader in achieving that. I think our Air Force is the best middle power air force in the world today and led very capably and very well by an absolutely superb Chief of Air Force in Mark Binskin.<sup>16</sup>

1.26 Finally, the CDF acknowledged the men and women of the ADF and the 'magnificent job' they do for their country in meeting their difficult and demanding task. He noted that they respond and adapt 'to whatever is asked of them in the most professional, dedicated and compassionate manner—witness the 58 operations and 69,000 individual deployments on operations'. He joined his leadership team in thanking them 'most sincerely for their superior efforts'.<sup>17</sup>

### *Defence Housing Australia*

1.27 The committee acknowledged the attendance of Mr Peter Howman, Chief Operating Officer, Mr Jon Brocklehurst, Chief Financial Officer, and Mr Breet Jorgensen, General Manager from Defence Housing Australia (DHA).

1.28 Matters raised by the committee on 31 May 2011 included:

- Rent allowance for a particular member of the ADF (pp. 84–87).
- Defence housing estate at Eton in Darwin (pp. 87–88).

### *Department of Veterans' Affairs*

1.29 The committee acknowledged the attendance of Mr Ian Campbell PSM, Secretary, and officers of the Department of Veterans' Affairs (DVA).

### *Recognition of Mr Telford's work*

1.30 The committee also noted the impending retirement of Mr Barry Telford and acknowledged the contribution that he had made during his 42 years in the Commonwealth Public Service.<sup>18</sup>

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16 *Proof Committee Hansard*, 31 May 2011, p. 83.

17 *Proof Committee Hansard*, 31 May 2011, p. 83.

18 *Proof Committee Hansard*, 31 May 2011, p. 88.



*Commemoration at Gallipoli*

1.31 Senator the Hon Michael Ronaldson, on behalf of the committee, thanked and congratulated the Department of Veterans' Affairs (DVA) on the way the 2011 Anzac Day commemorations at Gallipoli were conducted. In his view, the ceremony was 'both moving and spectacular and clearly a lot of work had gone into it'. He similarly acknowledged the work that had gone into the Crete commemorations.<sup>19</sup>

1.32 Matters raised by the committee during the hearing on 31 May 2011 included:

- New health measures (pp. 89–90).
- Co-location issues (pp. 90–91).
- National Advisory Committee (NAC) and its views on co-location (pp. 91–93, 95).
- Market search for DVA offices accommodation in Lismore (pp. 93–98).
- Protocol on people at risk of self-harm (pp. 98–99, 101).
- Protocol covering flow of information from DVA (pp. 99–102, 104–106).
- Clarke review and the government's response to its recommendation that veterans of Maralinga receive a white/gold card (pp. 102–104).
- Australian War Memorial (pp. 107–112).
- Differing views on the Smith decision (pp. 113–114).
- Ambulance transportation (pp. 114–116).
- PTSD programs (pp. 117–118).
- Vietnam War education centre in Washington (pp. 119–120).
- Memorials of national significance (pp. 120–121).
- Rotary Kokoda memorial wall and walk (p. 121).

*Australian War Memorial*

1.33 The committee acknowledged the attendance of Major-General Steve Gower AO, Director, and officers of the Australian War Memorial (AWM).<sup>20</sup> The main matter considered by the committee focused on the announcements for increased funding for the Memorial. (pp. 122–123).

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19 *Proof Committee Hansard*, 31 May 2011, p. 88.

20 *Proof Committee Hansard*, 31 May 2011, p. 122.

## Foreign Affairs and Trade portfolio

### *Department of Foreign Affairs and Trade*

1.34 The committee acknowledged the attendance at the hearings of Mr Dennis Richardson, Secretary, and officers of the Department of Foreign Affairs and Trade (DFAT).<sup>21</sup>

#### *Return of answers*

1.35 The Deputy Chair commended the department for its significantly improved performance in providing answers to questions on notice.

#### *Corrigenda to budget papers*

1.36 There was a two-page corrigenda inserted in the department's PBS. The deputy chair observed:

There are two pages of corrigenda to the budget. In the six years I have been sitting here there has never been an amendment to the portfolio statement from foreign affairs.<sup>22</sup>

1.37 When asked about this situation, the Chief Financial Officer informed the committee that once the PBS had gone to the printer, they discovered the department had double counted in table 2.1. DFAT acknowledged the mistake and apologised.

1.38 The Department was also asked about what appeared to be an anomaly in the figure given for the department's total net resourcing. After further discussion, DFAT officers acknowledged that there may be an error in the published figure; that they were not sure how it happened: that it should not have happened but they would check further. The committee indicated that it was happy for the department to take the matter on notice and if the department felt that it needed to say more about the matter it could do so.<sup>23</sup>

1.39 Other matters raised by the committee during the hearings on 1 June 2011 included:

#### *Portfolio overview*

- Funding for the Department (pp. 7–10).
- Movement between last year and this year's 2011–12 appropriation (pp. 10–11).
- The savings and its effect on the Department (pp. 12-13).

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21 *Proof Committee Hansard*, 1 June 2011, p. 5.

22 *Proof Committee Hansard*, 1 June 2011, p. 5.

23 *Proof Committee Hansard*, 1 June 2011, pp. 7–8 and 12

- Overseas staff numbers (p. 13–16).
- The combined effects of the savings, the efficiency dividend and the costs associated with the new enterprise agreement yet to come into force in the Department (p. 13).
- Australian embassy in Baghdad (pp. 13, 49–52)
- Capabilities of ASIS (p. 16).
- Demands on consular services (pp. 16–17).
- Staffing in consular areas (pp. 17–18).
- Language training (p. 18).
- Australia's bid for a place on United Nations Security Council (pp. 19, 31).
- Foreign minister's overseas travel, departmental travel and accommodation costs (pp. 19–25, 27–34, 37–41).
- Brochure prepared for the United Nations Security Council bid (pp. 34–35).
- Right of officers of the department to travel (pp. 35–43).
- Bali Regional Ministerial Conference on People Smuggling (pp. 43–44).
- Meeting of the PNG-Australian Forum (pp. 44–46).
- Australian PNG Ministerial Forum (p. 47).
- Hillary Clinton's visit to PNG (pp. 47–48).
- Melanesian Spearhead Group summit (pp. 48–49).
- Appointment of ambassadors (pp. 52–54).
- Public interest criteria for visas in relation to short stay business and religious worker visas and Minister's discretion to refuse short time visa on the ground of public interest (pp. 55–56).
- Climate-Change Committee of Cabinet and Multi-Party Change Committee (pp. 56–58).
- Department of Climate Change (pp. 59–60).
- Travel of DFAT staff (pp. 60–61).
- Contingency reserve (pp. 61–62).
- Bin Laden's death (pp. 62–63).

1.40 The committee then moved on to the geographical areas under outcome 1

#### *Outcome 1*

##### *North Asia*

- Current ambassador to China (pp. 64–65).
- Detention of Australians in China (pp. 65–68).

- Crackdown on dissidents (pp. 68–69).
- Human rights cases (pp. 69–71).
- Tibet and Prime Minister's intention regarding Dalai Lama (pp. 71–72).
- Human rights abuses in Tibet (pp. 72–73).
- Bringing China into international institutions (pp. 73–76).
- Fukushima nuclear plant (pp. 76–77).
- Australian government personnel in Japan (p. 77).
- Services to Australian living in Japan (pp. 77–78).
- Anti-whaling action (pp. 79–80).
- International Court of Justice (p. 80).
- Japanese memorial (p. 80).
- Climate change in Mongolia and displacement resulting from drought (pp. 80–81).
- Australian government's support for the Mongolian mining sector (p. 81).
- Anniversary of recognition, Korea (p. 81).

#### *South East Asia*

- New ambassador following elections in Burma (pp. 81–82).
- United Nations Security Council commission of inquiry into war crimes and crimes against humanity in Burma (pp. 82–83).
- Cross border aid from Thai-Burma border (p. 83)
- Human rights issues in Malaysia and establishment of an arrangement in relation to asylum seekers (pp. 83–87).
- Joint statement issued on 7 May 2011 (pp. 88–89).
- Media commentary on human rights in Malaysia (pp. 89–91).
- Malaysia's treatment of refugees and memorandum of understanding (pp. 91–92, 93).
- East-Timor solution (p. 93).
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- Gadaffi's son's investment in Australia (pp. 112–113).
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- Legal advice to Australian companies planning to do business in Western Sahara (pp. 114–115).
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- Ban on sales of uranium to India (pp. 117–118).
- Concerns about refugee families caught at Camp Ashraf (pp. 118–119).
- Representations from the Israeli government to the Australian government about the activities of Marrickville Council (p. 120).

1.41 The committee continued hearings on geographical areas under outcome 1 on 2 June 2011

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- Policy on Syria in light of recent Foreign Minister's speech (p. 4).
- Calls for members of Security Council to consider referring matters to the International Criminal Court (pp. 4–5).

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- Senior AusAID lawyer accused of espionage in Vanuatu (p. 8).
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- Possibility of having a processing centre in Solomon Islands (pp. 10–11).
- PIF Summits (p. 12).
- Australia's response to delivering assistance in the aftermath of the earthquake (p. 12).
- RAMSI's impact against its objectives in the Solomon Islands (pp. 12–13).

1.42 The committee then examined International organisations and legal issues.

*International organisation and legal issues*

- UNHCR appropriations (p. 13).
- Consultation process with DFAT in respect of size of Australia's contribution (p. 13).
- United Nations Green Climate Fund (p. 14).
- Indian Ocean grouping: proposed new diplomatic forum in the Indian Ocean; the existing grouping (pp. 14–15).
- Legal services and the reason for doubling of internal legal costs and nature of the broad areas of expenditure (p. 15)
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*National security, nuclear disarmament and non-proliferation*

- New global terrorism forum (pp. 17–18).
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- Australian funding for counter terrorism (pp. 18–19).
- ASPI report on Jihadists in jail (pp. 19–21).

- Australian Safeguards and Non-proliferation Organisation (ASNO) (p. 21).
- Uranium mining in Australia (p. 21).
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- Safeguards for uranium supply and Australian policy on supplying uranium to other countries (pp. 22–23).
- Burma's nuclear weapons program (pp. 24–25).
- ASNO's advice to Australian government officials and the operation of the Nuclear Non-Proliferation Safeguards Act 1987 (p. 25).
- High-level meeting on nuclear safety (pp. 25–26).
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- Services to other agencies (p. 27).

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- Australian network contract (pp. 28–32).
- Public diplomacy officers and nature of Australia's public diplomacy program (pp. 33–36).
- Smart traveller advice for Chad (pp. 36–37).
- Passport services, information technology and security (pp. 37–38).
- New passport series and biometrics (pp. 38–40).
- IT security breaches (pp. 40–41).
- ANAO Report on overseas leased estates (pp. 42–43).

### **Trade portfolio**

#### *DFAT trade programs and Australian Trade Commission*

1.43 The committee acknowledged the presence of Mr Peter Grey, Chief Executive Officer, Mr Peter Yuile, Deputy Chief Executive Officer and Mr Bruce Gosper, Deputy Secretary, and officers representing Australian Trade Commission (Austrade).<sup>24</sup> Matters raised by the committee at the hearing on 2 June 2011 included:

- Free trade agreements with China and rock lobster industry (pp. 44–49).
- Economic modelling in respect of carbon tax and free trade agreement with China (pp. 49–50).
- Motor vehicle section and free trade agreement with China (p. 50).

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24 *Proof Committee Hansard*, 2 June 2011, p. 45.

- ASEAN-Australia-New Zealand free trade agreement (pp. 50–51).
- Live cattle export industry to Indonesia (pp. 51–52).
- Negotiations in the Gulf (p. 52).
- Australia-Japan free trade agreements (pp. 52–53).
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- Pacific Agreement on Closer Economic Relations (PACER) (pp. 54–55).
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- Free trade agreement with Malaysia (p. 55).
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- American free trade agreement (pp. 56–59).
- Quarantine provisions (pp. 59–60).
- South African mining industry (pp. 60–61).
- Likelihood of DOHA round being concluded (p. 61).
- Coal exports and international price of coal (pp. 61–62).
- EFIC (pp. 64–65).

### ***Australian Centre for International Agricultural Research***

1.44 The committee welcomed the Australian Centre for International Agricultural Research (ACIAR). The matters raised by the committee at the hearing on 3 June 2011 included:

- Budget matters (pp. 66–67).
- Programs in Mekong Delta and Africa and prioritisation of assignments (pp. 66–67).
- Bilateral projects (p. 67).

### ***Australian Agency for International Development***

1.45 The committee acknowledged the attendance of Mr Peter Baxter, Director General, and official representing Australian Agency for International Development (AusAID).<sup>25</sup>

1.46 Matters raised by the committee at the hearing on 2 June 2011 included:

- Funding allocation, auditing process, adviser remuneration framework (pp. 68-73).
- Staffing levels (pp. 73–74).

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- Hollway review onto aid (pp. 74–75).
- Instances of fraud in AusAID (pp. 75–77).
- Conference in Apia, Samoa, from 23–26 May 2011 jointly convened by the Department of Climate Change and Energy Efficiency and AusAID (p. 77).
- AusAID funding to Palestine and the safeguards in place to ensure that the funds are used for their intended purpose (pp. 77–79).
- Australia-Middle East NGO cooperation program (AMENCA) program (p. 79).
- ANAO review (pp. 80–81).
- Funding for the APHEDA, BDS campaign (pp. 81–82).
- AusAID's scholarship program which are intended to align with the needs of the recipient countries (pp. 82–83).
- Aid to Burma, cross-border aid, distribution of Australia's aid funding into Burma (pp. 84–85).
- Aid to Afghanistan (pp. 85–87).
- Aid to North Sudan (p. 87).
- Commitment for aid to microfinance (p. 88).
- Health assistance to Torres Strait (p. 88).
- Security for AusAID workers in PNG (p. 89).
- Aid to Africa (p. 90).
- Funding the clearance of landmines in Vietnam, Laos and Afghanistan (pp. 90-91).
- Establishment of UN Women (pp. 91–92).

## **Acknowledgements**

1.47 For their assistance during its hearings, the committee thanks Senator the Hon David Feeney, and Senator the Hon Stephen Conroy. 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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