

The Senate

---

Foreign Affairs, Defence and Trade  
Legislation Committee

---

Budget estimates 2013–14

June 2013

© Commonwealth of Australia

ISBN 978-1-74229-865-8

Printed by the Senate Printing Unit, Parliament House, Canberra.

# Membership of the Committee

## Core Members

Senator the Hon Ursula Stephens, ALP, NSW (Chair)

Senator Alan Eggleston, LP, WA (Deputy Chair)

Senator Mark Bishop, ALP, WA

Senator David Fawcett, LP, SA

Senator Scott Ludlam, AG, WA

Senator Anne McEwen, ALP, SA

## Secretariat

Dr Kathleen Dermody, Secretary

Mr Owen Griffith, Principal Research Officer

Miss Jedidiah Reardon, Senior Research Officer

Ms Penny Bear, Research Officer

Ms Jo-Anne Holmes, Administrative Officer

Senate Foreign Affairs, Defence and Trade Committee

Department of the Senate

PO Box 6100

Parliament House

Canberra ACT 2600

Australia

Phone: + 61 2 6277 3535

Fax: + 61 2 6277 5818

Email: [fadt.sen@aph.gov.au](mailto:fadt.sen@aph.gov.au)

Internet: [http://www.aph.gov.au/senate\\_fadt](http://www.aph.gov.au/senate_fadt)



# TABLE OF CONTENTS

<b>Membership of the Committee .....</b>	<b>iii</b>
<b>Report to the Senate .....</b>	<b>1</b>
Introduction .....	1
Questions on notice .....	1
Defence portfolio.....	1
Department of Defence.....	1
Department of Veterans' Affairs.....	6
Australian War Memorial.....	8
Foreign Affairs and Trade portfolio .....	9
Department of Foreign Affairs and Trade.....	9
DFAT trade programs, Australian Trade Commission, and Export Finance and Insurance Corporation .....	13
Australian Agency for International Development .....	13
Acknowledgements .....	15
<b>Appendix 1 .....</b>	<b>17</b>
<b>Tabled documents.....</b>	<b>17</b>
Defence portfolio.....	17
Foreign Affairs and Trade portfolio .....	17



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

## **Report to the Senate**

### **Introduction**

1.1 On 14 May 2013, the Senate referred the following documents to the committee for examination and report:

- Estimates of proposed expenditure for 2013–2014 relating to the Defence portfolio and the Foreign Affairs and Trade portfolio;
- Particulars of proposed expenditure in respect of the year ending on 30 June 2014 [Appropriation Bill (No. 1) 2013–2014]; and
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2014 [Appropriation Bill (No. 2) 2013–2014].<sup>1</sup>

1.2 The committee conducted public hearings with the Defence portfolio on 3 and 4 June 2013 and the Foreign Affairs and Trade portfolio on 5 and 6 June 2013. The committee received evidence from the Parliamentary Secretary for Defence, Senator the Hon David Feeney, representing both the Minister for Defence and the Minister for Veterans' Affairs, and from officers from the relevant departments and agencies. The committee also received evidence from Senator the Hon Bob Carr, Minister for Foreign Affairs, also representing the Minister for Trade, and from officers from the relevant 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:

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=fact\\_ctte/estimates/bud\\_1314/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fact_ctte/estimates/bud_1314/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 in response to questions placed on notice would be 26 July 2013.

### **Defence portfolio**

#### *Department of Defence*

1.5 The committee acknowledged the attendance of Air Marshall Mark Binskin AO, Vice Chief of Defence Force (Acting CDF on 3 June 2013); Mr Warren King, the Chief Executive Officer of Defence Materiel Organisation (DMO), and officers of the

---

1 *Journals of the Senate*, No. 144, 14 May 2013, p. 3915.

Defence organisation.<sup>2</sup> On 4 June 2013, the committee also welcomed General David Hurley AC, DSC, Chief of the Defence Force (CDF).<sup>3</sup>

*Acting Chief of the Defence Force's opening statement*

1.6 Air Marshall Binskin, Acting CDF, made an opening statement. He began by conveying the CDF's apologies to the committee. The CDF was unavailable on the first day of the Budget estimates hearings as he was returning from a visit to Australian personnel in Afghanistan, with the minister.

1.7 Air Marshall Binskin remarked on the timeliness of the CDF's visit to Afghanistan. He noted that 'we are in a significant phase in our mission as Afghanistan moves towards final transition when the Afghan National Security Forces will take full responsibility for their country's security.'<sup>4</sup>

1.8 Air Marshall Binskin provided an operational update on the transition in Uruzgan province. He commented that:

In Uruzgan, the locals are encouraged by the progress they have witnessed in the province over the last decade. Early last month, representatives from the Australian War Memorial conducted a series of interviews with six eminent people from different tribes and professions in Uruzgan. All six spoke highly of Australian Defence Force personnel, and without exception they conveyed that respect and appreciation for the sacrifices of the Australian government, its people and, in particular, for the families of those Australians who have given their lives in Afghanistan. The six people who were interviewed have the benefit of hindsight. They remember what Uruzgan was like before the coalition arrived, and they were able to contrast that with the way that they see the province today. In their view, Australia's efforts have brought about positive change. They praised Australia's work to improve infrastructure, irrigation, schools and roads. For some, the changes that they have witnessed over the past decade in Uruzgan have surpassed expectations.<sup>5</sup>

1.9 According to Air Marshall Binskin the Australian Defence Force (ADF) still has 'a great deal of work ahead' as the transition comes the end.<sup>6</sup> He also commented on other ADF operations, including contributions to five peacekeeping operations in the Middle East and North Africa; and the ADF's contribution to maritime and border protection.<sup>7</sup>

---

2 *Proof Committee Hansard*, 3 June 2013, p. 3.

3 *Proof Committee Hansard*, 4 June 2013, p. 5.

4 *Proof Committee Hansard*, 3 June 2013, p. 4.

5 *Proof Committee Hansard*, 3 June 2013, p. 5.

6 *Proof Committee Hansard*, 3 June 2013, p. 5.

7 *Proof Committee Hansard*, 3 June 2013, pp. 5–6.



1.10 Air Marshall Binskin's opening statement also included an update on the winding down of Australia's operations in East Timor and the Solomon Islands.<sup>8</sup>

1.11 Other topics examined during the hearing on 3 June 2013 included:

*Outcome 1*

*Program 1.1 Office of the Secretary and the Chief of Defence Force*

- Funding for acquisitions contained in the Defence White Paper 2013 (pp. 6–7)
- Public Defence Capability Plan to be released end June 2013 (pp. 7–8)
- Funding for proposed first and second pass approvals for 2013–14 (pp. 8–13)
- Absorbed expense measures—including the Australian Cyber Security Centre and the Defence Abuse Response Taskforce (pp. 14–15, 16–20)
- Change of name from Defence Signals Directorate to Australian Signals Directorate (pp. 15–16)
- Funding breakdown for Growler (pp. 21–23, 26–27)
- Bulk fuel installations (pp. 24–28)
- Cost of the launch of the Defence White Paper 2013 (pp. 28–29, 30)
- Cost of the Defence White Paper 2013 itself (pp. 29–30)
- Granularity of the budget papers and the Defence Capability Plan (pp. 31–35)
- Strategic Reform Program (pp. 35–36)
- The decision not to proceed with establishing a fleet base in Brisbane (pp. 36–37)
- Berthing of cruise ships at Garden Island (pp. 37–39)
- Transition from Afghanistan—movement of troops and equipment out of Afghanistan, protocols for disposals, costs associated with the transition (pp. 39–47, 55)
- Defence White Paper 2013—Climate change (pp. 48–49)
- Defence White Paper 2013—Policy relating to Unmanned Aerial Vehicles and drones (pp. 49–51)
- Defence White Paper 2013—Rotation of US forces through Australia (pp. 51–56)
- Defence Export Control Office and the Defence Trade Controls legislation (pp. 56–58)

*Program 1.2 Navy Capabilities*

- Collins class submarines—full cycle docking, combat systems (pp. 58–64)
- Marine technician recruitment and retention (pp. 64–65)

---

8 *Proof Committee Hansard*, 3 June 2013, p. 6.

- Canberra class ships (p. 66)
- Armidale class fleet and Operation Resolute (pp. 66–67, 70–73)
- HMAS *Choules* (pp. 67–70)
- HMAS *Sydney* (pp. 73–74)
- Establishment of a submarine propulsion energy support and integration facility (p. 74)
- Next generation of submarines (pp. 74–76)
- Progress of the Rizzo program (pp. 77–79)
- Costs associated with the Spanish combat supply ship, *Cantabria* (pp. 79–80)

#### *Program 1.3 Army Capabilities*

- Regional force surveillance units (pp. 81–85)
- Defence of the North West (pp. 85–86, 100–101)
- Plan Beersheba (pp. 86–88)
- Armed Reconnaissance Helicopter (ARH) and Multi Role Helicopter (MRH) (pp. 88–90, 100)
- Mortar high explosive initiative (pp. 90–91)
- Army Land Systems Division (pp. 91–93)
- G-Wagons (pp. 93–94)
- Civilian surgical and medical teams during the Vietnam War—repatriation entitlements (pp. 94–99)
- Tender for the lightweight automatic grenade launcher (pp. 99–100)

#### *Program 1.4 Air Force Capabilities*

- Joint Strike Fighter (pp. 101–104, 105, 107–108)
- Broad Area Maritime Surveillance (BAMS) program (pp. 104–105)
- Lead-in Fighter Hawk logistic support contract (pp. 105–106)
- C-27J (pp. 106–107)

#### *Program 1.5 Intelligence Capabilities*

- Defence Signals Directorate and possible investigation of an unauthorised access to Mr Adam Bandt MP's IT systems (pp. 108–109)
- Australian Government Security Vetting Agency (pp. 109–114)

#### *Program 1.6 Chief Operating Officer—Defence Support and Reform*

- Proposed paid parking at Russell (pp. 115–116)
- Contract management oversight (pp. 116–117)
- Base security improvement program (pp. 117–118)

- Defence Logistics Transformation Program (p. 118)
- Defence lease at Rockhampton (pp. 118–119)
- Hammerhead crane at Garden Island (pp. 120–122)

*Program 1.7 Chief Operating Officer—Chief Information Officer*

- Telstra contract delays (pp. 124–126)
- IT systems and infrastructure (pp. 126–128)

*Program 1.8 Chief Operating Officer—Defence People*

- Deployment of Defence staff (pp. 114–115)

1.12 The committee continued hearings on areas under outcome 1 on 4 June 2013. Topics examined included:

*Program 1.8 Chief Operating Officer—Defence People*

- Recruitment of women into the ADF (pp. 6–10)
- Operational Service Medal (p.10)
- Numbers of senior officers (p. 11)

*Program 1.10 Vice Chief of the Defence Force*

- Employer Support Payment Scheme (pp. 11–12)
- ADF Family Healthcare Program (pp. 12–14)
- Medibank Health Solutions contract (pp. 14–16)
- General practitioner registrars training with the ADF (pp. 16–17)
- Army reserve units—budget, standard of equipment, need to attract reservists, number of training days (pp. 17–21)
- Cadets, new cadets units—funding streams (pp. 21–24)
- Black Review and reducing the excessive number of committees—progress on reforms (pp. 24–26)
- Logistics information systems upgrade (pp. 26–31)

*Program 1.12 Capability Development*

- SEA 1000—Future submarines (pp. 32–35, 45)
- Growler (pp. 35–37)
- Original purchase of Collins and resolution of Intellectual Property (IP) rights, evolved Collins and need to have IP arrangement for ensuring sufficient sovereign rights (pp. 37–44)
- Risk identification in Defence procurement processes (45–47)

*Program 1.13 Chief Finance Officer*

- Official Development Assistance (ODA) (pp. 47–48, 50–51)

*Outcome 2*

- National Action Plan on Women, Peace and Security—Defence's contribution, particularly in Afghanistan and work of the Civil Military Centre (pp. 48–50)

*Defence Materiel Organisation*

- Seasprites (pp. 51–53)
- DMO representatives at Avalon Air Show, Paris Air Show (pp. 52–57)
- Staff numbers at DMO (pp. 58–61)
- Light weight torpedos—MU90 (pp. 61–62)
- 360 degree scorecard, small fall in performance of DMO, first and second pass approvals numbers, scheduled project performance (pp. 62–64)
- Projects of concern including multi role tank transport, MU90, Land 40 phase 2 project (pp. 64–73)

*Department of Veterans' Affairs*

1.13 The committee welcomed Mr Simon Lewis PSM, Acting Secretary, and officers from the Department of Veterans' Affairs (DVA). The Committee took the opportunity to congratulate Mr Lewis on his appointment as acting secretary and acknowledged outgoing Secretary, Mr Ian Campbell PSM as a 'fine public servant and a servant to the veterans' community'.<sup>9</sup>

*Acting Secretary's opening statement*

1.14 In his opening statement Mr Lewis acknowledged the service of outgoing secretary Mr Campbell. He stated:

I would, firstly, like to acknowledge the excellent work of the outgoing secretary, Mr Ian Campbell. During his term as secretary over the last five years, Mr Campbell fulfilled his role with professionalism and dedication. Under his leadership the department has been able to position strategically to respond to the many challenges arising from the high level of ADF operational tempo over recent years. He also consolidated the department's approach to supporting the centenary of Anzac in 2015, an issue about which I know he is very passionate. One initiative I know that he is particularly proud of is the establishment of the on-base advisory service or OBAS. Currently on 35 Defence bases, this initiative has helped bring the DVA closer to ADF members and increased their awareness of our services.

Mr Campbell took a particular interest in ensuring that the needs of younger war widows and children were quickly and effectively met by DVA and ensured that DVA adapted and evolved to meet the needs of contemporary clients. I trust that all members of this committee will join me in wishing

---

9 *Proof Committee Hansard*, 4 June 2013, pp. 74, 76.

---

Mr Campbell a speedy recovery from his recent illness and our best wishes for his retirement.<sup>10</sup>

1.15 During this opening statement, the Acting Secretary apologised to the committee for an error relating to correspondence to around 1,000 clients affected by the proposed introduction of white cards for Safety Rehabilitation and Compensation (SRCA) clients with long standing health conditions. The department wrote to the clients advising them of the changes—this correspondence did not acknowledge that the initiative was dependent on legislation currently before the Parliament.<sup>11</sup>

1.16 Topics examined during the hearing on 4 June 2013 included:

- Rehabilitation mobility support process (pp. 76–78)
- Training for departmental staff with respect to entitlements under the *Military Rehabilitation and Compensation Act 2004* (pp. 78–79)
- Ex-Service organisations (pp. 79–80)
- Home and Community Care (HACC) program (pp. 80–82, 83–84)
- Co-location arrangements (pp. 82–83)
- Budget and funding commitments around mental health (p. 84)
- Campbell review (pp. 84–87)
- Key performance indicators and timeliness of claims (pp. 87–91)
- Ex gratia payments to Australians exposed to British nuclear tests—Maralinga (pp. 91–93)
- Building Excellence in Support and Training (BEST) program and funding (pp. 93–95)
- Grosvenor report on the interaction between the Repatriation Medical Authority and the Specialist Medical Review Council (pp. 95–97)
- Centenary of Anzac commemorations and the Anzac Centenary Advisory Board (pp. 97–100)
- Local Community Grants Program (p. 101)
- Providence Consulting report (pp. 102–105)
- Centenary of Anzac travelling exhibition (pp. 105–106)

---

10 *Proof Committee Hansard*, 4 June 2013, p. 74.

11 *Proof Committee Hansard*, 4 June 2013, p. 75.

***Australian War Memorial***

1.17 The committee welcomed Dr Brendan Nelson AO, Director and officers of the Australian War Memorial.<sup>12</sup>

1.18 Topics examined during the hearing on 4 June 2013 included:

- Centenary of Anzac travelling exhibition (pp. 106–108, 109)
- Proposed paid parking in the parliamentary triangle and its implication for the War Memorial (p. 108)
- Last Post ceremony and proposed new initiatives and exhibitions (p. 108)

---

12 *Proof Committee Hansard*, 4 June 2013, p. 106.

---

## Foreign Affairs and Trade portfolio

### *Department of Foreign Affairs and Trade*

1.19 The committee welcomed Mr Peter Varghese AO, Secretary, and officers of the Department of Foreign Affairs and Trade (DFAT).<sup>13</sup>

1.20 Topics examined during the hearing on 5 June 2013 included:

#### *Portfolio and Budget Overview*

- The department's role in monitoring overseas terrorist incidents (pp. 4–10, 38–45)
- Staff reductions and voluntary redundancies (pp. 10–12)
- DFAT budget (pp. 12–13)
- Decision to postpone the establishment of the embassy in Senegal (pp. 13–14)
- Decision to close Australia's embassy in Hungary (pp. 14–19)
- Overseas travel for Foreign Ministers' spouses (pp. 19–20)
- Selection processes for DFAT's senior executives (p. 21)
- Funding for Australia's membership of the United Nations (UN) Security Council (pp. 21–22)
- Budget allocation for the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) (pp. 22–23)
- Australia in the Asian Century White Paper (pp. 23–24)
- Budget expense measures for combatting people smuggling (pp. 24–27)
- Diplomatic appointments (pp. 27–28)
- Direct Aid Program (pp. 28–30)
- National Action Plan on Women, Peace and Security—DFAT's contribution, particularly in Afghanistan (pp. 30–31)

#### *North Asia*

- Australia-Japan free trade agreement negotiations (pp. 31–32)
- Implications of change of leadership in China on Australia-China relationships (p. 33)
- Territorial claims in the South China Sea (pp. 33–35)
- Human rights dialogue framework (p. 35)
- Annual meetings between Chinese Government and Australian Government (p. 36)
- Australian citizens detained in China (pp. 37, 45–46)

---

13 *Proof Committee Hansard*, 5 June 2013, p. 3.

- Non-self-governing territories (pp. 46–47)
- Mongolian Government and the Oyu Tolgoi mine (pp. 47–49)
- Proposed North Korean embassy in Australia (pp. 49–50)

#### *South East Asia*

- Discussions with Malaysia in relation to people smuggling and human trafficking (p. 50)
- Australia's relationship with Indonesia (pp. 51–53)
- Reports by human rights group Papuans Behind Bars (pp. 53–58)
- Indonesia—Lombok treaty (pp. 59–60)
- Malaysian elections (pp. 61–63)
- Safety of Australian travellers in Bali (pp. 63–64)
- International prisoner transfer agreement with Indonesia (pp. 64–65)
- Process of democratisation in Myanmar and human rights (pp. 66–73)
- The case of two Qantas employees arrested in Vietnam (p. 73)
- Information published on the Foreign Minister's blog (p. 74)
- Australia's relationship with the Philippines (pp. 75–76)
- The disappearance of Lao human rights activist Mr Sombath Somphone (pp. 51, 76–77)

#### *Americas*

- Post liaison visit to Australia's New York embassy (p. 77)
- Departmental support for Mr Tim Mathieson's recent visit to the United States (pp. 77–78)
- Diplomatic appointments (pp. 78–79)
- Residential arrangements for the incoming consul-general in New York (pp. 79–81)
- The trial of Private First Class Bradley Manning in the United States (pp. 81–83)

#### *Europe*

- Reports of the anti-Semitic movement in Hungary (pp. 83–84)
- British membership of the European Union (pp. 84–85)
- The Australia-United Kingdom ministerial communiqué (p. 85)
- The agreement that has been reached between Serbia and Kosovo (pp. 85–86)

#### *South and West Asia, the Middle East and Africa*

- Sri Lanka and human rights (pp. 86, 88)
- Visits to Australia by the Indian Prime Minister (p. 87)



- Safety of Australian tourists in India (p. 87)
- The Australian High Commission in Colombo and requests for asylum (pp. 89–90)
- Australia's attendance at Colombo CHOGM (pp. 91–92)
- Australia's four-point plan for security cooperation with Sri Lanka (pp. 92–94)
- The Maldives suspension from the Commonwealth Ministerial Action Group (pp. 94–95)
- Safety of Australian citizens in Syria (pp. 95–96)
- Reports of the use of chemical weapons in Syria (p. 97)
- Humanitarian assistance for refugees fleeing Syria (pp. 97–98)
- Human rights and Pakistan (pp. 99–100)
- The case of Australians, Mr Matthew Joyce and Mr Marcus Lee, detained in Dubai (pp. 100–102)
- Upcoming elections in Zimbabwe (p. 103)
- Human rights and Iran (p. 104)
- Education issues in Gaza— Hamas (p. 104)
- Mining operations in Rwanda and the Democratic Republic of Congo (pp. 104–106)
- The new High Commission building in Kenya (p. 107)
- Children engaged in conflict in the Central African Republic (pp. 107–108)

#### *Pacific*

- Update on the situation in Fiji (pp. 108–109)
- Cooperative fishing issues in the South Pacific (pp. 109–110)
- China's engagement in the Pacific (p. 111)

1.21 The committee continued hearings on areas under outcome 1 on 6 June 2013. Topics examined included:

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

- Legal arrangements in Papua New Guinea (PNG) (pp. 4–5)
- Australia's involvement in the Open Government Partnership (pp. 5–7)
- UN Law of the Sea Convention (pp. 7–8)
- The consideration by PNG to introduce the death penalty (p. 8)
- UN Security Council sanctions committees (pp. 8–10)
- People smuggling (pp. 10–113)
- International Civil Aviation Organisation (pp. 13–14)
- The Bali Process (pp. 14–15)

- UN and autonomous sanctions (p. 16)
- Intergovernmental Panel on Climate Change—Rio conference (pp. 17, 19, 32–33)
- UN Commission on the Status of Women meeting in March 2013 (pp. 17–18)
- Indian Ocean Rim Association for Regional Cooperation (pp. 19–20)
- UN Security Council Taskforce (pp. 20–21)

*Security, nuclear disarmament and non-proliferation*

- Status of negotiations on uranium sales to India (pp. 22–23)
- The Humanitarian Impact of Nuclear Weapons conference (p. 23)
- Australia's policy on the use of nuclear weapon (pp. 23–25)
- Arms Trade Treaty (pp. 26–27)

*Public information services and public diplomacy*

- *Smartraveller* website (pp. 27–29)
- Direct Aid Program (pp. 29–31)

*Program 1.2—Payments to International Organisations*

- Budget for payments to the UN and UN bodies (p. 33)

*Program 1.3—Public Information Services and Public Diplomacy*

- China Advanced Leadership Program (pp. 33–34)

*Outcome 2*

*Program 2.1—Consular Services*

- Travellers emergency loans and medical evacuations (p. 34)
- Consular assistance to Mr Julian Assange (p. 35)
- Increasing numbers of Australians travelling and the pressures on consular services (pp. 35–36)

*Program 2.1—Passport Services*

- Replacement passport system (p. 36)
- Closure of the Atlanta office (pp. 36–37)

*Outcome 3*

*Program 3.2—Overseas Property*

- Bali Peace Park (pp. 37–38)
- The Ambassador's residence in Rome (p. 39)
- Reviews and security upgrades of overseas posts (p. 39)

---

## ***Trade portfolio***

### ***DFAT trade programs, Australian Trade Commission, and Export Finance and Insurance Corporation***

1.22 The committee welcomed officers of the Australian Trade Commission (Austrade) and Export Finance and Insurance Corporation (EFIC) who appeared with DFAT officers in the trade portfolio.<sup>14</sup>

1.23 Topics examined during the hearing on 6 June 2013 included:

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

- Australian beef exports to Indonesia (pp. 40–46)
- Free-trade agreement negotiations (p. 46)
- Issues faced by SPC Ardmona (pp. 46–48)
- World Economic Forum in Myanmar (pp. 48–49)
- Status of the Australia-India Comprehensive Economic Cooperation Agreement (pp. 49–50)
- Free trade agreement with Japan (p. 50)
- Trans-Pacific Partnership Agreement (p. 50)
- Trade negotiations with South Korea (pp. 50–51)

#### *EFIC*

- EFIC's environmental and risk assessments on high-risk projects (pp. 51–53)
- EFIC and national interest decisions (pp. 53–55)

#### *Austrade*

- Brand Australia (p. 57)
- Asian Century Business Engagement Plan (pp. 57–58)

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

1.24 The committee welcomed officers of the Australian Agency for International Development (AusAID).<sup>15</sup>

#### *Opening statement*

1.25 Mr Peter Baxter, Director General, made an opening statement. Mr Baxter discussed the concerns regarding:

...inaccurate media reporting relating to alleged problems with bullying and harassment within AusAID, the reasons for the increase in AusAID's

---

14 *Proof Committee Hansard*, 6 June 2013, p. 40.

15 *Proof Committee Hansard*, 6 June 2013, p. 58.

Comcare premiums and the number of executive level staff within AusAID.<sup>16</sup>

1.26 Mr Baxter also noted the recently released OECD peer review of the Australian aid program, released in May 2013. Mr Baxter stated:

It is the second independent review of our aid program to be published in the last three years, coming after the release of the Independent Review of Aid Effectiveness in April 2011. The peer review is conducted every four years. The OECD commended AusAID's organisational reform efforts, describing the agency as a highly efficient, flexible and innovative organisation. It assessed that Australia is in a very strong position to deliver a growing aid budget effectively and efficiently. It commended Australia's effective approach to development in fragile and conflict-affected states, and it recognised Australia's commitment to transparency and its focus on achieving results.<sup>17</sup>

1.27 Topics examined during the hearing on 6 June 2013 included:

- Oversight processes and mechanisms (pp. 59–60)
- Bullying issues at AusAID, staff survey results, reporting of bullying and AusAID procedures for responding to allegations of bullying, staffing issues in AusAID (pp. 60–68)
- Staff medically evacuated from an overseas deployment (pp. 68–69)
- Personnel costs for deployments (pp. 69–70)
- Aid to Papuan provinces, including strategic assessment of HIV in the region (pp. 70–72)
- Aid funding to East Timor (pp. 72–75)
- Papua New Guinea and Australia's aid program, social indicators, water and sanitation, multi drug resistant tuberculosis, Daru hospital (pp. 75–77)
- Deductible gift recipient (DGR) status (pp. 77–80)
- \$375 million redirected from within the aid budget (pp. 80–81, 84–86)
- Mining for Development Initiative (pp. 81–83, 88)
- Research on illegal mining in Bougainville (pp. 86–87)
- Comprehensive Aid Policy Framework (p. 89)
- Non-government organisation accreditation processes (p. 89)
- Development and implementation of a whole-of-government approach (pp. 89–91)
- International Relief and Development (pp. 91–92)

---

16 *Proof Committee Hansard*, 6 June 2013, p. 58.

17 *Proof Committee Hansard*, 6 June 2013, p. 59.

- Investigations of possible fraud in the scholarships program in Afghanistan (pp. 93–94)
- Aid to the Caribbean (pp. 94–95)
- Mining for Development Initiative in Myanmar (pp. 95–97)
- Sri Lanka and the Australian Community Rehabilitation program (p. 97)
- Kalimantan Forests and Climate Partnership (pp. 97–98)
- Aid to Cambodia (pp. 99–101)

### **Acknowledgements**

1.28 For their assistance during its hearings, the committee thanks Senator the Hon David Feeney and Senator the Hon Bob Carr. 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 the Hon Ursula Stephens  
**Chair**



# Appendix 1

## Tabled documents

### Budget estimates 2013–2014

#### Defence portfolio

**Monday, 3 June 2012**

##### *Department of Defence*

- Received from Air Marshall Mark Binskin AO, 'Acting Chief of the Defence Force Opening Statement-Budget Estimates Hearing—3 June 2013'.
- Received from Senator Scott Ludlam 'Rules for US Troops in NT kept secret', Dylan Welch, 11 November 2012.
- Received from Senator the Hon Michael Ronaldson, flow chart relating to Australian civilian surgical/medical staff at the provincial hospital in Bien Hoa, South Vietnam.

**Tuesday, 4 June 2012**

##### *Department of Veterans' Affairs*

- Received from Mr Simon Lewis PSM, Acting Secretary, 'Opening Statement'.
- Received from Mr Simon Lewis PSM, Acting Secretary, 'Veteran Mental Health Clinical Reference Group—Committee members'.
- Received from Senator Scott Ludlam, two letters to the Right Hon William Hague MP, First Secretary of State, and Secretary of State for Foreign and Commonwealth Affairs, dated 17 January and 21 February 2013; and one letter from the Right Hon Mark Francois MP, Minister of State for Defence Personnel Welfare and Veterans, dated 11 April 2013.

#### Foreign Affairs and Trade portfolio

**Thursday, 6 June 2012**

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

- Received from Senator the Hon Bob Carr, Minister for Foreign Affairs, 'Matthew Joyce and Marcus Lee—Case Chronology'.

##### *Australian Agency for International Development (AusAID)*

- Received from Mr Peter Baxter, Director General, photographs of the construction of new TB ward at Daru Hospital.

