
The Parliament of the Commonwealth of Australia

Review of the Defence Annual Report 2006-2007

Joint Standing Committee on Foreign Affairs, Defence and Trade

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Canberra

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Cover photographs captions

Australian soldiers from the 1st Reconstruction Task Force disembark an Australian C-130J Hercules on the ground in Southern Afghanistan - 13 September 2008

(Official Image No. 20060913adf8185016_0170)

An M1A1 Abrams tank returns after engaging a number of targets across the moving target range at the Mr Bundy Training Area in the Northern Territory - 29 May 2007.

(Official Image No. 20070529adf8243523_65)

Boeing F/A-18F Super Hornet

(Image courtesy of Boeing)

Adelaide Class Frigate (FFG) - HMAS Newcastle.

(Official Image No. 20081007ran8484535_013)



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Foreword

This review of the Defence Annual Report 2006-2007 focuses on the activities, achievements and undertakings of the Australian Defence Force (ADF) and the Department of Defence during the period July 2006 to June 2007. At the end of this reporting period, Defence had over 3,800 personnel deployed on overseas operations, and around 450 personnel engaged in protecting Australia's northern borders, and was successfully conducting 14 operations and military campaigns across Africa, the Middle East, the Pacific and Australia. During this period, the ADF also carried out five short-notice emergency relief operations in Lebanon, Tonga, Indonesia and Solomon Islands.

In September 2006, around 400 Australian soldiers of the 1st Reconstruction Task Force (RTF) arrived in Uruzgan Province as part of Australia's commitment to the reconstruction and stabilisation of Afghanistan. The 1stRTF achieved outstanding success and provided a solid foundation for subsequent RTF rotations. In April 2007, a Special Forces Task Group and an Air Force Radar Reporting Element were also deployed to Afghanistan, taking Australia's commitment to Operation Slipper to over 800 personnel. Australia's commitment to the reconstruction and stabilisation of Afghanistan continues today.

In late June 2007, the ADF became a major support agency to the Government's Northern Territory Emergency Response Task Force (Operation Outreach) to provide logistics, communications, mobility and liaison to this whole-of-government initiative.

During the 2006-2007 reporting period, in addition to the significant operational tempo, Defence also maintained a focus on equipment acquisition, as well as seeking improvements in the areas of finance, management and accountability.

The review of the Defence Annual Report is an important task and an opportunity for the Defence Sub-Committee to inquire into a broad range of Defence issues as part of the process of accountability of Government agencies to Parliament. The Defence Sub-Committee takes this responsibility very seriously.

This year, the Defence Sub-Committee selected a broad range of issues for examination at public hearings held on 10 July 2008 and 29 August 2008. The major topics included the Defence Materiel Organisation (DMO); the Joint Strike Fighter (JSF); Personnel issues; and several other issues of interest.

The first topic examines a number of key DMO responsibilities, including significant funding slippages in DMO's Top 30 Projects list and Australian industry capability.

Topic two JSF examines the Joint Strike Fighter (F35); the background of the project, the progress to date and cost estimates. The issue of future air combat capability was also raised with the CDF and is discussed in this section of the review.


Under the heading of 'personnel', the Committee examined the progress of the Military Justice Reforms, recruitment and retention, personnel shortages in critical trades and the issue of reportable fringe benefits for selected Defence conditions of service and allowances.

Under the heading of 'Other issues', the Committee examined the ADF's preparedness to conduct peacekeeping operations; the current and future role of armour; interoperability of new communications platforms with legacy systems; and the Hardened and Networked Army.

To conclude the review of the Defence Annual Report 2006-2007, the Chief of the Defence Force made himself available at the end of the second Public Hearing for wide-ranging discussions on current issues across the entire Defence Annual Report.

The Committee would like to thank all of the individuals and organisations that participated in this Review of the Defence Annual Report 2006-2007. We would also like to express our ongoing appreciation to the men and women of the ADF for the outstanding work that they continue to do in Australia and around the world. Finally, the Committee would also like to thank the families for the support they provide and the sacrifices they endure, to enable our Service men and women to contribute to Australia's security.

The Hon Arch Bevis MP
Chair Defence Sub-Committee



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Terms of reference

Pursuant to paragraph 1 (b) of its resolution of appointment, the Joint Standing Committee on Foreign Affairs, Defence and trade is empowered to consider and report on the annual reports of government agencies, in accordance with a schedule presented by the Speaker of the House of Representatives.¹

The Speaker's schedule lists annual reports from agencies within the Defence and Foreign Affairs portfolios as being available for review by the Committee.²

1 See *Votes and Proceedings*.

2 Speaker's Schedule: Allocation to Committees of Annual Reports of Departments, Agencies, Authorities and Companies.



List of abbreviations

39PSB	39 th Personnel Support Battalion, Sydney
ACPB	Armidale-Class Patrol Boats
ADF	Australian Defence Force
ADFPKC	Australian Defence force Peacekeeping Centre
ADI	Australian Defence Industries
AEW&C	Airborne Early Warning and Control Aircraft
AMC	Australian Military Court
ANAO	Australian National Audit Office
APCML	Asia Pacific Centre for Military Law
APS	Australian Public Service
ARH	Armed Reconnaissance Helicopters
AWD	Air Warfare Destroyer
BCSS	Battlefield Command Support System
BY	By Year
CAIG	Cost Analysis Improvement Group
CATB	Cooperative Avionics Test Bed
CDF	Chief of Defence Force

CO	Commanding Officer
DFAT	Department of Foreign Affairs and Trade
DMO	Defence Material Organisation
DMP	Director of Military Prosecutions
DOD	Department of Defence
DRP	Defence Reform Program
DVA	Department of Veterans' Affairs
ELF	Enhanced Land Force
ESFS	Emergency Support for Families Scheme
ESM	Electronic Support Measures
FBT	Fringe Benefit Tax
FFG	Royal Australian Navy's Guided Missile Frigates
GAO	United States Government Accountability Office
GOPS	Graded Officer Pay Structure
GORPS	Graded Other Ranks Pay Structure
HECS	Higher Education Contribution Scheme
HELP	Higher Education Loan Program
HF	High Frequency
HNA	Hardened and Networked Army
IGADF	Inspector General of the Australian Defence Force
IOC	Initial Operational Capability
IOT&E	Initial Operational Test and Evaluation
JPO	Joint Strike Fighter (JSF) Program Office
JSF	Joint Strike Fighter

MRH-90	Multi Role Helicopters
NACC	New Air Combat Capability
NGOs	Non Government Organisations
PAES	Portfolio Additional Estimates Statements 2007-08
PBS	Portfolio Budget Statements 2007-08
PSFD	Production Sustainment and follow-on Development
PWC	Joint Standing Committee on Public Works
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RAR	Royal Australian Regiment
RLLT	Remote Locality Leave Travel
RSM	Regimental Sergeant Major
SAR	Selected Acquisition Report
SDD	System Development and Demonstration
SJFADT	Senate Joint Committee on Foreign Affairs, Defence and Trade
SWAPP	Service Workforce Access Program for Partners
TY	Then Year
UN	United Nations



List of recommendations

2 Defence Materiel Organisation

Recommendation 1

That subject to national security requirements, the ADF and Government schedule large acquisitions in a sustainable manner over time, to avoid peaks and troughs for Australian industry and to better provide a long-term through-life support capability.

3 Department of Defence - Joint Strike Fighter F35

Recommendation 2

That consideration of Australia's future combat aircraft needs, including the critical air to air combat role, be determined by the paramount strategic importance of this capability, as recognised in the 2000 White Paper. That the decision on future air combat capability be determined by the analysis of available platform capabilities against Australia's strategic requirements and not be constrained by a predetermined requirement for a single platform.

4 Department of Defence – Personnel

Recommendation 3

The Committee recommends that the Government exempts the Remote Locality Leave Travel entitlement from fringe benefits reporting.

5 Department of Defence – Other issues

Recommendation 4

The Committee recommends that the Government consider the acquisition of battlefield mobility assets for the Abrams tank, such as a bridge-laying capability.

Recommendation 5

The Committee recommends that the Government expedite a solution to upgrade communications suites to ensure integration of all battle management systems to create a modern and effective Network Centric Warfare capability.