

## Introduction

- 1.1 During the period July 2008 to June 2009, Defence continued its engagement in military operations around the world.
- 1.2 The Australian Defence Force (ADF) was involved in 18 overseas operational deployments between July 2008 and June 2009 in areas such as East Timor, Solomon Islands, Papua New Guinea, the Northern Indian Ocean, Africa, the Middle East, Iraq, and Afghanistan. Defence also engaged in maritime security operations in the South China Sea in support of regional security, supported United Nations missions, and operated in the Gulf region and the Horn of Africa to counter the threat of piracy.<sup>1</sup>
- 1.3 In Australia, Defence assisted the civil authorities' response to devastating natural disasters such as the Victorian bushfires, and floods in Queensland and New South Wales.<sup>2</sup>
- 1.4 On 2 May 2009, Defence released the first *White Paper* in over eight years: *Defending Australia in the Asia Pacific Century: Force 2030*. Under plans announced in the *White Paper*, the Government is to double the number of submarines, build a new class of frigates, provide more than 1,100 new combat vehicles for the Army, and equip the Air Force with around 100 Joint Strike Fighters. In addition, the Government committed to fundamental and extensive reform of Defence business.<sup>3</sup>
- 1.5 Defence also released and implemented the *Strategic Reform Program*. The *Strategic Reform Program* sets out how Defence intends to save around \$20 billion (gross) over the next ten years. Defence announced that 'money

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1 Department of Defence, *Defence Annual Report 2008-09 Volume One*, p. 2.

2 Department of Defence, *Defence Annual Report 2008-09 Volume One*, p. 2.

3 Department of Defence, *Defence Annual Report 2008-09 Volume One*, p. 18.

will be reinvested in Defence to deliver stronger military capabilities, to remediate areas where there has not been enough funding in the past and to modernise the Defence enterprise 'backbone', which is essential to support the fighting force.'<sup>4</sup>

- 1.6 On 9 December 2009, Defence released the findings from the first ever ADF families survey. The results of the survey are being used to help shape the 20-year ADF *Housing and Accommodation Strategy* and inform the development of an improved *Absence from Home Support* program for ADF members and their families.<sup>5</sup>
- 1.7 The Defence Materiel Organisation (DMO) is managing over 210 major projects<sup>6</sup> and more than 140 minor projects<sup>7</sup> and in the 2008-09 financial period it expended \$4.8 billion on these projects.<sup>8</sup> According to the Australian National Audit Office (ANAO), keeping major projects on schedule remains a major challenge for the DMO.<sup>9</sup>

## Annual Report review objectives and scope

- 1.8 The review of the Defence Annual Report is an important task and an opportunity for the Defence Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade to inquire into a broad range of Defence issues as part of the process of accountability of Government agencies to Parliament. The sub-committee takes this responsibility very seriously.
- 1.9 The sub-committee took evidence from senior Department of Defence officials at a public hearing held in Canberra on 30 March 2010. The transcript of the hearing is available on the committee's website.<sup>10</sup>

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4 Department of Defence, 'Defence Strategic Reform Program – Delivering Force 2030', Media Release, 4 June 2009.

5 The Hon Greg Combet MP, Minister for Defence Personnel, Materiel and Science, 'First Ever ADF Families Survey Completed', Media Release, 9 December 2009, p. 1.

6 A major capital equipment project is defined as a project with strategic importance and is part of the Defence Capability Plan. Defence Portfolio Budget Statements 2009-10, p. 138.

7 Minor capital projects cover new equipment, modifications to existing equipment or enhancements to new equipment, and are generally valued at between \$500,000 and \$20m. Defence Portfolio Budget Statements 2009-10, p. 31.

8 Department of Defence, *Defence Annual Report 2008-09 Volume Two*, p. 28.

9 Australian National Audit Office, *2008-09 Major Projects Report Defence Materiel Organisation*, November 2009, p. 19.

10 See: <[www.aph.gov.au/jfadt](http://www.aph.gov.au/jfadt)>

- 1.10 The proceedings of the hearing were webcast over the internet through the Parliament's website, allowing interested parties to watch the proceedings as they occurred.
- 1.11 The review examined a combination of information from both volumes of the *Defence Annual Report 2008-09* and the *ANAO 2008-09 Major Projects Report*.
- 1.12 The committee also encouraged public input through an advertising campaign, resulting in three submissions being provided to the sub-committee for consideration. The sub-committee thanks those individuals and organisations that have contributed.

## Focus areas

- 1.13 The sub-committee selected a broad range of issues for examination at the public hearing. In broad terms, the focus areas were:
- Major Projects including the:
    - ⇒ Joint Strike Fighter
    - ⇒ Airborne Early Warning and Control Aircraft
    - ⇒ F/A-18 Hornets and Super Hornets
    - ⇒ Australian Light Protected Vehicle
    - ⇒ Air Warfare Destroyer, and
    - ⇒ the High Frequency Modernisation Project.
  - Personnel
  - Operations
  - Defence Estate, and
  - Other issues.

## Conclusions

- 1.14 While this report does not include any specific recommendations, there are conclusions drawn by the committee that are identified in bold type.
- 1.15 The government should note these conclusions which identify matters of concern.

