

ANSWERS TO QUESTIONS ON NOTICE

DEPARTMENT OF DEFENCE

Budget estimates 2000–2001, 29–30 May 2000

Portfolio overview and major corporate issues

QUESTION 1

SENATOR: West

HANSARD: Page 18-19

Could the committee be provided with an estimate of the economic impact of Defence expenditure in regional Australia?

RESPONSE

Defence does not maintain such data on a continuing basis because its information systems do not record expenditure on a geographic basis. In his evidence, the Chief of the Defence Force was referring to two studies, conducted in the early 1990s, which examined the impact of Defence spending on the regional economies of Townsville and the Northern Territory. The studies found that Defence was the third largest source of revenue in the Northern Territory. In both studies, Defence accounted for about 10% of the local economy's GDP. On average for each Defence job in regional Australia a further job is created and for each Defence dollar spent in regional Australia a further 40 cents is added to the local economy.

QUESTION 2

SENATOR: Hogg

HANSARD: Page 76

Could the Minister for Defence confirm the information provided in the response to question 10c from the 3 May 2000 supplementary additional estimates hearing (*Additional Information Received—Defence Portfolio Volume 3, May 2000*)?

RESPONSE

The appointments were considered by Cabinet in the normal way. As previously advised, the Prime Minister did not provide any formal advice to the Minister.

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QUESTION 3

SENATOR: Hogg

HANSARD: Page 167

- a. How many ADF weapons have been lost or stolen in the last 12 months and how many have been recovered?
- b. Has the theft from HMAS *Albatross* (spoken about last year) been resolved?

RESPONSE

- a. Based on the best available advice from the three Services, weapons lost or stolen from the ADF and weapons recovered are set out in the tables below for the period 1 April 1999—31 March 2000.

Weapon Loss Details ⁽¹⁾
<ul style="list-style-type: none">• 1 incident involving a complete F88 Steyr rifle lost in East Timor (including its magazine containing 30 rounds)• F88 Steyr parts (trigger mechanisms and bolt assemblies)• an incomplete F88 Steyr rifle (trigger mechanism was not lost)• a complete 7.62mm sniper rifle• a complete .50in calibre sniper rifle• an (innocuous) .303in calibre rifle• a 1884 vintage Enfield pistol• a replica pistol• two M203 Grenade launchers; four pistols namely: a Browning .32, a 9mm Tokarev, a Colt, and a Webley; one 5.56mm M16 Armalite; four AK47 assault rifles; four AKS/AKM assault rifles; seven other rifles namely: a 7.62mm, a 7.62mm G3, a 7.62mm HMD, a Carl Gustav M5, and three PPSH 43s; two 9mm Austen SMG; and one PPSH 41 rifle. ⁽²⁾

Notes:

1. None of these weapons have yet been recovered, but Military Police investigations are continuing.
2. These weapons were taken from 1 RAR Museum. During 1991–1995, most of the weapons were rendered innocuous in accordance with the then standards for rendering weapons harmless. In 1998, the standards were revised, but the weapons were not rendered innocuous to the new standards prior to the theft from the 1 RAR Museum.

Weapon Recovery Details
<ul style="list-style-type: none">• a complete SLR rifle• two incomplete SLR rifles• a complete AK47 assault rifle• a Vickers machine gun• a Bren machine gun• 9mm Browning pistol parts• one .303 Lee Enfield bolt• one F89 Minimi bolt

- b. Yes, the persons involved in the theft at the Parachute Training School at Nowra have pleaded guilty, were fined and ordered to repay an amount of \$20,000 representing the loss incurred by the Commonwealth. The separate issue of the travelling allowance fraud at HMAS *Albatross* was covered at the hearing (Hansard, p.169) on 30 May 2000.

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QUESTION 4

SENATOR: West

HANSARD: Page 168

Does the Minister for Defence accept the criticism contained in a new book, *America's Asian Alliances*, concerning the current state of the Australia/United States alliance?

RESPONSE

No.

QUESTION 5

SENATOR: West

HANSARD: Page 178

What is the total annual cost of the Reserves, the breakdown between personnel and equipment and the breakdown by Service?

RESPONSE

The Army has a different Reserve formation structure to both the Navy and the Air Force. The Army has separate formed Reserve units which facilitates approximate attribution of equipment costs. The Navy and Air Force Reserve units are part of their respective Service's integrated work force and attribution of equipment costs is not possible with Defence's current cost-management systems.

The tables below set out the best available figures obtainable using current source systems. In addition, in 2000–01, the Government has provided additional funding of \$20 million to enhance the operational effectiveness of the Reserves. Initiatives being considered by the Government include promoting the retention of Reserve personnel by improving training of individuals and by providing support for their employers.

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Assistant Chief Reserves (provides overarching Reserve policy)

Operating Expenses	1999-2000 \$m	2000-01 \$m
Overhead costs	1.03	1.03

Navy

Operating Expenses	1999-2000 \$m	2000-01 \$m
Employees–Military	18.7	21.8
Employees–Civilian	n/a	n/a
Suppliers	0.5	0.5
Inventory Consumption	n/a	n/a
Depreciation and Amortisation	n/a	n/a
Net losses from sale of assets	n/a	n/a
Write down of assets	n/a	n/a
Interest	n/a	n/a
Other	n/a	n/a
Total Operating Expenses	19.2	22.3

Note:

Employee Expenses include all Australian Naval Reserves, Continuous Full-Time Service and Permanent Naval Force in direct support of the Australian Naval Reserves.

Army^{(1) (2)}

Operating Expenses	1999-2000 \$m	2000-01 \$m
Employees–Military	75.0	77.5
Employees–Civilian	n/a	n/a
Suppliers ⁽³⁾	23.2	24.0
Inventory Consumption ⁽⁴⁾	99.4	102.7
Depreciation and Amortisation ⁽⁵⁾	35.2	35.2
Net losses from sale of assets	n/a	n/a
Write down of assets	n/a	n/a
Interest	n/a	n/a
Other	n/a	n/a
Total Operating Expenses	232.8⁽⁶⁾	239.4

Notes:

- "N/a" means that the costs are not available or separately identifiable. Any attribution would only be a token measure and could not be justified on any sound basis.
- These costs do not include any attribution of other Groups' operating costs as the attribution rules are still under review.
- Suppliers figures include Travel and Subsistence; Office Requisites; Fuel, Light and Power; Postage and Telecommunications; Food and Clothing; Medical and Dental; Computer Services; Port Handling; Advertising and Incidentals and Facilities operating costs.
- Inventory Consumption includes Ammunition; Rations; Petrol, Oil, Lubricants; Repair of Equipment; Other Equipment and Stores.
- Depreciation has been calculated on the basis of assets allocated to General Reserve formations only.
- Does not include:
 - Cost of ARA Cadre staff in Gres units.
 - Cost of General Reserve on Full-Time Service which peaked at 871 personnel at Pay Period 26.
 - Equipment capital cost.
 - Cost of any training pool usage by General Reserve units.

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Air Force

Operating Expenses	1999-2000	2000-01
Employees–Military	11.8	11.3
Employees–Civilian	3.1	2.8
Suppliers	2.1	2.1
Inventory Consumption	0.9	0.8
Depreciation and Amortisation	1.5	1.5
Net losses from sale of assets	0.02	0.0
Write down of assets	0.1	0.0
Interest	0.0	0.0
Other	0.1	0.03
Total Operating Expenses	19.5	18.4

Notes:

1. Employee Expenses include all Air Force Reserves, including Contingency Operations Reserve Group, Ground Defence Reserve Group, Operational Aircrew Reserve Group, Contingency Aircrew Reserve Group, Reserve Staff Group and General Reserve Group.
2. Does not include capital use charge.

QUESTION 6

SENATOR: Hogg

HANSARD: Page 197

What is the Department doing to address concerns that the Defence Audit and Program Evaluation Committee is not monitoring or reviewing ANAO or JCPAA reports? (Audit Report No. 13 of the Australian National Audit Office, *Management of Major Equipment Acquisition Projects*, p. 49, para 2.24.)

RESPONSE

All Australian National Audit Office, Joint Committee of Public Accounts and Audit and internal audit report recommendations made since 1 July 1998 are included on Defence's Audit Recommendations Management System (ARMS) database. Progress with the implementation of agreed recommendations is followed up by the Defence Audit Committee (formerly the Defence Audit and Program Evaluation Committee).

In February this year, the committee agreed that the Inspector-General bring to its attention those individual audit reports involving matters of concern, and that a copy of all audit reports be forwarded to committee members, advisers and observers.

In March this year, the Chairman of the Committee wrote to all group heads asking them to ensure that all agreed audit recommendations were implemented and that progress be reported quarterly on the ARMS database in terms of achievement, milestones and expected completion dates. He also asked that the use of ARMS be integrated into Groups' management improvement systems for addressing matters which require urgent or prompt remedial action.

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In May, the terms of reference for the committee were amended to include having a standing arrangement requiring members, advisers and observers to raise issues of significant concern for appropriate scrutiny and reassurance that all identified matters of concern were being addressed.

More recently, the committee has asked to receive successive monthly updates of progress against agreed recommendations.

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Output 1: Defence operations

QUESTION 7

SENATOR: West

HANSARD: Page 99

Could you furnish the committee with a list of all the countries to which Defence provides military or defence assistance, in any form, as well as the value of that assistance?

RESPONSE

Australia provides defence assistance to a wide range of countries in South East Asia and the South Pacific through the Defence Cooperation Program. The primary aim of the program is to support our defence relationships. Activities conducted through the program include training and personnel exchange programs, combined activities with elements of the various regional armed forces and study visits. In addition, attendance on some study courses, eg for China at the Australian Defence College, is conducted on a reciprocal basis, without the provision of funds. However, many international engagement activities fall outside the Defence Cooperation Program. For example, engagement with the United States, Japan, and New Zealand involves each country funding its own participation in the activities.

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**Countries participating in the Defence Cooperation Program
(anticipated expenditure for FY 1999-2000)**

Country	Anticipated 1999-2000 Expenditure \$m
Papua New Guinea	9.149
Malaysia	5.040
Thailand	4.934
Singapore	0.355
Philippines	4.430
Indonesia	4.619
Brunei	0.025
Cambodia	0.283
Vietnam	0.777
Laos	0.079
Vanuatu	2.294
Solomon Islands	3.634
Tonga	3.179
Samoa	1.150
Kiribati	1.282
Fiji	3.064
Cook Islands	1.013
Marshall Islands	1.360
Federated States of Micronesia	1.348
Tuvalu	1.297
Palau	1.405
India	0.010
TOTAL	49.727

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QUESTION 8

SENATOR: Schacht

HANSARD: Page 100

In relation to the *Coming Home* parades for returning Interfet personnel:

- a. Who initiated the request for such parades?
- b. How many parades and functions have been held?
- c. How many were attended by the Prime Minister, by the Minister for Defence, by the Minister Assisting the Minister for Defence and by the Parliamentary Secretary to the Minister for Defence?

RESPONSE

- a. Government at all levels, federal, state and local, as well as community organisations.
- b. One function was held in Canberra—a luncheon at Parliament House hosted by the Prime Minister. There were three major ‘Coming Home’ parades—in Sydney, Townsville and Darwin—conducted in cooperation with state and/or local government and which attracted significant Defence support. Additionally, numerous parades and/or functions have been held in various communities, many in conjunction with Anzac Day, which have attracted various levels of Defence support.
- c. The Prime Minister attended the luncheon and two parades. The Minister for Defence attended the luncheon, two parades and was represented at a third parade. The Minister Assisting the Minister for Defence attended the luncheon. The Parliamentary Secretary to the Minister for Defence attended the luncheon.

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Output 2: Navy capabilities

QUESTION 9

SENATOR: Hogg

HANSARD: Page 112

Could you provide the committee with a breakdown of the cost of \$210,422.81 for Mr Prescott's consultancy services from 20 September 1999 to 11 May 2000?

RESPONSE

Breakdown of costs invoiced by Mr John Prescott (20 September 1999 to 11 May 2000)

Consultancy Services	\$200,500.00
Disbursements:	
Air Travel	\$2,313.55
Accommodation	\$3,801.71
Road Travel	\$438.00
Meals	\$1,001.85
Parking	\$457.00
Visa for Hungary	\$210.70
Telephones	\$1,700.00
Total	\$210,422.81

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Output 3: Army capabilities

QUESTION 10

SENATOR: Hogg

HANSARD: Page 129

Could the committee be provided with a breakdown of the operating expenses for Army Aviation operations?

RESPONSE

	\$m
Employees – Military	119.9
Employees – Civilian	14.9
Suppliers	122.8
Inventory Consumption	63.6
Depreciation	43.1
Write-down of Assets	1.4
Net gains/Losses from sale of Assets	0.2
Other	1.7
Total Operating Expenses	\$367.6

QUESTION 11

SENATOR: Hogg

HANSARD: Page 138

Could the committee be provided with the number of medical discharges issued as a result of personnel failing the Army Individual Readiness Notice?

RESPONSE

Year	Officers	Other Ranks	Total
1997-1998	49	541	590
1998-1999	51	550	601
1999-2000 (to 30 April 2000)	21	383	404

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QUESTION 12

SENATOR: West

HANSARD: Page 182

Has the East Timor operation had any impact upon the provision of health services by Defence under the Aboriginal communities program?

RESPONSE

Yes, the East Timor operation has placed considerable strain on the resources available to undertake the ATSIC/Army Community Assistance Project (AACAP), with the organisation currently deployed to the Tiwi Islands having only returned from East Timor in February/March of this year. Nevertheless, all objectives of the AACAP are being met. The Army remains committed to AACAP and the current projects for 2000.

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Output 4: Air Force capabilities

QUESTION 13

SENATOR: Hogg

HANSARD: Written question

- a. What was the total cost of the new Defence language school in Melbourne?
- b. Are more or less languages being offered than before?
- c. What languages are being offered?

RESPONSE

- a. Approximately \$4.9m.
- b. The same number of languages are taught in the new language facility as were taught in the previous facility at Point Cook.
- c. The following languages are currently taught:
 - Indonesian
 - Chinese (Mandarin)
 - Japanese
 - Khmer
 - Korean
 - Javanese
 - Malay
 - Thai
 - Vietnamese
 - Filipino
 - French
 - Tetum (East Timor)
 - Tokpisin (Papua New Guinea)
 - Solomon Island pidgin
 - Bislama (Vanuatu)
 - Fijian
 - German and Italian language training is outsourced on an as-required basis.
 - The school is investigating the development of language training courses in Portuguese (as this language may become the official language of the new East Timor state).

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Output 5: Policy advice

QUESTION 14

SENATOR: Hogg

HANSARD: Page 20

In relation to the recent visit to China by the Chief of the Defence Force, could the committee be provided with details of the itinerary, of the visit party, of the cost and of any specific outcomes achieved through the visit?

RESPONSE

The Chief of the Defence Force's visit to China was by invitation of General Fu Quanyou, Chief of General Staff, People's Liberation Army. General Fu visited Australia from 20–24 January 1999 for the first time and the Chief of the Defence Force's reciprocal visit to China is further confirmation of progress with our relationship.

Details of the itinerary are as follows:

Tuesday 18 April 2000

Travel Canberra to Sydney

Arrive Sydney

Travel Sydney to Hong Kong

Arrive Hong Kong

Overnight in Hong Kong

Wednesday 19 April 2000

Free morning in Hong Kong

Travel Hong Kong to Beijing

Arrive Beijing

Thursday 20 April 2000

Visit 24th Air Division

Australian Embassy Briefings

Formal talks with General Fu Quanyou, Chief of General Staff

Welcome Banquet hosted by General Fu Quanyou

Friday 21 April 2000

Visit Commission of Science, Technology and Industries for National Defence

Call on Tang Jia Huanm, Minister for Foreign Affairs

Call on General Zhang Wan Nian, Vice President, Central Military Commission

Visit and discussions at National Defence University, General Xing Shizhong, President

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Saturday 22 April 2000

Travel to Nanyuan Airport (Military)
Travel to Xi'an
Visit Terracotta Warriors
Dinner hosted by Shaanxi Military Command

Sunday 23 April 2000

Travel to 47 Group Army HQ
Visit 47 Group Army HQ
Visit to Shaanxi History Museum & Great Mosque
Attend Tang Dynasty Cultural Performance

Monday 24 April 2000

Tour of Reef Flute Cave, Guilan
Visit PLA Army Academy at Guilan
Dinner hosted by Guilin Garrison Commander
Cultural show performed by ethnic minorities

Tuesday 25 April 2000

Anzac Day Dawn Service
Cruise – Li River
Travel to Shanghai

Wednesday 26 April 2000

Visit town of Zhouzhuang
Tour Shanghai Museum
Dinner hosted by Shanghai Garrison Command
Night driving tour of Shanghai

Thursday 27 April 2000

Visit PLA Navy Wusong Naval Base, Shanghai
Visit Oriental Pearl TV Tower
Travel to Sydney

Friday 28 April 2000

Arrive Sydney
Arrive Canberra

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The delegation consisted of:

Admiral Christopher Barrie, AO RAN	Chief of the Defence Force
Mrs Maxine Barrie	
Major General Simon Willis	Head, Joint Education and Training
Mr Shane Carmody	Head, International Policy
Colonel Michael Clifford	Chief of Staff to the CDF
Wing Commander Paul McLeod	Interpreter
Captain Matthew Brumley	Aide de Camp to the CDF
Sergeant P. Lambert	Communications
Lance Corporal C. Haisel	Communications.

The total cost of the trip was \$63,950.98. In-country costs of three members of the Australian delegation were funded by the People's Liberation Army, six members of the party were officially funded. Details of costs are as follows:

Air Fares	\$38,505.00
Accommodation	\$11,183.58
Meals	\$6,329.88
Tours	\$1,496.20
Laundry, Phone and Official Entertainment	\$1,635.75
Incidentals	\$2,742.12
Total	\$61,892.53

The Defence Attache, Colonel Peterson, and his wife accompanied Admiral Barrie and his party to Xi'an, Guilan and Shanghai. Costs were as follows:

Accommodation	\$1,170.30
Meals	\$509.35
Tours	\$378.80
Total	\$2,058.45

The specific outcomes of the visit were:

- Strengthened the bilateral relationship which is focused on regular high-level dialogue on strategic and regional security issues.
- Visits to PLA operational units such as the 24th Air Division, 47 Group Army and the Wusong Naval Base.
- Discussed the future directions for the Australia–China defence relationship.

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- Reinforced personal contacts with senior PLA military leaders.
- Agreed to:
 - increase exchanges between junior military officers;
 - a mutual short-term junior officer instructors exchange;
 - attendance at National Defence University Symposium 2000 by two Australian Defence personnel (one military/one civilian);
 - visits to China by the Secretary and Chief of Navy in 2001;
 - a visit by a PLA Group Commander to Australia (possibly late 2000 or early 2001); and
 - discuss possible future contact with the Commission of Science, Technology & Industry for National Defence.

QUESTION 15

SENATOR: Hogg

HANSARD: Page 200

- a. Could you provide the committee with an outline of the work that the private financing network has been undertaking?
- b. How many times has there been a formal meeting of the network?
- c. Has a schedule of issues been drawn up that the network thinks it should look at?
- d. Will the network be developing a Private Financing Initiative policy for Defence?

RESPONSE

- a. The Private Financing Consultative Network is a group of Defence staff having relevant policy and project responsibilities generating specific case knowledge and experience. The network is sharing and building expertise among private financing practitioners and developing an appropriate methodology for application by Defence.
- b. Once. The network met formally on 29 May 2000. Members communicate on an ongoing basis via e-mail, phone and project meetings.
- c. Yes. The network identified the following issues to look at:
 - Value for money in a private financing context – identification of value elements.
 - Benchmarks and comparison baselines for determining if private financing is preferred and savings/benefits.
 - Approach regarding SMEs.
 - Managing capital/operating budget issues.
 - Approach to unsolicited offers – need for capability requirement sponsorship and processing framework.
 - Methodology, templates and checklists for identification of prospects.
 - Pink Book project assessment for private financing suitability.
 - Business case methodology.
 - Deciding the procurement approach.
 - Evaluation methodology (consultant supported and otherwise).
 - Source Evaluation Report formats.
 - Accounting treatment.

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- People issues–training.
 - Reporting arrangements.
 - Interim guidelines for project directors.
 - Private financing project office staffing profiles.
- d. Not directly. The high-level policy and constraints on the application of private financing have already been established. The Organisational Effectiveness Branch is charged with the responsibility for ongoing policy development. However, the network will provide input and expertise to the Organisational Effectiveness Branch and will be consulted in development of application methodology.

QUESTION 16

SENATOR: Hogg

HANSARD: Written question

In relation to discretionary grants:

- a. Has there been a change to the discretionary grants for 2000-01 as compared to the current financial year?
- b. Has Defence received any requests for discretionary grants that it has not accepted? If so, please provide a list of such requests.

RESPONSE

- a. Funding for the grant to the Royal United Service Institute has been reduced from \$0.087m to \$0.075m, while the Family Support Funding Program has been increased from \$1.238m to \$1.250m. Grant funding for the Strategic and Defence Studies Centre has ceased, while funding for Defence's only other grant, the Army History Research Grant Scheme, remains unchanged at \$0.050m.
- b. In financial year 1999-2000, the Army History Research Grant Scheme received 58 applications for grant funding of which 13 grants were awarded. It is expected that a similar number will be awarded for the financial year 2000-01.

In financial year 1999-2000, the Family Support Funding Program received 244 applications for grant funding of which 229 were awarded. The Department rejected 15 requests for grant funding on the basis that they did not meet the objectives of the program. Applications for grants for financial year 2000-01 are currently being assessed, and it is expected that a similar number will be awarded.

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QUESTION 17

SENATOR: Hogg

HANSARD: Written question

- a. Could the committee be provided with a list of all the current vacant positions in the Defence Public Affairs Organisation including level, salary and job title.
- b. Could the committee be provided with a list of all employees who have been employed, permanently or temporarily, or signed employment contracts in the Defence Public Affairs Organisation since the beginning of the year. This should include the date of commencement of employment, date of cessation (if relevant), annual salary or level, job title, how the job was advertised and whether a selection process was followed or a simple appointment was made and who made such decisions on the process and the selection of the employee.

RESPONSE

- a. The table below shows the vacancies within the Public Affairs and Corporate Communications Division as at 14 July 2000.

Position Title	Level	Salary Bandwidth
Director General Communication and Public Affairs*	SES Band 1	\$80 862 -96 820
Military Operations	CAPT	\$40 760 – 48 693
Personnel Assistant to Director General Communication Strategies and Military Adviser*	APS L3	\$32 743 – 35 339
Media Liaison*	EL1 (PAO3)	\$59 283 – 68 573
Media Liaison	EL1 (PAO3)	\$59 283 – 68 573
Media Liaison	APS 6 (PAO 2)	\$45 792 – 52 036
Media Liaison	APS 4-5 (PAO1)	\$37 653 – 43 160
Media Liaison Support*	APS L3	\$32 743 – 35 339
Director Digital Media*	EL2	\$65 000 – 73 693
Video Editor*	APS 6 (PAO 2)	\$45 792 – 52 036
Web Manager Navy/Airforce*	APS L6	\$43 962 – 50 499
Director Community Relations*	EL2 (SPAO 1)	\$73 693
Exhibitions Officer*	APS L6	\$43 962 – 50 499
Community Relations Administration Officer*	APS L 3	\$32 743 – 35 339
Internal Communications Public Affairs Practitioner*	APS 4-5 (PAO1)	\$37 653 – 43 160
Internal Communication Finance/Admin Officer*	APS L 3	\$32 743 – 35 339
Defence Reputation Project Officer*	APS L5	\$40 703 – 43 160
Public Affairs Officer Victoria Region	APS 6 (PAO 2)	\$45 792 – 52 036
Public Affairs Officer WA Region	APS 4-5 (PAO1)	\$37 653 – 43 160
Director Public Affairs QLD Region*	EL1 (PAO3)	\$59 283 – 68 573
Business Manager*	EL2	\$65 000 – 73 693
Assistant Business Manager*	APS L 6	\$43 962 – 50 499
Business Support – Personnel*	APS L 4	\$36 492 – 39 623
Business Support Admin*	APS L 3	\$32 743 – 35 339
Research Assistant	APS L4	\$36 492 – 39 623
Out Posted Adviser (CDF)*	EL1 (PAO3)	\$59 283 – 68 573
Out Posted Adviser (CA)	EL1 (PAO3)	\$59 283 – 68 573
Out Posted Adviser (CAF)	EL1 (PAO3)	\$59 283 – 68 573
Out Posted Adviser (CN)	EL1 (PAO3)	\$59 283 – 68 573
Out Posted Adviser (DPE)	EL1 (PAO3)	\$59 283 – 68 573
Out Posted Adviser (DMO)	EL1 (PAO3)	\$59 283 – 68 573

* personnel are temporarily acting in these positions.

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- b. The following employees commenced in the Defence Public Affairs Organisation during the period January to June 2000:

Position	Level	Name	Employment Status	Selection Process
Head Public Affairs and Corporate Communication	SES Band 2	Jenny McKenry	Ongoing 31/1/00 to present	- advertised nationally - used recruiting firm - normal SES selection process including interview by Defence selection panel. - decision made by Secretary
Director General Communication Strategies	SES Band 1	Brian Humphreys	Ongoing 28/2/00 to present	- initial internal transfer to temporary position - advertised nationally - used recruiting firm - normal SES selection process including interview by Defence selection panel. - decision made by Secretary
Director General Public Affairs and Corporate Communications	SES Band 1	Christopher Stewart	Work was performed on a short-term basis from 22/5/00–31/5/00	- advertised nationally - used recruiting firm - normal SES selection process including interview by Defence selection panel. - decision made by Secretary not to proceed with engagement.
Implementation Team Member/ Research Officer	EL1	Jane Dally	Ongoing 14/3/00 to present	- direct transfer - decision made by HPACC
Implementation Team Member	EL1	Lynda Ord	Ongoing 16/3/00 to present	- direct transfer (temporary) - decision made by HPACC
Public Affairs Officer	PAO 3	Jeanne Klener	Ongoing 20/3/00 to present	- direct transfer - decision made by HPACC
Implementation Team Member	APS L6	Paula Lester	Ongoing 30/4/00 to present	- temporary assignment at a higher classification level - decision made by HR Manager, Transition Team
PA to HPACC	APS L4	Sue Taylor	Ongoing 16/5/00 to present	- temporary assignment at a higher classification level - decision made by HPACC
PA to DGCS	APS L3	Jean Fearon	Non-ongoing 22/5/00 to 9/6/00	- from Defence temporary employment register - decision made by HR Manager, Transition Team
PA to DGCPA	APS L2	Pauline Holmes	Non-ongoing 17/4/00 to 9/6/00	- from Defence temporary employment register - decision made by Business Manager, PACC
PA to HPACC	APS L4	Lynn Tobin	Non-ongoing 26/4/00 to 14/5/00	- direct transfer - decision made by HPACC
Administration Officer Navy News	APS L1	Natalie Maslov	Non-ongoing 29/3/00 to present	- from Defence temporary employment register - decision made by Editor Navy News
Administration Officer DPA - NSW	APS L2	Lynda Burton	Ongoing 4/2/00 to present	- temporary assignment at a higher classification level - decision made by DPA-NSW

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QUESTION 18

SENATOR: Hogg

HANSARD: Written question

In relation to the cadets scheme:

- a. Is there a review currently taking place with regard to the scheme?
- b. If so, who, when, what, why?
- c. What is the total cost to Defence of the cadet scheme annually?

RESPONSE

- a. Yes.
- b. The review of the Australian Services Cadet Scheme, entitled *Cadets: The Future*, was commissioned in December 1999. The cadet scheme was last reviewed in a limited way in 1996. While building on the outcomes of the 1996 review, the current review seeks to develop a strategic plan for the cadet scheme to guide military cadet activities over the next five years. The review is being directed by a Steering Group, comprising Mr J. Topley RFD; Major General D.C. Low Choy AM, MBE, RFD; and, Air Vice Marshal R.V. Richardson AO, AFC (Retd).

Issues to be considered during the review are indicated in the terms of reference:

- An appropriate and relevant vision for the Australian Services Cadet Scheme.
- Its mission, goals and objectives.
- Outcome expectations and performance management criteria, including those relevant to ADF outcomes.
- Relationships with other government agencies, state-based youth programs and community organisations.
- Status, development and management of Officers and Instructors of Cadets.
- Management, organisation and control arrangements for the cadet scheme.
- The appropriateness of current budgetary, equipment, personnel and service support arrangements for the cadet scheme.
- Cadet scheme training policy and accreditation.
- Articulate the dividend Defence receives from the cadet scheme.
- Milestones for the implementation of any such recommendations.
- An appropriate cycle of review for the cadet scheme.
- Other matters deemed important during the course of investigations.

The report of the *Cadets: The Future* review is to be submitted to Government by the end of July 2000.

- c. Cadet costs are not discretely itemised within Defence accounts. Within its terms of reference, the review will seek to quantify the cost of Defence support to the cadet scheme.

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QUESTION 19

SENATOR: Hogg

HANSARD: Written question

During the East Timor dispute, some Reservists were faced with the prospect of not being able to ensure their civilian employment would be waiting for them on return to Australia.

- a. Were there issues surrounding Reservists and their employers relating to job security?
- b. What was the outcome of those concerns?
- c. What were the recommendations?
- d. Were there any legislative answers to this problem?
- e. Were they pursued?
- f. If so, what were the recommendations and what happened?
- g. If not, what reason was given? Who made this decision?
- h. Did any Reservist called up lose their civilian job because of service requirements?
- i. What compensation was offered?
- j. What effect has this issue had, or could have, on recruiting Reservists in the future?

RESPONSE

- a-j. Existing legislation does not permit the Government to call out Reserve forces or personnel for peacetime operations, nor does legislation currently provide job protection for those Reservists who volunteer for continuous full-time military service.

Reservists serving in East Timor did so—and continue to do so—on a voluntary basis, and individuals should have assessed their own employment prospects as part of their decision to volunteer. While ministerial representations have been received with general concerns about employment protection, Defence has no recorded incidents, or other evidence, of Reservists losing their jobs as a result of their decision to volunteer for service.

Notwithstanding, Defence is currently developing draft legislative changes that will provide the Government with greater options for the employment of the Reserve forces. In addition to existing provisions for call out only for the defence of Australia, the new provisions will allow the Government to call out the Reserve for peacetime operations, which could range from peacekeeping to humanitarian and disaster relief activities. Associated legislative changes will also provide meaningful levels of protection for both Reservists and their employers.

Other options to be considered by the Government include the provision of incentives to both Reservists and employers. This initiative should increase the availability of Reservists to undertake recruit and subsequent military employment training and to meet operational requirements. In particular, the employment protection and incentive initiatives are expected to enhance both the recruitment and retention of Reservists.

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Supplementary information

People and learning

QUESTION 20

SENATOR: Hogg

HANSARD: Written question

In relation to Reserve officer retention:

- a. Did the Royal Military College conduct a review or study into Reserve officer retention recently?
- b. Who conducted it and why?
- c. Can a copy of the study be provided to the committee?

RESPONSE

- a. Yes.
- b. It was conducted by the Directorate of Strategic Personnel Policy Research upon request by the Royal Military College. The survey was conducted on a longitudinal basis to gather data on the retention of Reserve officers. It is intended that such a survey be repeated every five years.
- c. A copy of the report can be provided to the committee after the report has been completed, reviewed and released. It was completed on 30 June 2000 and it is expected that copies will be released by early August 2000.

QUESTION 21

SENATOR: West

HANSARD: Page 180

In relation to ADF recruitment advertising:

- a. What is the total planned expenditure for 1999-2000?
- b. What is the breakdown of this expenditure by state and by medium?
- c. Are Defence recruiting advertisements appearing more on one TV station than on others?

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RESPONSE

- a. The total planned expenditure for recruiting advertising in 1999-2000 is \$29,104,197.
- b. The breakdown by state is as follows:

NSW	\$9,317,209
VIC	\$7,187,160
QLD	\$4,597,553
SA	\$2,375,558
WA	\$2,833,740
TAS	\$614,956
NT	\$193,714
ACT	\$165,975
National	\$1,818,332

The breakdown by medium is as follows:

Television	\$21,416,891
Newspaper	\$4,646,448
Radio	\$1,789,260
Cinema	\$560,839
Magazine	\$246,189
Internet	\$444,570

- c. Television advertising is placed by the Government-appointed media placement agency, Mitchell and Partners. For all networks, Mitchell and Partners attempts to choose programs that appeal to the target audience (16-24 year olds).

QUESTION 22

SENATOR: Hogg

HANSARD: Page 190

In relation to the ADF recruiting outsourcing trial, what are the criteria for judging whether or not a person has been successfully recruited by Manpower Australia?

RESPONSE

For an enlistment to be considered successful, the enlisted member must successfully complete either recruit training and initial employment training, or recruit training and 12 months successful service from date of enlistment.

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The remuneration scale provides for Manpower to receive an enlistment payment and a training payment. The enlistment payment is made following successful enlistment. The training payment is made at one of the following points:

- Where a recruit attends initial employment training following recruit training, it is paid on successful completion of initial employment training.
- Where there is no initial employment training, it is paid at the completion of 12 months satisfactory service from date of enlistment.
- Where recruit training and/or initial employment training extend beyond 12 months from date of enlistment, it will be paid as appropriate, at the completion of 12 months satisfactory service from date of enlistment.

The fundamental principle behind the payment schedule is to ensure that Manpower delivers suitable applicants that have the ability to complete an ADF career.

QUESTION 23

SENATOR: West

HANSARD: Page 171

Could details be provided on the Re-engineering HR consultancy contract for the Defence Service Centre identified in the response to question 26b from the 3 May 2000 supplementary additional estimates hearing (*Additional Information Received—Defence Portfolio Volume 3, May 2000*)?

RESPONSE

The Defence Service Centre will achieve a major improvement in the way Defence delivers its personnel services. Defence is establishing a state of the art call/contact centre in Cooma, NSW. The Defence Service Centre will be a one-stop shop for personnel needing advice on their entitlements or on other issues affecting their employment, such as questions about Defence employment policies.

The success of the Defence Service Centre project will be dependent on all Defence personnel being aware of the service it offers, and how it can be contacted. Given the vital importance of effective communication on the role and functions of the centre, Mr Adam Libbis from Re-engineering HR was engaged to develop and implement strategies on how the project should carry out its external and internal communication, and to undertake internal market research that the project can use to construct and target its key messages. Mr Libbis spends approximately 50% of his time on communications and internal market research, with his other functions involving specific change management activities such as facilitating workshops with groups of affected staff and stakeholders. The total value of Mr Libbis' services since January 1999 has been \$220,000.

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QUESTION 24

SENATOR: Hogg

HANSARD: Page 185-190

In relation to the Defence Service Centre at Cooma:

- a. When did all tenders open and when did they close?
- b. What is the length of the contracts?
- c. Who is the successful tenderer for the technology build?
- d. Could you provide the committee with the savings figures from the business case assessment?
- e. Can you supply me with the full criteria that were used in the selection of Cooma as the preferred site?

RESPONSE

- a. The Defence Service Centre project has managed three major tender processes. The tender for the provision of services for the recruitment of Service Centre staff was released on 11 February 2000 and closed on 3 March 2000. The tender was awarded to Employment National.

The tender for the provision of services for the training of Service Centre staff was released on 24 January 2000 and closed 18 February 2000. Moreton Institute of TAFE was awarded the tender.

The tender for the technology to be utilised in the Service Centre was conducted as a two phase process. Phase One, the Expression of Interest stage was released on 29 May 1999. Phase Two, the Request for Proposal stage, was released on 27 January 2000 and closed on 8 March 2000. Best and Final Offer and contract negotiations are yet to conclude.

- b. As Employment National and Moreton Institute of TAFE are public sector organisations, legal advice was that 'contractual' arrangements needed to be negotiated as a part of Memoranda of Understanding (rather than formal contracts) between Defence and Employment National and Moreton Institute of TAFE respectively. The service delivery arrangements are managed through Standing Offers which will continue for two years.
- c. Best and Final Offer and contract negotiations for the tender for the Defence Service Centre technology are yet to conclude.
- d. The August 1998 Business Case for the Establishment of a National Service Centre for the Department of Defence was based around the delivery of services from a shared services centre for Defence relocations, civilian personnel administration, the Family Information Network for Defence and ADF recruiting.

The Business Case identified a net present value over three years of \$62.4 million, with an internal rate of return of 93%. The pay-back period for the investment was 24 months from the date of project commencement, with mature annual savings of \$42.9 million.

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- e. The criteria used for the selection of a service centre site were:
- access to a skilled labour source;
 - availability of a facility with an appropriate floor plan to facilitate service centre operations;
 - access to Defence Information Systems technical support;
 - access to alternative supplies of power and telecommunications to satisfy business continuity requirements; and
 - close proximity and/or ability to communicate with interdependent information technology projects.

QUESTION 25

SENATOR: Schacht

HANSARD: Page 192

How many people work in the Directorate of Honours and Awards?

RESPONSE

The Directorate of Honours and Awards consists of the following number of staff members:

Joint Policy Section	11
Army Medals Section	17
Navy Medals Section	7
Air Force Medals Section	8
Total	43

QUESTION 26

SENATOR: West

HANSARD: Page 182

How many medical staff are currently serving in East Timor with UNTAET?

RESPONSE

There is a total of 97 Defence Health Service personnel deployed to East Timor. In addition, there are 11 non-medical personnel, such as drivers and cooks, supporting the health plan.

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QUESTION 27

SENATOR: Hogg

HANSARD: Written question

In relation to the psychological well-being of troops returning from East Timor:

- a. Is the ADF monitoring troops for psychological or physical problems?
- b. What is the post-operational support for troops returned from East Timor?
- c. Can we have a breakdown of cases reported so far? How many, types of illnesses and conditions and treatments?
- d. Were there any quarantine issues in regard to troops with potentially contagious diseases?
- e. If so, what were the outcomes?
- f. Have there been any suicides?
- g. If so, what has been attributed as the cause?

RESPONSE

- a. Yes.
- b. ADF personnel receive psychological counselling at the completion of their tour in East Timor and three months after returning to Australia. Where a psychological problem is detected, personnel are treated appropriately.
- c. There were 19 cases of mental/psychological disorder in ADF personnel reported to medical facilities during Interfet, and there have been three cases of mental/psychological disorder reported to medical facilities in East Timor during UNTAET so far. These personnel have received appropriate treatment. Information with regard to the types of psychological conditions that personnel have experienced due to service in East Timor is not available as this information is confidential and not reported to respect members' privacy. All personnel who are identified as having a problem are offered support, counselling and treatment.
- d. All personnel returning to north Queensland are quarantined in East Timor for two weeks prior to returning to Australia. This quarantine period reduces the risk of transmission of dengue in north Queensland. On return to Australia, any personnel presenting with dengue fever in the north Queensland area are admitted to hospital and quarantined in hospital until they are no longer infective.
- e. There have been no cases of transmission of dengue infection in Australia that can be attributed to ADF personnel who served in East Timor.
- f/g. There have been no suicides in East Timor. One ADF member with longstanding unresolved personal problems unrelated to his service in East Timor has subsequently committed suicide. This was despite extensive counselling.

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QUESTION 28

SENATOR: Hogg

HANSARD: Written question

Apparently, a large number of troops serving in East Timor contracted dengue fever.

- a. Is it true that once you have dengue fever you are not allowed to be posted a second time to an area where you could contract it again?
- b. What is the total number of dengue outbreaks?
- c. How are those troops who have it going?
- d. Where are they being treated?
- e. How were they brought back into Australia?
- f. Was there any special quarantine processes or issues?
- g. What is the practice of the ADF if troops contract contagious diseases?
- h. What does that mean for those troops?
- i. Does that mean they cannot be posted to Darwin or Townsville, areas where dengue has been identified?
- j. What are the ramifications for our defence readiness?
- k. What effect will this have on our northern base numbers?
- l. What is the long-term cost of this outbreak in terms of long-term readiness?

RESPONSE

- a. No.
- b. 224 ADF personnel have had dengue fever.
- c. There are no reports of any complications of dengue fever in Australian personnel.
- d/e. Cases of dengue fever are treated in East Timor and personnel return to work in East Timor once well.
- f. Not in Australia as they were all dealt with in East Timor. See response to question 27d.
- g. All personnel who are suspected of contracting dengue fever (or other contagious disease) are admitted to an ADF hospital in East Timor to be treated. Personnel with dengue fever are treated under mosquito nets and preventive measures are strictly enforced whilst they are infective. This limits the spread of infection to other personnel.
- h. ADF personnel return to their normal duties in East Timor. There is no restriction on their future deployability or posting options.
- i. No.
- j. Nil.
- k. Nil.
- l. Nil.

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QUESTION 29—*initial response*

SENATOR: Hogg

HANSARD: Page 193

In relation to ADF personnel serving in East Timor:

- a. Have there been any reports of abuse received from and by ADF personnel?
- b. Can the committee have a breakdown of assaults by number and type, by Service and by rank of offender and of victim?
- c. To whom were these assaults reported, what actions were followed, how long did this take, what disciplinary action was involved, and were there any legal charges and/or convictions stemming from these assaults?
- d. Has there been any victim support? If so, in what form? What is the current well-being of the victims and the offenders?
- e. Did these events affect the morale of troops during the operation in East Timor? If so, what occurred?
- f. In light of these accusations, has there been, or is there going to be, a review of training and/or information and/or strategies combating abuse?

INITIAL RESPONSE

Yes, there have been reports of unacceptable behaviour involving ADF personnel serving in East Timor. However, we are unable to provide a response at this time as matters are still being investigated.

A full response will be provided to the committee by no later than Thursday 31 August 2000.

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QUESTION 29a—*full response*

SENATOR: Hogg

HANSARD: Page 193

In relation to ADF personnel serving in East Timor:

- g. Have there been any reports of abuse received from and by ADF personnel?
- h. Can the committee have a breakdown of assaults by number and type, by Service and by rank of offender and of victim?
- i. To whom were these assaults reported, what actions were followed, how long did this take, what disciplinary action was involved, and were there any legal charges and/or convictions stemming from these assaults?
- j. Has there been any victim support? If so, in what form? What is the current well-being of the victims and the offenders?
- k. Did these events affect the morale of troops during the operation in East Timor? If so, what occurred?
- l. In light of these accusations, has there been, or is there going to be, a review of training and/or information and/or strategies combating abuse?

FULL RESPONSE

- a. In providing a response to these questions on notice Defence has defined two categories of 'abuse'. Firstly, 'abuse' in relation to sexual offences and harassment, in accordance with the policy, Defence Instruction (General) 35-3, *Discrimination, Harassment, Sexual Offences, Fraternisation and other Unacceptable Behaviour in the Australian Defence Force*, a copy of which has been provided to Senator Hogg. Secondly, 'abuse' in relation to threatening behaviour/common assault, in accordance with the *Defence Force Discipline Act (DFDA) 1982*.

Yes, there have been ten reported incidents of 'abuse': five incidents of harassment (not involving physical contact) and five incidents involving assault. A further five alleged incidents are the subject of ongoing Military Police investigation. No other incidents have been formally reported in accordance with the policy's mandatory reporting requirements.

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b. The following table summarises the five reported assaults:

Serial	Date	Complainant (victim)	Respondent (offender)	Category	Incident	Outcome
1.	6 Nov 99	Private	Corporal	Physical assault	Verbal abuse And Physical Assault	DFDA Charges (Quashed) Formal Caution
2.	Mar 99	Private	Bangladesh Warrant Officer	Basic Indecent Assault	Touching breast	Sent home to face civil proceedings.
3.	6 Mar 00	Lance Corporal	Private	Insubordinate Behaviour	Private threatened to shoot the Lance Corporal.	10 days detention
4.	14 Mar 00	Private	Sergeant	Assault on Inferior	Physical Assault	Reduction in rank to Corporal
5.	17 Mar 00	Corporal	Private	Insubordinate Behaviour	Private threatened to shoot the Corporal.	10 days detention

- c. In the case of the first assault, the complainant did not submit a formal complaint but the incident came to the attention of the Battalion's equity adviser who initiated an investigation. The other complainants reported the assaults to their chain of command. The first assault took five weeks to resolve. The time taken to resolve the other incidents was not reported.
- d. In accordance with the unacceptable behaviour policy, it is the Commanding Officer's responsibility to assess and provide the complainants (victims) and the respondents (offenders) with the appropriate level of legal, medical, moral and social support, and to appoint a case manager as required. The support provided varies according to the requirements and stated needs of the individuals involved. In the case of the first assault, the respondent was removed as the complainant's supervisor and from the section altogether to ensure the well-being of the complainant. In relation to the other incidents, the Army has reported that post-incident counselling was provided and at this time no personnel have taken up an offer of further counselling. Some personnel may request counselling after their post-deployment leave. In terms of the complainants' well-being, the action by management has had a positive effect. For respondents in serials 3, 4, and 5, service in East Timor has not been recognised for issue of the Infantry Combat Badge because their service has been deemed to be unsatisfactory.

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- e. The Army reports that the result of disciplinary action in the cases of assault and other cases of threatening behaviour had a positive effect on morale as personnel understood that appropriate disciplinary action would be taken when required.
- f. No specific review is intended on the basis of these incidents. The necessity for review will be addressed in the context of a post-operation report. Equity and diversity awareness training for personnel has been scheduled for the remainder of 2000 in accordance with current directives, and incidents apparent on operations will be used to highlight relevant points.

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QUESTION 30

SENATOR: Hogg

HANSARD: Page 193

In relation to the tabled statistics on unacceptable behaviour in the ADF:

- a. What is the breakdown by rank of offender and of victim?
- b. Has there been any victim support? If so, in what form and by whom?
- c. How effective is it? If not, why not?
- d. Whose decision is it to recommend victim support and to assess the current well-being of the victim and of the offenders?

RESPONSE

- a. The following tables of statistics provide a breakdown by rank of respondent (offender) and of complainant (victim). The statistics indicate the total number of reported unacceptable behaviour cases over the previously-tabled period. They do not indicate whether each case has been investigated or substantiated and, as such, do not represent the actual incidence of unacceptable behaviour in the ADF.

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Table 1. Sexual Offences

Respondents	Complainants	Navy	Army	Air Force	Academy	Totals
Military/Civilian	Civilian/Military	3	7	2	0	12
Management Action ⁽¹⁾	Management Action ⁽¹⁾	5	1	0	0	6
Equal Rank	Equal Rank	6	4	1	1	12
Subordinate	Superior	1	3	1	0	5
Superior	Subordinate	3	11	5	1	20

Table 2. Sexual Harassment

Respondents	Complainants	Navy	Army	Air Force	Academy	Totals
Military/Civilian	Civilian/Military	6	6	2	0	14
Equal Rank	Equal Rank	13	4	9	5	31
Subordinate	Superior	2	0	2	0	4
Superior	Subordinate	1	17	13	0	31

Table 3. General Harassment

Respondents	Complainants	Navy	Army	Air Force	Academy	Totals
Military/Civilian	Civilian/Military	0	2	0	0	2
Management Action ⁽¹⁾	Management Action ⁽¹⁾	3	0	0	0	3
Equal Rank	Equal Rank	8	12	3	4	26
Subordinate	Superior	0	0	2	1	3
Superior	Subordinate	15	16	10	0	41

Table 4. Discrimination

Respondents	Complainants	Navy	Air Force	Total
Military/Civilian	Civilian/Military	1	0	1
Equal Rank	Equal Rank	1	0	1
Superior	Subordinate	0	1	1

Note:

1. Represents action initiated by management independent of the complainant.

- b. Support is offered to both complainants and respondents in cases of unacceptable behaviour. Commanders and managers can provide support at a unit/branch level. All personnel can seek confidential support from equity advisers, who are trained to provide support, information, advice and options for the resolution of workplace equity and diversity issues, including unacceptable behaviour. The Defence Community Organisation offers a range of welfare services, including access to psychologists, for personnel involved in unacceptable behaviour. Within the ADF, chaplains are also trained to provide confidential counselling services to individuals involved in unacceptable behaviour.

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- c. Gauging the effectiveness of support to complainants and respondents in value terms is extremely difficult. In accordance with the relevant Service Chief's directions, every ADF unit is required to undergo annual refresher training in Defence equity and diversity principles. This training includes an awareness of support mechanisms such as those listed in b. above. These mechanisms and services are available for the support of all personnel involved in cases of unacceptable behaviour and have a high profile across the Defence organisation.

- d. In accordance with the Defence instructions for managing unacceptable behaviour, a case manager should be appointed for the complainant as well as the respondent by the unit/branch commander or manager after any formal complaint of unacceptable behaviour. Defence instructions also require that, where appropriate, the complainant and respondent be provided with at least one session of counselling by a qualified person. At the commander/manager's discretion, a number of other measures, including temporary transfer, compassionate leave, long-term support strategies and legal support are available for parties in unacceptable behaviour incidents. Checks and balances within the chain of command structure ensure the ongoing welfare of ADF members.

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QUESTION 31

SENATOR: Hogg

HANSARD: Written question

In relation to initiatives designed to curb the incidence of sexual harassment:

- a. Can the committee be provided with an update on the programs and policies that were introduced to prevent, monitor and deal with sexual harassment?
- b. Is there sufficient funding in the budget to continue such programs and policies?
- c. How effective have these programs and policies been?
- d. How available are the free-call phone lines to anonymously report harassment? How much do they cost and is there continual funding available?
- e. What is the Defence Equity Network, how does it work and who operates it?
- f. How have Defence personnel received the strategies?
- g. What are the tri-Service exit surveys now saying about harassment?

RESPONSE

- a. In order to combat harassment and discrimination in the ADF, a number of steps have been taken. They are as follows:
 - The development of a Defence Instruction for ADF members and a Defence Personnel Instruction for APS staff. These instructions explain unacceptable behaviour, the management of such behaviour and reporting procedures with regard to incidents. A new publication, the *Defence Plain-English Guide to Managing and Eliminating Unacceptable Behaviour in the Workplace* was published in May 2000 to provide all Defence personnel with an easy-to-understand guide to these Defence instructions.
 - A comprehensive system of training is in place aimed at ensuring members are aware of what constitutes unacceptable behaviour and at empowering them to deal with issues.
 - A database detailing reported incidents is maintained. An analysis of the statistics is conducted each year.
 - A comprehensive network of Defence equity advisers has been established to provide advice on equity matters to individuals, managers and commanding officers.
 - The free-call 1800 advice lines, that were established initially to deal with sexual harassment and offences, continue to operate. The lines now offer advice on the options available to seek resolution of all forms of unacceptable behaviour and other equity issues. The advice lines are available to all ADF and APS personnel and also provide advice to commanding officers and supervisors.
- b. Yes.
- c. The programs and policies have been successful in terms of behavioural change and support mechanisms. The establishment of the Defence equity adviser network and training of equity advisers in units has resulted in annual equity and diversity awareness training in units and support to commanders and managers in implementing equity and diversity initiatives. The network and the Defence equity advice lines are providing confidential support and advice to

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personnel involved in unacceptable behaviour issues. Policy instructions and useful publications, supported by an education and communication campaign, ensure that guidance is available to all personnel on unacceptable behaviour issues. Attitudinal change, however, will only occur over a long period with the leadership examples of senior officers.

- d. The Defence equity advice lines provide a confidential free-call service which people involved with unacceptable behaviour can access in order to receive information about unacceptable behaviour situations, including harassment, sexual harassment and sexual offences. The lines are available between 8.30am and 9pm every day of the year. The system does not offer an anonymous reporting service, as this would require a significantly different mandate for the service and for Defence Equity Organisation in general. The advice lines system costs approximately \$340.00 per month in addition to the salaries of the trained operators whose secondary duty is to answer the lines. There is continual funding available.
- e. The Defence equity network was created and is managed by the Defence Equity Organisation. The network is coordinated in each state/territory by a full-time Defence equity coordinator. The coordinators have established a site-based network at each Defence establishment or office. The site network is administered by the senior equity adviser and includes a number of equity advisers of various ranks and gender. All equity advisers, who are usually volunteers, are required to meet the eligibility criteria and successfully complete the Defence Equity Organisation equity adviser workshop. The network won a commendation at the 1999 APS Diversity Awards.
- f. Anecdotal evidence suggests that Defence personnel accept and support the strategies.
- g. The first Tri-Service analysis of exit survey statistics was conducted in March 2000. Whilst it found that 12% of respondents stated that harassment was one of the “moderate”, “considerable” or “very considerable” reasons for leaving the ADF, 67% of members leaving the ADF did not include harassment as one of the reasons for leaving.

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QUESTION 32

SENATOR: Hogg

HANSARD: Written question

Intake is down at the Australian Defence Force Academy (ADFA); Defence is acknowledging that its bad reputation and a good economy are the major reasons. Some broad cultural changes have been put in place to combat harassment, although the film director of a documentary on ADFA, which is not yet released, says that even though students are attending hours of equity and diversity lectures some of their single-Service exercises are still being taught by instructors with “old school” philosophies.

- a. What is ADFA doing to change views of instructors?
- b. What does ADFA feel is the next step?

RESPONSE

- a. The single Services, and ADFA in particular, have taken significant steps to ensure that the approach and attitudes of its staff are appropriate to the training environment. In the first instance, the Services endeavour to provide the best quality staff. On arrival, before they interact with the cadets, all staff undergo ADFA Staff Education Training Phase One. This involves two weeks of training that focuses on giving the staff the background to their roles at ADFA and the refinement of the skills they require as a staff member at ADFA. The training includes instruction on equity and diversity, mentoring skills, ADFA procedures and teambuilding.

The staff training and development continues throughout the year, covering such areas as military law, suicide awareness and complaint resolution. The performance of all staff members is monitored continually and, when required, action is taken to rectify any inappropriate views or attitudes. Three staff members have been removed from their appointments in the last 18 months for failing to meet the standards required.

ADFA internal evaluations of training in the last two years indicate that it has been effective in ensuring staff model the appropriate values, behaviours and attitudes expected of a staff member at an ADF training institution.

The question raises a specific concern about attitudes of instructors on single-Service exercises. This training for ADFA cadets is conducted by the three single-Service colleges using their own staff. Each of these colleges conducts its own training of instructors, similar to the program of instruction outlined for ADFA staff above. The responsibility for monitoring of staff conducting single-Service exercises rests with the single-Service colleges, though ADFA staff also visit these activities. If instances arise where the behaviour or attitude of instructors is inconsistent with the approach now being taken at ADFA, liaison between ADFA and the college concerned can quickly remedy the situation.

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Liaison with the single-Service colleges is improving to ensure that staff at ADFA and the three colleges share an understanding of equity and diversity principles which, in turn, provides a consistent approach throughout the training of the cadets. A board is currently being established at the one-star level that will oversight all military education and training undertaken by ADFA cadets and midshipmen.

- c. ADFA is continuing to validate and improve its training processes. For example, it has been identified that staff require further mentoring and facilitation training, so new programs in these areas are currently being developed. ADFA also liaises closely with the respective Service career managers to ensure that appropriate staff are selected for appointments at ADFA.

Attitudes of the staff will continue to be monitored to ensure that they meet ADF requirements for developing the Services' future leaders. A close relationship with the single-Service colleges will continue to be fostered to maintain a consistent, appropriate approach by all staff and instructors throughout the continuum of cadet and midshipman training.

QUESTION 33

SENATOR: Hogg

HANSARD: Written question

- a. What are the annual costs of running the Australian Defence Force Academy?
b. What are the annual costs of running the Australian Defence Studies Centre?
c. What is the relationship between the academy and the centre?

RESPONSE

- a. As Defence does not have an activity-based costing system, to identify the total cost of running the Australian Defence Force Academy is a labour intensive task. However, the last time this task was undertaken was in 1995 for the Joint Parliamentary Committee on Foreign Affairs, Defence and Trade Defence Subcommittee Inquiry into the Provision of Professional Military Development for Officers of the Australian Defence Force. At that time, the annual cost to Defence of running the Academy was identified as \$92.07m. Of this, \$35m (plus an annual Department of Finance and Administration-determined Wage Cost Index, eg next financial year it is \$1.41m) is paid to the University of New South Wales for the provision of academic services.
- b. The funding of the Australian Defence Studies Centre is provided by the University of New South Wales. The total annual salary bill, including on-costs, is \$242,000 and basic operating costs are \$25,000 per annum.

Under the rules of the University of New South Wales, the Centre is obliged to make progress towards becoming self-funding. To this end, the Centre generates its own funding through its program of major conferences and through publication sales. These funds are used to fund defence studies activities such as international workshops, guest lecturers and visiting scholars and research programs.

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- c. The Australian Defence Studies Centre is a research centre within University College, the University of New South Wales, which provides tertiary education at the Academy. The Centre, which has the purpose of stimulating research and study of Australian Defence and security issues, is therefore part of the University of New South Wales but is located on the ADFA sub-campus.

QUESTION 34

SENATOR: West

HANSARD: Page 193

What is the status of the Angela McCarthy case which is currently before the Human Rights and Equal Opportunities Commission?

RESPONSE

The hearing in the Human Rights and Equal Opportunity Commission into Angela McCarthy's complaint under the *Sex Discrimination Act 1984* was finalised on 4 April 2000. Commissioner Mahoney, who presided, reserved his decision. As of today (19 July 2000), a decision has not been handed down.

QUESTION 35

SENATOR: West

HANSARD: Page 193-194

What is current status of the cases of two sailors who are suing the ADF for compensation for mental illness allegedly stemming from forced separation from their children and years of abuse?

RESPONSE

The claims are claims for workers' compensation submitted by the two sailors to the Military Compensation and Rehabilitation Service. Those claims were made under the provisions of the *Safety Rehabilitation and Compensation Act 1988*. The Military Compensation and Rehabilitation Service, now part of the Department of Veterans' Affairs, disallowed one claim and will make a decision in respect of the remaining claim once further medical opinion is received. The disallowed claim is currently awaiting review by the Administrative Appeals Tribunal.

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QUESTION 36

SENATOR: Hogg

HANSARD: Page 194

In relation to Audit Report No. 35 of the Australian National Audit Office, *Retention of Military Personnel*:

- a. Could you provide the committee with details of the training costs of the various levels of ADF personnel?
- b. How long do personnel need to be retained in order for Defence to get the benefit of the outlay in terms of training and skills imparted?

RESPONSE

- a. Defence does not have the systems currently in place to capture the full details of training costs of all levels of ADF personnel. Each of the Service Training Commands maintains costing data for training courses they conduct. The more difficult aspect is to cost the non-formal training ADF personnel undertake as a routine component of their job. Field training exercises, military skills, weapon training and the like are normal components of ADF service. While such training can be costed as part of the broader budget, it would be difficult to attribute those costs to individuals. Some indicative initial training costs for the Army are provided as an example in the table below.

Army

Rank	Training	Per Capita Cost (inclusive of salary)
Officers - Recruit/Entry Training	Royal Military College	\$163,875
Other Ranks - Recruit/Entry Training	Common Induction Training	\$11,262
- Initial Employment Training	-Basic Rifleman	\$15,554
	-Combat Engineer	\$32,533
	-Basic Driver	\$18,213
	-Operator Comms Bearer Systems	\$35,921

- b. Personnel who undertake training are required to 'pay back' that training through a return of service obligation. A return of service obligation usually comprises the length of the training course plus twelve months. For example, a person who undertakes a fourteen-month course would have a return of service obligation of 26 months (14 months length of course plus 12 months). However, higher-cost training, such as for pilots and navigators, comes with special return of service obligation periods. Pilots have a return of service obligation of ten years and navigators six years from completion of training. 'Other Ranks' are initially enlisted for a fixed period of service that has a return of service obligation for trade training embedded in it. To that end, technical trainees are required to enlist for six years, whereas general entry trainees are enlisted for four years.

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QUESTION 37

SENATOR: Hogg

HANSARD: Written question

In relation to the proposed Defence Employees Certified Agreement 2000-01:

- a. What is the current status of the agreement?
- b. If it is resolved, what was the outcome?
- c. If it is not resolved, what is holding up the process?

RESPONSE

a/b. Negotiations for the Agreement were finalised with the major unions representing the Department's civilian employees on 16 May 2000. The vote of staff was held by the Australian Electoral Commission on 14 and 15 June, and counted on 16 June. Of the 16,549 employees eligible to vote, 10,560 returned valid votes, of which 10,046 supported the Agreement and 512 did not support the Agreement. The Agreement was certified by the Australian Industrial Relations Commission on 3 July 2000.

c. Not applicable.

QUESTION 38

SENATOR: Hogg

HANSARD: Written question

Could you explain what changes have occurred to the isolated establishment allowance and why?

RESPONSE

The Department has abolished the isolated establishment allowance for both military and civilian staff. Income maintenance is payable to staff who received the allowance at the time of abolition. The payment continues while they are still employed at the location at which they qualified for the allowance.

The allowance has been abolished because the pre-existing arrangements created many anomalies, and did not reflect the community standard, ie that it is an employee's responsibility to get to and from work in their own time and at their own expense.

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QUESTION 39

SENATOR: Hogg

HANSARD: Written question

In relation to the Posting Turbulence Review

- a. What is the current status of the review?
- b. What is the feeling in the ADF regarding the outcome?
- c. How may possible outcomes affect the running costs of the ADF?
- d. How is it being received by Service groups?
- e. What consultation has taken place? Has that consultation included the National Consultative Group of Service Families?

RESPONSE

- a. The Review has been in progress since 1 February 2000. The Posting Turbulence Review team has until 30 September 2000 to complete its assigned tasks. The following progress had been made:
 - The analysis of the personnel element of capability and the proposed process and policy changes that flow from that analysis have largely been completed.
 - The analysis of current posting and removal conditions of service and the associated costs is also well advanced.
 - The first draft of a housing policy discussion paper has been completed. The second iteration is now under way. A survey of housing issues has been designed and will be piloted in the next week. It will be posted out to members in about two weeks.
 - The first draft of the relocations portal concept discussion paper is nearing completion and will be posted on the review team's website in the near future.
 - The framework for the review of posting philosophies, policies and practices has been completed and work will commence on the detail at the end of June.
 - The impact of the Defence Estate Strategic Plan on posting turbulence has yet to be studied in detail.
 - Data collection activities are well advanced. Surveys are being administered in relation to the career intentions of ADF members; to identify the views of spouses on issues relating to postings, relocations and housing; and to study the impact of personnel issues on levels of capability.
- b. The team leader Brigadier David Webster, has briefed the Defence Executive on the project, in addition to separate briefings to the single-Service chiefs as well as commanders and senior staff in most of the major bases during April and May. The briefings generated considerable discussion and the feedback received was very positive. Commanders have also cooperated with the follow-up surveys.
- c. The team has concentrated its efforts in the high-cost areas of relocations, housing and their related conditions of service. It is expected that the recommendations will focus on areas where greater efficiencies are possible and these should result in a reduction in housing and relocation costs.

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- d. The team has briefed the RSL and the Armed Forces Federation of Australia. Both groups were supportive of the work being done. They were given copies of the discussion papers and were willing to analyse and comment on them.
- e. The team has consulted widely within the Defence organisation and with key external stakeholders. This has been achieved through frequent briefings, a tour of the major bases, the Service newspapers, a project website and specific, targeted surveys. The President of the National Consultative Group of Service Families (NCGSF) has been briefed on three occasions so far and the team will meet with the NCGSF Executive for half a day during its upcoming national conference in Canberra where additional input will be sought. The spouse survey referred to in a. above is being administered with the cooperation of NCGSF state representatives.

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Acquisition and logistic support/Interaction with industry

QUESTION 40

SENATOR: Hogg/West
HANSARD: Page 150-151

In relation to the loss in October 1999 of a Kalkara target drone:

- a. Is there a cost estimate for the recovery search?
- b. Was a Notice to Mariners issued?

RESPONSE

- a. The direct costs for HMAS Newcastle for 3 hours and its Seahawk for 1.5 hours amount to \$42,963.
- b. No.

QUESTION 41

SENATOR: Hogg
HANSARD: Page 198

Could the committee be provided with a set of Acquisition's key performance indicators? (Audit Report No. 13 of the Australian National Audit Office, *Management of Major Equipment Acquisition Projects*, p. 99, para 6.38.)

RESPONSE

Acquisition's key performance indicators are as follows:

1. Process Cycle time

Displays the number of projects grouped in accordance with the actual time taken to progress from Project Approval to signature of the main contract.

2. Risk

Displays the numbers of projects which the project manager has identified as having 'high' risks compared with those with 'other' (ie only medium and low) risks.

3. Cash flow

Displays the numbers of projects, grouped according to whether their projected annual financial outturn is outside tolerance; that is, more than 15% and \$3m of the Project's Additional Estimates.

Note that the 'out of tolerance' group includes those projects that over-achieve as well as those that under-achieve.

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4. To Complete Performance Index (TCPI)

For those projects using Earned Value, displays the number of projects grouped according to whether their TCPI is within tolerance; that is, less than 1.10. A TCPI of less than 1.10 indicates that the contractor requires less than 10% improvement in efficiency to stay within their current Estimate at Completion.

5. Cost Variance at completion

For those projects using Earned Value, displays the number of projects grouped according to whether the Contractor's Estimate (of costs) at Completion is within tolerance; that is, are predicted not to exceed the Contractor's budgeted costs at completion by more than 5%.

6. Schedule variance

For those projects using Earned Value, displays the number of projects grouped according to whether their schedule variance is within tolerance; that is, less than 10%. High schedule variance means the project is running late compared to the contracted schedule.

7. In Service Date

Displays the number of projects grouped according to whether the actual or currently estimated In Service Date (as defined by the Project) is within tolerance; that is, has slipped by less than 6 months from the date specified at the time of Contract signature.

The number of projects which are not yet contracted (and therefore have no Contracted in Service Date) is also displayed.

QUESTION 42

SENATOR: Hogg

HANSARD: Page 198

Could the committee be provided with a copy of the study report of an APS Senior Executive Service Fellowship undertaken in mid-1998 by the then head of Defence Acquisition? (Audit Report No. 13 of the Australian National Audit Office, *Management of Major Equipment Acquisition Projects*, p. 104, para 6.52.)

RESPONSE

The officer concerned left the Australian Public Service in 1999. He did not complete his report prior to his departure.

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QUESTION 43

SENATOR: West

HANSARD: Page 199, 201

Has Defence Acquisition employed any consultants in connection with the acquisition reform initiatives?

RESPONSE

Defence has employed and continues to employ contracted consultants and professional service providers from the private sector to assist in the implementation of a range of acquisition reform initiatives. In particular, consultants have been employed in the implementation of improved project management, contracting reform, specification reform, activity-based management and performance reporting and evaluation.

QUESTION 44

SENATOR: Hogg

HANSARD: Written question

In relation to public reports of a blow out in the RAAF's AGM-142 'Popeye' missile project:

- a. Are those reports correct?
- b. What is the cost of the project now expected to be?
- c. What was the original estimate?
- d. What is the cause of the blow out?
- e. Who is the official in charge of that project and will that official remain in charge of it?

RESPONSE

- a. The original project approval for Project Air 5398 (AGM 142) comprised only a training capability and limited configurations for aircraft carriage. Subsequent project approvals have expanded the project to acquire:
 - i. Warstock for use against non-hardened targets;
 - ii. Warstock for use against semi-hardened targets;
 - iii. A more technically complex integration/ modification effort; and
 - iv. Additional scientific support.

Thus, whilst there have been increases to the initial project approval, it would be inaccurate to call this a cost blow-out.

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- b. It is Departmental policy not to disclose project approvals to the public prior to contract signature, due to Commercial-in-Confidence reasons.
- c. Original project cost was \$29.5m (in 1994 prices).
- c. The majority of the increases have been for additional missiles and equipment. A real cost increase was approved by Cabinet in December 1997 and was required because foreign military sales quotations for changes in logistics and support requirements were higher than expected. A subsequent real cost increase was approved in last year's budget and was required because of a more complex integration and modification effort than originally envisaged.
- e. The project remains under the management of the Head Aerospace Acquisition.

QUESTION 45

SENATOR: Hogg

HANSARD: Written question

In relation to the annual Defence Procurement Conference:

- a. Why has it been postponed this year?
- b. When do you expect that it will be rescheduled for?
- c. What costs are involved in postponing (advertising costs, etc)?

RESPONSE

- a. The Procurement Conference was postponed to allow the conference to include anticipated new information about future capability requirements and Defence restructuring to be included in the Conference. Had the decision to defer not been taken it could have necessitated industry attending an additional conference later in the year with the associated costs.
- b. It is not possible to accurately predict when the conference will be held, but it will most likely be after the release of the Government's Defence White Paper.
- c. The cost to the Department is approximately \$56,070, comprising:
 - Venue cancellation—\$21,000
 - The original deposit for the venue hire was \$54,000. The conference was postponed approximately 6 weeks prior to the event. The deposit that was forfeited as a result of cancellation was negotiated down to \$21,000.
 - Administrative support—\$13,978
 - This comprised participant registrations, correspondence costs, telephone and postage, graphic design and website development. DPM Conferencing was contracted to provide these services on behalf of Defence.
 - Advertising and Printing—\$21,092
 - Most advertising had gone to print prior to the decision to cancel the conference.

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QUESTION 46

SENATOR: Hogg

HANSARD: Written question

In relation to the engagement of Australian small-to-medium enterprises (SMEs):

- a. Has Defence Acquisition undertaken a review of its policies with regard to engagement of Australian SMEs and, if so, who is undertaking that review?
- b. Who initiated the review and why?
- c. When will the review be completed?
- d. When will we see the results of that review?

RESPONSE

a.-d. While Defence is looking at some SME issues, it is not yet conducting a review of its policies regarding engagement of Australian SMEs. As part of its ongoing policy development work, the Industry Policy Consultative Forum and the Industry Policy Section of Industry and Procurement Infrastructure (IPI) Division are each examining different issues associated with SMEs. This may lead to a future review of policies.

QUESTION 47

SENATOR: Hogg

HANSARD: Written question

In relation to the Defence Acquisition Regional Offices:

- a. Why were offices closed?
- b. What function did they serve?
- c. Who carries out those duties now?

RESPONSE

- a. The 1997 Defence Efficiency Review saw no need for separate Acquisition regional offices and, as a result, the Defence Reform Program abolished the Defence Acquisition Regional Offices and rationalised and reorganised the Defence quality assurance function.
- b. The offices were established in 1996 and brought together the regionally-based Defence Quality Assurance Organisation and the then Regional Acquisition and Logistics Offices. The offices provided a central point for Defence Acquisition activities in the regions including procurement training, cost investigation, contracting support, quality assurance, development of industry capability to meet defence needs and industry support and liaison.
- c. Small Defence Acquisition Regional Shopfronts were established as part of the Defence Reform Program to continue the industry support and liaison services provided by the former regional offices and to promote a close working relationship between Defence, industry and state governments.

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The quality assurance function was rationalised and reorganised to place the quality assurance practitioners closer to the customer, namely Support Command Australia and major capital equipment projects.

Other functions were centralised, outsourced or discontinued. For instance:

- procurement training is now managed centrally with delivery of basic and strategic procurement training outsourced;
- cost investigation is now with Support Command Australia;
- contracting support is now managed centrally by the Defence Acquisition Organisation; and
- development of industry capability has been discontinued.

QUESTION 48

SENATOR: Hogg

HANSARD: Written question

Could you provide an update for the committee on the airborne early warning and control project and the air-to-air refuelling project?

RESPONSE

Air 5077—Airborne Early Warning and & Control Project:

Final contract negotiations commenced with Boeing on 19 June 2000.

AIR 5402—Air-to-Air Refuelling Project:

Defence Headquarters and the Defence Acquisition Organisation, under integrated project team arrangements, are preparing a capability options document for Defence Capability and Investment Committee consideration in October 2000.

QUESTION 49

SENATOR: Hogg

HANSARD: Written question

In relation to Air 87:

- a. What is the current status of the project?
- b. What are the extra costs that Defence has incurred as a result of having to reopen the tender process and what extra delay to the project has been caused?

RESPONSE

- a. Air 87 is an approved project with the 'request for tender' scheduled for release later this year.
- b. There have been no separately identifiable extra costs. Review of the decisions made on the responses to the 'request for proposal' has caused approximately a three-month delay to the issue of the 'request for tender'.

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QUESTION 50

SENATOR: Hogg

HANSARD: Written question

Please inform the committee of the projects, of all the current White Book projects that are not yet complete, which have a delay greater than six months and/or which have a cost blow-out above 10% of the project's original plan?

RESPONSE

In the time available, it has not been possible to assess all contracted projects. However, the performance against the contracted schedule of 50 of the largest projects, accounting for more than 75% of planned acquisition expenditure, has been assessed and the results are attached.

PROJECTS WITH DELAYS AGAINST SCHEDULE IN EXCESS OF SIX MONTHS

Project Number	Title	Schedule Slippage (Months)	Contract Signed
JOINT 2025 PH 3/4	Jindalee Operational Radar Network	63	13-Jun-91
AIR 5279 PH 2	Computer Aided Maintenance Management System Version 2 – Phase 2	48	24-Dec-96
AIR 5186	Australian Defence Air Traffic System	46	29-Nov-95
JOINT 2027 PH 2	LPA (Amphibious Transport Ships)	40	06-May-96
SEA 1229 PH 2&3	Active Missile Decoy	39	15-Aug-96
JOINT 65 PH 4	Parakeet	37	21-Mar-94
AIR 5387 PH 1	F/A 18 Hornet Radar Evaluation Facility	35	10-Feb-95
AIR 5046 PH 3C	Black Hawk Flight Simulator	31	20-Feb-96
SEA 1114	New Submarine	23	03-Jun-87
LAND 53 PH 1B	NINOX - Night Fighting Equipment	22	29-Oct-97
AIR 5276 PH 2	P3C Update Implementation	21	24-Jan-95
SEA 1401 PH 2	Hydrographic Ship Acquisition	21	02-Apr-96
LAND 116 PH 3	Bushranger - Procurement of Infantry Mobility Vehicle	18	01-Jun-99
LAND 75 PH 3.2	Battlefield Command Support System	15	14-Dec-98
SEA 1411 PH 1	Anzac Ship Helicopter Acquisition	15	26-Jun-97
SEA 1405 PH 1 & 2	Seahawk Electronic Support Measures/Forward Looking Infra-Red	13	31-Mar-98
AIR 5232 PH 2	Navigation Trainer	10	18-Sep-97
JOINT 1 PH N&Q/B96	Harpoon Missiles	9	11-Jun-97
SEA 1555 PH 2	Minehunter Coastal Acquisition	9	12-Aug-94

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REAL COST INCREASES WITH REASONS FOR VARIATION

Project No	Title	Current Approval \$m	Real Increases \$m	Variation %	Reason For Variation
SEA 1418 PH 1	Maritime Ranges	32.2	9.1	28	Under estimate of cost due to complexity of requirement and changing technology.
AIR 5400 PH 1	Air-To-Air Weapons Capability	289.6	58.0	20	Due to higher than expected costs for integrating and testing the ASRAAM short range missile on F/A-18 and establishing maintenance support. Also increased costs associated with AIM 120 medium range missile.
SEA 1428 PH 1	Evolved Seasparrow	35.0	5.8	17	To cover Australia's share of cost over-run in NATO Consortium that is participating in the Evolved Seasparrow Missile Development Program.
AIR 5375 PH 1	Tactical Air Defence Radar Capability	191.3	30.0	16	To cover higher than expected tender prices.

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Science and technology

QUESTION 51

SENATOR: Hogg

HANSARD: Written question

Could a further explanation be given of the two initiatives listed on page 108 of the *Portfolio Budget Statements 2000–01* under the title Science and Technology?

- a. Establish a Military Systems Experimentation Branch to conduct research into key experimental processes necessary to exploit the Revolution in Military Affairs.
- b. Undertake a review of the Defence Science and Technology Organisation's priority-setting processes and framework to improve the allocation of resources to meet customers' needs.

RESPONSE

- a. The establishment of the Military Systems Experimentation Branch is a response to Defence's increasing reliance on rapidly changing and increasingly complex information and communication technologies. The work of the new branch will be particularly relevant to systems under development for command and control in the joint environment.

An emerging challenge is how best to test and evaluate these highly complex systems (also known as systems of systems), especially in the operational context. Working with the ADF, the branch will conduct 'military experiments' to demonstrate, evaluate and explore joint systems-of-systems concepts for the ADF's mission-critical tasks. It will complement DSTO's Theatre Operations Branch which specialises in operational research studies for theatre-level forces, and its Joint Systems Branch which specialises in formulating new systems concepts at the operational and strategic levels of warfare.

- b. It is timely to conduct such a review to ensure that the policy framework and mechanisms for setting the priorities for DSTO's work program are contemporary. The principal drivers will be the forthcoming Defence White Paper, organisational and management changes within Defence as a whole, and continuing advances in technology and its application to warfighting.

QUESTION 52

SENATOR: Hogg

HANSARD: Written question

What is the total budget for the Defence Science and Technology Organisation for 2000–01 and how does that compare to 1999–2000?

RESPONSE

\$234.9 million (on an accrual basis) compared with an estimated outcome of \$239.1 million for 1999–2000.

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QUESTION 53

SENATOR: Hogg

HANSARD: Written question

In what roles has the Defence Science and Technology Organisation been involved specifically with regard to the East Timor operation?

RESPONSE

DSTO has been involved in two key aspects of the East Timor operation. The first related to the identification, deployment, operation and maintenance of key experimental and developmental equipment to support operations (mostly for surveillance and communications). The second was the use of DSTO's operational analysts to assist the command function in planning for operations and the collection and analysis of data relating to lessons learned. While most of the support was provided from Australia, some DSTO scientists deployed to East Timor for these activities.

QUESTION 54

SENATOR: Hogg

HANSARD: Written question

What work is the Defence Science and Technology Organisation undertaking at the moment with regard to cyber warfare?

RESPONSE

The term 'cyber warfare' refers to information operations using advanced information technologies. DSTO has a number of programs in this area. Details are classified.

QUESTION 55

SENATOR: Hogg

HANSARD: Written question

What are the current industry alliances that the Defence Science and Technology Organisation is involved in?

RESPONSE

DSTO has 17 industry alliances, as set out below.

- BAE Systems Australia—operational analysis;
- BAE Systems Australia, Tenix Defence Systems and RAAF Electronic Warfare Squadron—electronic warfare;
- BAE Systems Australia—tactical data handling systems;
- Tenix Defence Systems—combat systems engineering and naval platforms and systems;

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- Tenix Defence Systems—image sensors and sensor data processing;
- Tenix Defence Systems, BHP-IT, Compucat, Digital Equipment Corporation—information security;
- Boeing Australia—command, control, communications and intelligence systems engineering;
- ADI—mine warfare and munitions;
- CEA Technologies—radar systems and sensor fusion;
- Celsius Pacific, CelsiusTech Australia and Bofors Australia—system modelling and analysis for surface to air missiles, architecture of combat systems, remotely operated underwater vehicles and land systems;
- CSC Australia—combat systems research;
- IBM Australia—middleware;
- MAPTEK—3-D computer mapping and virtual reality systems;
- Metal Storm—Metal Storm gun system;
- Nautronix—advanced hydroacoustic detection and communications;
- Raytheon Australia—submarine combat systems; and
- Thomson Marconi (with the Royal Australian Navy)—sonar systems.

QUESTION 56

SENATOR: Hogg

HANSARD: Written question

On 10 May 2000, Senator Abetz put out a media release regarding new contracts to help fast-track Defence technology or the Defence capability and technology demonstrator—does the Defence Science and Technology Organisation have an involvement in this and exactly what are the projects involved?

RESPONSE

Capability and technology demonstrators provide a managed developmental environment in which the opportunities and risks associated with introducing advanced technology into service can be explored prior to mainstream acquisition. A demonstrator must address an acknowledged defence shortfall, or offer a significant advance in a high-priority area of defence capability, with a clear audit trail from strategic policy.

There are 14 approved capability and technology demonstrators. These include advances in technology for surveillance, broad-band communications, sonar, radar, signature recognition, biological warfare defence and land mine detection.

Three demonstrators were approved in the latest round announced on 10 May. The first of these involves technologies to improve the performance of maritime surveillance aircraft through advances in signal processing. The second incorporates technologies to develop a system that clears land mines more rapidly. The third is classified.

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DSTO is involved in varying degrees in the contribution of technology to the capability and technology demonstrators, and their conduct and management. It also provides the Defence Capability and Technology Demonstrators Program Office. Defence Headquarters (rather than DSTO) has the responsibility for developing recommendations on which capability and technology demonstrators should proceed.

QUESTION 57

SENATOR: Hogg

HANSARD: Written question

What do you think are DSTO's greatest science and technology weaknesses at the moment and how do you think Australia's defence research and development investment compares to other western defence organisations?

RESPONSE

Questions of strengths and weaknesses in science and technology have to be seen in the context of policy and priority. Indicatively, Australia conducts less than one per cent of the world's defence research and development.

In this context, a set of principles or guidelines emerges for those occasions where it is appropriate to have an indigenous technology program:

- where Australia's needs are in some sense unique or significantly different;
- where Australia's needs are sensitive from a national security point of view;
- where allies are reluctant to share their technologies with us; or
- where Australia comes up with an idea that is simply too good to set aside.

From these principles, it is possible to derive some enduring themes. These include a focus on: many of the capabilities driven by modern electronics (eg electronic warfare, intelligence, surveillance, communications, command support systems); systems science; operational research; signature management; human factors; environmental information; knowledge of the strengths and weaknesses of modern materials; and knowledge of the strengths and weaknesses of our key weapons and sensors.

An example might prove helpful. Australia does not need to be able to design its own combat aircraft but we do need to be able to choose with confidence between contenders for new aircraft (and their weapons) and then to support them in service, drawing on our understanding of a wide range of technologies and their application (such as radar, electronic warfare, weapons, operational analysis, signatures, aerodynamics, propulsion, structural fatigue, etc).

It is also fair to say that, for a variety of reasons and in a general quantitative sense, there are pressures on DSTO to take on more work than it can handle. In addition, there are some fields such as information technology where DSTO can experience difficulty in attracting and retaining good staff in the right numbers.

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There are difficulties in comparing Australia's investment in defence research and development with that of other countries, because of quite wide variations in definitions and allocation or attribution processes. There are also differences in need, ie between those countries which develop much of their own defence equipment, such as the US, and those that do not. The data in the table below are therefore subject to severe caveat, and do not lend themselves to easy comparison.

Expenditure on Research and Development as a Percentage of Total Defence Expenditure

United States	13.8% ⁽¹⁾
United Kingdom	9.2%
France	11.1%
Germany	6.3%
Sweden	10.4%
Japan	4.4%
Canada	1.4%
Netherlands	1.3%
Spain	7.8%
Australia	1.2% ⁽²⁾

Notes:

1. For all countries other than Australia, the figures are from 1995-97.
2. For Australia, the figure relates to DSTO's budget for FY2000-01, on an accruals basis, but does not include the cost of support to DSTO by other Defence Groups.

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Information systems

QUESTION 58

SENATOR: West

HANSARD: Page 91

In relation to Defence information systems:

- a. How many unauthorised attempts to access the systems are made each year?
- b. What is the cost of maintaining the security of such systems, including research and upgrading?

RESPONSE

- a. By virtue of its connection with the Internet, Defence's firewalls are likely to be the target of continual scanning activity by hackers. The level of this scanning activity is difficult to identify among the normal traffic that Defence receives at the firewalls. However, there are at least 20 readily identifiable unauthorised attempts to access Defence systems through Defence's firewalls each day.

The level of attempted penetration is likely to increase as sophisticated tools to conduct hacker attacks become widely available on the Internet. This trend will require Defence to allocate increasing resources to protect Defence's information systems in the future.

- b. As security is an integral part of system, technical and operational architectures, it is not possible to separately identify costs relating to maintaining the security of Defence's information systems. However, the following summary is indicative of the more significant individual costs involved in providing security for the fixed infrastructure. These costs are in addition to the more generic costs associated with establishing, operating and maintaining Defence's various classified data, voice and messaging systems.

- Operation of the Defence firewall—\$1.05m (FY 1999-00).
- Development and implementation of information systems security policy, systems accreditation and security education and training—\$1m (FY 1999-00).
- Security and antivirus software—\$2m (FY 1999-00).
- Encryption devices—\$1.45m (FY 2000-01 estimate).
- Research and development of information systems security products—\$1.94m (FY 2000-01 estimate).
- Development and implementation of a Defence information systems security response team—\$0.8m (FY 2000-01 estimate).
- Electronic Key Management—\$17.3m over five years.
- Starlight project—\$3.7m over the next two years.

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QUESTION 59

SENATOR: Hogg

HANSARD: Written question

In relation to the Starlight Interactive Link:

- a. Has Defence implemented the Starlight Interactive Link to any of its computers yet?
- b. What does this technology do?
- c. What will be the costs to Defence and to what degree will it be implementing the Starlight Link?

RESPONSE

- a. Forty-five interactive links are being installed into the Canberra Region. Six have been installed to 16 June 2000. A further 120 devices are expected to be installed for trials at other Defence locations by early 2001.
- b. The interactive link is available in two variants. One allows a user to switch between two different computer networks operating at different levels of security using the one PC or workstation without compromising the data contained on the more highly classified network. The other allows a user to switch between two PCs connected to two different networks operating at different security levels using the one monitor, keyboard and mouse. Another device called the data diode can be used with the interactive link. It allows information to be passed from the 'low' to the 'high' side, but not in the reverse direction.
- c. The initial cost of producing and installing 205 interactive links, in two variants, and 30 data diodes is \$510,000. The cost per seat for the introduction of further Starlight devices is expected to be between \$1,100 and \$1,800 depending on quantities ordered at the time and the nature of the specific installation.

No decisions have yet been made on the extent to which Starlight will be implemented in Defence. The planned trials of the devices will assist Defence to determine this need.

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Corporate services

QUESTION 60

SENATOR: Hogg

HANSARD: Page 62

In relation to the Navy ammunition facility project at Eden:

- a. Could an explanation be provided for the reduction in the approved project cost from \$67m (in the *Portfolio Budget Statements 1999-2000*, p34) and \$73.1m (in the *Portfolio Additional Estimates Statements 1999-2000*, p21) to \$40m (in the *Portfolio Budget Statements 2000–01*, p. 29)?
- b. What is the expected completion date for the project?

RESPONSE

- a. The proposal for a Navy Ammunitioning Facility at Twofold Bay, NSW, was referred to Parliament in October 1999 at an estimated cost of \$40m. This proposal had been refined following detailed technical and environmental investigations conducted from mid-1998 through to September 1999. The proposal provided for the ammunitioning function previously conducted in Sydney Harbour until December 1999.

The proposal for an East Coast Armament Complex at Point Wilson in Victoria was referred to Parliament in December 1997 at an estimated cost of some \$72.3m. It provided for Navy ammunitioning, upgrading the Commonwealth Explosives Port and for the acquisition of crane lighters to allow Navy ammunitioning at other locations around Australia. This project cost estimate included expenditure of \$5.4m for the Commission of Inquiry and urgent minor environmental works (approved by the parliamentary Public Works Committee) which was funded under a separate project. This left \$66.9m, which was rounded up to \$67m.

On the Public Works Committee's recommendation (PWC report No 3 dated 30 June 1998), Defence proceeded to investigate alternative locations to Point Wilson for Navy ammunitioning and the import/export function. Defence retained the project cost estimate for the armament complex at Pt Wilson during the investigations of Twofold Bay, noting that the department intended to re-refer the proposal for Pt Wilson should investigations indicate Twofold Bay unsuitable on technical or environmental grounds. The Portfolio Budget Statements for 1999–2000 gave a project cost estimate of \$67m for the ammunitioning facility at Eden (that is, the armament complex budget less Commission of Inquiry costs) and \$6.1m for the interim facility at Pt Wilson.

The 1999-2000 Portfolio Additional Estimates Statements project cost estimate erroneously included the interim ammunitioning facility cost estimate for Pt Wilson (\$6.1m) in the estimated cost for the ammunitioning facility at Eden (\$67m plus \$6.1m).

By late 1999, detailed technical and environmental investigations allowed the development of the refined cost estimate of \$40m for construction of an ammunitioning facility at Twofold Bay. This figure does not include works at Pt Wilson. However, the expenditure figure to

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30 June 2000 of \$7.4m has been incorrectly reflected against the Twofold Bay project. The figure for Twofold Bay should be \$1.4m.

- b. The Public Works Committee report (the sixth report of 2000) was tabled in Parliament on 27 June 2000, and was approved by Parliament on 29 June 2000. The current plan is for the works to be completed in the first half of 2002.

QUESTION 61

SENATOR: Hogg
HANSARD: Page 140

What savings have been achieved in 1999-2000 as a result of market testing of garrison support.

RESPONSE

Taking into account the cost of contracts awarded, a net saving of \$120.613m was achieved.

QUESTION 62

SENATOR: Hutchins
HANSARD: Page 195

In relation to claims by former crewmen of the *Melbourne*, arising from the collision with the *Voyager*:

- a. Where would I find in the budget papers the cost to the Commonwealth of the legal bills and compensation?
b. What were the total legal fees incurred by the Commonwealth in the Maclean case?
c. What is the average cost to the Commonwealth of defending each extension of time and common law compensation case?

RESPONSE

- a. In Table 2.1 at page 37 (in the item 'Suppliers' under 'Operating expenses') of the *Portfolio Budget Statements 2000–01*. The specific costs in relation to these claims are not separately identified.
b. Approximately \$1.5m.
c. Of the 31 claims finalised to date by either judgment, settlement or discontinuance, only six involved specific preparation for both the extension of time and the common law damages claim. The costs to the Commonwealth of defending the McLean case totalled approximately \$1.5m due to the court appeals involved in that case. The average cost to the Commonwealth of defending the remaining five cases was approximately \$72,300. The average cost to the Commonwealth of defending each of the remaining 25 finalised claims was approximately \$35,000.

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QUESTION 63

SENATOR: Hogg

HANSARD: Page 200

In relation to the sale and lease-back of Defence properties, under the ‘Sale of Defence Property’ budget measure (*Portfolio Budget Statements 2000–01*, p. 18), how long will it be before Defence loses the advantage of having been the owner? When does the opportunity cost run out?

RESPONSE

The Department of Finance and Administration, as the lead portfolio in this issue, has advised that in relation to Defence properties that are sold and leased back, Defence will continue to enjoy rights of access and use that it had previously in relation to its former properties. This issue will be dealt with in the lease for each property affected.

The Commonwealth Property Principles state that the Commonwealth should own property where the long-term yield rate exceeds the social opportunity cost of capital, or where it is otherwise in the public interest to do so.

QUESTION 64

SENATOR: Hogg

HANSARD: Written question

I understand that there is significant disquiet among the local community with regard to the Randwick Barracks development - what is the current status of that project?

RESPONSE

Following an extensive program of community involvement, a proposal was submitted to Randwick City Council in April 1997 to re-zone the 50 hectare property to permit development of up to 1,100 dwellings. The proposal was deferred indefinitely by the council.

The council revised its planning policy in 1998 to permit residential development on the site. In October 1999, Defence submitted two development applications seeking to subdivide the site for 661 individual home sites, to provide open space (approximately one third of the available land), and to fund a new community facility.

The council opposed the development applications notwithstanding that they complied with all of the council’s planning instruments relevant to this site. As a result, Defence has exercised its right to make application to the NSW Land and Environment Court for the development applications to be independently assessed. This matter is to be heard by the court in July 2000.

The number of dwellings in the current proposal reflects community concern that the 1997 re-zoning proposal represented overdevelopment. The number of home sites has been reduced by some 40%.

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QUESTION 65

SENATOR: Hogg

HANSARD: Written question

In relation to rifle ranges:

- a. Is it correct that the Diamond Valley Rifle Range in Victoria and many other rifle ranges are being handed over to the control of the states?
- b. If so, why was this done?
- c. Has the Commonwealth undertaken to provide funding for the clean up of those sites?
- d. Has Defence received any requests from state agencies for funding to clean up those sites?
- e. Has the Minister or his Parliamentary Secretary received any correspondence in relation to this matter from anyone and, if so, what is the outcome of that communication?

RESPONSE

- a. In late April 1999, Defence legally terminated its Permissive Occupancy agreement with the Victorian State Government over the Diamond Valley Rifle Range. Defence will seek to progressively terminate its Permissive Occupancy agreements over other ranges on state land it uses less than 10 days a year.
- b. The Diamond Valley Rifle Range was closed for safety reasons in early April 1999. This action pre-empted the requirement to terminate its Permissive Occupancy on the grounds that the range is not—and never has been - used by Defence. The Defence Act (Australian Rifle Club Regulations)—which, by the 1980s, had become somewhat anachronistic, particularly as the rifle club movement had become largely self-managing under the Australian Rifle Clubs (ARC) - were repealed in 1997 following negotiations with the ARC. The divestment of Defence's interests in ranges for which there is little or no Defence use is consistent with Government policy.
- c. Defence is developing and implementing a program of site evaluations, the outcome of which will assist in determining its approach regarding any site restoration responsibilities specified in the current Commonwealth Permissive Occupancies.
- d. Yes.
- e. The only correspondence received by the Minister or the Parliamentary Secretary on any of the above aspects were four ministerial representations relating to the Diamond Valley Rifle Range—one each from the Members for McEwen and Jagajaga, one from the Executive Officer of the Victorian Rifle Association seeking advice relating to the closure of the range, and one from a neighbouring resident calling for its closure for safety reasons. Respondents were advised by the Parliamentary Secretary that the range was closed for safety reasons in April 1999 and that the Permissive Occupancy over the range was legally terminated by Defence later that month.

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QUESTION 66

SENATOR: Hogg

HANSARD: Written question

What is going on with the disposal of the RAAF property in Palmer Street, Dubbo, and has the Dubbo Council made approaches to Defence to purchase the property?

RESPONSE

The former RAAF Stores Depot has been identified as surplus to Defence requirements. Yes, the Dubbo Council has made approaches to Defence to purchase the property.

QUESTION 67

SENATOR: Hogg

HANSARD: Written question

In relation to Killarney Glen:

- a. What is the latest update with regard to public access to Killarney Glen?
- b. What are the legal costs to Defence to date regarding this matter?

RESPONSE

- a. Killarney Glen, which is part of the Canungra Training Area, has been open to the public since the departure of Mr Patrick Fitzgerald at Easter this year. The Army Promotion Training Centre has established arrangements to ensure proper management of the area, safe and controlled access for the public and effective use for military training. Access will be permitted when not required for military training activities. Signs, gates and boundary notices are in place. The Minister for Defence has recently written to the Friends of Back Creek Gorge and invited the organisation to liaise with the Army Promotion Training Centre on the detail of the new arrangements.
- b. The legal costs to Defence for securing vacant possession of Killarney Glen amounted to \$18,350.45 in financial year 1999–2000. This amount does not include the costs of the Federal Court action initiated by Mr Patrick Fitzgerald that sought a review of the decision of the Minister for Finance and Administration to direct him to vacate the property. These costs are being met by the Finance and Administration portfolio.

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QUESTION 68

SENATOR: Hogg

HANSARD: Written question

Was Defence Estate successful in fast-tracking lease negotiations for Defence land at Marrangaroo for the Howard and Sons pyrotechnics manufacturer?

RESPONSE

The Department had been working to expedite the finalisation of a lease over the past year. At a meeting on 21 February 2000, Howard & Sons advised that Marrangaroo was one of a number of sites it was considering. The company advised that the draft lease documents appeared acceptable and undertook to advise whether it wished to proceed with a lease within a month.

On 2 May 2000, Mr Andrew Howard of Howard & Sons verbally advised that the company would not be pursuing a lease for land at Defence's Marrangaroo property near Lithgow. Mr Howard advised that the proposal for the lease of land is not economically viable for Howard & Sons.

QUESTION 69

SENATOR: Hogg

HANSARD: Written question

In relation to information provided in the response to question 2 from the 3 May 2000 supplementary additional estimates hearing (*Additional Information Received—Defence Portfolio Volume 3, May 2000*):

- a. What has happened to the \$2,120 worth of sketches that were done for the Minister's office that never was?
- b. Could the committee be provided with copies of the sketches?

RESPONSE

The sketches are being held in the Department in case of future need. Two of the sketches related not to a possible Minister's office but to the reconfiguration of one office space to accommodate two executive offices. The Minister will occupy the office formally occupied by DepSec Resources and Management. The other sketches related to a possible VIP reception area. Copies of the sketches are attached.

Electronic version: see attached document.

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QUESTION 70

SENATOR: Hogg

HANSARD: Written question

In relation to the Jumbun Medical Centre contract:

- a. Given that the tender for the Jumbun Medical Centre was awarded on a value-for-money assessment, can you advise why the Department awarded the contract to Talhome Pty Ltd for \$123,000 rather than to Mager Constructions which tendered \$76,000 and advised in its application that the list of subcontractors and references would be provided on request as the documentation ran to 40 pages in total?
- b. Did Talhome Pty Ltd have quality assurance status?
- c. Was quality assurance status a requirement for the tender? If not, why not?

RESPONSE

- a. The Request for Tender specifically asked that submissions include referees, key employees and proposed sub-contractors details. The Talhome tender submission did supply details of key employees, subcontractors and referees. Mager Constructions did not provide details of its subcontractors, licenses or referees and stated that these would be available after acceptance. Consequently, the company was assessed as non-conforming in these areas. Mager Constructions also did not provide information in other areas requested which included its ability to meet the works program and its ability to meet the training objective.
- b. No. Talhome was not quality assured. The company does follow the housing industry awards procedures. A list of housing industry awards was received which demonstrated the company's reliability and consistency in the building industry.
- c. Quality assurance status was not requested to be supplied in the tenders for this particular tender. It is not a requirement of the unit quality procedures or an express requirement when using the Short Form Facilities contract, that the quality assurance status of tenders be evaluated.

QUESTION 71

SENATOR: Hogg

HANSARD: Written question

- a. Did Defence send any personnel to the 'Defence and GST' conference on 23 May 2000?
- b. At what cost?
- c. Was Mr Geoff Davis from Defence paid to speak at that conference and, if so, how much was he paid?

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RESPONSE

- a. Yes, 11 attendees. This does not include Mr Geoff Davis who attended the conference as a speaker.
- b. The total cost to Defence was \$1,380.
- c. No, Mr Davis was not paid to speak at the conference.

QUESTION 72

SENATOR: Hogg

HANSARD: Written question

The United Firefighters Union has been trying to gain access for its members to the gym facilities at HMAS Cerberus as the members provide the firefighting services to the base under contract. Has this matter been resolved?

RESPONSE

Yes. On 10 May 2000, the Parliamentary Secretary to the Minister for Defence, Senator the Hon Eric Abetz wrote to Mr Peter Marshall, the Branch Secretary of the United Firefighters Union, to confirm that the current policies which exclude non-Defence personnel from using sporting and leisure facilities at HMAS Cerberus would remain. The letter was written in response to several requests by Mr Marshall that fire crews contracted by Transfield be allowed access to the HMAS Cerberus gymnasium.

The policies regarding access to sporting and leisure amenities at HMAS Cerberus were formed as a result of an extensive review on 'Cerberus Access and Use of Facilities' carried out in 1997 at the request of the Minister for Employment, Workplace Relations and Small Business. The review established that contractors were not entitled persons in accordance with Defence policy in Defence Instruction DI(G) Admin 35–1 (Provision of Non-Commonwealth Funded Facilities and Hire and Control of Facilities in Defence Establishments) and were deemed to be members of the public. No contractors (garrison support, health or instructional) have been authorised to use facilities such as the pool and gymnasium at HMAS Cerberus since this review.

Mr Marshall has been advised that Transfield staff may only use the gymnasium at full cost recovery, consistent with policies of Defence Assistance to the Civil Community.