

Department of Defence

**Joint Committee on Public Accounts and Audit – Major Projects Report
2013-14: Defence Materiel Organisation – 27 February 2015**

Question on Notice No. 1 - LAND 121 Phase 3A

Mr Conroy asked on 27 February 2015, Hansard page 5:

Mr CONROY: I want to go to one other project and then I will hand over and have another go later. I want to go to LAND 121 Phase 3A, on page 355. I will read off a section for Hansard which is around corrosion protection: 'because the vehicle original equipment manufacturer has recently advised that the cavity wax needs to be reapplied at 12 months from delivery and the corrosion protection underbody sealant wax needs constant reapplication from use and wash of vehicle'. This is highlighting a problem where, as a layman, it seems that we have to reapply this wax every time these vehicles get wet, which I imagine would be an operational issue, since these things are presumably designed to cross shallow creeks and rivers. That, to me, would be a significant problem, if these things start rusting. Have I read that right?

Mr Thorne: I would have to take the details on notice, but my understanding is that it was always expected that we would have to reapply the cavity wax. It is just that we are having to reapply it more often. But we are doing it on a 12-monthly basis, not on an every-time-you-wash-it basis.

Mr CONROY: But if I read this correctly the OEM is saying that you need to apply the wax every time you use and wash the vehicle; wax needs constant reapplication from use and wash of vehicle. 'Constant' to me means that every time the vehicle gets wet you need to apply the wax.

Mr Thorne: I would have to take that on notice.

Mr CONROY: Can you also take on notice whether you think that will affect the long-term sustainability of these vehicles? Then you have two options. You do not apply the wax, because it is impractical if they are on heavy operations, but then you face rusting vehicles later on down the track. So if you could come back with more-detailed answers, that would be good.

Mr Thorne: Sure.

Response:

The cavity wax does not need to be reapplied every time the vehicles get wet.

The G-Wagon fleet has a layered corrosion prevention system which includes a cathodic dip primer, powder coating, cavity wax, and the application of a product called Under-Body Sealant – 693 (UBS-693). Cathodic dip primer and powder coating are widely used to coat automobile bodies and parts, tractors and heavy equipment.

UBS-693 is a black, curable wax-like substance that is applied to the underside of the vehicle. UBS-693 does not need to be reapplied every time the vehicle is used or gets wet, but if it is stripped off during extreme cross-country driving (due to the chassis contacting the ground), or by the incorrect use of a high-pressure cleaner, then it should be reapplied to maximise the corrosion protection.

Cavity wax is injected into vehicle cavities during manufacture. In accordance with the maintenance manual, this wax should be reapplied once during the 15-year life of the vehicle to maximise the corrosion protection.

Defence does not consider that the requirement to maintain the corrosion protection on the vehicles affects the long-term sustainability of the vehicles due to the layered approach that has been adopted and the ability to reapply the UBS-693 at unit level.

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Question on Notice No. 2 - Air Warfare Destroyer

Mr Conroy asked on 27 February 2015, Hansard page 8:

Mr CONROY: I have one final question on the AWD, which goes to page 192 on the electronic warfare radar, electronic attack sub-system, which reports that the procurement has been deferred as current technology does not meet the contract and the RAN requirements. I can completely appreciate that the Navy is after the most capable piece of equipment for what is, no doubt, a very sensitive part of the capability, but how can we have a contract—I think we saw this in the FFG, where the contracted requirements were not able to be met by any product on the market when that contract was designed and agreed to?

Mr Thorne: I would have to take that detail on notice. I suspect that the answer is probably classified, but I will have to take that on notice.

Response:

The AWD Alliance is contractually required to deliver the Air Warfare Destroyers with a Radar Electronic Attack (R-EA) capability.

At the time of the R-EA selection process in 2009-10, only 'first generation' systems were available while more powerful 'second generation' systems were expected to be available in 2017-18.

Rather than install a system that would require an expensive upgrade early in the ships' life, the Alliance sought to defer procurement of the R-EA until the second generation technology was available. Funding was set aside, and provisions were made to the Air Warfare Destroyer platform design, for the accommodation of the newer R-EA systems.

Approval for this approach was given by Defence in 2010. The then Minister for Defence Personnel, Materiel and Science was also advised and noted this approach.

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Question on Notice No. 3 - MHR90

Mr Conroy asked on 27 February 2015, Hansard page 10:

Mr CONROY: Can I get an update on where the IOC for the MRH90 is up to? The MPR had IOC of December last year. Was that achieved?

Ms McKinnie: Army IOC has been achieved, but not Navy IOC.

Mr CONROY: When was the Navy IOC planned for?

Mr Dunstall: We might have to take that on notice.

CHAIR: I have Navy IOC—July 2010; achieved forecast September 2014, which is 50 months.

Mr CONROY: So that has not been achieved?

Mr Dunstall: The forecast in this report has IOC of both Army and Navy in September 2014.

Vice Adm. Griggs: For the reasons that Ms McKinnie highlighted earlier around the rotor brake and the cargo hook—and the cargo hook is operationally crucial, given that the main role of the MRH for Navy is as a resupply aircraft.

Mr CONROY: Could you take on notice the now revised forecast IOC—

Mr Dunstall: For Navy IOC?

Mr CONROY: Yes, please.

Ms McKinnie: Happy to.

Mr CONROY: And whether there is any flow on for FOC as well.

Response:

The Chief of Navy declared an initial MRH90 operational capability on 27 February 2015.

The current forecast for achievement of the final MRH90 operational capability milestone is the third quarter of 2019, some five years behind the original schedule.

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Question on Notice No. 4 - FFG

Mr Conroy asked on 27 February 2015, Hansard page 11:

Mr CONROY: I move to the FFG. The original FOC for the FFG was December 2011. Now, the forecast is December 2015. This is on page 326. This was contingent on implementation of a panorama TDS—torpedo detection system. Do people think we are on track for that?

Mr Thorne: That is my knowledge. Yes, we are.

Mr CONROY: Could you take it on notice if it is different to that?

Mr Thorne: Yes.

Response:

Final Operational Capability for SEA1390 Ph2.1 (FFG Upgrade Project) is on track to be achieved in December 2015.

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Question on Notice No. 5 - Projects of Concern updates

Senator Conroy asked on 27 February 2015, Hansard page 14:

Mr CONROY: I have one more question; it is a very quick one. Are projects of concern monthly updates still being provided to the Minister for Defence?

Mr Dunstall: With the new minister, we have provided a number of submissions about the projects of concern process. Indeed, one of the discussions I am trying to organise is about bringing the minister up to speed on projects of concern. He has had a lot on his plate over recent time, and this is one of the key things that I want to have a conversation with him about. We had scheduled a project of concern summit for this month with the previous Minister for Defence. With the new minister, it has not been possible to get him up to speed on the project of concern process in time to do those summits, but I am still keen to have those summits sooner rather than later.

Mr CONROY: Page 88, paragraph 3.17 says, 'although summits are yet to be reinstated by the new government,' which implies that they have not had a summit since September 2013. It also says that project of concern reports continue to be provided to the minister on a monthly basis—

Mr Dunstall: Correct. We are still providing the project of concern updates.

Mr CONROY: Can you take on notice whether those submissions are being signed off by the minister or an adviser when they are returned?

Mr Dunstall: I will take that on notice.

Response:

The latest Projects of Concern (PoC) monthly reports are included in the new DMO Quarterly Project Performance Report and have also been discussed with the Minister and/or advisors during face-to-face meetings. The Minister signed the last Quarterly Project Performance Report on 12 February 2015, which included the PoC report.