

# **Joint Standing Committee on Foreign Affairs, Defence and Trade**

## **Inquiry into the Defence Annual Report 2008-09 Hearing**

**30 March 2010**

### **Questions Taken on Notice**

**Q1**

**Aircraft Noise, Hansard p 15-17**

**Mr Baldwin**

- (a) On the 2012 Australian Noise Exposure Forecast (ANEF), when is the actual Australian Noise Exposure Concept (ANEC) handed down for the noise footprint at Williamtown?**
- (b) When is the Australian Noise Exposure Concept (ANEC), from the 2012 Australian Noise Exposure Forecast (ANEF), going to be produced and made into a public document?**

**Response:**

- (a) An ANEC is a draft ANEF. An ANEC is used in developing an ANEF.**

The 2012 ANEF has been superseded by the new 2025 ANEF. This is a forecast of noise levels. Actual noise levels are currently being measured for existing aircraft and will continue to be measured when new aircraft are introduced. There is no requirement to replace an ANEF (forecast) with a map illustrating actual noise levels.

- (b) Actual noise levels for all aircraft currently operating at RAAF Base Williamtown are recorded using a noise monitoring system introduced in 2004 as a condition of the introduction into service of the Hawk Lead-in Fighter at RAAF Base Williamtown.**

The results of the noise monitoring are generally published on a quarterly basis and provided to the Williamtown Consultative Forum. They are also available to the public upon request.

Actual noise levels for all aircraft currently operating at RAAF Base Williamtown were included in the draft Public Environment Report for the proposed introduction of the Joint Strike Fighter to the base. This information is available at [www.nextairgeneration.com.au](http://www.nextairgeneration.com.au).

An Environmental Compliance Review for the Hawk Lead-in Fighter, undertaken in 2007, indicated all aircraft operations, including the significantly expanded civil operations at Newcastle Airport, were in accordance with the 2012 ANEF forecasts.

**Q2**

**Land Acquisition, Hansard p 17**

**Mr Baldwin**

**Why doesn't Defence move to acquire farmland, as it did at the eastern end under Lavis Lane, and therefore protect its approach and departure points?**

**Response:**

Defence only acquires property when it is required to meet Defence needs, and generally does not acquire noise affected properties unless there are exceptional circumstances. For properties in the vicinity of RAAF Base Williamtown and Salt Ash Air Weapons Range, these exceptions exist to support operational or training requirements, to expand the boundaries of the base, and to acquire properties in very close proximity to the runway and effectively within the boundaries of the base. It should be noted that there is no rural land to the northwest of the base which would be similar to the Lavis Lane lots. The land to the northwest of the base is associated with the catchment protection area for Grahamstown Dam, and effectively provides a buffer to the base.

**Q3**

**L-3, Hansard p 21**

**Mr Baldwin**

**How long will L-3 Communications in Canada have the capability for an international requirement of doing and keeping centre barrels operational?**

**Response:**

**L-3 MAS Canada**

L-3 MAS in Mirabel provided the Centre Barrel Replacement (CBR) production capability for the Canadian Forces (CF) and the Royal Australian Air Force (RAAF). The CBR production line is now closed but the CF are retaining one CBR jig until 2017. Re-establishment of the capability would be possible; but would be costly due to re-installation of the jig, engagement of trained technicians and engineers, and the associated logistics and support infrastructure for this large and complex modification. It would also take at least several months to restart the CBR production line, but as L-3 MAS is the CF deeper maintenance contractor and will be until its planned withdrawal date, the capability to do so should still exist.

**United States Navy (USN)**

CBR production lines at Fleet Readiness Centre South West (North Island) and Fleet Readiness Centre South East (Jacksonville) will continue for several years, with the Jacksonville line planning to be open until 2017. Due to the existing continuity this may be the best option if CBR is required for additional RAAF aircraft; although the modifications carried out by the USN differ slightly to those that L-3 incorporated on RAAF aircraft.

**Q4**

**HF modernisation, Hansard p 53**

**Mr Bevis**

**Do recent acquisitions such as the Tiger and the MRH90 have an equal or better communications capability than platforms retrofitted with HF communications?**

**Response:**

The ARH Tiger and MRH90 helicopter fleets have an improved suite of communications over current helicopters. The High Frequency (HF) communications capability of these two aircraft fleets is as capable as the HF upgrade to Black Hawk and Chinook, and is compatible with the modernised high frequency communication system. The ARH and MRH also have integrated satellite communication systems to assist with non line of sight communications (this is required, for example, for long range flying and in mountainous terrain). ARH and MRH also have data link systems which can operate via HF and satellite.

**Q5**

**DMO projects, Hansard p 59-60**

**Mr Oakeshott**

**Since February 2004, of the projects that were over budget, they have gone from 12% over budget to 25% over budget. Similarly, projects that have come in under budget have slipped from 74% to 51%. Why, in the last five years, have these percentages been slipping?**

**Response:**

Specialised military equipment projects have lengthy lifecycles and varying stages of maturity across those cycles. For example, a span of 20 years is typical for a naval ship from pre-approval phases to operational acceptance. The previous responses from the Minister for Defence Materiel and Science to QON 1064 (subsequently updated in QON 1225) outlined the variability of project lifecycles across a large program of complex projects. Depending on where projects sit in their lifecycles determines their susceptibility to either budget overruns or budget savings.

However, there is not always a correlation between a driver for cost change and the year that the financial impact materialises. For example, the cancelled Seasprite helicopter had its root causes of failure from events in the late 1990s, but the financial impacts were not fully seen until 2005. Similarly, additional cost pressures as a result of over ambitious technical specifications set in 2001 for the Airborne Early Warning and Control (Wedgetail) platform showed up as a real cost increase in 2006/07.

Decisions relating to initial design or technology, changes in factor costs (labour, materials etc), project management skill requirements, sourcing decisions, or delays in final test and acceptance can all contribute to increases in cost. However, a conclusion cannot be drawn from the data submitted in response to the previous questions that project costs have increased or that performance has slipped over the last five years, as only eleven of the 239 projects in the data set were commenced after February 2004.

In order to make a proper assessment of performance before and after February 2004 it would be more reasonable to base the analysis on a data set of projects completed prior to 2004 and another data set of projects commenced after 2004. Because of the significant length of projects (typical DMO projects take 5-25 years to complete), a large enough sample series would not be available until approximately 2018-2020 providing for comparable empirical evidence. Therefore, the statistical methodology of splitting projects before and after a single point in time with such a limited data set currently available, would prove to be of questionable value.

The purpose of DMO's analysis of those 239 projects that have closed was to illustrate that, in the Australian environment where adjustments are made to the original estimates for inflation, foreign exchange (DMO is not allowed to hedge, and foreign exchange risk is assumed by Treasury), scope, transfers and quantities, the overall cost of acquisition projects under management in the DMO have come in below the original budget.

## Q6

### **Commercial activity vs civil assistance, Hansard p 66-67**

**Mr Bevis and Mr Oakeshott**

- (a) There are allegedly 19 outdated line-of communication bridges that are sitting in a disposal store somewhere and various councils around Australia want to get access to them to assist in bridge maintenance programs. There seems to be an ongoing dialogue between Defence and councils about what is commercial activity and what is civilian assistance. Could the Department please explain the difference between commercial activity and civilian assistance.**
- (b) Why did Defence officials visit the Taree bridge site if it was known that the circumstances of the request would not normally class as Defence assistance to the civil community?**

### **Response:**

- (a) 'Commercial activity' refers to commercial business/industry. 'Civilian assistance' refers to Defence Assistance to the Civil Community (DACCC).
- (b) Army personnel from the School of Military Engineering were requested by the Greater Taree City Council to provide technical advice to support their consideration for the "acquisition or hire of line of communication bridges". Defence is considering disposing, through sale, a quantity of the line of communication bridges. Army personnel supported the site survey based on it being a preliminary investigation. The purpose of the survey was to assist the Council's deliberation by determining whether the site suited the use of line of communication bridging. The Army personnel involved in the site survey did not have an authority to provide any support beyond the technical advice of the site survey.

If the Council was informed by the personnel conducting the site survey of potential for additional support this advice exceeded their authority and Army apologises for creating a false expectation. The use of Defence assets and personnel to provide this type of

support would normally be restricted to civil emergency situations, to provide immediate short term relief pending a longer term civil solution.

**Q7**

**Reserves, Hansard p 75, 78**

**Mr Robert**

- (a) When will the *Review of the Army Reserve Approved Future Force* be presented to Government?**
- (b) Has the High Readiness Reserve met its overall goal in terms of the number of personnel strength?**

**Response:**

- (a) This review is currently with the Secretary of Defence and the Chief of the Defence Force for consideration. Once approved by them, it will be presented to the Government.
- (b) As at 27 March 2010, the six High Readiness Reserve Combat Teams are currently manned at an average of 80 per cent, with the highest at 96 per cent and the lowest at 57 per cent. The levels of manning achieved within the High Readiness Reserve Combat Teams are considered a significant achievement. The numbers of personnel within the High Readiness Reserve Combat Teams will continue to grow as more members achieve the additional competencies required for service in this category.

**Q8**

**Pay issues, Hansard p 83**

**Mr Baldwin**

- (a) When will training of the operators be upgraded in order to reduce the incidence of error?**
- (b) When will the pay scales be fully adjusted across all the service and the public service?**
- (c) When will IT systems be improved to reduce the delays in information processing?**

**Response:**

(a) Defence is moving to upgrade the Human Resources and Payroll system used to administer the permanent and reserve military and civilian workforce. Work has commenced to mitigate current technology risks associated with these systems to ensure the continuity of the personnel and pay functions, with completion of this technical refresh planned for the first quarter of 2012.

Separately, Joint Project 2080 Phase 2B.1 will ensure that a long-term solution for personnel systems is aligned with the business reform required to achieve major Strategic Reform Programs, including the implementation of a shared services business environment for Human Resources. Further project definition activities leading to a tender for the detailed design and implementation of system enhancements is being progressed throughout 2010. As

these systems are developed and implemented, comprehensive training strategies will be put in place to ensure that system operators are appropriately trained in the use of the new technology.

(b) Defence notes that the Blueprint for Reform of Australian Government Administration released in March 2010 identifies that the vision for the future is an Australian Public Service unified by an enterprise agreement bargaining arrangement that embeds greater consistency in wages, terms and conditions.

(c) Refer to question (a) above.

## **Q9**

### **Gap Year program, Hansard p 84-85**

**Mr Baldwin**

**How many participants are taking part in this year's Gap Year program?**

**Response:**

The ADF Gap Year enlistment target for 2009-10 is 700 (267 for Navy, 317 for Army, 116 for Air Force). While the Navy and Army each spread their intake over several months, the Air Force program is conducted as one intake running from January to December each year.

As at 1 April 2010, 574 participants had commenced their gap year program (154 Navy, 304 Army and 116 Air Force). In addition, on the same date, 50 Navy and 5 Army participants from the previous year's program were still serving in their Gap Year.

The remaining 126 participants (113 Navy and 13 Army) will commence by the end of June.

## **Q10**

### **Recruitment and Retention, Hansard p 86**

**Ms Grierson**

**Has your success in retention and recruitment been spread across skill base, gender and ethnicity or is it still sticking to a narrow base?**

**Response:**

Yes, success in retention and recruitment has been spread across all facets of the workforce, including skill base, gender and ethnicity.

Workforce data reinforces that our numbers in the general workforce and those in critical skills areas are improving.

Ethnicity and Gender ratios remain the same in an expanding workforce, indicating that participation is rising in line with expansion. There has been a slight increase in the number of women serving in the Australian Defence Force.

**Q11**

**Sea King accident, Hansard p 88-89**

**Mr Fitzgibbon**

**Please provide updates on the Sea King accident, in particular with respect to any outstanding issues, including disciplinary issues and action taken against those who were found to be responsible. Have there been any changes to procedure or protocols as a result?**

**Response:**

On Wednesday 18 March 2009 the Chief of Navy put on the public record that all 256 recommendations from the Sea King Board of Inquiry report had been implemented, laying the foundation for ongoing improvement of safety in Navy aviation.

The Board of Inquiry report into the Sea King accident on Nias Island, Indonesia in April 2005 was publicly released on 21 June 2007. The 256 recommendations were far-reaching and included a major review of airworthiness, risk management and safety, aviation maintenance regulations, training and cultural matters.

To ensure the highest level of oversight under a Defence implementation plan, the Chiefs of Service Committee monitored progress of implementation of the Board's recommendations across Defence. Implementing all of the Sea King Board's recommendations was a significant step to embedding a 'can do safely' attitude into Navy's aviation activities.

The Board made adverse findings against a number of individuals who appeared before it. Careful consideration was given to whether administrative or disciplinary action should be commenced against those individuals. After having regard to all the relevant information, adverse administrative action was commenced against eleven individuals. Action against one individual remains outstanding.

Navy continues to remain engaged with the survivors and family members of the deceased. Navy has appointed a Family Advocate to act as the central point of contact for ensuring all relevant information is available to them.

**Q12**

**Legal costs, Hansard p 90**

**Mr Bevis**

**What actual costs were incurred for our legal representation for the defences to the High Court proceedings in the case of Lane vs Morrison?**

**Response:**

A total of \$446,042.23 was incurred by Defence for its legal representation in the High Court proceedings in *Lane v Morrison*. \$65,257.94 was paid to Counsel, \$364,758.49 to the Australian Government Solicitor and \$16,025.80 was incurred for Counsel's travel and other

general disbursements. No costs are payable for the services provided by the Solicitor-General.

### Q13

#### **Departmental expenditure and Linton Besser article, Hansard p 92-94** **Mr Baldwin and Mr Robert**

- (a) Please provide details of the Departmental payment for \$30,000 worth of “stuff”.**
- (b) What is the \$229.6 million budget estimate for property sales based on?**
- (c) What is the \$102.2 million budget estimate under “net capital receipts” based on?**
- (d) Under Net Capital Receipts, ‘Proceeds from sale of infrastructure, plant and equipment’, which for the current financial year was \$37.3 million and for the next financial year is \$38.5 million. What is this based on?**

#### **Response:**

- (a) This departmental payment relates to contract number 226244, valued at \$30,646.69. This was for the purchase of Royal Australian Navy branded marketing items as part of the Navy’s community engagement program. These marketing items are to be used at public events and activities. The purchase of these items was appropriate and correctly approved, and the contract was executed properly.

The description of ‘stuff’ does not accurately reflect the contract’s content, and was incorrectly inserted into AusTender. Defence is re-educating all staff involved in procurement processes on correct and appropriate data to be entered into systems to ensure transparency and accuracy of procurement activities.

- (b) The \$229.6m figure (2009-10 Budget Estimate column, Table 17, page 31, PBS) relates to the budgeted proceeds from the planned sale of the properties identified through the Property Disposal Program agreed by government. Estimated proceeds over the forward estimates are based on independent property valuations where available. Otherwise, estimate proceeds reflect property values on the asset register which is based on market value. Also note that the estimate for 2009-10 was revised from \$229.6m to \$85.5m at Additional Estimates 2009-10.

During 2009-10, eight properties have been sold to-date with receipts totalling \$7.6m. Four properties were sold in previous years with \$3.9m receipts received in 2009-10. The remaining planned sales are estimated to be \$74.0m before the end of this financial year.

- (c) The \$102.2m figure (2010-11 Forward Estimate column, Table 17, page 31, PBS) relates to the budgeted proceeds from the planned sale of the properties identified through the Property Disposal Program agreed by government. Estimated proceeds over the forward estimates are based on independent property valuations where available. Otherwise, estimate proceeds reflect property values on the asset register which is based on market value.



- (d) The figures mentioned for each financial year relate to proceeds from the sale of assets under the Commercial Vehicle disposal program. Vehicles under this program have a useful life of five years and are sold at the end of this period.

#### **Q14**

##### **Reconciliation Action Plan, Hansard p 95**

**Mr Robert**

- (a) **When will the Defence Reconciliation Action Plan 2007-2009 report be released?**
- (b) **Regarding objectives 2.2 (New cadet units to be established in remote northern communities) and 2.6 (Encourage Defence Aboriginal and Torres Strait Islanders to identify their lineage on PMKeys) in the last Defence Reconciliation Action Plan, please provide an update on these activities between July 2007 and now.**

#### **Response:**

(a) The report was released and posted on the Reconciliation Australia website on 19 April 2010. It is also available on the Defence Fairness and Resolution websites on the Defence Internet and Defence Intranet.

(b) Objective 2.2 – Action against this objective was overtaken by the 2008 Cadet Review. The review concluded that smaller communities have a limited capacity to support a number of youth organisations. It also recommended close consultation with the Directorate of Indigenous Affairs to ensure cultural protocols and customs are considered in future youth initiatives. Once the review is accepted, the Directorate will provide opportunities for indigenous youth in remote communities through the Indigenous Youth Connections Program.

Objective 2.6 - Defence has ongoing programmes to actively encourage Aboriginal and Torres Strait Islanders to identify on PMKeyS however, in accordance with Commonwealth privacy legislation, they are not required to do so. Members are reassured of their privacy through the use and reporting of aggregated data only.

#### **Q15**

##### **High Frequency modernisation, Hansard p 52**

**Mr Bevis**

**Regarding the HF Modernisation project, please advise what requirements have been reduced or left out following the re-baselining of project requirements?**

#### **Response:**

Committee-In-Confidence response, to be provided separately.

W1

**Submarine escape and rescue**  
**Sub-Committee**

**Please provide an update on the status of:**

- (a) the submarine escape training facility; and**
- (b) the Australian submarine rescue vehicle.**

**Response:**

(a) A tender was released in February 2009 to establish a training provider for Submarine Escape Training Facility (SETF) in-water training services. The Underwater Centre Fremantle (TUCF) was the successful tenderer and the contract was awarded in July 2009.

TUCF commenced initial staff training at the SETF. However, during the conduct of final certification and safety checks required to achieve formal safe to dive certification, non volatile residue contamination was detected in SETF life support systems. While this contamination issue was being rectified, obsolescence issues were identified with some components needed to refurbish the recompression chamber systems. Delays associated with rectifying the contamination defect and replacing the obsolete components have prevented TUCF from completing its full staff training program.

All of the contaminant has now been removed and spares to replace the obsolete components were remanufactured by the original equipment manufacturer in The Netherlands. The final spares arrived in country in May 2010 and have been fitted by the repair supplier, HI Frasers. Final "safe to dive" certification is expected to be achieved in June 10.

The training of submariners in Australia is expected to commence at the end of October 2010 once the training of the TUCF workforce is complete. The TUCF divers will be subject to a stringent training and certification regime before student training commences.

(b) The Australian Submarine Rescue Vehicle ('Remora') remains in storage in Western Australia having been repaired, upgraded and re-certified for Harbour Acceptance Trials after the incident in December 2006 that resulted in the Remora sinking in 140m of water during an exercise. Since the Remora was recovered in April 2007, the DMO has been working towards restoring an organic submarine rescue capability in Australia by remediating the entire submarine escape and rescue system suite.

In December 2008 the DMO was advised by the marine classification society Det Norske Veritas (DNV) that the Remora's Launch and Recovery System (LARS) faced significant design re certification issues. The designer of the LARS, Caley Ocean Systems, subsequently developed a design for modifications to the system. The DMO is reviewing this design to determine whether it presents a basis for a practical and cost effective launch and recovery capability that could support operational deployments. The DMO is concurrently considering alternate options for launching and recovering the Remora for sea trials.

In order to retain an ongoing submarine rescue capability until Australia's own organic capability has been restored, in November 2008 the DMO contracted directly with James Fisher Defence UK for the provision of the LR5 submarine rescue system. On 20 March 2010 the LR5 successfully completed Exercise Black Carillon, which involved the successful transfer of one passenger from HMAS WALLER to the LR5 at a depth of 140m.

W2

**Reinstatement of Jane Wolfe**  
**Sub-Committee**

- (a) In light of the Federal Court of Australia ruling determined on 8 April 2010 that led to the reinstatement of Jane Wolfe to her previous role within the DMO, will the Department of Defence now agree that the 2008-2009 Annual Report is now incorrect by referring to Jane Wolfe's employment as having "ended", and will they now be correcting the Annual Report to correctly reflect the truth of the matter?**
  
- (b) Following evidence given by CEO DMO, Dr Stephen Gumley to the Defence sub-committee, as well as the subsequent Federal Court ruling on the Jane Wolfe case, will a public service code of conduct inquiry be undertaken into the actions of Dr Gumley in relation to the termination of Jane Wolfe in 2008?**
  
- (c) If so, when? If not, why not? And if not, what actions are being undertaken by the Department in relation to this matter and the decision of the Federal Court?**

**Response:**

Awaiting response. An answer will be forwarded separately in due course.