
The Parliament of the Commonwealth of Australia

Review of the Defence Annual Report 2011-2012

Inquiry of the Defence Sub-Committee

Joint Standing Committee on Foreign Affairs, Defence and Trade

June 2013
Canberra

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Contents

Foreword	vii
Membership of the Committee	viii
Membership of the Defence Sub-Committee.....	ix
Terms of reference	xi
List of abbreviations	xii
List of recommendations	xvi
1 Introduction	1
Annual Report review objectives and scope	2
Focus areas	2
Conduct of the review.....	2
2 Drawdown of operations in Afghanistan	5
Background	5
Australia's mission in Afghanistan post 2014	6
Sustaining and supporting the ANSF	6
Development assistance	7
Resetting the ADF	8
Support for veterans.....	9
Capacity of the ADF to support veterans	10
Care of ADF personnel wounded or injured on operations.....	15
Defence materiel and equipment	16
Committee comment.....	16

3	Defence budget	19
	Introduction	19
	Budget cuts	21
	Capability planning and acquisition	21
	Provision of services to ADF personnel	24
	Reporting the Defence budget	24
	Operations	25
	Flood relief operations in Australia	25
	Operations in the immediate region	27
	Operations in Afghanistan	27
	Committee comment	28
4	Force Protection	29
	Background	29
	Protection of individuals	30
	Protection of force as a whole	35
	Force protection improvement process	37
	Force protection issues response	39
	Committee comment	41
5	Reviews of Defence Culture	43
	Background	43
	Summary of reviews	44
	Review of personal conduct of ADF personnel	44
	Review of the treatment of women in the Australian Defence Force	45
	Review of the use of alcohol in the ADF	46
	The Review of the use of social media in Defence.....	46
	Review of the management of incidents and complaints.....	47
	Review of Defence Australian Public Service women’s leadership pathways	47
	DLA Piper Review of Allegations of Sexual and Other Forms of Abuse in Defence.....	48
	The Pathway to Change: Evolving Defence Culture	49
	Review updates and discussion	50
	DLA Piper Review – update and discussion.....	50
	Review of the use of alcohol in the ADF – update and discussion	54

Review into the Treatment of Women in the Australian Defence Force – update and discussion	55
Women’s careers strategies.....	58
Indigenous participation in the Australian Defence Organisation	59
Disability programs in Defence.....	62
Committee comment.....	63
6 Strategic Reform Program	65
Background	65
2011-2012 cost reductions.....	67
Current status.....	67
Committee comment.....	79
7 Other issues.....	81
Strengthening Defence oversight.....	81
The <i>Defence Annual Report</i>	81
Publishing statistics.....	85
Reviews of major operations.....	87
Committee comment.....	89
The Australian Defence Force Parliamentary Program	90
Committee comment	92
Joint Strike Fighter	93
Cost.....	94
Schedule	95
Capability	97
Committee comment	100
Supplementary Remarks – Dr Dennis Jensen MP	101
Appendix A – List of Submissions.....	109
Appendix B – Witnesses who appeared at public hearings.....	111



Foreword

During its review, the Sub-Committee chose to focus on a broad range of issues as part of the process of accountability of Government agencies to Parliament. This accountability is particularly important in light of the major transitions that the Australian Defence Organisation is currently undergoing, and the Sub-Committee takes this responsibility very seriously.

During the period under review, Australia announced that it would be withdrawing its combat presence from Afghanistan and the process of transitioning responsibility to the Afghan National Security Forces commenced. This process occupied a large part of the Committee's attention during this review, as it is vital that Australian forces are successful in doing all they can to ensure an orderly and organised drawdown of operations in Afghanistan.

Efforts at ensuring the highest possible level of force protection are also examined in this review. The Sub-Committee found that Defence has been active in this area, and further is seeking to strengthen this capability. However, as Australia draws down its presence in Afghanistan, Defence will have to remain vigilant that there is no deterioration in this capability. The Sub-Committee resolves to maintain a focus on this issue into the future.

Also during the period under review, seven key reviews of Defence culture were conducted and finalised. These reviews examined a wide range of cultural issues within the Australian Defence Organisation, from the allegations of abuse at the Australian Defence Force academy to treatment of women in the civilian and uniformed wings of Defence, through to the use of alcohol and social media. The Sub-Committee examined these reviews, and found that there may be a lack of clarity as to what allegations fall within the scope of the DLA Piper Review. As such, it recommends that the Government seek to have this situation remedied.

The Defence budget was examined as a part of the review. The Sub-Committee found that, while Defence reports on its budget in a variety of places and contexts, Defence's budget needs to be reported on in greater detail in the *Annual Report*, particularly as it relates to the impact of declining budgets on capability acquisition and sustainment.

As with previous reviews, the Sub-Committee sought an update on progress in implementing the Strategic Reform Program (SRP). Defence appears to be tracking well against the original targets set out in the 2009 *Defence White Paper*, and against the particular targets set for the 2011-2012 financial year. Additionally, the Sub-Committee notes that Defence has partially implemented its recommendation from the *Review of the Defence Annual Report 2010-2011* that it include a discrete section on the SRP in annual reports. While this is a positive development, the Sub-Committee would still like to see this section expanded to include greater detail in future annual reports.

The Sub-Committee examined three other issues in this review. Firstly it looked at Defence reporting generally, noting that reporting tends to be relatively light on detail and overly optimistic. As a result, the Sub-Committee recommends that Defence enhance its annual reporting by:

- Developing a more precise method for reporting performance on capabilities acquisition and sustainment, which would detail:
 - Specific performance targets;
 - how performance is assessed in relation to these targets; and
 - the specific reasons why targets are, or are not, achieved;
- Including some detail on emerging areas of concern and potential future issues;
- Enhancing its reporting on the Defence budget and its implications for capabilities acquisition and sustainment;
- Undergoing a periodic review conducted by independent experts, similar to the United States' Quadrennial Defense Review; and
- Including information on operational readiness.


Second, the Sub-Committee looked briefly at parliamentary engagement with the Australian Defence Force. In order to further strengthen parliamentary oversight of Defence, the Committee also made a third recommendation: that the Parliamentary Defence Engagement Program, currently used to place parliamentarians with ADF units, be extended to include policy areas within the Department of Defence, as well as the Defence Materiel Organisation.

Finally, the Committee received an update on the Joint Strike Fighter project. The Sub-Committee was told that, since the recent re-baselining of the program, it has been tracking well towards delivering the required capability with an initial operating capability for Australia of around 2020.

The Sub-Committee commends the service of the men and women of the ADF, and their contribution to disaster relief efforts and operations in support of Australia's security around the globe. The Sub-Committee notes that, in 2013, Australia lost ten of its personnel on operations in Afghanistan. The Sub-

Committee acknowledges their sacrifice, and our thoughts are with the families of these brave soldiers.

Senator Mark Furner
Chair




Membership of the Committee

Chair Senator Michael Forshaw (to 30/06/11)
 Hon Michael Danby MP (to 14/05/13)
 Hon Joel Fitzgibbon MP (from 15/05/13)

Deputy Chair Mrs Joanna Gash MP

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Senator Mark Bishop	Mr Laurie Ferguson MP (from 5/02/13)
Senator David Fawcett	Hon Joel Fitzgibbon MP (to 15/05/13)
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Hon Dick Adams MP	Ms Janelle Saffin MP
Hon Julie Bishop MP	Hon Bruce Scott MP
Ms Gai Brodtmann MP	Hon Peter Slipper MP
Hon Anthony Byrne MP	Hon Dr Sharman Stone MP
Mr Nick Champion MP	Ms Maria Vamvakinou MP



Membership of the Defence Sub-Committee

Chair Senator Mark Furner

Deputy Chair Dr Dennis Jensen MP

Members Senator Mark Bishop
 Senator David Fawcett
 Senator the Hon David Johnston
 Senator the Hon Ian Macdonald
 Senator Stephen Parry
 Senator Marise Payne

 Hon Dick Adams MP
 Ms Gai Brodtmann MP
 Mr Nick Champion MP
 Mr Michael Danby MP (*ex officio*) (to
 14/05/13)

Hon Joel Fitzgibbon MP (*ex officio*)
Mrs Joanna Gash MP (*ex officio*)
Hon Alan Griffin MP
Mr Harry Jenkins MP
Mrs Sophie Mirabella MP
Mr Ken O'Dowd MP
Mr Stuart Robert MP
Hon Bruce Scott MP
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Terms of reference

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

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

On 27 November 2012 the Joint Standing Committee on Foreign Affairs, Defence and Trade authorised the Defence Sub-Committee to review the Department of Defence Annual Report 2011-2012.

1 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Resolution of Appointment*, viewed 24 May 2013, <www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jfadt/resoltn.htm>.

2 Speaker's Schedule, *Allocation to Committees of Annual Reports of Departments, Agencies, Authorities and Companies*, viewed on 24 May 2013 <www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees#roles>.



List of abbreviations

ADFA	Australian Defence Force Academy
ADF	Australian Defence Force
ADFPP	Australian Defence Force Parliamentary Program
ADO	Australian Defence Organisation
AMA	Australian Medical Association
ANA	Afghan National Army
ANSF	Afghan National Security Forces
ANAO	Australian National Audit Office
APS	Australian Public Service
ASPI	Australian Strategic Policy Institute
ANU	Australian National University
CDF	Chief of the Defence Force
CIED TF	Counter Improvised Explosive Devices Task Force
COO	Chief Operating Officer
CRAM	Counter Rocket and Mortar fire capability
DAR	Defence Annual Report
DAS	Distributed Aperture System

DART	Defence Abuse Response Taskforce
DCP	Defence Capability Plan
DEEWR	Department of Education, Employment and Workplace Relations
DIDP	Defence Indigenous Development Program
DMO	Defence Materiel Organisation
DSTO	Defence Science and Technology Organisation
DVA	Department of Veterans' Affairs
ECH	Enhanced Combat Helmet
FINMAN 4	Defence Financial Costing Manual
HQJOC	Headquarters Joint Operations Command
ICT	Information and Communications Technology
IED	Improvised Explosive Devices
IOC	Initial Operating Capability
ISAF	International Security Assistance Force
ISR	Intelligence, Surveillance and Reconnaissance
ISREW	Intelligence, Surveillance Reconnaissance Electronic Warfare
JSF	Joint Strike Fighter
JSOW	Joint Stand-Off Weapon
KPI	Key Performance Indicator
LCD	Liquid Crystal Display
LHD	Landing Helicopter Dock
MOU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization

NCO	Non-Commissioned Officer
NVG	Night Vision Goggle
NZDF	New Zealand Defence Force
PES	Physical Employment Standard
POPS	Post-Operational Psychological Screen
PTS	Post-traumatic Stress
PTSD	Post-traumatic Stress Disorder
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RAP	Reconciliation Action Plan
RtAPS	Return to Australia Psychological Screening
SCRAM	Schedule Compliance Risk Assessment Methodology
SRP	Strategic Reform Program
UAV	Unmanned Aerial Vehicle
USAF	United States Air Force
VCDF	Vice Chief of the Defence Force



List of recommendations

5 Reviews of Defence Culture

Recommendation 1

The Committee recommends that the 'Defence Abuse Reparation Scheme Guidelines' and the Defence Abuse Response Taskforce terms of reference should be reviewed to clarify:

- whether cases involving a complainant not employed by Defence fall within the scope of the relevant processes; and
- what abuses are defined as in and out of scope, including whether abuses which constitute offenses under relevant Commonwealth legislation are included.

6 Strategic Reform Program

Recommendation 2

The Committee recommends that the Defence Annual Report include detailed information on how savings are being achieved under each stream of the Strategic Reform Program.

7 Other issues

Recommendation 3

The Committee recommends that the Department of Defence enhance its public reporting by:

- Developing a more precise method for reporting performance on capabilities acquisition and sustainment, which would detail:
 - ⇒ Specific performance targets;
 - ⇒ how performance is assessed in relation to these targets; and
 - ⇒ the specific reasons why targets are, or are not, achieved;
- Including some detail on emerging areas of concern and potential future issues;
- Enhancing its reporting on the Defence budget and its implications for capabilities acquisition and sustainment;
- Undergoing a periodic review conducted by independent experts, similar to the United States' Quadrennial Defense Review; and
- Including information on operational readiness.

Recommendation 4

The Committee recommends that the Defence Parliamentary Engagement Program include placements with the Department of Defence policy areas and the Defence Materiel Organisation.

