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The Parliament of the Commonwealth of Australia

# Review of the Defence Annual Report 2008-2009

Joint Standing Committee on Foreign Affairs, Defence and Trade

July 2010  
Canberra

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Australian Super Hornets fly in formation with the F1-11 across the Pacific Ocean.  
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Australian Defence Force celebrating Australia Day in the streets of Melbourne.  
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6 Royal Australian Regiment and 2/14 Light Horse Regiment during battle group training at Shoal Water Bay Training Area for Exercise Diamond Dollar.  
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Royal Australian Navy Fleet entry with the S-70B-2 Seahawk from 816SQN.  
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# Contents

- Foreword .....vii
- Membership of the Committee .....ix
- Terms of reference .....xi
- List of abbreviations .....xiii
  
- 1 Introduction .....1**
  - Annual Report review objectives and scope .....2
  - Focus areas .....3
  - Conclusions .....3
  
- 2 Major projects.....5**
  - Tri-Service .....6
  - High Frequency Modernisation Project .....6
  - Multi Role Helicopter .....8
  - Air Force .....11**
    - Joint Strike Fighter .....11
    - Airborne Early Warning and Control Aircraft .....17
    - Classic Hornet upgrade.....20
    - Super Hornet.....23
  - Navy .....25**
    - Guided missile frigate upgrade.....25

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Air Warfare Destroyer .....	27
Amphibious ships .....	30
Armidale Class patrol boats .....	31
Collins-class submarines .....	32
Replacement of the Navy's combat helicopter capability .....	34
<b>Army.....</b>	<b>36</b>
Light Protected Vehicle .....	36
Armed Reconnaissance Helicopter .....	40
Self-propelled guns .....	42
<b>Committee conclusions.....</b>	<b>43</b>
<b>3 Operations .....</b>	<b>47</b>
<b>Afghanistan .....</b>	<b>47</b>
Background .....	47
Current status.....	48
<b>Iraq .....</b>	<b>50</b>
<b>Timor-Leste .....</b>	<b>51</b>
Background .....	51
Current status.....	52
<b>Committee conclusions.....</b>	<b>53</b>
<b>4 Personnel .....</b>	<b>55</b>
<b>Recruitment and retention.....</b>	<b>56</b>
Background .....	56
Current status.....	57
<b>Pay issues .....</b>	<b>59</b>
Background .....	59
Current status.....	60
<b>Rebalancing the Army .....</b>	<b>63</b>
Background .....	63
Current status.....	63
<b>Australian Defence Force Reserves .....</b>	<b>64</b>
Background .....	64

Current status.....	65
<b>Gap year program .....</b>	<b>66</b>
Background .....	66
Current status.....	67
<b>Defence Reconciliation Action Plan .....</b>	<b>68</b>
Background .....	68
Current status.....	68
Other Issues.....	69
<b>5 Other issues.....</b>	<b>71</b>
Defence Capability Plan .....	71
Progress of the reform agenda .....	72
Outstanding litigation matters .....	73
Role of the Defence Materiel Organisation .....	75
Defence assistance to the civil community .....	76
Tender process .....	77
Sea King accident .....	79
Allegations of phantom contracts .....	80
Capital Investment Program.....	81
Submarines .....	83
Escape Training Facility .....	83
Submarine rescue vehicle.....	84
<b>Minority Report – Mr Robert Oakeshott MP .....</b>	<b>87</b>
Part 1: Defence Material Organisation – Personnel and employment issues.....	87
The ruling of the FCA.....	89
Questions of timing in relation to the use, or misuse, of taxpayers’ money .....	90
Legal Council from AGS.....	90
The Public Service Commissioner .....	91
Ministerial Advice .....	92
Part 2: Afghanistan .....	93

<b>Appendix A – List of Submissions .....</b>	<b>99</b>
<b>Appendix B – Witnesses appearing at public hearing .....</b>	<b>101</b>
Canberra, Tuesday, 30 March 2010.....	101
<b>Appendix C – Federal Court Order .....</b>	<b>103</b>
<b>Appendix D – Documents in relation to Ms Jane Wolfe .....</b>	<b>107</b>



## Foreword

During the period July 2008 to June 2009, the Australian Defence Force (ADF) continued to be actively involved in operations both within and outside Australia. Overseas deployments, which numbered 18 in total, included East Timor, Solomon Islands, Papua New Guinea, the Northern Indian Ocean, Africa, the Middle East, Iraq, and Afghanistan. Defence also engaged in maritime security operations in the South China Sea in support of regional security, supported United Nations missions, and operated in the Gulf region and the Horn of Africa to counter the threat of piracy. Locally, Defence performed admirably assisting the civil authorities' response to devastating natural disasters such as the Victorian bushfires, and floods in Queensland and New South Wales.

During the review period, Defence also released two important policy and planning documents: the *2009 White Paper, Defending Australia in the Asia Pacific Century: Force 2030*; and the *Strategic Reform Program*. The measures and policies within these two documents importantly harmonise the cost saving measures needed to meet Defence's future force structure requirements. Simply put, without prudent fiscal management the ADF's future capability needs cannot be delivered or sustained. The relationship between these two capstone pieces of work will indubitably be an area of focus for the sub-committee in future years.

At the public hearing into the Defence Annual Report on 30 March 2010, the Defence Sub-Committee chose to examine a broad range of Defence issues as part of the process of accountability of government agencies to parliament. These areas of interest included major projects, recruitment and retention, overseas operational deployments, the Defence estate and the ADF's operational commitments.

The committee is well aware of the significant challenges the ADF, and in particular the Defence Materiel Organisation (DMO), faces in managing very complex, sensitive and technical projects. The committee also acknowledges the importance of implementing the reforms arising from the Mortimer review of defence procurement and sustainment released in September 2008.

More generally, it is the committee's view that the most important objective for Defence is to acquire needed capability in the shortest time practicable and at an appropriate cost. It was therefore pleasing for the committee to be advised at the public hearing that some previously listed projects of concern are no longer classified as such. Conversely, the committee also noted that there remain other projects, such as the Wedgetail Airborne Early Warning and Control aircraft, that continue to suffer an overly protracted delay in final acceptance.


The Joint Strike Fighter (JSF) project remains the most expensive single acquisition in Defence's history. The committee has watched with interest the developments within the United States (US) as the US Department of Defense struggles with the JSF development program. Noting this, the committee will continue to monitor whether the cost and schedule buffers built into the Australian JSF project will provide some assurance that similar problems will not be experienced here.

Recruitment and retention of ADF personnel, an area of concern in recent years as personnel targets consistently fell short, has seen a substantial improvement over the review period. This is a good result and reflects the emphasis placed by Defence in ensuring that the ADF is better placed to meet future demands of new equipment and ongoing operational commitments. The committee was particularly pleased to note an increase in the number of submariners recruited although further gains are still needed.

The committee acknowledges the service of the men and women of the ADF in their contribution to operations across the globe. The committee also recognises that the ADF could not meet these operational commitments without the support of those ADF personnel who remain behind in non-combat roles. Lastly, and importantly, the committee is grateful of the sacrifices endured by the families, friends and loved ones of those personnel deployed in the maintenance of Australia's obligations at home and abroad.

The Hon Arch Bevis MP  
Chair of Defence Sub-Committee





## Membership of the Committee

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Deputy Chair The Hon D Hawker MP

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## Membership of the Defence Sub-Committee

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Deputy Chair   The Hon B Baldwin MP

### Members

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Senator the Hon A Ferguson

Senator M Fifield

Senator M Forshaw (*ex officio*)

Senator M Furner

Senator the Hon D Johnston

Senator S Ludlum

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Ms S Grierson 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.<sup>1</sup>

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

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1 See *Votes and Proceedings*.

2 Speaker's Schedule: Allocation to Committees of Annual Reports of Departments, Agencies, Authorities and Companies.





## List of abbreviations

AEW&C	Airborne Early Warning and Control
CBR	centre barrel replacement
ADF	Australian Defence Force
ANA	Afghan National Army
ANAO	Australian National Audit Office
ANEF	Australian Noise Exposure Forecast
ANP	Afghan National Police
ARH	Armed Reconnaissance Helicopter
AWD	Air Warfare Destroyers
CDF	Chief of the Defence Force
CDG	Capability Development Group
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CT	Counterterrorism
CTOL	Conventional take-off and landing
DDG 51	US Arleigh Burke class guided missile destroyers
DCP	Defence Capability Plan
DMO	Defence Materiel Organisation

DNV	Det Norske Veritas
DSTO	Defence Science and Technology Organisation
EADS	European Aeronautic Defence and Space
EMD	Engineering, manufacturing and development
FCA	Federal Court of Australia
F-FDTL	Falintil-Forças de Defesa de Timor Leste
FFG	Guided Missile Frigates
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOC	Final Operational Capability
GAO	US Government Accounting Office
GIRoA	Government of the Islamic Republic of Afghanistan
HF	High Frequency
HMAS	Her Majesty's Australian Ships
IED	Improvised explosive devices
IOC	Initial Operational Capability
ISAF	International Security Assistance Force
ISF	International Stabilisation Force
JLTV	Joint Light Tactical Vehicle
JSF	Joint Strike Fighter
L-3	L-3 Communications MAS Inc
LARS	Launch and Recovery System
LHD	Landing helicopter deck
MOT	Military-Off-The-Shelf
MRH	Multi Role Helicopter

MSA	Manufactured and supported in Australia
NACC	New Air Combat Capability
NATO	North Atlantic Treaty Organization
NFH	Nato Frigate Helicopter
NZDF	New Zealand Defence Force
PBS	Portfolio Budget Statement
PER	Public Environment Report
PMV-L	Protected Mobility Vehicles - light
PS Act	<i>Public Service Act 1999</i>
RAAF	Royal Australian Air Force
SAS	Special Air Service
SES	Senior Executive Service
SETF	Submarine Escape Training Facility
TUCF	The Underwater Centre Fremantle
UN	United Nations
UNMIT	United Nations Integrated Mission in Timor-Leste
UNSCR	United Nations Security Council resolution
US	United States
USAF	United States Air Force
USN	United States Navy

