



Submission No 16

Review of the Defence Annual Report 2010 - 2011

Organisation: Department of Defence

Joint Standing Committee on Foreign Affairs, Defence and Trade

QUESTIONS ON NOTICE - COMMITTEES

Parliamentary Committee

2010-11 Defence Annual Report Hearing – 16 March 2012

Q3: SRP – Travel Savings

Mr Robert provided in writing:

What percentage savings in travel have been achieved by using the whole of government contract for travel (introduced on 1 July 2011) rather than the Defence system.

Response:

Under Whole-of-Australian Government arrangements, introduced on 1 July 2011, all domestic and international airlines were invited to provide pricing for services to Whole-of-Australian Government. It is not possible to identify what price Defence would have achieved if it had contracted separately, to be able to identify savings as a direct result of the Whole-of-Australian Government arrangements.

A like for like comparison between Defence's previous contract and the Whole-of-Australian Government contract cannot be achieved because they differ in how they were constructed. The previous Defence contract was only with Qantas Airways Ltd and provided percentage discounts off only one fare category (fully flexible, fully refundable), as well as, limited route deals domestically. The Whole-of-Australian Government contracts are with four domestic and 13 international airlines and provide percentage discounts across all fare categories from fully flexible through to highly restricted, as well as route deals on the most frequently travelled domestic and international sectors. There are over 10,000 discounted and route deal private fares available to all Commonwealth agencies.

Analysis has shown that with the availability of discount and route deal offers, Defence travellers are adopting different travel practices and selecting suitably priced fares across all fare categories depending on business requirements. The use of an on-line booking tool for domestic and trans-Tasman bookings, which provides simple one screen visibility of all available fare offers, is assisting in this process. When looking at the program on a macro level, we have seen a reduction in the average costs per trip, which is consistent with Department of Finance and Deregulation published information on savings as a result of the Whole-of-Australian Government arrangements.

Joint Standing Committee on Foreign Affairs, Defence and Trade

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Parliamentary Committee

2010-11 Defence Annual Report Hearing – 16 March 2012

Q4: SRP – Travel

Mr Robert provided in writing:

- (a) What are the reasons why almost half of Defence flights are coded as not taking the cheapest option?
- (b) Is this a normal trend?

Response:

- (a) The Department of Finance and Deregulation (Finance) set the Government policy for Lowest Practical Fare for Official Domestic Air Travel (Finance Circular No. 2009/10) and Best Fare of the Day for International Official Air Travel (Finance Circular No. 2009/11). In support of this policy, Finance established Whole-of-Australian Government Reason codes that each traveller must select when making an airline booking with their agency's travel management company. The reason codes are:

- Lowest Practical Fare/International Best Fare taken
- Unsuitable due to time routing or connections
- Approval / Entitlement to travel at higher fare class
- Health and Safety issues/Personal responsibilities
- Require flexibility to change booking.

Data from reason code reporting indicates 'requiring flexibility' as the main reason why Defence personnel are not always taking the cheapest fare. Due to the nature of Defence business, flexibility is important and the deeply discounted fares are generally highly restricted and offer limited ability to make changes.

- (b) Prior to Whole-of Australian Government arrangements, Defence personnel mostly purchased fully-flexible, fully refundable fares. While this was partly due to business requirements, it was primarily because Defence's previous air contract provided significant discounts on fully flexible fares. Under the Whole-of-Australian Government arrangements, the contracted domestic and international airlines have offered discounts on multiple fare types; ranging from highly flexible to deeply discounted highly restrictive fares. Under the new arrangements, analysis shows that different travel practices are being adopted through the aid of applications such as the online booking tool, which provide visibility of the range of available ticket options and prices.

Joint Standing Committee on Foreign Affairs, Defence and Trade

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Parliamentary Committee

Q8 – Defence Housing

Mr O'Dowd MP asked 16 March 2012 (Hansard page 20):

Where DHA has demolished housing stock, what was the age of this stock (How old would these houses be?).

Response:

Defence has not demolished housing at RAAF Base Darwin.

Defence Housing Australia will shortly commence the demolition of nine older vacant houses located on RAAF Base Darwin. The houses were built in the 1960's.

Joint Standing Committee on Foreign Affairs, Defence and Trade

QUESTIONS ON NOTICE - COMMITTEES

Parliamentary Committee

2010-11 Defence Annual Report Hearing – 16 March 2012

Q10: Pre-Deployment Financial Advice to Soldiers

Senator Macdonald provided in writing:

Please provide a copy of the training program on Financial Services/Counselling that deployed personnel receive prior to and post deployment.

Response:

As part of all force preparation courses, all members about to deploy receive financial advice in the form of a central presentation and written documentation and advice provided by an Australian Army Pay Corps Pay Clerk or subject matter expert from the Australian Defence Force Financial Services Consumer Council (ADF-FSCC). This is delivered as part of the overall Force Preparation Training Package, and has specified learning objectives that are strictly followed (Enclosure 1 – Hardcopy package).

Force Preparation Financial Brief

- The Force Preparation Financial Brief consists of a 60 minute period of specified learning outcomes. The brief covers financial issues during and post deployment.
- This is a mandatory brief conducted by 39 Personnel Support Battalion who is responsible for the conduct of all force preparation courses.
- All individuals who deploy must complete a Force Preparation Course within the 12 months prior to any deployment.
- All members undertaking force preparation are also provided with a financial checklist to assist in their preparation prior to deployment (Enclosure 2).

Force Preparation Certification

- In order to ensure deploying members have received financial advice, an auditable check is conducted as part of Force Preparation Certification AE054 (Enclosure 3). The member is required to sign and note if they have made appropriate financial arrangements to support their deployment and, have an understanding of their financial, leave and conditions of service entitlements.

Post Deployment

- The de-mounting process does not include any further financial services training. Every member is, however, debriefed individually on his/her pay and conditions calculations (including leave) by a qualified pay representative prior to, or shortly after return to Australia. The member is required to sign a declaration that the pay and conditions calculations are understood.

Force Preparation Checklist

This Checklist summarises the key points from your Force Preparation Financial Brief. Working through and completing this checklist before your deployment will help give you financial peace of mind before and during your deployment.

Budgeting:	
<input type="checkbox"/>	Have you completed the <u>budget planner</u> ?
Insurance:	
<input type="checkbox"/>	Review text at this <u>link</u> .
Compensation and Superannuation:	
<input type="checkbox"/>	Have you researched and understood your entitlements under <u>military superannuation</u> and <u>compensation</u> ?
Bank accounts:	
<input type="checkbox"/>	Have you provided all details to the next of kin?
<input type="checkbox"/>	Have you considered making your spouse or partner a signatory?
<input type="checkbox"/>	Have you considered giving your spouse or partner online access?
Credit cards:	
<input type="checkbox"/>	Have you made arrangements for regular payments?
<input type="checkbox"/>	Have you agreed on the use of subsidiary cards?
<input type="checkbox"/>	Have you checked the card's acceptability overseas?

Bills:	
<input type="checkbox"/>	Have you made a list of all your regular bills?
<input type="checkbox"/>	Have you made arrangements for regular payments?
Taxation:	
<input type="checkbox"/>	Have you read the Australian Tax Office <u>guide for ADF members</u> ?
<input type="checkbox"/>	Have you made arrangements for lodging tax returns?
Money:	
<input type="checkbox"/>	Have you made arrangements for spending money overseas?
Salary Packaging:	
<input type="checkbox"/>	If you are currently salary packaging, check to make sure your packaging arrangements are in order. Log in to your account at <u>www.smartsalary.com.au</u> or phone 1300 476 278 .
Will:	
<input type="checkbox"/>	Have you seen a lawyer (Defence or external) about making a will and keeping it current?
Power of Attorney:	
<input type="checkbox"/>	See a lawyer about granting a <u>Power of Attorney</u> to your spouse, partner or next of kin, or keeping it current.
Financial Advice:	
<input type="checkbox"/>	Have you watched the <u>Financial Advisers - The Facts and the Fiction</u> film (or use the <u>Getting Advice e-learning module</u>) and considered whether you should see a financial adviser?

PERSONAL INSURANCE FOR ADF MEMBERS

Version – January 2010

Check whether this version of the Pre-Deployment Checklist and Personal Insurance is current at www.adfconsumer.gov.au

Defence looks after ADF members and their families through the Military Rehabilitation and Compensation Scheme, and through death and invalidity benefits contained in the Military Superannuation schemes. These are your statutory entitlements. Most ADF members have found that their statutory entitlements are adequate to meet their needs.

For ADF members, insurance provides optional extra cover for those people who depend on you financially should you die or become disabled. Insurance should be considered as part of your life's financial planning, and not just at deployment time. Some ADF members have decided that, due to their particular circumstances, they require extra cover. A good way of working out whether you need extra personal insurance is to have a look at what you would be entitled to under the Military Rehabilitation and Compensation Scheme and your Military Superannuation scheme (websites listed on the checklist), and then work out what your dependants would need, each year, to maintain their current lifestyle. If there is a gap, you might want to consider additional insurance.

You should be careful to make sure that whichever personal insurance policy you have, it is valid in a war zone or in war-like activity. These are called "war exclusions", but can apply more widely than just in war.

Where you own an existing policy that you purchased PRIOR to receiving formal notice of deployment, the insurance company may continue to cover you even if your policy contains a war exclusion. However, it is strongly recommended, first, that you should DISCLOSE to the insurer that you are being deployed AND secondly, that you receive WRITTEN CONFIRMATION from the insurer (before you leave) that cover will continue while you are away. Otherwise the insurer may deny cover to you and your family when you need it most.

Buying an insurance policy that will cover you AFTER you have received formal notice of deployment is difficult, especially where you are seeking additional death cover. Chartis offers an accident policy, known as "injury & Accident Insurance" and "Service Accident Insurance". However, you must have owned the policy for at least for 12 months before a claim for death on deployment on certain operations will be paid.

The Australian government Actuary has advised Defence that Asteron and Zurich also offer life insurance policies that do not contain war exclusions, however, to be effective these policies are required to be purchased PRIOR to formal notice of deployment.

Defence Health can advise you about the Chartis and the Asteron policies. Navy Health can advise you about the Zurich policy and My Adviser Pty Ltd can advise you about the Chartis policy.

The above information must not be treated as personal advice. You should consider your specific needs and think about consulting an insurance company or a licensed financial adviser of your choice prior to deployment.

STAFF-IN-CONFIDENCE (After first entry)

AE 064
Introduced Feb 2010

Department of Defence

Army Individual Pre-Deployment Certification - Operations

Employee ID	Family name	Given name(s)	Service	Rank	Service type
Operation		Home unit	Deployed unit		Deployment date

1. I acknowledge that I have a personal requirement to ensure my Will is current and it or its location is held by DCO. If I do not wish to have a Will I acknowledge I am required to complete a statement to this effect and this statement is to be held by DCO.	Members initials
2. I acknowledge that my Next of Kin, Additional Next of Kin and Primary Emergency Contact details are correct and up to date on PMKeyS. I acknowledge that in the event of a serious event (<i>injury, illness or extended absence</i>) my Primary Emergency Contact will be notified without further consultation with myself.	Members initials
3. I confirm I am not part of a pending or ongoing civil or military police investigation or other legal, administrative or court action.	Members initials
4. I have been briefed on additional life insurance and financial planning options available to me and that the decision to take up these options rests solely between myself and my family (<i>if appropriate</i>).	Members initials
5. My ID card has a bar code, is current, and accurately reflects my name, rank, and PMKeyS number.	Members initials
6. My Identity Discs (<i>Dog tags</i>) are accurate and show my PMKeyS number.	Members initials
7. I have completed all courses of mission specific medical treatment and inoculations, and subject to my final medical review I am fit to deploy.	Members initials
8. I am qualified on the personal weapon(s) I will be issued with for the deployment.	Members initials
9. I understand the mission or roles and tasks intended for me during deployment.	Members initials
10. I understand the Australian Rules of Engagement attached to my specific area and type of operations.	Members initials
11. In addition to my rank/trade, I hold the specialist skills listed against the position I am to deploy into.	Members initials
12. I am aware of my ADF reporting chain and the notifiable incidents I am required to report while deployed.	Members initials
13. I have been issued my mission specific personal clothing and equipment and/or clearly understand the plan to be issued these items.	Members initials
14. I understand the conditions of service attached to this deployment, including respite leave and travel fare qualifying periods/entitlements, type and qualifying periods for honors and awards, and veterans affairs entitlements the service may attract.	Members initials
15. I understand the entitled allowances and salary payment methods for the anticipated deployment along with taxation status while deployed.	Members initials
16. I have made appropriate financial arrangements to support my dependants while deployed, including satisfactory arrangements for a power of attorney to act on my behalf if required.	Members initials

STAFF-IN-CONFIDENCE (After first entry)

17. I have the security clearance (including compartment briefings where specified) necessary for the position I am to deploy into.	Members initials
18. I have/have not elected to utilise the housing/removal entitlements that come with this period of service. PACMAN Chapter 17 Part 4 Division 1.1 (Paragraph 17.4.6)	Members initials
19. I will/will not be taking pre-deployment leave as entitled under PACMAN Chapter 5 Part 7 Division 6.1	Members initials
20. I hold a valid (Expiry date at least six months past scheduled RTA date) official/diplomatic passport necessary for deployment, including additional official/diplomatic passports necessary for movement between Arab countries and Israel where required.	Members initials
21. I hold the visas/Status of Force Agreement (SOFA) stamp necessary in my passport for the operational areas I will be deploying to.	Members initials
22. I am returning in less than 28 days (Where no election has been called) or have lodged my overseas voting registration form or postal vote prior to deployment.	Members initials
23. I have completed and lodged my ISOPREP form with the Mounting HQ (Where required).	Members initials
24. UN: I have submitted the UN/NATO specific administration documents necessary to deploy.	Members initials
25. CFTS personnel only: I have completed and submitted the Employer Support Payment documentation to support my employer while I am deployed on military service (if applicable).	Members initials
26. CFTS personnel only: I have/have not applied for RA/ADF housing assistance (N/A for members in 'own' home).	Members initials
27. CFTS personnel only: I have/have not requested that my civilian employment is protected under Defence service provisions.	Members initials

Deploying member - I am ready to deploy

Signature	Family name	Given name(s)	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Mounting Headquarters Delegate: The member has met the training and administrative standards necessary to deploy in accordance with the PMKeyS Administrative Readiness Checklist Report.

Signature	Family name	Given name(s)	Position	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Waivers approved by mounting authority for:				
1.	<input type="text"/>	Reference	<input type="text"/>	Reference
2.	<input type="text"/>	Reference	<input type="text"/>	Reference

Note: Signature by Mounting Headquarters delegate certifies that the member meets all individual criteria for deployment detailed in [CA Directive 49/09](#) - Management of Army Personnel on Operations.

Orderly room action

1. Pre Deployment Certification entered on PMKeys OPLOG (Event code - IRC)	Signature
2. Copy placed on member's personal file	Date
	<input type="text"/>
	<input type="text"/>

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2010-11 Defence Annual Report Hearing – 16 March 2012

Q13: Rollout of Shared Services

Senator Fawcett asked on 16 March 2012 (Proof Hansard page 31):

As you roll out these further tranches of shared services, are you putting in place a recording mechanism so that you can, in 12 or 24 months, compare the cost and efficiency of delivering the service versus the current benchmark?

Response:

A key activity of shared services implementation within Defence is the development of benefits realisation and tracking frameworks. These frameworks will allow for the identification, measurement, and ongoing monitoring of benefits resultant from the implementation and operation of shared services in any given business domain (e.g. Human Resource, Information and Communications Technology, Finance).

During the planning phase of shared services implementation, baselining has and continues to be undertaken in order to understand aspects of the extant business such as (but not limited to) processes and costs, current contracts, productivity levels and full time equivalent levels.

To support functional delivery of shared services, performance/partnership agreements are being developed to manage performance and service delivery.

Establishment of a current state baseline and a performance/partnership agreement for future service delivery will enable transparency, measurement and understanding of improvements in efficiency and effectiveness of service delivery associated with the reform.

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2010-11 Defence Annual Report Hearing – 16 March 2012

Q17: Afghanistan

Mr Robert provided in writing:

What is the level of retention of the ANA Kandaks after their initial engagement of contract is up?
Is that improving?

Response:

Data has been drawn from monthly progress reports provided by NATO Training Mission Afghanistan (NTM-A) to Headquarters International Security Assistance Force (HQISAF). Retention rates as a percentage include re-contracting of those eligible for separation and re-accession (ie former members). NTM-A has only recently started tracking personnel returnees (re-engagements).

Afghan National Security Force (ANSF) attrition is defined as the unanticipated loss of a soldier, non-commissioned officer, or officer and includes personnel dropped from rolls (DFR), killed in action, permanently disabled, captures and non-combat deaths. Soldiers are DFR after 45 days absent without leave, officers after 30 days.

Afghan National Police (ANP) data is provided for comparison with Afghan National Army (ANA) performance.

Afghan National Army	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012
Trainee Attrition	N/A	N/A	N/A	N/A	1.9%	2.5%
Total Attrition	3.1 %	3.3 %	2.4 %	2.6 %	2.3 %	1.9 %
Retention	73%	33%	75%	64%	62%	59%

Afghan National Police	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012
Trainee Attrition	5.1%	5.1%	4.4%	3.3%	5.7%	6.1%
Total Attrition	1.5%	1.5%	1.9%	1.3%	1.4%	1.0%
Retention	43%	34%	59%	80%	42%	71%

Determining a clear trend from the small sample size is difficult, although there is a small decline month on month for the six month period, approximately two thirds of the ANA were retained after their period of service was completed.

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Parliamentary Committee

2010-11 Defence Annual Report Hearing – 16 March 2012

Q22: Sustainment

Ms Brodtmann provided in writing:

Given that the evidence we got last week suggested that the sustainment support program for ARH was pretty underdone and that there were a number of contract issues, why did they get the double tick (in the annual report). Is the KPI the savings element, rather than the performance? (CEO DMO undertook to provide an answer.)

Response:

The Portfolio Budget Statements 2010-11 stated that during 2010-11, the Defence Materiel Organisation and the prime contractor, Australian Aerospace would focus on continuing to mature the logistic support system for the ARH so that flying hour rates continue to increase and enable sufficient aircraft training and development, to achieve a higher combat readiness milestone.

In the 2010-2011 Annual Report, ARH sustainment was scored as ‘substantially achieved’ (two ticks), as the logistic support system did mature during 2010-11, and the flying rate did increase to 2,359 hours (up from 1,798 hours in 2009-10), which was still less than the Army requirement of 4,150 hours. As a result, some Army aircrew training targets were not met. The rating is against the stated 2010-11 Portfolio Budget Statements objective at page 166, not the savings target.

There have not been any ARH operational deployments and there has not been any ‘drop offs’. ARH support and availability improved throughout 2010-11.