



Australian Government
Department of Defence

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Russell Offices R1-2-C101
Department of Defence
CANBERRA ACT 2600
Tel: 02 6265 6277
Fax: 02 6265 3496

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1 September 2005

Ms Bronwen Jagers
Inquiry Secretary
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

Dear Ms Jagers

Please find enclosed Defence's responses to written questions on notice following the Joint Committee of Public Accounts and Audit hearing held at the Defence National Distribution and Storage Centre, Moorebank on 27 June 2005. The Minister for Defence has cleared the responses.

If you have any questions please contact me on (02) 6265 6277.

Yours sincerely

Alison West
Director
Statutory Reporting and Accountability
Coordination and Public Affairs Division

Enclosure:

1. Responses to written questions on notice from the JCPAA hearing of 27 June 2005.

Joint Committee of Public Accounts and Audit
27 June Hearing on Audit Reports No. 5 and No. 21
Answers to written questions on notice from **Department of Defence**

QUESTION W1

Defence warehouse management

How many people work for TenixToll in Defence warehouse management?

RESPONSE

As at 30 June 2005, TenixToll employed 413 permanent staff and 157 casual staff in warehouse management in support of Defence activities.

QUESTION W2

TenixToll: Contract

How many Department of Defence personnel (uniform and public service officers) work on supporting the TenixToll contract – including support of SDSS, training, and other areas?

RESPONSE

Within Joint Logistics Command, approximately 900 people have direct or indirect involvement in a number of contracts, including the TenixToll contract. It is not possible to separate the number of Defence personnel working specifically on the TenixToll contract, as personnel are often involved in more than one contract.

QUESTION W3

TenixToll: Asset/warehouse system

Did the original contract/tender accurately reflect the asset/warehouse system that TenixToll took over?

RESPONSE

Yes, with the exception of the introduction of Radio Frequency Portable Data Entry Terminals which were offered as Government Furnished Equipment under the Defence Integrated Distribution System contract, but which will not be delivered before February 2006.

QUESTION W4

TenixToll: Improvements to efficiency

What steps has TenixToll taken to improve the efficiency of the systems in place?

RESPONSE

Defence mandated the use of its existing corporate information technology systems. TenixToll has made some procedural improvements and has requested assistance from Defence to support minor changes in management reports from SDSS.

QUESTION W5

TenixToll: Additional resources allocated to contract

Have these changes been within the contract amount or does TenixToll consider that they have had to allocate additional resources not envisaged in the original contract? Can TenixToll put a figure on additional expenditure?

RESPONSE

Procedural changes have been effected within the contract cost. TenixToll has provided additional, and unforeseen, support to Defence's efforts to improve its stocktaking methods through the Stocktake Remediation Project. Additional costs incurred by TenixToll in supporting these activities are claimable under the contract.

QUESTION W6

Defence: Additional resources to improve asset management

Has Defence contributed additional resources to improve the asset management? Please detail.

RESPONSE

Defence has increased the contract governance capacity by 36 positions to ensure compliance with asset management accuracy requirements across all contracts operated by Joint Logistic Command.

QUESTION W7

Asset management system

What further actions are required for the asset management system to deliver 100% accuracy?

RESPONSE

Asset management accuracy will be improved through implementing greater compliance and assurance measures, ensuring operators understand and adhere to business processes and procedures, improved performance measurement and accountability as well as a range of ongoing information technology enhancements.

QUESTION W8

Defence and TenixToll: Sharing of additional resources and expenditure

What additional resources and expenditure will be required to achieve that and what do TenixToll consider should be the cost sharing of those additional resources?

RESPONSE

The expenditure committed by Defence for improvements to information technology systems are Defence wide and not limited to TenixToll's operations. The contract with TenixToll contains provisions for cost sharing proposals to be considered by both parties.

Joint Committee of Public Accounts and Audit
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QUESTION W9

TenixToll: Asset management operations

Has TenixToll found any evidence of inappropriate practice by users or managers within the asset management operations?

RESPONSE

TenixToll has not detected examples of fraud or malpractice. There have been some minor procedural issues associated with stock management that are being addressed collaboratively between Defence and TenixToll.

QUESTION W10

TenixToll: Involvement with system upgrades and JP2077 system development

What involvement has TenixToll had with Defence with regard to the system upgrade program and the new JP2077 system development?

RESPONSE

TenixToll has not provided any input to the SDSS Upgrade or the JP2077 system development. The Integrated Project Team will seek defence industry input (including from TenixToll) to the JP2077 system development prior to second pass approval.

QUESTION W11

TenixToll input to the role and effectiveness of the proposed JP2077 system

What advice would TenixToll have for Defence regarding the role and effectiveness of the proposed JP 2077 system?

RESPONSE

See response to Question W10.