
The Parliament of the Commonwealth of Australia

Review of the Defence Annual Report 2004-05

Joint Standing Committee on Foreign Affairs, Defence and Trade

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Cover photo captions:

‘Patrol Boat HMAS Armidale leaving Darwin harbour on Operation Breakwater – a major air and sea operation that targeted border incursions by foreign fishing boats off Australia’s northern coastline.’ (Official No: 20060321ran8100087_022)

‘The crew of an AP-3C Orion, flying as part of No. 10 Squadron's 92 Wing Detachment B in Darwin, after returning from another successful sortie during Operation Resolute.’ (Official No: 20060808adf8248214_114)


‘An Australian Army loadmaster conducts his pre-flight checks on a Chinook helicopter supporting Australian and coalition forces deployed in southern Afghanistan.’ (Official No: 20060406adf8143085_007)



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Foreword

This report focuses on the activities, achievements and undertakings of the Australian Defence Force (ADF) and the Department of Defence during the period July 2004 to June 2005. Australian Defence Force personnel were involved in 17 offshore operations during this period of time. Two of those operations were particularly noteworthy. First, the strengthening of the presence in Iraq with the deployment of a 450-strong Task Group to the Al Muthanna Province and second, the humanitarian relief effort undertaken in response to the tragic aftermath of the South-East Asian tsunami.

The Al Muthanna Task Group (AMTG) contributed in a real and tangible way to the reconstruction efforts in Iraq. Members of this Committee were privileged to visit the AMTG and observe first-hand the commitment, pride and professionalism of these men and women and the positive impact they were having on the lives of Iraqis in the Province. The AMTG has since moved from Al Muthanna to join the Overwatch Battle Group-West (OBG-W), based in the southern Iraqi province of Dhi Qar, where they undertake a security overwatch role as part of a larger Coalition Force.

The tsunami relief operation was another demanding mission and one that was completed with professionalism with compassion. The many achievements of the ADF during this relief operation were tempered by the sad loss of nine personnel, and the injuries of two others, in the helicopter crash on Nias in early April 2005. Such accidents are a reminder that the men and women of the ADF do a dangerous job, often in unforgiving environments, through the spectrum of operations from humanitarian relief, to peacekeeping to warlike.

During the 2004-05 reporting period, in addition to the focus on military operations, Defence continued to address procurement reform and financial management remediation, as well as according particular attention to military justice matters, intelligence reforms and the management of ADF recruitment and retention problems.

The four major topics reviewed in this report provided the Committee with an opportunity to examine how Defence was commanded, managed and operated in the context of the strategic environment as articulated through the Defence Updates (the most recent being in December 2005), and the Defence Capability Review extant at the time. The first topic examined the attainment of Prescribed Agency Status for the Defence Materiel Organisation (DMO), the implications of prescription for the ongoing reform process and an overview of certain key projects and project management methodologies.

Given the intensity and persistence of ADF operational deployments, and the need to maximise the survivability and efficacy of our people and platforms, topic two examined a range of issues in relation to the Chinook helicopter. In particular, upgrades to the helicopter were discussed as they pertained to the deployed role in Afghanistan, as well as an examination of their future in the context of the enhancement and modernisation of the ADF helicopter fleets being considered by Project AIR 9000. A parallel issue which was also examined was the overall future of tactical airlift across the three Services.

Topic three addressed the roles and responsibilities of the Joint Offshore Protection Command (JOPC). This section focused on the people, the operational tasking and strategic command and control issues. Specifically, we considered the range of current operations, the impact on personnel of maintaining a high tempo, and the management and effectiveness of the inter-agency relationships.

Our final topic was an examination of the progress on the remediation of Defence's qualified financial statements. While elements of this topic were considered during 2003-04, the ongoing nature of these issues was considered to be of such a magnitude that they warranted further examination.

To conclude the review of the Defence Annual Report 2004-05, the Acting Chief of the Defence Force, Lieutenant General Ken Gillespie, and the Secretary, Mr Ric Smith, made themselves available for a wide-ranging discussion on current issues in the Department. The Committee appreciated the candour and commitment displayed by the Defence leadership during this session.

Finally, the Committee would like to record their appreciation for the excellent work that continues to be done by the men and women of the ADF in support of operations in Australia, in our region, and around the world.

Hon Bruce Scott, MP
Chairman
Defence Sub-Committee




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Defence Adviser	Wing Commander Anne Borzycki	
Administrative Officers	Mr Paul Jeanroy	
	Mrs Jessica Butler	



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

¹ See *Votes and Proceedings*, No. 3, 18 November 2004 and *Journals of the Senate*, No. 3, 18 November 2004.

² Speaker's Schedule: Allocation to Committees of Annual Reports of Departments, Agencies, Authorities and Companies, 2004, p. 17. See *Votes and Proceedings*, No. 9, 7 December 2004.



List of abbreviations

ADF	Australian Defence Force
ADO	Australian Defence Organisation
AEW&C	Airborne Early Warning and Control
AFMA	Australian Fisheries Management Agency
ANAO	Australian National Audit Office
APS	Australian Public Service
ASLAV	Australian Light Armoured Vehicle
ASPI	Australian Strategic Policy Institute
AVO	Australian Valuation Office
CA	Chief of Army
CAF	Chief of Air Force
CDF	Chief of Defence Force
CDG	Capability Development Group
CN	Chief of Navy
DAR	Defence Annual Report
DIO	Defence Intelligence Organisation
DCP	Defence Capability Plan
DMO	Defence Materiel Organisation
DSTO	Defence Science and Technology Organisation
EWSP	Electronic Warfare Self-Protection
HUG	Hornet Upgrade Program
JOC	Joint Operations Command

JOPC	Joint Offshore Protection Command
JORN	Jindalee Operational Radar Network
JSF	Joint Strike Fighter
Kinnaird Review	The Defence Procurement Review 2003
MRTT	Multi-Role Tanker Transport
PBS	Portfolio Budget Statements
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RFSU	Regional Force Surveillance Unit
RoE	Rules of Engagement
SDSS	Standard Defence Supply System
VCDF	Vice Chief of the Defence Force



List of recommendations

Recommendation 1

The Committee recommends that the Defence Materiel Organisation provide annual updates on the top ten high risk projects of the year using the Maturity Score methodology, noting that commercial-in-confidence imperatives will apply.

Recommendation 2

The Committee recommends that they be provided an update on the progress of the development of options for the optimum fleet mix to meet the ADF's future airlift requirements.

Recommendation 3

The Committee recommends that an invitation be extended to Defence sub-committee members to observe and/or participate in a security contingency wargaming activity between Defence and relevant government agencies.

Recommendation 4

The Committee recommends that Navy reports on the utility and effectiveness of the multi-crewing concept once a full Division of Armidale-class patrol boats (for crew rotation purposes) has been delivered.

Recommendation 5

The Committee recommends that Defence advise the course of action taken in relation to establishing the general inventory 'best estimate' and the results of the assessment/review.

Recommendation 6

The Committee recommends that Defence report on the 'highly technical issues' that have been presented to the Australian Accounting Standards Board for consideration.

Recommendation 7

The Committee recommends that Defence report on the progress of implementation of the ADF Recruiting Strategic Plan 2005-2010, specifically in relation to the conversion ratio of inquiries, to applications, to enlistments and the review of entry requirements.

Recommendation 8

The Committee recommends that Defence and the Department of Veterans' Affairs examine, and then report to the Committee, options to better identify affected F-111 deseal/reseal personnel.

