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Organisation

Aerospace Systems
Division
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Canberra ACT 2600

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HASD OUT 29/2002

Mr Brenton Holmes
Secretary
Senate Legislation Committee on Foreign Affairs,
Defence and Trade
Parliament House
CANBERRA ACT 2600

Dear Mr Holmes

I write to correct and clarify evidence given at the Senate Legislation Committee additional estimates hearing on 21 February 2002 concerning in-service support arrangements for the Super Seasprite Helicopter.

In answer to a questions from Senator Chris Evans (pages 201 and 202 of Hansard dated 21 February 2002), I responded that Defence was not funding at this stage the contractor's in-service support centre costs. This was in error. As required under a support contract (which is a separate contract from the acquisition contract), a monthly management fee is being paid to Kaman Aerospace International Corporation for the ramp-up of activities at its in-service support centre. Up to January 2002, Defence had paid AUD\$31m under the support contract. An additional AUD\$4m has been withheld by Defence. The support contract is for 10 years, to a total value of \$192m.

Whilst pressure has been kept on Kaman to justify its support contract costs, Kaman has been advised in writing earlier this week that further amelioration of the Commonwealth's costs under the support contract needs to occur, now that there is a revised schedule for the delivery of the aircraft.

Even though the delivery under the acquisition contract has been delayed, the support contract arrangements are still delivering a number of milestones of significant value to the Commonwealth, including major items such as:

- infrastructure construction and fit-out;
- establishing a software integration laboratory as part of a software support facility;
- technical documentation required before the aircraft can enter service;
- aircraft support library (technical/engineering drawings); and
- management of spares handling, cataloguing and holding.

Progress on these deliverables is not dependent on the availability of the aircraft.

These services require the contractor to have a skilled workforce that needs to be recruited, trained and retained. The costs associated with this are also covered by the support contract.

In answer to a question from Senator Chris Evans (page 201 of Hansard 21 February 2002), I indicated that the in-service support centre belongs to Kaman. I would like to clarify these arrangements, as the Kaman Aerospace International Support Centre, which is located outside the western perimeter of HMAS Albatross in a special purpose built facility, was constructed and is owned by Scientific Management Associates and leased by Kaman Aerospace International Corporation. As mentioned above, these costs to Kaman are ultimately met by the Commonwealth through the support contract.

These errors result from a misunderstanding following an internal oral Defence briefing, some days before the Committee's hearings. There was no intention to mislead the Committee and I apologise for any misunderstanding.

Two questions were taken on notice by me during the Committee's hearing, and these will be answered through the normal Committee procedures.

Yours Sincerely



R.J. Conroy
Air Vice Marshal
Head Aerospace Systems Division

1 March 2002

PACC 100/02

Mr Brenton Holmes
Secretary
Senate Legislation Committee on Foreign Affairs,
Defence and Trade
Parliament House
CANBERRA ACT 2600

Dear Mr Holmes

I write to clarify the situation in regard to evidence that I gave at the Senate Legislation Committee Budget Supplementary Hearing on Thursday 21 February 2002 concerning the events relating to the release of photographs of the SIEV IV incident.

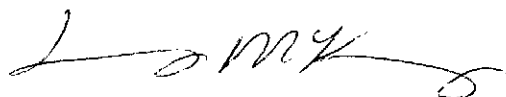
In answer to a question from Senator Faulkner (page 191 of Hansard, 21 February), I indicated that on 11 October 2002, I had offered to send photos I had on my system to the media adviser to the Minister for Defence. Further, I said that I had offered to send the media adviser a document outlining how the events of the release of the photographs had occurred. For this part of my response, my reference to the Minister's media adviser should read 'senior adviser' (Mr Scafton).

As part of my response to the same question from Senator Faulkner, I recounted that in the course of preparing his documentation to give evidence to Ms Bryant, the Director of Media Liaison had discovered that he had no evidence of the email that had originally gone to Mr Hampton on 9 October. I wish to clarify this statement by incorporating that the Director of Media Liaison had no evidence 'on his system' of the email.

I believe that this point of clarification is necessary because the Director of Media Liaison had previously indicated in writing in the minute referred to in the Powell Report that he had sent the photographs and captions to the media adviser. As he later discovered, this material was not on his system to send; rather, it was sent by another officer in the media liaison directorate who did not forward the captions.

There was no intention to mislead the Committee on these issues and I apologise for any misunderstanding.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jenny McKenry', with a long horizontal flourish extending to the right.

JENNY McKENRY
Head Public Affairs and Corporate Communication

5 March 2002



CHIEF OF NAVY

R1-4-C001, Russell Offices, CANBERRA ACT 2600

2000/14743
CN/OUT/2002/118

Mr Brenton Holmes
Secretary
Senate Legislation Committee on Foreign Affairs,
Defence and Trade
Parliament House
CANBERRA ACT 2600

A handwritten signature in black ink, appearing to read 'Brenton Holmes'.

I write to correct evidence I gave at the Senate Legislation Committee additional estimates hearing on Thursday 21 February 2002. In a discussion with Senator Evans (see proof Hansard pages 220 to 224), I stated that the Commanding Officer of HMAS *Arunta* had conducted a trial in relation to an incident that occurred on Christmas Island in December 2001. In addition, I stated that three personnel were disciplined as a result of the trial.

My statements referring to a trial conducted by the Commanding Officer were incorrect. The facts are that the Commanding Officer directed an investigation under the Defence Force Disciplinary Act into the indecent assault. Based on the recommendation of the investigation report and the wishes of the complainant not to proceed with Defence Force Disciplinary Act action, the Commanding Officer decided to pursue administrative action under Defence Instructions. The outcome of that action was a formal Caution for Unacceptable Behaviour for one sailor and counselling for another.

There was no intention to mislead the Committee and I apologise for any misunderstanding.

A handwritten signature in black ink, appearing to read 'D.J. Shackleton'.

D.J. SHACKLETON, AO
Vice Admiral, RAN
Chief of Navy

Tel: (02) 6265 5165
E-mail: ChiefofNavy@defence.gov.au

6 March 2002

// Mar 02

Mr Brenton Holmes
Secretary
Senate Legislation Committee on Foreign Affairs,
Defence and Trade
Parliament House
CANBERRA ACT 2600

Dear Mr Holmes

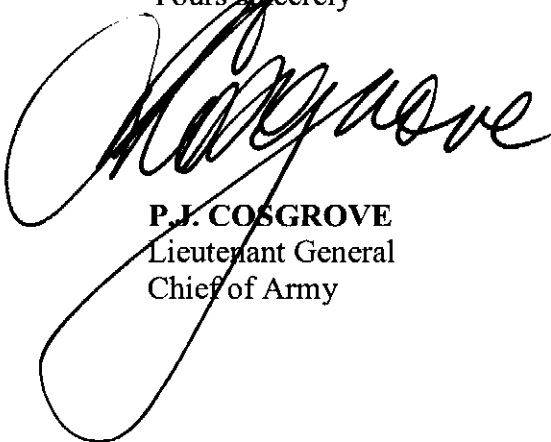
I write to correct the evidence given at the Senate Legislation Committee additional estimates hearing on 21 Feb 02, concerning the conditions of service applying to Reserve members undertaking full time service, and in particular superannuation.

In answer to a question from Senator West (page FAD&T 229 of Hansard [21 Feb 02]), I indicated that Army Reserve members undertaking full time service would not receive superannuation entitlements. Reserve members who are brought onto full time service (normally in excess of 30 days) receive the same conditions of service as their Regular counterparts. This includes salary, allowances, leave, medical, dental, compensation, housing and superannuation. In the case of Reservists without previous Regular Army service, they make contributions to the Military Superannuation & Benefits Scheme. They may elect to contribute between 5 and 10% of their military salary fortnightly. At the completion of their period of full time service, their contributions, employer benefit and productivity benefit are preserved until they reach preservation age. The account is reactivated if they complete further periods of full time service. Ex-Regular Army members completing periods of full time service as reservists may make contributions dependent upon their previous military superannuation scheme and period of full time service.

The situation described above is different to those Reservists who complete periods of continuous training (as against full time service), and continue to receive their tax free reserve salary. These periods are usually less than 30 days and do not involve deployments to operational areas. In these cases Reservists are not entitled to military superannuation. Section 29 of the *Superannuation Guarantee (Administration) Act 1992* excludes reserve salary for the purpose of determining Superannuation Guarantee employer obligations.

There was no intent to mislead the Committee and I apologise for any misunderstanding.

Yours sincerely



P.J. COSGROVE
Lieutenant General
Chief of Army



CAF DO 291/2002

12 March 2002

Mr Brenton Holmes

Secretary
Senate Committee of Foreign Affairs, Defence
and Trade
Parliament House
Canberra ACT 2600

Dear Mr Holmes,

On Wednesday 20 February 2002, I gave evidence at the Committee hearing on 2001 – 02 additional estimates. Since making my statement, I have reviewed the Hansard transcript and realise that I have made a small error of fact which, while not affecting the content of the evidence presented, needs to be corrected nonetheless.

At the hearing I stated 'After that I went down to CDF's office and I engaged with his Chief of Staff, Group Captain Greg Evans, and also Brigadier Gary Bornholt' (Wednesday 20 February 2002 FAD&T page 75). Since giving my evidence, Group Captain Evans has advised me that he was on duty overseas and that it was the Chief of the Defence Force's acting Chief of Staff Colonel Steve Day that was sitting in the Chief of Staff's chair on 7 November 2001 (the day in question). The main conversation was with Brigadier Gary Bornholt and was in the presence of the acting Chief of Staff.

Although this correction does not affect the content of my statement, I feel compelled to correct this minor factual error to ensure that the evidence correctly reflects the events of 7 November 2001.

A.G. HOUSTON
Air Marshal
Chief of Air Force



DEFENCE MATERIEL ORGANISATION
HEAD MARITIME SYSTEMS
MINUTE

HMS 72/02

15 Mar 02

Mr Brenton Holmes

Secretary
Senate Legislation Committee on Foreign Affairs,
Defence and Trade
Parliament House
CANBERRA ACT 2600

Dear Mr Holmes

I write to clarify the situation in regard to evidence given at the Senate Legislation Committee additional estimates hearing on Thursday 21 February 2001 concerning LPA Watercraft.

In answer to a question from Senator Hogg (page FAD&T 206 of Hansard, Thursday 21 February 2002), I indicated that five watercraft are going to be constructed as part of the project. Five watercraft was the number of craft offered by the tenderer however, the project board has now decided that six craft were needed to meet the availability and training requirements.

There was no intention to mislead the Committee.

Yours sincerely

K J SCARCE
RADM RAN
HMS
R2-5-C113
(02) 6265 2705



CAF DO 300/2002

Mr Brenton Holmes
Secretary
Senate Committee of Foreign Affairs, Defence
and Trade
Parliament House
Canberra ACT 2600

Dear Mr Holmes,

On Wednesday 20 February 2002, I gave evidence at the Committee hearing on 2001 – 02 additional estimates. Since making my statement, I have reviewed the Hansard transcript and realise that I have made a small error of fact that, while not affecting the content of the evidence presented, needs to be corrected nonetheless.

At the hearing, after being asked by Senator Faulkner 'This all occurs on the 8 November?' (Wednesday 20 February 2002 FAD&T page 118); I replied 'Yes'. In response to the next question 'And Dr Hawke?' I replied 'On the 9th'. After reviewing the Hansard transcript, and re-constructing the events of the days of 7th and 8th November 2001, I realised that I had answered incorrectly to these two questions. Whilst the sequence of back-briefing was correct, the dates were slipped by one day, that is I back briefed Head of Strategic Command and the Deputy Chief of Navy (DCN) on the 7th November and Dr Hawke on the 8th of November 2001. The responses to the first question 'This all occurs on the 8 November?' should have been 'No, on the 7th' and the second 'And Dr Hawke?' should have been 'On the 8th'.

Although these corrections do not affect the content of my statement, I feel compelled to correct these minor factual errors to ensure that the evidence correctly reflects the events of 7th and 8th November 2001.

A.G. Houston

A.G. HOUSTON
Air Marshal
Chief of Air Force

21 March 2002