

**Additional estimates hearings—10 February 2000**

**Answers to questions on notice from Department of Defence**

Please note that the answers are in two parts:

- Part 1 (DEF\_ans1\_Feb00) contains the answers to portfolio overview, and Groups 1, 2, 3, 4 and 5, Commander Australian Theatre and Deputy Secretary Strategy.
- Part 2 (DEF\_ans2\_Feb00) contains the answers to Groups 6, 7, 8, 9, 10,11, and 12.

***Portfolio overview and major corporate issues***

- Defence Reform Program
- Portfolio Additional Estimates Statements and Defence Annual Report Overview
- Capital budget: Major capital equipment projects and major capital facilities projects
- Financial statements

**QUESTION 1**

SENATOR: Hogg

HANSARD: Page 24

With reference to Table 1 (reinvestment) of the brief of 7 February 2000 on the Defence Reform Program, in relation to 'Provision for the 50,000 ADF' can you please provide an explanation for the dramatic increase in the 2002-03 figure.

**RESPONSE:**

The Defence Reform Program could have reduced the ADF to 42,700 personnel based on the assumption that only 10% of Service personnel positions that are subject to market testing would be retained as a result of successful in-house bids. The 1997 Ministerial decision to maintain the ADF at 50,000 requires the 'buy back' of up to 7,300 personnel into the combat force in such a way that the ADF does not fall below the 50,000 end-strength. The increase in 2002-2003, reflects the accelerating state of the completion of Defence Reform Program market-testing activities.

Details of the revised 50,000 ADF estimated costs based on current plans are as follows:

Financial Year	1999-00	2000-01	2001-02	2002-03	Mature
	<i>AFS</i>	<i>AFS</i>	<i>AFS</i>	<i>AFS</i>	<i>AFS</i>
Calculated End State	49,005	44,585	43,355	42,700	42,700
Revised End State	52,800	51,973	50,000	50,000	50,000
Buy-Back Required	3,795	7,388	6,645	7,300	7,300
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Total <sup>(1)</sup>	95	338	434	539	632

Note 1: These costs are personnel costs only and are based on the current ADF rank profile and current Service plans to achieve the 50,000 ADF with 65% in the combat force by 2002-2003.

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**QUESTION 2**

SENATOR: Hogg  
HANSARD: Page 24

Referring to the additional table (Table 1.2) provided to me on 9 February 2000, what is the basis for Naval Materiel Requirements Data Management not proceeding?

**RESPONSE:**

The remark "May not proceed" in the additional table reflected the fact that there are only 9 positions to be tested against the Naval Materiel Requirements Data Management function. Naval Materiel Requirements is in the process of transferring from Support Command Australia to the Navy Group. (The date of effect is currently mid March 00.) It is planned that Naval Materiel Requirements Data Management function be rolled up into a wider review of the Naval Systems Command project.

**QUESTION 3**

SENATOR: Hogg  
HANSARD: Page 24

Referring to the additional table (Table 1.2) provided to me on 9 February 2000, what has caused the substantially larger number of positions to be market tested in the Australian Defence Force Explosive Ordnance Project?

**RESPONSE:**

The original Table 1.2 in the Portfolio Budget Statements 1999-2000 provided an estimate as at 22 April 1999 of the number of positions to be market tested in the Australian Defence Force Explosive Ordnance Project. The tender documents, which reflect the final scope of the project, were released on 27 August 1999. The increase in the number of positions to be market tested now includes additional areas in order to provide a better national perspective for the management of the explosive ordnance. These additional areas include: Air Force ammunition depots in Darwin, Townsville, Amberley, Williamstown, and Edinburgh; and Point Wilson explosives area.

**QUESTION 4**

SENATOR: Hogg  
HANSARD: Page 24

Referring to the additional table (Table 1.2) provided to me on 9 February 2000, please explain why there has been a decrease in the number of positions to be market tested for the Defence Integrated Distribution System.

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**RESPONSE:**

The original Table 1.2 in the Portfolio Budget Statements 1999-2000 provided an estimate as at 22 April 1999 of the number of positions to be market tested in the Defence Integrated Distributed System activity. The tender documents, which reflect the final scope of the activity, were released on 30 November 1999. The decrease in the number of positions to be market tested reflects the refinement in the scope of the activity and includes the following:

- HMAS Cairns has been removed from the program;
- The Stock Control function is considered by Air Force to be a core function and this has now been removed from the scope; and
- Vacant positions have been identified and taken out of the numbers.

**QUESTION 5**

SENATOR: Faulkner

HANSARD: Page 43

What is the correct name of the report by Mr Prescott and Dr McIntosh?

**RESPONSE:**

The correct name of the report to the Minister for Defence on the Collins Class Submarine by Mr Prescott and Dr McIntosh dated 20 June 1999 is: *Report to the Minister for Defence on the Collins Class Submarine and Related Matters*.

**QUESTION 6**

SENATOR: Faulkner

HANSARD: Page 43

In the Prescott-McIntosh report:

- a. Was there a proposal to go to the remuneration tribunal to make an individual determination with a private-sector level package for the under secretary?
- b. Could you also tell the committee whether it was the original intention to have Cabinet decide on the appointment of the under secretary?

**RESPONSE:**

- a. No.
- b. It was not the original intention to have Cabinet decide on the appointment of the under secretary.

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## QUESTION 7

SENATOR: Faulkner

HANSARD: Page 44

- a. What was the exact date when the former Secretary advised the Minister regarding the appointment of the head of the Australian Imagery Organisation?
- b. On what date did the Public Service Commissioner sign off on the recommendation?
- c. What date was the appointment announced in a press release?

## RESPONSE:

- a. On 15 July 1999, the then Secretary advised the Minister for Defence that the selection process for the new Director, Australian Imagery Organisation was complete, and that the name of the recommended candidate would shortly be submitted to the Public Service Commission.
- b. The Secretary wrote to the Public Service Commissioner on 29 July 1999 advising the name of the recommended applicant. On the same day, the Secretary provided a draft press release to the Minister's office which advised of the formation of the Defence Intelligence Board. That draft press release did not name the successful applicant for the directors position, but said that a further announcement would be made once the Public Service Commissioner had considered the recommendation. On 27 August 1999 the Public Service Commissioner replied confirming the appointment.
- c. The acting Secretary proposed an amended press release to the Minister's office on 13 September 1999 which included the name of the successful applicant. A press release was issued by the Minister's office on 28 October 1999.

## QUESTION 8

SENATOR: Faulkner

HANSARD: Page 59

Has the Minister received personalised briefings from Deutsche Bank?

## RESPONSE:

No. Only one briefing by the Deutsche Bank has been held and this was given by Dr D Stammer in April 1999 to officers of the Department of Defence.

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## QUESTION 9

SENATOR: Hogg

HANSARD: Pages 63-64

Referring to Table 1, Page 14 of the Annual Report:

- a. Were there any significant changes to the Defence Reform Program reinvestment program compared to the Minister's statement of 11 March 1999 outlining the 1998-99 reinvestment program?
- b. If there was a difference between the savings and the amount that was reinvested, can you say why the difference occurred?

RESPONSE:

- a. No.
- b. The resources available for reinvestment for 1998-99 were \$347m. Total reinvestment was \$372m. The difference between these figures results from setting planned expenditure levels in excess of projected savings to make allowance for uncertainty in the lead times of reinvestment initiatives. Over-programming in this way ensures that all resources available are reinvested. The difference in 1998-99 was funded from within overall Defence outlays.

## QUESTION 10

SENATOR: Hogg

HANSARD: Page 66

Looking at the provision for the 50,000 ADF, how many redundancies are expected between now and the end of the year?

RESPONSE:

The Air Force expects 228 redundancies between now and the end of the year, while the Navy and the Army are not expecting any redundancies.

## QUESTION 11

SENATOR: Faulkner

HANSARD: Page 74

Referring to the cost of \$95,397.65 for the Prescott-McIntosh report, could you please disaggregate this figure.

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RESPONSE:

The amount paid to Mr Prescott comprised:

Consultancy Services (March-July 1999): \$85,500.00

Reimbursement for costs incurred:

Travel \$9,577.65

Telephones \$320.00

Additionally, an amount of \$2,137.00 was paid to Canprint Communications Pty Ltd for the production costs associated with 500 copies of the *Report to the Minister for Defence on the Collins Class Submarine and Related Matters*. The total cost of the report, therefore, was \$97,534.65

**QUESTION 12**

SENATOR: Faulkner

HANSARD: Page 77

- a. Is it true that Minister McLachlan formally met with Mr Barratt before he was appointed Secretary?
- b. Did Minister McLachlan know that Mr Barratt was supported for the position by both the Prime Minister and the Secretary to the Department of the Prime Minister and Cabinet?
- c. Did the then Minister for Defence indicate to the Secretary to the Department of Prime Minister and Cabinet that he was happy for Mr Barratt's appointment to proceed?

RESPONSE:

Information cannot be provided on the actions or views of the former Minister for Defence.

**QUESTION 13**

SENATOR: Faulkner

HANSARD: Page 77

Can you assure me that the Minister was not involved, was not an integral part of the leaking process?

RESPONSE:

Yes. The Minister was not involved.

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#### QUESTION 14

SENATOR: Faulkner

HANSARD: Page 78

Is it true that the Minister's agreement was not secured on this particular matter [a staff briefing on the reform of the Defence Headquarters] until the last day before the deposit at the National Convention Centre would have been forfeited?

RESPONSE:

No.

#### QUESTION 15

SENATOR: West

HANSARD: Page 120

What does the economic section of Defence currently do, how large is it and what is its role?

RESPONSE:

The Department has no dedicated economic section. These functions are undertaken as a sub-component of the duties of a wide range of officers in resource management, capital acquisition and intelligence. There is no area which provides the sort of integrated economic advice which is presently obtained under contract from Deutsche Bank.

#### QUESTION 16

SENATOR: Brownhill

HANSARD: Page 129

What is the overall cost to Defence in preparing for, appearing before, and responding to questions taken on notice at the additional estimates hearing?

RESPONSE:

The estimated overall cost to Defence is \$462,000.

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## QUESTION W1

SENATOR: Hogg

Hansard: Written Question

With respect to the costs of implementing Accrual Accounting and the New Tax System, can Defence provide the estimated and actual cost of:

- a. the move to accrual accounting?
- b. implementing the Government's new tax arrangements set to commence on 1 July 2000? (This information should cover the cost, specification, recipient and whether a tender process was undertaken for the awarding of such contracts)

## RESPONSE:

### a. Accrual Accounting

The estimated cost of the move to accrual accounting and budgeting (including the accelerated introduction of a replacement financial management system at a cost of around \$42m) is approximately \$56m, of which \$35.3m has been expended to date.

In implementing the new accrual framework, Defence has been required to adopt the strategy of:

- assigning additional Departmental staff;
- augmenting this staff with professional service providers where the necessary skills were unavailable in the public sector; and
- replacing Defence's main financial management system.

Existing staff have been reassigned and additional staff recruited for the budget development, management and accounting areas across the Defence organisation, working in tandem with professional service providers. The skills of the professional service providers are being transferred progressively to Departmental staff so that Defence's reliance on external support can be rationalised. Additional salary and related costs are estimated at \$7.0m, of which \$4.0m has been expended to date.

External support has been required on a range of activities. Contractors were selected generally through a restricted or sole tendering process, based on:

- demonstrated skills and experience in assisting large and complex organisations such as Defence on financial reform;
- flexibility to take account of broader government requirements with the progress of the implementation; and
- value for money.

This process led to a variety of contractors being used, including a number of small to medium enterprise companies. Contractors include (costs are to date):

- Ernst and Young (\$4.350m for budget development, management and accounting support)
- Major Training Services (\$0.423m for staff education and training)

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- Australian Valuation office (\$0.046m for the valuation of assets),
- Coopers & Lybrand (\$0.077m for asset policy)
- Mincom (\$0.020m for inventory system development support),
- Acumen Alliance (\$1.849m management support),
- Azimuth (\$0.555m risk management studies and management support),
- Blake Dawson Waldron (\$0.036m legal advice),
- GEAC Australia (\$0.505m software and support),
- Strategic Management Sciences (\$2.489m management support),
- DPPS Projects (\$0.075m design analysis),
- Ingham and Associates (\$0.148m design analysis and support),
- GBIT (\$0.156m design analysis and support),
- Needham Ware (\$0.090m design support and analysis),
- Natural Systems (\$0.174m design analysis and support),
- DAC Group (\$0.144m training design and support),
- Intellicorp (\$0.150m software and support),
- Mercury Interactive (\$0.241m software and support),
- Meta Group (\$0.060m industry research and advice),

Additional costs for professional service providers are estimated at \$17m, of which \$11.6m has been expended to date.

A restricted tender was let to the Office of Government Online financial systems suite product suppliers, the Defence Prime Systems Integrator Panel and the five major accounting/consulting companies to supply and implement such a system. To date, a contract valued at \$23.6m has been let to SAP Australia which covers high-level integrated design, budgetary and treasury requirements and design and configuration of the product to enable Defence-wide transaction processing to occur. Approximately \$19.7m has been spent to date against this contract.

Other financial system functionality requirements, although identified, are not yet to contract in accordance with the phased approach adopted by Defence for implementation. Defence expects that the total cost of the replacement financial system will be about \$42.2m which includes \$4.2m for Departmental staff and \$6.6m for professional service provider costs included above.

- b. The estimated cost of implementing and managing the change is \$7.530m of which \$1.107m has been spent to date.

PricewaterhouseCoopers was selected through a select tender process to undertake an overall goods and services tax scoping study at a cost of \$0.530m. Following consideration of the results of that study, Defence established a small team to manage the implementation of the new tax system in Defence. This estimate takes into account modifications to business processes, IT systems and education and training for staff.

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KPMG has subsequently been engaged to provide specialist taxation, project implementation and communication support, at a cost to date of \$0.305m. KPMG was selected from the Department of Finance and Administration goods and services tax implementation/competitive tendering and contracting panel. APA Management Services was also selected in the same way to provide project management, audit, report management, and system specification and development support at a cost to date of \$0.160m. Clayton-Utz, selected from the Defence legal panel, has been engaged to provide specialist goods and services tax contracting and legal advice at a cost to date of \$0.015m. Ernst and Young has been engaged from a select tender process to provide specialist fringe benefits tax technical support at a cost to date of \$0.097m.

The actual final cost for implementation of the new tax arrangements will not be known until some time after the implementation date of 1 July 2000.

**QUESTION W2**

SENATOR: Hogg  
Hansard: Written Question

What was the level of bad debts that the Department had last year - debts that were written off as not going to be received?

RESPONSE:

The level of bad debts that the Department wrote off during 1998-99 was \$101,843.49.

**QUESTION W3**

SENATOR: Hogg  
Hansard: Written Question

- a. Has the Department completed its response to the HMAS *Sydney* report?
- b. When was this report tabled?
- c. When did the Minister undertake to get a Government response tabled by?
- d. Why hasn't this been done yet?

RESPONSE:

- a. Yes. Clearance of the final response is being sought from Ministers whose departments had input to the overall response.
- b. The Joint Standing Committee on Foreign Affairs and Trade *Report on the Loss of HMAS Sydney* was tabled in Parliament on 22 March 1999.
- c&d. The Government is committed to responding to reports within three months of tabling. In this case, due to the complex nature of the recommendations, the response required extensive consultation and input from a number of federal and state government departments and non-government organisations. It is anticipated that the response will be tabled during the Autumn 2000 sitting of Parliament.

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**QUESTION W4**

SENATOR: Hogg  
Hansard: Written Question

Is it correct that the Inspector General is responsible for the oversight of the implementation of Commercial Support Program and have any recommendations been made or problems or concerns been highlighted over the CSP during that time?

**RESPONSE:**

As part of the Defence Reform Program, the Commercial Support Program (CSP) Branch was transferred to the control of the Inspector-General on 1 July 1997. This arrangement ceased on 25 February 2000 with the transfer of the CSP function to the Management and Reporting Division of the Defence Headquarters Group.

In *Audit Report No. 2 of 1998-99, Performance Audit - Commercial Support Program - Department of Defence*, the Australian National Audit Office made seventeen recommendations of which Defence agreed with fifteen. One disagreed recommendation was that Defence review the location of the CSP Branch in the Inspector-General Division to avoid a conflict of interest arising from any audit review of CSP or CSP-affected activities in Defence. This was not agreed because the role of the CSP Branch is limited to policy development and advice, review, audit and data collection. It is at arm's length from any day-to-day management of CSP market testing.

During the period in question, the Inspector-General's Management Audit Branch reviewed the north Queensland garrison support market testing activity and the cleaning contracts at Puckapunyal, Williamstown and Pearce. As a result of audit recommendations, recoveries of overpayments, inter alia, have been made in some cases.

**QUESTION W5**

SENATOR: Hogg  
Hansard: Written Question

With respect to the use of consultants by Defence,

- a. Are there departmental guidelines in place for when external consultants may be used and how they are to be selected?
- b. What is the cause for the huge increase in consultancies for last financial year?
- c. If the substantial number of these consultancies were for Y2K can we expect a dramatic drop off in consultancies from now on?
- d. Does the department know the value of the consultants that have been used to date for this financial year?

**RESPONSE:**

- a. Yes. Guidelines are contained in DEFPUR 301, *Proforma Request for Tender for the Provision of Consultancy/Professional Services*, a copy of which has been provided to Senator Hogg. \*\*

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- b. The increased costs were related to Y2K remediation and essential review work as part of the Defence Reform Program, particularly in Support Command and Defence Personnel Executive. A breakdown of the costs shows that some \$4.1m was spent on Y2K remediation and some \$5.5m was spent on efficiency initiatives, including the Defence Reform Program, and on business re-engineering in the financial year 1998-99. There is often a need to make some initial investment to yield substantial future savings.
- c. Not necessarily. The figures for 1999-2000 would include six months of Y2K remediation in the lead up to 1 January 2000. Efficiency initiatives, including the Defence Reform Program, and business re-engineering are ongoing.
- d. The Department is currently compiling and validating figures for the first half of 1999-2000 as part of its statutory requirements in relation to the annual report. We will be in a position to provide this information at the additional estimates supplementary hearing in May this year.

**\*\* Attachments supplied to the Committee are not included in the electronic version of the answer.**

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***Chief of Navy***

Output 3	Capability for major surface combatant operations
Output 4	Capability for patrol boat operations
Output 5	Capability for submarine operations
Output 7	Capability for afloat support
Output 8	Capability for mine countermeasures and mining
Output 9	Capability for amphibious lift
Group 2	Navy

**QUESTION 17**

SENATOR: Hogg

HANSARD: Page 93

What is the cost of the trip to the US by Defence officials to investigate the Kidd Class destroyers?

RESPONSE: \$83,835.

**QUESTION 18**

SENATOR: Hogg

HANSARD: Page 94

How many personnel are serving as part of the Patrol Boat Force?

RESPONSE: The average strength was 358 personnel in the fourth quarter of 1999.

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## QUESTION W6

SENATOR: Hogg

Hansard: Written Question

There has been a submission made by a family of one of the sailors who died in the *Westralia* tragedy that makes serious allegations over the Navy's actions with regard to the tragedy and attempts by the Navy to cover up problems.

- a. Has the Navy been made aware of these allegations?
- b. What action is the Navy undertaking to investigate the allegations?
- c. Is the Navy legally represented at the coronial inquest?
- d. What are the legal costs being incurred by Navy for this?
- e. When will *Westralia* be ready for service again?

## RESPONSE:

- a. The Western Australian Coroner forwarded a number of submissions by the families of some of the deceased and the Department has provided a comprehensive response to the coroner.
- b. The families of some of the deceased have made representations to the coroner to conduct a separate inquiry into the circumstances surrounding the fire. The Navy has been fully cooperative with the coroner and has provided his office with a copy of all 16 volumes of the Board of Inquiry report. In addition, the Department of Defence provided a detailed response in July 1999 to issues raised by the coroner in May 1999. The Department of Defence has also reiterated its willingness to cooperate fully with the coroner on any issues raised by him.
- c. To date, it is understood that the coroner has not made a decision to hold a coronial inquest.
- d. See response to part c. above.
- e. HMAS *Westralia* returned to operational service on 28 January 2000.

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**QUESTION W7**

SENATOR: Hogg  
Hansard: Written Question

Table 3.7.2 (page 65) of the Portfolio Additional Estimates Statements indicates that there has been a 53.7% increase in supplier's costs compared to the original estimates (Portfolio Budget Statements Table 3.7.2 page 79). Why?

**RESPONSE:**

The variation to Output 7, Capability for Afloat Support, is summarised in the table below. In the main, the variation reflects refinement in identifying costs attributable to this capability from across a number of supporting areas within the Department.

<b>Group</b>	<b>Amount</b>	<b>Explanation</b>
Support Command Australia	+23.0	Organisational restructuring in Support Command Navy with the establishment of the Class Logistics Offices has led to better information on logistics support costs.
Information Systems	+3.1	Redirection of communication and infrastructure costs from Output One
Corporate Support	+2.3	Impact of contract costs in relation to market testing of garrison support. (costs are attributed across all Defence outputs).
Miscellaneous Minor Change	-0.6	Includes some minor changes in posting costs managed by Personnel Executive and Corporate Support costs.
Total	+27.8	

**QUESTION W8**

SENATOR: Hogg  
Hansard: Written Question

Table 4.2 (page 106) of the *Portfolio Additional Estimates Statements 1999-2000* shows that Navy will lose an extra 358 members of its permanent force above that which was estimated in the original budget estimates (*Portfolio budget statements* Table 4.2 page 137).

Where are these personnel being lost from and why?

**RESPONSE:**

The revised lower forecast reflects a reduction in recruitment levels since the initial budget forecast in May 1999.

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***Chief of Army***

Output 10	Capability for special forces operations
Output 11	Capability for land task forces operations
Output 12	Capability for logistics support of land operations
Output 15	Capability for ground-based air defence
Group 3	Army

**QUESTION 19**

SENATOR: West

HANSARD: Page 105

What will be the staff implications of the establishment of a Special Forces Training Centre and the consequent reduction in training undertaken in Western Australia?

RESPONSE:

There will be a small reduction in staff (present indications are less than 10) within the Special Air Service Regiment to compensate for the move of resources to the training centre. All Special Air Service collective training will continue to be conducted in Western Australia along with selected individual advanced training courses.

**QUESTION 20**

SENATOR: West

HANSARD: Page 106

Please give some indication of the resource availability to remedy the readiness shortfalls that are occurring in reserve units?

RESPONSE:

Equipment required for the expansion of the Ready Deployment Force was allocated mostly from Army regional training pools, some from stock and a lesser amount from Army-lower readiness units. The Army is spending \$17m this Financial Year to remediate the impact of that process.

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## QUESTION 21

SENATOR: West

HANSARD: Page 106

In relation to cancelled or postponed exercises which involved the Army, listed on page 69 of the Annual Report, please provide the following details for FY1998-1999:

- a. nature of exercise and reason for cancellation/postponement.
- b. number of personnel/units involved and the details.
- c. what impact has this had on Army capability?
- d. please provide similar information for FY1999-2000 to date.

RESPONSE:

a. to d.

The following information on cancelled or postponed exercises, as listed on page 69 of the *Defence Annual Report 1998-1999*, relates to those activities where the Army had involvement.

Exercise Western Moon

This was an offshore recovery exercise involving the Special Air Service Regiment (30 personnel). It was reduced to an internal unit activity in FY1998-1999 and was removed from the Program of Major Scheduled Activities. The aims and objectives of this activity were absorbed into other related exercises and there was no loss of capability.

Exercise Platypus Moon

This is a Special Air Service Regiment troop-level activity (30 personnel) to practise submarine interoperability. The activity was cancelled in FY1998-1999 due to higher operational priorities and will not be conducted in FY1999-2000. The cancellation has had limited impact on capability.

Exercise Day Bubble

This is a Special Air Service Regiment troop-level activity (30 personnel) to practise submarine interoperability. The activity was cancelled in both FY1998-1999 and FY1999-2000 due to higher operational priorities. The cancellation has had limited impact on capability.

Exercise Stardex 98

This is an annual air defence exercise conducted in Malaysia and Singapore by the Commander Integrated Air Defence System and involves a troop (35 personnel) from 16 Air Defence Regiment. This activity was cancelled in FY1998-1999 due to conflicting priorities of member states of the Five Power Defence Arrangements. Members are the United Kingdom, New Zealand, Malaysia, Singapore and Australia. There was no impact on capability and the exercise was successfully conducted in FY1999-2000.

Exercise IADS Adex 99-2

Army priorities negated the requirement to participate in two similar exercises in the same financial year. Both Stardex and Adex are air defence exercises and the decision was made to support Stardex 99 as this activity provides the greatest training benefit.

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**Exercise Night Tiger**

This is a commando troop-level (30 personnel) activity to develop interoperability with Malaysian special forces. The activity was cancelled in both FY1998-1999 and FY1999-2000 due to conflicting priorities of member states of the Five Power Defence Arrangements. There has been no effect on capability.

**Exercise Helicon Luk**

This is a high-density high-altitude pilot training activity conducted in Papua New Guinea by 5 Aviation Regiment. It involves two Chinooks (20 personnel) and five Black Hawks (35 personnel). The activity was cancelled in FY1998-1999 due to prevailing circumstances in Papua New Guinea and the increased level of readiness. The exercise is scheduled for FY1999-2000. There has been no impact on capability as the conditions required for this training have been provided in alternative exercises.

**Exercise Day Tiger**

This is a Special Air Service Regiment troop-level (30 personnel) activity to enhance interoperability with special forces elements of the Royal Malay Police Force in counter-terrorism. This exercise is now a biennial activity. It was not scheduled for FY1998-1999, but was cancelled in FY1999-2000 due to East Timor commitments. There has been no impact on capability.

**Exercise Suman Warrior**

This is a combined command post exercise involving the armies of member states to the Five Power Defence Arrangements. It practises brigade to unit interfaces and involves approximately 65 personnel. The activity was cancelled in FY1998-1999 due to conflicting priorities of member states. It was conducted in FY1999-2000, after a postponement of one week due to aircraft unavailability. There has been no impact on capability.

**QUESTION 22**

SENATOR: West

HANSARD: Page 107

Referring to page 202 of the Defence Annual Report:

- a. What were the sustainability issues to get the Ready Deployment Force expanded?
- b. What were the sustainability issues associated with deploying personnel to East Timor, and keeping personnel in Bougainville as well?

**RESPONSE:**

- a. The expansion of the Ready Deployment Force required the redistribution of personnel from lower priority areas to fill the short falls in higher readiness areas, notably in 1 Brigade. This resulted in the appointment of members of the Reserve to full-time service, and increased secondary enlistments (ie. re-enlistments and transfers from the Reserve to the Regular Army). The expansion of the Ready Deployment Force required additional equipment. Some has been bought but most of it came from Army regional training pools, some from stock and a lesser amount from Army lower-readiness units. As well as providing additional major

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equipment, there was a requirement to increase the maintenance effort, identify additional stock requirements and cater for the increased consumption rate of consumables (including ammunition).

- b. During 1999, the Army identified that it could not sustain a battalion group in East Timor beyond mid-2000 while maintaining a concurrent capability to support other operations such as Bougainville and respond to contingencies which could arise at short notice. Staff assessments identified that two additional battalion groups, including combat and logistic support, would be required to sustain this level of commitment. As a consequence, Defence requested and the Government approved a 3000 increase in the Army's average funded strength for FY1999/00 and FY2000/01.

**QUESTION W9**

SENATOR: Hogg

Hansard: Written Question

The Opposition has received numerous enquiries from serving soldiers, even following the announcement that 6RAR will replace 5/7RAR in East Timor, as to what units will go to East Timor and when. What action does Army take to ensure that all members of its units are aware of deployment plans as soon as they have been publicly announced?

**RESPONSE:**

The dissemination of information at the unit level is essentially a command issue. For East Timor deployments and rotation, the dissemination of information to units largely resides within the Army's Land Command. The Army has implemented measures to ensure that all personnel are informed of their likely deployment to East Timor.

In December 1999, Land Command issued a Warning Order to all its units under command advising which units were likely to deploy to East Timor and when. The Warning Order was issued for planning and force preparation purposes, prior to any public announcement.

On 4 February 2000, the Minister for Defence publicly announced the rotation plan for East Timor. This enabled those units which were identified for East Timor to continue with their force preparation prior to deployment. This ministerial announcement was also reported in detail in the *Army* newspaper on 17 February 2000. The *Army* newspaper, with a circulation of approximately 42,000 copies, is widely circulated across all Army units and is readily available at the unit level. The *Army* newspaper complements the formal direction provided through the Chief Of Army's directive for the rotation of forces in East Timor which was issued in January 2000.

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## QUESTION W10

SENATOR: Hogg

Hansard: Written Question

- a. What is its primary purpose of the Army Bomb Squad, and how often does it provide assistance to civil authorities?
- b. Are you able to provide a cost estimate of the services it has provided to the civil community in the last financial year?

## RESPONSE:

- a. Army does not have a 'bomb squad.' In the Army, explosive ordnance disposal tasks are the responsibility of Royal Australian Army Ordnance Corps and Royal Australian Engineers technicians working within agreed divisions of responsibility. Their primary purpose is to provide an on-call response to requests for assistance for the disposal of explosive ordnance (including improvised explosive device disposal) in accordance with extant Defence policy (ADFP56). The Army has primary responsibility for disposal of conventional explosive ordnance and ammunition of historic nature; destruction of explosive ordnance in inland waterways; disposal of nuclear, biological and chemical explosive ordnance; high-risk search conducted to locate and gain entry to improvised explosive devices; and provision of electronic countermeasures support to improvised explosive device disposal. The Navy has primary responsibility for disposal of conventional explosive ordnance found underwater where diving or salvage is required; underwater purpose explosive ordnance; and in HMA ships, naval aircraft and maritime/naval installations. The Air Force has primary responsibility for the disposal of conventional explosive ordnance on RAAF property and in all crashed aircraft.

Tasks performed by regional Army Explosive Ordnance Disposal Control Centres are categorised as:

*Defence Aid to the Civil Community.* This category includes the identification, removal and disposal of commercial explosives or chemicals in non-law enforcement situations.

*Defence Force Aid to the Civil Power.* This category includes the identification and rendering safe of improvised explosive devices and searches for explosives to facilitate further action by civilian police.

*Other Military Tasks.* This category includes the identification, removal and disposal of military ammunition and explosive ordnance located outside military installations and areas. It also includes the location and disposal of military ammunition and explosive ordnance on ex-Commonwealth property.

*Internal Military Tasks.* This category includes the identification and disposal of ammunition and explosive ordnance on military ranges and the disposal of unserviceable or obsolete ammunition or explosive ordnance held in military installations.

In the calendar year 1999, regional explosive ordnance disposal control centres completed 657 tasks. Nine tasks involved improvised explosive devices with the balance being explosive ordnance disposal tasks involving the identification, removal and disposal of military ammunition and explosive ordnance outside military installations.

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- b. Task records are maintained by calendar year. In 1999, 657 tasks were completed involving the collection and/or disposal of 592,747 items. This required 7,559 staff hours to complete. A total of 135,907 km was travelled with an additional 2.5 air hours and 80 sea hours required to complete these tasks. A total estimate of staffing, transportation and stores costs (using an averaging methodology as an approximation only) is \$800 per task or \$525,600 in total.

**QUESTION W11**

SENATOR: Hogg

Hansard: Written Question

On page 203 of the Annual Report it states that the Squirrel helicopters achieved only 82% of their allocated flying hours because of a course cancellation and a higher than average rate of student failures.

- a. How many courses are held per annum?
- b. What is the average number of students?
- c. Is a graduation rate of only nine personnel from two courses acceptable?

**RESPONSE**

- a. The following table shows the basic helicopter courses that were conducted at the Australian Defence Force Helicopter School during calendar years 1998 and 1999. (Please note that Course 2-98/99(Army) straddles two calendar years).

<b>Course</b>	<b>Start Date</b>	<b>End Date</b>	<b>Panel</b>	<b>Pass</b>	<b>Fail</b>	
4-97/98 (Army)	3 Feb 98	24 Jul 98	12	9	3	
1-98/99 (Army)	3 Jul 98	18 Dec 98	9	7	2	
2-98/99 (Army)	4 Sep 98	25 Feb 99	13	7	6	high fail rate
3-98/99 (Army)	11 Jan 99	10 Jun 99	7	4	3	
4-98/99 (Army)	16 Mar 99	20 Aug 99	6	6	Nil	
1-98/99 (Navy)	3 Jul 98	13 Nov 98	6	6	Nil	
2-98/99 (Navy)	4 Sep 98	11 Dec 98	3	3	Nil	

The plan was to start two Pilot Rotary Wing Basic Army (PRWB-A) Courses in both 1998 and 1999. This plan was successful and 24 Army pilots were trained.

The plan was to start up to two Pilot Rotary Wing Basic Navy (PRWB-N) Courses in both 1998 and 1999. Two were started in 1998 and 9 Navy pilots were trained.

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- b. The planning figure for PRWB-A courses was for panels of eight to nine.  
The planning figure for PRWB-N courses was for panels of three for a maximum of twelve trainees per year. During FY1998 the target panel was exceeded for one course.
- c. The Navy graduation of nine against an annual target of 12 is considered acceptable and is consistent with historic data. The Army graduation rate is also considered acceptable.

**QUESTION W12**

SENATOR: Hogg  
Hansard: Written Question

I note that delivery of global positioning system equipment for ADF foot and mounted units has been delayed to 1999-2000 due to project scheduling changes.

- a. What were the project scheduling changes?
- b. Why did they occur?
- c. How long is the delay?
- d. Will this impact on our troops in East Timor?

**RESPONSE:**

- a. The project scheduling changes resulted from delayed contract negotiations with the preferred tenderer. This delay resulted from the contractor being unable to confirm compliance with the Commonwealth's security requirements.
- b. The preferred tenderer had difficulty in confirming the security classification of the offered equipment. The Commonwealth required the equipment to be unclassified; however, the preferred tenderer encountered difficulties in clearing this classification through the United States Government.
- c. The project schedule was delayed by approximately five months, from June/July 1998 to December 1998.
- d. This delay had little impact on the troops in East Timor as they deployed with existing global positioning system equipment. The Special Forces equipment, received prior to the deployment, was issued to appropriate units as required. Global positioning system equipment has been issued to units about to be deployed as part of the next East Timor rotation.

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### QUESTION W13

SENATOR: Hogg

Hansard: Written Question

An article in the *Australian Defence Community News*, on 14 January 2000, refers to corrosion of the Army's Black Hawk helicopter fleet based in Townsville and that the Army has taken a number of steps to address the problem. What is your assessment of the corrosion problem following the implementation of these measures?

### RESPONSE:

The Townsville Army Aviation Works Shelter Project at 5<sup>th</sup> Aviation Regiment, RAAF Townsville provided level-five cyclone protection for nineteen S-70A-9 Black Hawk and five CH-47D Chinook helicopters. The project also provided an aircraft washing facility.

The project was the result of a Defence Science and Technology Organisation study into aircraft corrosion. The 24 shelters receive de-humidified air and, in conjunction with a purpose-designed aircraft wash facility and revised maintenance procedures, are able to counter the aggressive saline environment at Townsville.

There has not been a quantified survey of the aircraft since the project was commissioned. There is anecdotal evidence that the combination of regular aircraft washing, protection from the elements and the regulation of humidity has retarded the onset of corrosion in the airframe. Army Logistic Management Squadron will monitor any future corrosion-related activity to ensure that the shelters are providing the best protection possible.

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**Chief of Air Force**

Output 13	Capability for air strike/reconnaissance
Output 14	Capability for tactical fighter operations
Output 16	Capability for strategic surveillance
Output 17	Capability for maritime patrol aircraft operations
Output 18	Capability for airlift
Output 19	Capability for combat support of air operations
Group 4	Air Force

**QUESTION 23**

SENATOR: Quirke

HANSARD: Page 110

Please provide details, including levels and duties, for the extra nine civilian positions based with the Royal Australian Air Force.

**RESPONSE:**

The increase of nine civilian staff represents the net variation of staff transfers in and transfers out of the Air Force Group. As such, there is no real increase in staffing numbers as the increases are netted-off across the portfolio. The levels and duties are detailed below.

No	Level	Group From	Group To	Duties
-1	ASO1	Air Force	Def Corp Sup	Maintain stores/records/registers
+1	ASO1	Def Pers Exec	Air Force	Maintain stores/records/registers
+1	ASO2	Def Pers Exec	Air Force	Process base claims
+1	ASO2	Def Pers Exec	Air Force	Correspondence/files/registry
+1	ASO3	Def Pers Exec	Air Force	Expenditure reports/travel etc
+1	ASO3	Def Pers Exec	Air Force	Housing/accommodation/Certifying Officer
+1	PO2	Def Pers Exec	Air Force	Provide psychology services to RAAF Williamtown
+1	ASO2	Supp Comd Aust	Air Force	Transport bookings/driving
+1	ASO2	Supp Comd Aust	Air Force	Office records/safe hand/stores
+1	GSO3	Supp Comd Aust	Air Force	Drive/clean motor vehicles
+1	GSO5	Supp Comd Aust	Air Force	Catalogue/equipment/stores etc

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## QUESTION 24

SENATOR: Quirke

HANSARD: Page 111

Is it true that a group of Royal Australian Air Force personnel recently went to the United States to train at a fighter school but were unable to partake in the training because the fighter school did not have insurance coverage for them?

### RESPONSE:

Three RAAF students are enrolled at the civilian National Test Pilot School in Mojave, California (one pilot and two flight test engineers). They had just commenced training on 3 January 2000 when all foreign students on the course, including the RAAF personnel, were stood down by the School on instructions from the US State Department. The State Department was concerned that it had not granted the school the necessary licenses to conduct training of foreign nationals. About 15 students in total were affected by this ruling.

Following negotiations between the State Department and the course director, the issue was resolved satisfactorily and training of the foreign students recommenced on 11 January 2000. A recent check of progress indicates that the training is now proceeding normally.

The RAAF has been sending students to the National Test Pilot School for a number of years without any previous problems of a similar nature. Two students are programmed to attend next year's course. Headquarters Training Command is reviewing this requirement in the light of recent events to determine whether it needs to make alternative arrangements for flight test training in the future.

## QUESTION W14

SENATOR: Hogg

Hansard: Written Question

How does Joint Project 2045 (page 79 PAES) - delivery of aerial sea mines from F-111- fit in with Navy's sea mining capability?

### RESPONSE:

JP 2045 aims to acquire a maritime mining capability for the ADF. Although the Navy would be responsible for planning a maritime mining operation, the platforms laying the mines may be aircraft, ships or submarines. The proposed mine type to be acquired by JP2045 could be laid by the F-111 and P3C aircraft, Collins class submarines and surface ships.

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## QUESTION W15

SENATOR: Hogg

Hansard: Written Question

In relation to the increase of \$38.3m in military employee costs for Output 13 (page 80 PAES), how many personnel numbers does that equate to?

## RESPONSE:

In the 1999-2000 Budget, the permanent Air Force was funded to an average strength of 13,250. As stated on page 13 of the PAES, the Air Force was unable to draw down to achieve that strength.

The Additional Estimate funds the permanent Air Force to an achievable average funded strength of 14,038 including an additional \$38.3m in military employee expenses attributed to Output 13. This represents the impact of a refinement of attribution rules and an assessment of the workforce required to maintain F-111 capability pending completion of the market testing of 501 Wing. Some 500 positions are being market tested at Amberley and the budget assumed an over-aggressive schedule. Market testing activity is now well advanced.

## QUESTION W16

SENATOR: Hogg

Hansard: Written Question

In relation to the SPA (Special Purpose Aircraft - RAAF VIPs) project,

- a. Has the RAAF made any recommendations with regard to the new tender as to where the operation should be based?
- b. Have any of the bidders for the SPA contract been to see RAAF's current operations of the VIP fleet?

## RESPONSE:

- a. The RAAF has made no recommendations on where the special purpose aircraft operation should be based. Defence is investigating if there is a business case for basing some or all of the new fleet away from Fairbairn. Negotiations with the selected tenderer will also include exploring fleet-basing alternatives.
- b. An invitation to tour 34 Squadron maintenance facilities was extended at the industry briefing following release of the request for tender. One of the tenderers is the current fleet leasing company and is familiar with current squadron operations and facilities. The other has taken the opportunity to tour the facilities at Fairbairn and was granted direct consultations with squadron executives to enhance its understanding of fleet operations and issues.

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**QUESTION W17**

SENATOR: Hogg

Hansard: Written Question

Where is the RAAF up to in relation to the introduction into service of the C130J aircraft?

**RESPONSE:**

The Air Force began accepting aircraft in September 1999 and expects to have all 12 aircraft in service by June 2000.

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***Commander Australian Theatre***

Output 1      Command of operations

**QUESTION 25**

SENATOR: Faulkner

HANSARD: Page 28-29

- a. Considering the implications of the memorandum of understanding for Defence contributions to the Olympic Games, was a copy of the document provided to the Minister for Defence?
- b. Following the article in the *Courier Mail* on 21 December 1999, concerning Defence support for the Sydney Olympics, did the Department provide the Minister with a brief?
- c. Has there been any formal communication between the Minister and either the New South Wales government or SOCOG in relation to matters raised in the *Courier Mail* article?

RESPONSE:

- a. Yes. Mr Grahame Cook, Head of the Prime Minister and Cabinet Sydney 2000 Olympic Games Task Force, forwarded a copy of the memorandum of understanding to the Minister on 11 January 1999.
- b. Yes.
- c. No.

**QUESTION 26**

SENATOR: Quirke

HANSARD: Page 112

Please provide a breakdown of the unauthorised discharges by Australian personnel that occurred in East Timor, by officers and enlisted personnel together with the total number.

RESPONSE:

Unauthorised and negligent discharges by rank for ADF forces deployed to East Timor are summarised in the table below.

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Senate Foreign Affairs, Defence and Trade Legislation Committee

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RANK <sup>(1)</sup>	NUMBER OF DISCHARGES
Major	5
Captain	1
Lieutenant	2
Warrant Officer Class 1 and 2	3
Staff Sergeant	3
Sergeant	3
Corporal	12
Lance Corporal	9
Private	30
Total Number of Discharges	68

Note 1: All Services included under the listed equivalent Army rank.

Unauthorised and negligent discharges by Service for ADF forces deployed to East Timor are summarised in the table below.

SERVICE	NUMBER OF DISCHARGES
RAN	2
Army	60
RAAF	6
Total Number of Discharges	68

All the unauthorised or negligent discharges detailed have been formally investigated. Sixty-eight individuals have been convicted of, and punished for, unauthorised and negligent discharge offences under the *Defence Force Discipline Act 1982*.

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**Answers to questions on notice from Department of Defence**

***Deputy Secretary Strategy***

Output 20      Effective international defence relationships  
and contribution to international activities

**QUESTION 27**

SENATOR: Hogg

HANSARD: Page 113

Can you outline how many Australian Defence Force personnel were involved in the restructuring of the Thai military, and the form of assistance given?

**RESPONSE:**

No ADF or Defence civilian personnel have been involved in the restructure of the Thai military. This is the responsibility of Thailand. However, the Australian Defence organisation, through its Defence Cooperation program, has assisted Thailand in managing the implementation and impact of its recent reforms by running a number of senior-level workshops and seminars. These seminars have focused on topics such as strategic and organisational planning, financial planning and change management.

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*Group 1      Defence Headquarters*

**QUESTION 28**

SENATOR: Quirke

HANSARD: Page 74

- a. How much of the \$380 million out of the White Book went into meeting the cost of pay increases over and above the CPI supplementation and how much went to Timor?
- b. How much of this \$380 million is going to be once off and how much of it will be a commitment in the outyears?

RESPONSE:

- a. Approximately \$12m of the \$380m was used to fund pay increases in 1999-2000. Operations in East Timor have been funded by a separate Ad Hoc Appropriation.
- b. The new investment strategy is to be considered by Cabinet in the context of reviewing the 2000-01 Budget and 2001-04 Forward Estimates.

**QUESTION 29**

SENATOR: West

HANSARD: Page 86

What will be the ongoing costs of maintaining the readiness level of 1 Brigade once it returns from East Timor?

RESPONSE:

1 Brigade's readiness was increased to 28 days notice-to-move on 30 June 1999. This level of readiness is to be maintained for an initial period of two years at a total cost of \$238m: \$17m in 1998-99, \$135m in 1999-00, \$71m in 2000-01 and \$15m in 2002-03. This includes the cost of raising 1 Brigade to 28 days notice and maintaining that level of readiness as well as naval and air lift support to 1 Brigade. The \$238m cost is being borne by Defence.

Two formed units of 1 Brigade, 5/7 RAR and a squadron of 2 Cavalry Regiment, were deployed to East Timor. The remainder of 1 Brigade has remained in Darwin. 5/7 RAR remains on deployment as Australia's main contribution to the United Nations force in East Timor, while the squadron of 2 Cavalry Regiment has returned home. The cost of these deployments is additional to the increased readiness costs of \$238m and has been met by supplementation from the Government.

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### QUESTION 30

SENATOR: Hogg

HANSARD: Page 118

- a. Has the Inspector General investigated any attempts of fraud by either service providers, contractors or Defence employees during the past 12 months?
- b. How many charges have been laid and convictions secured?

RESPONSE:

- a. Yes, the details are as follows:

CATEGORY	NUMBER OF INVESTIGATIONS
Service Provider	Nil
Contractor	1
Australian Defence Force Personnel	24
Defence Department Civilians	18
Suspect Unknown	6
<b>Total</b>	<b>49</b>

- b. During this period, four individuals were charged and convicted under the *Crimes Act 1914* and one individual was charged and found guilty under the *Defence Force Discipline Act 1982*.

### QUESTION 31

SENATOR: West

HANSARD: Page 119

Has Australia received any requests from Indonesia regarding information on human rights abuse and war crimes in East Timor?

RESPONSE:

Yes. The Indonesian Attorney-General, Marzuki Darusman, has approached Australia, through our Ambassador in Jakarta, to request that the Government assist the Indonesian National Human Rights Commission's Inquiry into East Timor. In response to this request, the Australian Government has provided a range of information to the Indonesian authorities, including Interfet reports, to assist the commission with its investigations.

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## QUESTION 32

SENATOR: West

HANSARD: Page 120

Please provide details on the number of security breaches, or non-deliberate leaks, across Defence and remedial action.

### RESPONSE:

There has been a concerted effort across Defence recently to decrease the number of security breaches. The available data suggests a downward trend from 1998 to 1999 and, pro rata, for the year 2000 so far. Three categories are used to separate the different types of security breaches.

*Accidental* breaches are ones that do not lead to the exposure of sensitive or classified information. They include documents left unsecured or cabinets, doors or windows left unlocked, and constitute the vast majority of security breaches. They are handled within the area concerned and appropriate remedial action is taken, such as reminding staff of the importance of checks at close-of-business to ensure documents are secured and cabinets locked. Reports indicate that these comprise about 1750 for 1998, and 1300 for 1999.

*Deliberate* breaches are ones where officers knowingly set out to circumvent security regulations, eg. by removing the security classifications from documents for ease of handling.

*Malicious* breaches include the provision of classified documents to persons not authorised to receive them.

The number of deliberate and malicious breaches is estimated at fewer than 200 in total since 1998 across Defence and defence industry, with a gradual reduction over the period. All deliberate and malicious incidents are deemed to be serious and are investigated. Remedial action includes improved security procedures and disciplinary action where appropriate.

Improved data collection procedures are being put in place to enable Defence to provide better comparative data from FY2000-01.

## QUESTION W18

SENATOR: Hogg

Hansard: Written Question

I am aware that only a partial cost output 21 is reported in the PAES.

- a. Are you now able to provide the committee with an estimate of the full cost of activities conducted under this output in the last financial year?
- b. What activities are not included in the partial costing?

### RESPONSE:

a&b. The full costs of dedicated activities, such as Emergency Management Australia, and the additional costs of other outputs which from time to time undertake national support tasks are identified. However, it is not possible to present a 'full cost' (ie. a cost including all

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personnel, both direct and indirect, and capital charges such as depreciation) for all national support activities as these costs are included in the capability outputs. In addition, Defence's current information systems do not have the capability or flexibility to pick up all the activities, such as the diversion of a ship or aircraft to take part in a search, which contribute to this output.

**QUESTION W19**

SENATOR: Hogg

Hansard: Written Question

- a. With the exception of East Timor, what international activities is the ADF currently involved in and what is the annual cost of such activities?
- b. Have there been any changes in the number or rank of our defence attaches overseas and has Australia posted any defence attaches in new countries over the last twelve months?
- c. What official visits are scheduled for this calendar year by the Minister of Defence?
- d. What was the cause of the significant increase in the inventory consumption line item in the table on page 94 for Output 20?
- e. Could you also explain the increase in the military personnel costs for this output compared to the original budget estimates?

**RESPONSE:**

- a. The costs quoted are additional costs, for items such as additional allowances, administrative expenses and equipment. They do not include the salary costs of the deployed personnel.
  - Operation Mazurka      98-99 \$2.620m      99-00 Estimate \$2.011m  
Provision of staff and administrative support to the Multinational Force and Observers - Sinai, which ensures compliance with the Camp David peace accord between Egypt and Israel.
  - Operation Banner      98-99 \$0.112m      99-00 Estimate \$0.112m  
Training and technical advice to the Cambodian Mine Action Centre on the detection and clearance of land mines.
  - Operation Bel Isi II      98-99 \$23.018m      99-00 Estimate \$18.324m  
Support to the Peace Monitoring Group in monitoring and reporting on the maintenance of the cease-fire on Bouganville.
  - Operation Blazer      98-99 \$0.081m      99-00 Estimate \$0.064m  
Identification of the locations and inspection and oversight of the destruction of Iraqi weapons of mass destruction.
  - Operation Coracle      98-99 \$0.167m      99-00 Estimate \$0.167m  
Conduct of training and provision of technical advice to the Accelerated Demining Program Mozambique, on the detection and clearance of land mines.
  - Operation Osier      98-99 \$0.405m      99-00 Estimate \$0.405m

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Provision of staff appointments with the UN-mandated NATO Stabilisation Force in Bosnia to ensure compliance with the Joint Agreement for peace in Bosnia and Herzegovina.

- Operation Paladin            98-99 \$2.205m            99-00 Estimate \$2.205m

Act as part of a UN Truce Supervisory Organisation to oversee the various cease-fire agreements, truces and peace treaties that have been negotiated since 1948 between Israel and Arab nations.

- Operation Damask            98-99 \$1.378m            99-00 Estimate \$5.514m

Contribution to the Maritime Interception Force enforcing UN sanction against Iraq.

- b. In February 1999 a new attache position at colonel rank was manned in Hanoi. In December 1999 an assistant defence attache position at major rank in Phnom Penh was disestablished, and a new assistant defence attache position at major rank was established and manned in Manila. Consideration is currently being given to the establishment of a defence attache position in Dili that would be accredited to the United Nations.
- c. The following official overseas visits are planned for the Minister for Defence for this calendar year:
  - Port Moresby, during the period 9–11 March
  - Honolulu, Manila and Bangkok, during the period 18–28 March
  - Singapore and Kuala Lumpur, during the period 2–5 July
  - The Minister may also travel to the United Nations in New York in late November
- d. The increased estimate in inventory consumption attributed to Output 20 by Support Command Australia represents the cost of supplying fuel to the naval vessels of other nations contributing to Interfet. In total, \$30m has been allocated to this, but this has been partially offset by a reduction in budget estimated costs of \$6m following a major review of Group attribution rules by output. The total increase of \$23.7m is classified as operational expenditure and will be recoverable under the terms of the United Nations Trust Fund for East Timor.
- e. The change in military personnel costs is not an increase per se, but represents a readjustment following the review of Group attribution rules. The ‘increase’ against Output 20 is offset by ‘decreases’ against other outputs.

**QUESTION W20**

SENATOR: Hogg

Hansard: Written Question

- a. Is it correct that the Department stopped funding the Strategic and Defence Studies Centre last year and has instead looked to establish its own institute? If so, why?
- b. What funding is being provided to the new institute for this financial year and what funding is expected to be provided in the budget out-years?

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**RESPONSE**

- a. Cessation of funding to the Strategic and Defence Studies Center was reported in the 1998-99 Defence Annual Report (see discretionary grants on page 343).

The Department of Defence has sponsored the development of the Australian Strategic Policy Institute. The former Minister for Defence, Mr McLachlan, announced the intent to establish the institute in June 1998. The concept was included in the Coalition's defence policy statement of September/October 1998.

The purpose of the institute is to broaden and deepen the public debate and to develop innovative policy responses to defence and security issues. It will have a strong focus on policy-related research which can challenge and support strategic decision making. Though funded by Defence, the institute will be an independent and non-partisan body governed by a board of directors and run by a chief executive officer.

- b. \$1.7m was programmed for the establishment of the institute in 1999-2000 and \$2.1m is programmed annually across the Five Year Defence Program to 2003-04.

**QUESTION W21**

SENATOR: Hogg

Hansard: Written Question

The costs of services being provided to the Sydney Olympics had not been finalised at the last estimates hearing—have those costs been finalised now?

**RESPONSE:**

No. While cost estimates are reviewed regularly by Defence, a number of assumptions prevent costs from being finalised at this point. For example, it is not yet possible to identify locations from which supporting personnel will be sourced. This information will impact significantly on items such as travel and accommodation costs, internal transport and other ancillary costs.

**QUESTION W22**

SENATOR: Hogg

Hansard: Written Question

- a. Could you tell the committee how many contractors were or are currently being used by the ADF in East Timor?
- b. What services were/are they providing?
- c. Would the ADF have been able to provide these services themselves if the operation had been more of a combat one?

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RESPONSE:

- a. As at early February, a total of over 50 service contracts in Darwin and in East Timor have been either completed or are ongoing. Individual local labour contracts in East Timor would add another 250 or more to this total.
- b. Contractor services are summarised as follows:
- Darwin:
- Administrative:* Mail delivery, mail screening services, provision of fresh rations, casual labour.
- Logistic:* Shipping container hire, crane hire, fuel supply.
- Engineering:* Building refurbishment and minor works to support deploying forces, lease and hire of accommodation and office facilities.
- East Timor:
- Administrative:* Waste collection and disposal, provision of fresh rations, Telstra communications support, bulk water transport, portaloos. Ongoing employment of local labour.
- Logistic:* Cleaning of vehicles and equipment (to Australian Quarantine and Inspection Service standards), bulk fuel supply, shipping containers and bulk fuel containers, generators and field power equipment, stevedoring and transit management.
- Engineering:* Dump truck hire, water truck hire, rubbish dump refurbishment, accommodation construction and building refurbishment.
- c. The contract support from commercial sources which has been used to augment the ADF logistic and administrative support capability for operations in East Timor is consistent with Government policy and with effective use of the national support base.
- In normal circumstances, it could be expected that the deployed force would be supported by a combination of organic ADF logistic elements, specialist contractors and host nation support. In East Timor, host nation support was negligible and basic facilities were lacking. Australia's lead nation responsibilities required the ADF to provide substantial logistic support to the UN and to troop contributing nations in Darwin pre-deployment and in Dili. Had the operation required more combat resources, the method of logistic and administrative support and consequent selection of support resources may have varied.

**QUESTION W23**

SENATOR: Hogg

Hansard: Written Question

- a. Last year the Inspector General informed the committee that new systems were being put in place to better account for loss, theft and damage of defence equipment. Has this system now been finalised?

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- b. Can you tell the committee what is the estimated value of loss or theft from the Department and ADF for last financial year or calendar year?
- c. Have any more weapons or dangerous items been lost or stolen in the last 12 months?

**RESPONSE:**

- a. No. Roll-out of the new Defence Police and Security Management System is scheduled to commence on 1 July 2000.
- b. Losses due to fraud and theft for the whole of Defence were determined at \$1.884m for 1998-99 and \$1.053m for the first half of 1999-2000.
- c. Yes, including a number whose loss is currently being investigated by Service, state and federal police.

**QUESTION W24**

SENATOR: Hogg

Hansard: Written Question

- a. How many audits or investigations, and of what nature, did the Inspector-General carry out last calendar year?
- b. How many ADF personnel or Defence employees had charges and disciplinary action taken against them last year?

**RESPONSE:**

- a. The number and nature of investigations undertaken by the Inspector-General in the last calendar year are as follows:

CATEGORY	No. OF INVESTIGATIONS
<u>Money</u> ie allegations relating to losses of pay and allowances, misuse of Australian Government Credit Card, petty cash.	20
<u>Property</u> ie allegations relating to losses of Commonwealth property, control or disposal of assets, or intellectual property.	6
<u>Information</u> ie allegations relating to minor or major equipment contracts (covering tender development, specification development, tender evaluation, tender proposal review, project management, contract negotiation), and the purchase of goods/services.	8
<u>Other</u> ie allegations involving other matters	15

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and losses of Commonwealth property.	
Total	49

- b. The number of ADF personnel and Defence employees who had charges and disciplinary action taken against them in 1999 is as follows:

CATEGORY	NO. OF PERSONNEL
Charged under the Defence Force Discipline Act 1982 or Crimes Act 1914 <sup>1</sup>	5 (1 matter related to charges being laid under the Defence Force Discipline Act and 4 matters under the Crimes Act)
Action under the Public Service Act <sup>2</sup>	2
Resolved by administrative action <sup>3</sup>	11
Total	18

Notes: 1 Charges laid under a military tribunal or civilian court.

2 Disciplinary action under the *Public Service Act 1922*.

3 Eg. counselling for Defence civilians, and reprimand or additional drill for ADF personnel.

## QUESTION W25

SENATOR: Hogg

Hansard: Written Question

Is it correct that, at a recent hearing of the joint public accounts committee, the Department and ADF admitted that they were unable to identify exactly where missiles and other substantial weapons were stored or how many the ADF had?

## RESPONSE:

At a hearing of the Joint Committee of Public Accounts and Audit Committee on 3 December 1999 representatives of several government agencies responded to questions on *Audit Report 2 1999-2000—Use of financial information in management reports*, and *Audit Report 10 1999-2000—Control structures as part of the audits of financial statements of major Commonwealth agencies for the period ended 30 June 1999*.

In responding to a specific question on the benefits of introducing accrual accounting, the Defence representative observed that accrual accounting gave a better basis for managing assets. Missiles were used as an illustration of the difficulty some years ago of maintaining up-to-date central records of missiles from disaggregated manual records. This problem is overcome in an accrual environment where information systems must support high-level management of assets on the balance sheet.

Defence has appropriate asset control mechanisms to account for all missiles and other substantial weapons systems.

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## QUESTION W26

SENATOR: Hogg

Hansard: Written Question

Cooperation with the United States in Ballistic Missile Early Warning:

- a. Will the Relay Station at Pine Gap also support the Space Based Infra-Red System (SBIRS) program? (The press release 5 June 1998 indicated this would be the case).
- b. Can you describe the SBRIS system. What are its main elements?
- c. What improved capability will it provide compared to DSP?
- d. Is the Relay Station at Pine Gap fully automated?
- e. Are any Australian personnel involved in the day to day operation of the Relay Station?
- f. Does Australia have any ability to monitor and control the transmission of data through the Relay Station?
- g. Is the United States required to consult with Australia prior to the involvement of the Relay Station in any research and development tests relating in Theatre Missile Defence or proposed National Missile Defence Systems?
- h. Is Australian concurrence necessary for the Relay Station to be involved in any such tests or trials?
- i. Is the operation of the new Relay Station covered by the Exchange of Notes between the United States and Australia on 4 June 1998 concerning the extension of the 1966 Pine Gap Agreement, or is it covered by a separate agreement?

## RESPONSE:

- a. Yes.
- b. The primary architecture of Space Based Infra-Red System is a constellation of satellites located in geo-synchronous orbit and carrying non-imaging infrared detection sensors.
- c. The Space Based Infra-Red System satellites are expected to have better sensors than are carried by the Defense Support Program satellites; they will therefore provide more data on more infrared events.
- d. Yes, when fully operational.
- e. Australian personnel integrated into the Joint Defence Facility at Pine Gap have full access to the relay ground station. Any requirements for maintenance will be performed by Pine Gap staff.
- f. The relay ground station is operated with the full knowledge and concurrence of the Australian government. Australia has the right of access to all data passing through the relay ground station. The station can only be used for purposes agreed by the Government.
- g. No, provided such tests fall within the purposes agreed by the Australian and the United States Governments.

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- h. Australian concurrence is required for all functions, but separate consultation is not required for activities that fall within the agreed purposes.
- i. The operational relay ground station is covered by a classified arrangement between the Department of Defence and the United States Air Force. The Exchange of Notes signed on 4 June 1998 is also relevant to the relay ground station because it is located at the Pine Gap installation and receives support from it.

**QUESTION W27**

SENATOR: Bourne

Hansard: Written Question

With reference to the following performance indicators for Output 20:

- Program of visits by senior defence and Government representatives successfully conducted.
  - Program of working-level engagement activities, meetings and seminars successfully conducted.
  - Program of Defence Cooperation activities, including education, training and exchanges, successfully conducted.
- a. Against which criteria does the Government measure whether visits by senior Defence and Government representatives have been successfully conducted?
  - b. Does the Government consider the CDF-Pangab Forum held last year a successful visit against the Government's measurement criteria?
  - c. Against which criteria does the Government measure whether working-level engagement activities, meetings, and seminars have been successfully conducted?
  - d. Against which criteria does the Government measure whether Defence Cooperation activities, including education, training and exchanges have been successfully conducted?
  - e. Does the Government track the career progression of non-ADF officers who have been involved in Defence Cooperation activities, including education, training and exchanges to ensure that they meet the Government's Output 20 Quality Performance Indicators?
  - f. Were any Indonesian officers who participated in Defence Cooperation activities, including education, training and exchanges, implicated in the investigations of atrocities in East Timor by Indonesia's National or the United Nations Human Rights Commission?

**RESPONSE:**

a,c,d The Government measures the success of all international engagement activities (including visits by senior Government representatives, working-level meetings and Defence Cooperation activities) against the following broad criteria:

- Has the activity contributed to shaping Australia's strategic environment in ways that enhance the prospects of regional or global stability and advance our strategic interests?
- Has the activity enhanced the Australia Defence Force's ability to conduct successful operations, now and in the future?

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- b. The CDF/Pangab Forum, held in March 1999 in Jakarta between the senior officers of the Australian and Indonesian defence organisations, contributed to Australia's security interests against both criteria. The forum was born out of recognition by President Habibie and the TNI leadership that, as democracy developed in Indonesia, civil-military relations and military subordination to civil government, in particular, would be critical issues to be addressed. Australia agreed to provide the opportunity for the TNI to explore these issues with our assistance. Despite the East Timor crisis, the fundamental importance to Indonesia's future of the role of the military and its relationship to government remain, and the principles that underpinned the forum endure.

The forum contributed positively to the longer-term shape of Australia's strategic environment by providing a means by which senior TNI leaders could discuss the future of the Indonesian military, including its roles and responsibilities in the post-Soeharto environment, and examine areas for reform. It provided individuals in the current TNI reform movement with the opportunity to outline to the rest of the TNI leadership how fundamental reform of TNI, including withdrawal from political affairs, is in the long-term interests of the military and Indonesian state.

The forum enhanced the ability of the ADF to conduct successful operations by providing an opportunity for key military officers from each country, at the strategic and operational level, to develop personal links in a professional and focussed environment. Such links are exceptionally important to the success of operations requiring the cooperation of foreign military commanders, such as the evacuation of Australians.

- e. No.
- f. The Indonesian KPP-HAM report listed 32 names, of which 16 are military. According to our records, three of them have participated in Defence Cooperation sponsored activities. Col Noer Muis attended the Command and General Staff College in 1992 as a Major; and Lt Col Yayat Sudradjat attended a regimental officer advanced course in 1993 as a Captain (army).

In addition, the CDF-Pangab forum was attended by General Wiranto. The cost of the forum was funded from within the Defence Cooperation program.

The United Nations Human Rights Commission's report does not mention any names.

## **QUESTION W28**

SENATOR: Hogg  
Hansard: Written Question

With regard to Reserve issues:

- a. Is the Department able to advise me when the Government is expected to announce further policy changes with regard to the Reserve?
- b. The Government has recently announced changes to the legislation governing the Reserves to enable them to be called out for continuous full time service in a much wider range of circumstances. Are you aware whether the Government will be making provision for self employed Reservists who simply will not be able to take the risk of being called out because it would effectively mean an end to their livelihoods?

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- c. Also, given that Reservist's pay is tax free, how will they be compensated for the effects of the GST? Will there be a rise in Reserve pay rates.

**RESPONSE:**

- a. The Department has presented the Government with a number of options to enhance the Reserve contribution to ADF capability. The timing of announcement of subsequent decisions taken regarding these options is a matter for the Government.
- b. Members of the community who join the Reserve do so voluntarily on the understanding that they may be called out for full-time service with the ADF. It is expected that they have weighed up their personal circumstances and the possibility of such call out. Having said that, the self-employed are among the categories of employers being considered during the preparation of the amended legislation.
- c. The ADF is currently reviewing the overall conditions of service package for Reserve service. This will result in a paper that will provide a number of options to the Government aimed at providing incentives to encourage service in the Reserve. At this stage it is not planned to increase rates of pay but, rather, to look at the overall conditions of service package as it currently applies to the individual Reservist.

**QUESTION W29**

SENATOR: Hogg  
Hansard: Written Question

With regard to the Australian Services Cadet Scheme:

- a. Why was it necessary to conduct a review into a strategy for the Australian Services Cadet Scheme?
- b. Are there any anticipated outcomes, and when are the results likely to be released?

**RESPONSE:**

- a. The Australian Services Cadet Scheme was last reviewed, in a limited way, in 1996. While building on the outcomes of that review, the current 'Cadets: The Future' review seeks to develop a strategic plan for the Australian Services Cadet Scheme to guide military cadet activities over the next five years.
- b. Issues to be considered during the review are indicated in its Terms of Reference:
- An appropriate and relevant vision for the Australian Services Cadet Scheme.
  - Its mission, goals and objectives.
  - Outcome expectations and performance management criteria, including those relevant to ADF outcomes.
  - Relationships with other government agencies, state-based youth programs and community organisations.
  - Status, development and management of officers and instructors of cadets.

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Senate Foreign Affairs, Defence and Trade Legislation Committee

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- Management, organisation and control arrangements for the Australian Services Cadet Scheme.
- The appropriateness of current budgetary, equipment, personnel and service support arrangements for the Australian Services Cadet Scheme.
- Australian Services Cadet Scheme training policy and accreditation.
- Articulate the dividend Defence receives from the Australian Services Cadet Scheme.
- Milestones for the implementation of any such recommendations.
- An appropriate cycle of review for the Australian Services Cadet Scheme.
- Other matters deemed important during the course of investigations.

The Government does not seek to predict or anticipate particular outcomes in the review. The Report of the ‘Cadets: The Future’ review is to be submitted to the Government by 30 June 2000.

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**Group 5      *Intelligence***

**QUESTION W30**

SENATOR: Hogg  
Hansard: Written Question

Has any decision yet been taken with regard to the Defence Signals Directorate Dudgeon Report and the recommendations of that report about protecting Australia's vital and critical infrastructure computer networks?

**RESPONSE:**

As a result of the Defence Signals Directorate report, an interdepartmental committee chaired by Attorney-General's Department was established in August 1997, with broad representation from across government, including the directorate. Its recommendations were used as the basis for a five-point Government strategy, released in August 1999, covering cooperative arrangements between the public and private sectors; interoperation of electronic and physical protective security and response arrangements; development of response capabilities; building a threat and vulnerabilities database; and developing review arrangements.

Since the release of the strategy, a standing interdepartmental committee has been established to manage its implementation of the strategy and a consultative industry forum has met several times. The Defence Signals Directorates primary role is in the provision of technical advice and assistance, and a network vulnerability assessment capability is being developed to support that function.

**QUESTION W31**

SENATOR: Hogg  
Hansard: Written Question

Is the Department aware of the European Parliament's inquiry into the Echelon system (run by the US which Australia contributes to) and what precautions does Australia take to ensure that we do not pass on commercially sensitive data to the US that could disadvantage Australian interests?

**RESPONSE:**

Yes. It is the long-established practice of Australian Governments not to comment on matters relating to intelligence and security. The Government is satisfied that intelligence exchange arrangements between Australia and its allies serve Australia's national interests and that appropriate measures are in place to ensure that those interests are protected.

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