



Australian Government
Department of Defence

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ASMES/OUT/2010/10\

Dr Kathleen Dermody
Committee Secretary
Senate Standing Committee on
Foreign Affairs Defence and Trade
Parliament House
CANBERRA ACT 2600

Dear Dr Dermody

Please find enclosed Defence's typographical corrections and a number of factual corrections to the Hansard record for the Budget Estimates hearings into the Defence Portfolio on 31 May and 1 June 2010.

I have attached a submission that contains either corrections or clarification to the factual evidence provided by individual officers as outlined below:

- Dr Ian Watt, Secretary concerning the number of Senior Executive Service Band 3 officers entitled to first-class overseas travel.
- Dr Stephen Gumly, Chief Executive Officer, Defence Materiel Organisation concerning contracts for Disruptive Pattern Uniforms.
- Air Marshal Mark Binskin, Chief of Air Force concerning the names of the crew members on the flight from PNG to Canberra on 27 January 2009.
- Major General G D Cavenagh, Head Land Systems, Defence Materiel Organisation concerning the Modular Load Carriage tender, ammunition pouches, Near Infrared Reflectance, Harding Clothing Review, body armour and procurements.
- Brigadier W Horrocks concerning load carriage equipment and procurements.
- Mr Mark Cunliffe PSM, Head Defence Legal concerning the proposed new Military Court of Australia.
- Mr Greg Farr, Chief Information Officer concerning the Defence Portfolio.
- Professor Robert Clark, Chief Defence Scientist concerning the DSTO effort involved in the development of the NIR signature management of the Disruptive Pattern Combat Uniform.
- Mr Brendan Sargeant, Deputy Secretary, Strategic Reform and Governance concerning the breakdown of costs associated with the development of the Strategic Reform Program.
- Mr Phil Minns, Deputy Secretary People Strategies and Policy concerning the Defence, APS and ADF workforce and ratios of Senior Executive Service and star rank officers to percentage of total staff.

The other typographical Hansard corrections are also attached and appear to be only errors of transcription.

If you would like to discuss further, please do not hesitate to contact Ms Claire Reynolds, Director, Ministerial and Parliamentary Reporting on 6265 6277.

Yours sincerely

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

Karen Creet
Assistant Secretary
Ministerial and Executive Support

30 July 2010

SUBMISSION CORRECTING EVIDENCE PROVIDED AT THE BUDGET ESTIMATES HEARINGS ON 31 MAY AND 1 JUNE 2010

Dr I J Watt, Secretary of Department of Defence – correction to evidence concerning the number of Senior Executive Service Band 3 officers entitled to first-class overseas travel.

In answer to a question from Senator Johnston, asked on 31 May 2010 (page 80 of *Proof Hansard* dated Tuesday, 1 June 2010), I stated that, “*As of today, 1 June, there are nine SES band 3 level and chief of division level in the DSTO who have access to first-class overseas travel through their employment arrangements*”. This information was incorrect. A subsequent review of Senior Executive Service individual workplace arrangements has identified that one officer’s Individual Workplace Arrangement was amended in August 2007 to include an entitlement to first class overseas travel. I propose that the response be amended to reflect the following, “*As of today, 1 June, there are ten SES band 3 level and chief of division level in the DSTO who have access to first-class overseas travel through their employment arrangements*”.

Dr Stephen J Gumley, Chief Executive Officer, Defence Materiel Organisation – corrections to evidence concerning contracts for Disruptive Pattern Uniforms.

The first correction is in relation to a question on whether a contract signed on 26 May 2010 was a new contract or a variation of the December contract (page 13 of *Proof Hansard* dated 1 June 2010), I stated that “*It was effectively a variation of the September contract*”. This was incorrect. Instead, two contracts were signed for Disruptive Pattern Uniforms on 26 May 2010, one with Australian Defence Apparel (ADA) Pty Ltd and the other with CTE Pty Ltd. The contracts resulted from a separate procurement process from the original contract which was signed on 23 December 2009.

The second correction is at page 26 of the *Proof Hansard*. I stated that “*We get webbing ensemble from Hong Kong and China and Australia – made in three places*”. I wish to clarify my statement. Webbing and ensemble is made in China, Vietnam and Australia.

Air Marshal Mark Binskin, Chief of Air Force – clarification of evidence and supplementary information concerning the names of the crew members on the flight from PNG to Canberra on 27 January 2009.

In answer to a question from Senator the Hon George Brandis (page 97 of *Proof Hansard* 31 May 2010), I stated that I would provide a copy of the flight manifest from Number 34 Squadron Special Purpose Aircraft Flight of 27 January 2009 in which the Prime Minister travelled from Port Moresby to Canberra. Specifically I advised that I would obtain a copy of the names of the crew on that particular flight. After further consideration, I do not consider the names of the Crew to be germane to the issue and question posed. The public release of such information could have an adverse impact on the members concerned and expose them to unnecessary and

unwarranted media and public scrutiny. Of course, if required, I can provide the names in private.

Major General G D Cavenagh, Head Land Systems, Defence Materiel

Organisation – corrections of evidence concerning Modular Load Carriage (MLC) Tender, ammunition pouches, Near Infrared Reflectance (NIR), Harding Clothing Review and body armour.

In answer to a question from Senator Johnston (page 53 of *Proof Hansard* 1 June 2010) concerning the details of the Modular Load Carriage and the date of shortlisting, I state “To answer your question, it was Land 125, phase 2B. In answer to your questions about the date of the down selection, there was a stage 1 screening report for the Land 125 soldier modernisation program signed off on 25 February 2008”. This information was only partially correct. The MLC capability sought to build on load carriage improvements initiated as part of the Land 125 Individual Combat Load Carriage Equipment capability. It was not assigned a project number; however it was conducted by the staff involved in Project Land 125. It was satisfying an Army Additional Equipment requirement but it was not a major capital acquisition project. Further, although the (then) project director signed a screening report on 25 February 2008, this was not the official date of shortlisting. The screening and shortlisting report was signed on 20 March 2008 and approved by the source delegate (Director General Land Combat Systems) on the same date, signalling the commencement of detailed evaluation of the two shortlisted tenderers.

In answer to a question from Senator Johnston (page 54 of *Proof Hansard* 1 June 2010) on whether there was an allegation of corruption and fraud, I replied ‘yes’. This is partially correct. The allegation related to corruption not fraud.

In answering a question from Senator Johnston (page 8 of *Proof Hansard* 1 June 2010), I stated that “Wax Converters Textiles produce material for ammunition pouches”. While this statement is correct, I wish to further clarify my statement. Wax Converters Textiles produce material which is used in many items including ammunition pouches, harnesses, belts and body armour.

In answering a question from Senator Johnston (page 8 of *Proof Hansard* 1 June 2010), I stated “Yes” in response to a question regarding whether knowledge of the specification and description of the technology would make Near Infrared Reflectance (NIR) treated materiel easier to detect through night vision equipment. I wish to correct my statement. The answer is no. The ability to detect NIR treated material is a function of the efficacy of the NIR treatment and the performance characteristics of the night vision equipment.

In answering a question from Senator Johnston concerning the details of the implementation of the 29 Harding Clothing Review recommendations (page 32 of *Proof Hansard* 1 June 2010), I stated that “Clothing SPO expanded by 72 people, and Soldier Modernisation SPO by 90 people”. I wish to clarify this statement. Clothing SPO expanded to 72 people, and Soldier Modernisation SPO to 90 people.

In answering a question from Senator Johnston concerning the development of the Tiered Body Armour System (TBAS) (page 43 of *Proof Hansard* 1 June 2010), I stated that “When we tendered for Modular Combat Body Armour System (MCBAS), we had a developmental clause in that contract”. I wish to provide further clarity in my response. The development clause was in the MCBAS contract, however this clause was included as part of negotiations with the preferred tenderer.

Major General G D Cavenagh, Head Land Systems, Defence Materiel Organisation and Brigadier W Horrocks – corrections of evidence concerning the load carriage equipment and procurements.

In answering a question from Senator Johnston concerning webbing ensemble (page 26 of *Proof Hansard* 1 June 2010), I stated that “It could be some of those components, yes”. I wish to provide further clarity in my response. Within Defence, webbing ensemble is two distinct fleets of load carriage equipment. One is termed Deployable Level One which is issued as point of entry equipment and held by all non-deployed Units within Australia. The other is Individual Combat Load Carriage Equipment which has been issued to infantry battalions in Australia and to personnel deployed on operations. Both of these fleets comprise an assortment of pouches, harnesses, belts and packs.

In answer to a question from Senator Johnston concerning where the Rush 72 pack was made (page 58 of *Proof Hansard* 1 June 2010), I responded “I think they are made in China. I will have to confirm that”. Additionally, in answer to a question from Senator Johnston concerning the source of supply of the Rush 72 pack (page 72 of *Proof Hansard* 1 June 2010), I stated that “It is made from a company in China. We buy it from an Australian company that sources it from China”. I wish to clarify these responses to the Senator’s questions. The Rush 72 pack is procured from a United States based company called 5.11 and is manufactured in China.

In answer to a question from Senator Johnston concerning who made the determination of the preferred tenderer for MLC equipment requirement (page 71 of *Proof Hansard* 1 June 2010), I stated that it was “The delegate, who was the project director at the time”. I had these details checked and the delegate for the source evaluation report was the Director General Land Combat Systems.

In answer to a question from Senator Johnston (page 77 of *Proof Hansard* 1 June 2010), I stated “It is a NATO standard number that is assigned to items of equipment that we acquire”. This is incorrect. The item is actually termed a ‘NATO stock number’. Subsequent to this, following my response (at page 77 of *Proof Hansard* 1 June 2010), the Senator stated “Do we call it a ‘NATO standard number’ or ‘national service number?’”. Hansard should be adjusted to reflect the correct name of ‘NATO stock number’ and not ‘standard number’ as stated.

Mr Mark Cunliffe, Head Defence Legal – clarification of evidence concerning the proposed new Military Court of Australia.

In answer to a question from the Chair (page 94 of *Proof Hansard* 31 May 2010), I stated that:

“While the precise detail of that will, again, be developed over time, the intention at

this stage is that we will have ADF members working within the registry structure to assist in relation to non-judicial functions and that, therefore, that interaction and reach-back within Defence will continue for the long term, not just as a short-term transitional strand”.

As the Senate would now be aware, the final proposed approach in the draft legislation is that any ADF member may be made available to provide administrative assistance to the military court in relation to proceedings in the military court. The Chief Justice of the new court will also be able to arrange for an ADF officer to be made available to the court to provide a means of liaison between the Department of Defence and the Military Court of Australia. Any ADF member performing these roles will be subject to the direction and control of the Chief Justice and Registrar of the Military Court of Australia and will not be subject to the direction, control or military command of any other person or body, including the ADF.

I also refer to a statement I made to the Chair (page 103 of *Proof Hansard* 31 May 2010):

“Chair, during the discussion about the Australian military court, you asked me about the arrangements’.

In referring to the ‘Australian military court’ in this statement, I was using the generic term but on reflection this may wrongly be read to refer to the former Australian Military Court [emphasis added]. In order to save any possible confusion, I would like to make clear that this reference should ideally have been to the ‘Military Court of Australia’.

Mr Greg Farr, Chief Information Officer – correction to evidence concerning Defence ICT.

In answer to a question from Senator Johnston (page 86 of *Proof Hansard* 31 May 2010), I stated that: *“The technical refresh that you referred to is really a sustained activity’.*

This information was incorrect, and should state: *“The technical refresh that you referred to is really a sustainment activity”.*

In answer to a question from Senator Johnston (page 86 of *Proof Hansard*, 31 May 2010), I stated that: *“In the longer term, it will be picked up in JP 2080, which is the PMKeyS technical refresh – a DCP project”.*

This information was incorrect because JP 2080 is not related to the PMKeyS technical refresh and it should state: *“In the longer term, it will be picked up in JP 2080, which is the Personnel Systems Modernisation – a DCP project”.*

Professor Robert Clark, Chief Defence Scientist and CEO Defence Science and Technology Organisation – correction to evidence concerning the DSTO effort involved in the development of the NIR signature management of the Disruptive Pattern Combat Uniform.

In answer to questions from Senator Johnston (page 50 of *Proof Hansard*, 1 June 2010), I stated that *“the costs involved in developing the near infra-red reflectance work was \$565,000 over and above the salary costs of two people”.*

This information was incorrect because the \$565,000 did in fact include the salary costs and as such was inclusive of all costs.

Mr Brendan Sargeant, Deputy Secretary, Strategic Reform & Governance – correction to evidence concerning the breakdown of costs associated with the development of the Strategic Reform Program.

In answer to a question from Senator Johnston (page 62 of *Proof Hansard*, 31 May 2010), I stated that “*the fees McKinsey & Company were \$5.1 million and Mr Pappas’s services were \$300,000*”.

This information should be expressed more precisely. The correct allocation of cost is:

- \$5,167,800 for the engagement of McKinsey and Company
- \$266,537 for the engagement of Mr George Pappas
- Making a total Defence Audit Budget cost of \$5,434,377.

Mr Phil Minns, Deputy Secretary People Strategies and Policy – clarification of evidence concerning the Defence, APS and ADF workforce and ratios of Senior Executive Service and star rank officers to percentage of total staff.

In answer to a question from Senator Johnston (page 68 of *Proof Hansard*, 31 May 2010), I stated that “*The CDF has mentioned issues in relation to capability development processes and planning, but similarly the defence budget audit which created the role.....*”.

The reference to the *defence budget audit* is incorrect and should be amended to be the *Defence Management Review*.