

Senate Standing Committee on Foreign Affairs, Defence and Trade

Budget Estimates Hearings, 30-31 May 2011

Questions Taken on Notice

Q1

Major Capital Program

Senator Johnston asked on Monday, 30 May 2011, Hansard page 16.

“How many times did you go to Cabinet in 2009-10 and 2010-11 in relation to the Major Capital Program?”

Response:

In relation to the Major Capital Investment Program, Defence provided the following submissions to government in **Financial Year 2009-10**:

- i. 15 Cabinet Submission; and
- ii. 11 Ministerial Submissions.

An additional three project studies were approved within Defence with a value at less than \$5 million each.

In relation to the Major Capital Investment Program in **Financial Year 2010-11**, Defence has provided the following submissions as of 30 June 2011:

- i. 14 Cabinet Submissions; and
- ii. 15 Ministerial Submissions.

Further, an additional one project study has been approved within Defence with a value of less than \$5 million. It should be noted that not all submissions lead to a project approval.

Senate Standing Committee on Foreign Affairs, Defence and Trade

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Q2

Air Warfare Destroyer Project /Chief Finance Officer Defence Materiel Organisation

Senator Johnston asked on Monday, 30 May 2011, Hansard page 17.

- (a) When did the payment slip for the AWD project?
- (b) What was the previous year's slippage?

Response:

- (a) As stated in the Portfolio Additional Estimates Statement for this Financial Year, the expenditure for the AWD Program was adjusted down by \$146 million, from \$1.146 billion to \$1.000 billion.

There was no single payment that slipped, rather the financial slippage was due to a number of changes in expenditure plans across the AWD Alliance, specifically ASC and Raytheon, as well as Defence.

The principal reprogramming in planned expenditure was as a result of delays with early block production, which amounted to about \$40 million, and reprogramming by Defence of the procurement of missiles from the US Navy, which also amounted to about \$40 million.

Other contributing factors included foreign exchange gains, the AWD Alliance not spending contingency funds that it had allocated for the financial year, the Alliance securing lower prices for procurements, which were genuine savings, as well as lower than planned payments to AWD Alliance combat system and other equipment suppliers.

- (b) At the time of the 2009-10 Portfolio Budget Statements, DMO planned for cash flow slippage arising from the total Approved Major Capital Investment Program of 19% (PBS table 66 page 140 refers). The actual cash flow slippage for the full year in 2009-10 was 14%. For 2010-11 DMO planned for cash flow slippage of 14% (PBS table 84 page 122 refers), with full year forecasts indicating a potential slippage in the order of 24% against original full year plans. The primary explanations of this slippage are outlined in Table 84 on page 118 of the 2010-11 Portfolio Additional Estimates Statements.

Q3

Action Area: CDG

First and Second Pass Approval Targets

Senator Humphries asked on Monday, 30 May 2011, Hansard page 30.

What is your version of the first and second pass approval targets (versus what's in the ASPI Report)?

Response:

FY 2009-10 Approvals

	1 st Pass	2 nd Pass	“Other”	Total
Foreshadowed in PBS 09-10	15	14	n/a	29

Note: a revised list was issued in the Corrections to the 2009-10 Portfolio Budget Statements.

FY 2010-11 Approvals

	1 st Pass	2 nd Pass	“Other”	Total
Foreshadowed in PBS 10-11	31	15	n/a	46

Note: The foreshadowed schedule is based on all projects whose approval bands listed in the Public Defence Capability Plan includes FY 2010-11. Not all projects were to be approved in FY 2010-11.

FY 2011-12 Schedule

The foreshadowed schedule for FY 2011-12 is outlined in the Portfolio Budget Statements. The schedule is based on all projects whose approval bands listed in the Public Defence Capability Plan includes FY 2010-11. Not all projects will be approved in FY 2011-12, in many cases their approval band will extend to FY 2012-13.

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q4

Submarine Fleet

Senator Johnston asked on Monday, 30 May 2011, Hansard page 38.

- (a) How much has it cost to support/maintain the submarine fleet per year?
- (b) Are we at \$700 million per year for support and sustainment?

Response:

- (a) Costs provided in response to the questions are the calculated direct costs of sustainment of submarine capability.

The total annual cost of sustainment varies year by year, dependent on the maintenance cycle and work undertaken in accordance with the Materiel Sustainment Agreement.

Submarines, like special forces and other key Defence capabilities, are strategic in nature and it is inappropriate to provide the extent of cost breakdowns sought in the public domain. Consequently, in this response to question (a), Defence has focused only on sustainment costs for the period from 07/08 to 10/11.

Defence is fully prepared and ready to provide Senator Johnston a private classified briefing on a detailed breakdown of costs.

Table 1: Total Sustainment FYs 2007-08 to 2010-11

	2007-08	2008-09	2009-10	2010-11
	\$'m	\$'m	\$'m	\$'m
Sustainment	333.0	324.0	325.0	415.9

- (b) No. The total cost of the RAN's submarine capability for 2010-11 is \$629.3m.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Budget Estimates Hearings, 30-31 May 2011

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Q5

Number of Defence Civilians in Theatre

Senator Johnston asked on Monday, 30 May 2011, Hansard page 49.

How many Defence civilians are in theatre?

Response:

On 30 May 2011, within the Middle East Area of Operations, there were 13 Australian Defence Organisation civilians in theatre.

Q6

T-BAS Body Armour

Senator Johnston asked on Monday, 30 May 2011, Hansard page 50.

With relation to T-BAS:

What are you doing to objectively assess its acceptance? Will they wear it on the field or not?

Response:

DSTO scientists have been working closely with DMO Land Systems Division and recently as part of the newly established “Diggerworks” to assist in the design, implementation and analysis of objective studies, both in Australia and on deployment, of the fitness for purpose of the soldier combat system. Science and technology support is an integral part of the Diggerworks process of adaptive acquisition.

User acceptance trials applying quantitative surveys and focus groups have been conducted at each stage of the design process for the Tiered Body Armour System (TBAS). The most recent assessment was completed during the mission rehearsal exercise for Mentoring Task Force 3 (MTF3). User input to each design stage has been provided through participation in design review boards. Information gathered through these activities has informed the continued refinement of the TBAS design to maximise fitness for purpose and soldier acceptance.

Results from the MTF3 rehearsal exercise demonstrate widespread user acceptance of the TBAS system. All members of MTF3 have deployed with TBAS for operational use. The performance of TBAS will continue to be monitored during this period, including the completion of a quantitative survey in the early stages of deployment.

Q7

Senator Humphries asked on Monday, 30 May 2011, Hansard page 62.

Minor Projects Approval

- (a) When did the changes in minor project approvals occur?
- (b) Is it a part reversal of Mr Combet's decision as MINDM?
- (c) What Ministerial position did Mr Combet occupy when the threshold increased from \$50m to \$100m?

Response:

- (a) Minor project approval thresholds remain aligned with the thresholds agreed by Cabinet when it considered the Mortimer Review in 2009.
- (b) Mr Combet was not MINDM when Cabinet agreed the revised thresholds in 2009.
- (c) Mr Combet was the Parliamentary Secretary for Climate Change when the thresholds were agreed by Cabinet.

Q8

Legal Costs in Dismissal

Senator Johnston asked on Monday, 30 May 2011, Hansard page 56.

- (a) Was the matter ever scheduled for hearing?
- (b) What were the legal costs for Ms Wolfe? Include pre-certificate, post-certificate and post order.
- (c) Did the lawyers draft the application for the certificate?
- (d) How many affidavits were filed and who were the deponents?
- (e) How much was the lost earnings paid to Ms Wolfe?
- (f) Can the Committee see the bill for legal advice for this matter?
- (g) Who paid the costs within Defence/DMO? Also include copies of the bills.
- (h) Is the “third respondent” the DMO?
- (i) How many DMO personnel were involved up until the court order?
- (j) How many DMO personnel were involved before the application for the certificate?
- (k) How much did it cost the DMO to seek the advice of the Solicitor-General (in addition to the AGS)?

Response:

- a) Yes, on 14 December 2009 the Federal Court set the matter down for a hearing of seven days commencing 8 April 2010. The Court was advised on 5 February 2010 that it was expected that the matter would be resolved and that the seven days would not be required.
- b)
 - (i) At the Senate Estimates Hearing on 30 May 2011, the Committee was advised, in response to its questions, that the total amount paid by the Defence Materiel Organisation (DMO) to the Australian Government Solicitor (AGS) leading up to and including the Federal Court proceedings was \$575, 526.97. However, after further analysis, the Department can advise that the actual amount is \$571,343.13, which is comprised of the amounts detailed in Items (1) to (3) in Table A below. The reason for the decrease in the total amount is due to a component of the pre-certificate costs relating solely to another DMO employee.

The Committee was also advised of the amount in Item (4) in Table A below. Additionally, the Committee was advised that, in relation to Item (5) in Table A below, the total amount paid to date was \$297,983.37. However, as Defence Legal has received and paid an invoice since the information was provided to the Committee, the total amount paid has increased (as reflected in Table A below).

All amounts are as at 30 June 2011.

Table A

Item	Period	Paid By	Provider	Item	Amount Paid as at 30 June 2011 (GST inclusive) Based on Invoices Received
1	Pre-certificate	DMO	Australian Government Solicitor	Legal advice	\$33,831.05
2	Post-certificate up to Federal Court Order	DMO	Australian Government Solicitor	Legal advice	\$501,053.68
3	Post Federal Court Order	DMO	Australian Government Solicitor	Legal advice relating to giving effect to the order	\$36,458.40
4	Post Federal Court Order	DMO	Australian Government Solicitor	Ms Jane Wolfe's party/party costs	\$252,242.37
5	Post Federal Court Order	Defence Legal	Mallesons Stephen Jaques	Mr Stephen Skehill's tasking (including advice from Counsel)	\$307,357.47

(ii) The following legal costs/expenses have also been incurred:

Table B

Item	Period	Paid by	Provider	Item	Amount Paid as at 30 June 2011 (GST inclusive) Based on Invoices Received
1	Post Federal Court Order	DMO	Australian Government Solicitor	Legal advice	\$39,197.40
2	Post Federal Court Order	Defence Legal	Australian Government Solicitor	Legal advice	\$63,593.14
3	Post Federal Court Order	Defence Legal	Clayton Utz	Legal advice	\$7,977.20

As noted above, both Tables A and B reflect the amount that has been paid as at 30 June 2011, by either Defence Legal or the DMO, based on invoices that have been received (excluding Item 4 in Table A). As this matter is ongoing, there are likely to

be additional legal costs in relation to Item 5 in Table A, and Items 1 to 3 in Table B, for work undertaken that the DMO and Defence Legal have not yet been invoiced for.

c) The DMO drafted the application with input from the AGS.

d)

(i) Ten (eight affidavits on which the Commonwealth proposed to rely as evidence; two affidavits in support of applications for leave to issue subpoenas).

(ii) The names of the deponents are:

- Dr Stephen Gumley
- Ms Lynelle Briggs
- Mr Andrew Metcalfe
- Mr Michael Deegan
- Mr Tony Hindmarsh
- Mr John Peters
- Mr David Robinson
- Ms Amanda O'Rourke
- Ms Tracey Williams (two affidavits)

In relation to the Hansard of the hearing on 30 May 2011, pages 75 and 76, no affidavit was deposed to by Mr Coutts-Trotter. An affidavit in support of an application for leave to issue a subpoena was deposed to by an AGS lawyer which included the record of a discussion with Mr Coutts-Trotter.

e) Ms Wolfe was paid a total of \$277,076.66 in 'lost earnings'. This comprised:

- \$239,564.85 for arrears of entitlements;
- \$7,962.04 in lieu of a performance bonus for the period 16 March 2009 to 30 June 2009;
- \$18,753 in lieu of a performance bonus for the period 1 July 2009 to 8 April 2010; and
- \$10,796.77 in interest.

Due to Ms Wolfe's removal from the workplace, she was denied the opportunity to perform and could therefore not be assessed against that performance for a possible performance bonus. The amounts paid to Ms Wolfe were therefore calculated from the average of the performance bonuses paid to other comparable SES employees in the DMO.

f) Provided with redactions. Some of the detailed narrative in the bills has been redacted. The public disclosure of some of the narrative would not be in the public interest as it sets out the steps taken by legal advisers to the Commonwealth in responding to litigation which was either on foot or contemplated. The disclosure of this information may prejudice the Commonwealth's legal position as, among other things, the substantive matter is still ongoing.

In considering the request from the Committee, Defence consulted with the Attorney-General's Department, the Australian Government Solicitor, Clayton Utz and Mallesons Stephen Jaques.

Additionally, as some of the narrative contains personal information, the disclosure would be an unreasonable disclosure of personal information.

Furthermore, some of the information in the bills cannot be publicly disclosed as it is commercial-in-confidence.

g)

(i) The 'Paid By' column in Tables A and B detail whether Defence Legal or the DMO paid for a particular Item.

(ii) See response to (f) above.

h) The Commonwealth of Australia was the third respondent.

i) Four DMO personnel were involved in dealing with the matter from time to time.

j) Three DMO personnel were involved in dealing with the matter from time to time.

k) Nil cost.

Q9

Cabinet Documents

Senator Humphries asked on Monday, 30 May 2011, Hansard page 95.

- (a) What types of documents are the 31 that can't be located (referenced to QoN W21 from Additional Estimates)?
- (b) Are there any concerns that these documents may have left the department and now be a security risk?
- (c) What steps is the department taking to locate these documents?
- (d) Please provide the date range for the missing documents?
- (e) In what ways were the 15 destroyed documents destroyed?
- (f) Has the department previously lost Cabinet documents?

Response:

- (a) In September 2010, Defence conducted a stock-take of its 1836 accountable Cabinet documents. The stock-take identified that 32 documents or 1.7 per cent identified could not be located. These documents include Cabinet Minutes, business lists, Cabinet Submission and Memorandums.
- (b) The inability to account for any Cabinet document is of concern to the Department. Based on the records available it is most likely that the majority of these documents have actually been destroyed in accordance with Cabinet document handling procedures, but the records have not been updated to reflect their destruction.
- (c) Defence continues to attempt to locate the documents by interrogating records management databases throughout the department.

Additionally, Defence is actively pursuing the implementation of an improved and centralised Cabinet document tracking system to provide greater assurances in relation to the handling of Cabinet documents.

- (d) The September 2010 muster identified documents unable to be accounted for between the period December 2007-July 2010.
- (e) The destruction of Cabinet documents is in accordance with the Protective Security Manual and the Cabinet Handbook. Normally this means shredding through an appropriately calibrated machine or destruction by burning.

Successive musters have identified a small number of unaccountable documents – notably 18 of the 32 documents identified in September 2010 were also identified in previous musters.

Q10

Energy Efficiency Infrastructure

Senator Johnston asked on Monday, 30 May 2011, Hansard page 96.

- (a) Where does the \$70/tonne of greenhouse gas figure come from for energy efficiency infrastructure works?
- (b) Who signed off on the figure?
- (c) Provide all of the costs that flow from using the figure i.e. how much of the budget has been geared to that figure?
- (d) What the consequences are for the figure in terms of payback period?
- (e) Provide all professional advice sought in arriving at that figure.
- (f) Please provide any other documentation, manuals or cost evaluations that base a carbon price per tonne at all and what those numbers are and where they come from.

Response

- (a) Defence's Manual of Infrastructure Engineering – Electrical (MIEE) stipulates a cost figure of \$70 per tonne for green house gas reductions for lighting and power factor correction upgrade works. In short, this means that we estimate that when undertaking upgrades of lighting and power, it costs \$70 of work (labour and materials) to achieve each tonne of greenhouse gas abatement. It is intended to apply to the financial viability assessment of refurbishment and upgrade works on existing buildings. This information was sourced from the MIEE which is available at <http://www.defence.gov.au/im/policy/technical/miee/MIEE%20Issue%200.pdf>.

Given the recent changes to the Building Code of Australia (BCA 2010 and 2011) and the increased cost of electricity, the measure is considered unnecessary and will not be included in future editions of the MIEE.

- (b) Head Infrastructure Division approved the release of the MIEE on 15 September 2010 on the Defence Infrastructure Management system.
- (c) There has not been a specific budget allocation for this purpose. Since September 2010 no building refurbishment projects which would trigger the use of this measure have been undertaken. Therefore there have been no costs arising from the use of the estimate.
- (d) The MIEE requires a payback period for electrical efficiency projects of five years. The measure is intended to inform decisions only in those few cases where the payback period would be in excess of the five year period. As most projects are under the five year period, the decision is usually made on an energy cost reduction basis alone.
- (e) Defence used its judgement based on experience with the cost of wider energy reduction projects and available recognised publications such as the McKinsey & Company report *An Australian Cost Curve for Greenhouse Gas Reduction 2008*.

Industry benchmarks for carbon abatement projects in the commercial sector are widely recognised as being between \$40 to \$70 per tonne of CO₂e. The McKinsey & Company *An Australian Cost Curve for Greenhouse Gas Reduction 2008* report recognised by many agencies identifies commercial lighting efficiency as one of several greenhouse abatement options. The report also indicates that the long term marginal cost of abatement is likely to be between \$60 - \$70 per tonne of CO₂e (page 15, last dot point). Another example is a recent tender by the City of Sydney, *Tender – Tri-generation Systems for City of Sydney Council’s Facilities (Design, Installation Operations and Maintenance)*, Tender Number 1046 dated 4 April 2011, which indicates that the cost for carbon abatement for Energy Efficiency in Commercial Property is to be between \$43 to \$63/Tonne CO₂e (paragraph 43).

- (f) Nil known. It would be an unreasonable diversion of considerable resources to seek to confirm this across the whole of the Defence organisation.

Q11

CIVCAS Incident - Legal Costs

Senator Johnston asked on Monday, 30 May 2011, Hansard page 100.

- a) With regard to the two matters pertinent to the court martial that has been dissolved, what is the status of the legal fees of those two particular individuals? Have they been paid?
- b) At this point, what is the cost of legal fees for the two accused individuals?

Response

- a) All three of those accused, following the events of 12 February 2009, had Counsel appointed through the Directorate of Defence Counsel Services. The two accused whose matters were the subject of recent pre-trial directions hearings also engaged solicitors who were funded through legal assistance at Commonwealth expense in accordance with Appendix E of the Legal Services Directions. The Director of Defence Counsel Services has confirmed that none of the accused has paid their own Counsel fees.
- b) As at 10 August 2011, the total amount expended on legal costs in relation to the court martial and associated matters for the two accused (the SGT and the LCPL) is \$439,590.91.

Q12

APS Remote Posting Allowance

Senator Johnston asked on Monday, 30 May 2011, Hansard page 106.

- (a) What is the maximum APS remote posting allowance and how do we determine that maximum?
- (b) Is Exmouth at the maximum? If not, why not?
- (c) Is it a matter of commonality across agencies or just Defence, and if so, how do we determine it?
- (d) What is the mechanism for review?

Response:

(a) The allowance paid to Defence APS employees in remote localities is District Allowance. It is paid in recognition of the remoteness, climatic conditions and excessive cost of living associated with residing at a locality.

There are four grades of District Allowance with grade D being the highest. Current rates of grade D District Allowance are \$5,440 for an unaccompanied employee and \$8,800 for an employee accompanied by dependants.

Since the move to individual agency based agreement making in the APS, Defence has maintained the four grade system as was contained in both the APS Award 1998 and Public Service Determination 1998/5. The rates of District Allowance for all grades, including the maximum rate, are adjusted annually based on advice promulgated by the Australian Public Service Commission (APSC).

(b) Exmouth attracts grade C rate of District Allowance which is the second highest rate. The current rates of District Allowance for Exmouth are \$3,400 for an unaccompanied employee and \$5,980 for an employee accompanied by dependants.

In previous rounds of agency based agreement making neither Defence, Unions or bargaining representatives have sought to vary the rate of District Allowance for Exmouth.

(c) Remote conditions, including District Allowance, are determined by individual agencies through the agreement making process. Defence is aware that some other agencies use the rates promulgated by the APSC.

(d) As for all APS conditions of service, District Allowance can be identified for change or reform by Defence, unions or bargaining representatives through the agreement making process. Defence has recently concluded bargaining with unions and bargaining agents for a replacement enterprise agreement. Under the terms of that proposed agreement (which was voted on by staff at the end of June 2011), Exmouth would move from Grade C to Grade D, resulting in an increase in the rate of District Allowance. Unaccompanied employees would receive \$5,440 per annum (up from \$3,400) whilst employees accompanied by their dependants would have their District Allowance increased to \$8,800 per annum (up from \$5,980).

Q13

Budget for Cadets

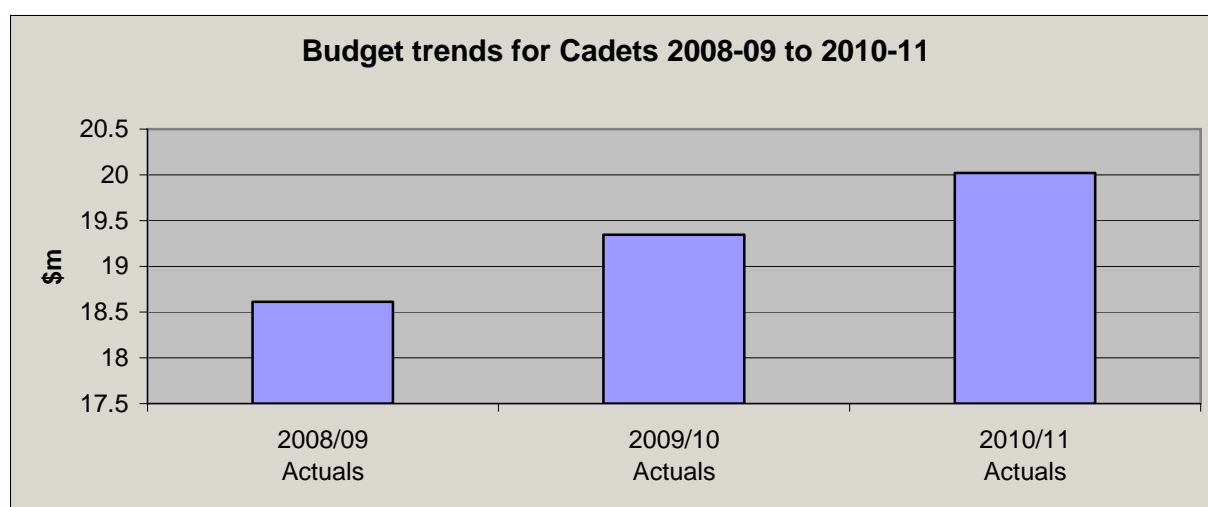
Senator Macdonald asked on Monday, 30 May 2011, Hansard page 108.

How much money is set aside for Cadets in the PBS/Budget over the last 3 financial years (to show trend)?

Response:

Funding of the ADF Cadet Scheme for the past three financial years is outlined below:

Total funding by Services	2008/09 Actuals \$m	2009/10 Actuals \$m	2010/11 Budget \$m
Army	6.394	5.260	4.476
Navy	4.085	3.871	4.434
Air Force	6.686	7.652	7.260
VCDF – CEE	0.856	0.883	0.910
VCDF – Suppliers	0.591	1.679	2.942
Total	18.612	19.345	20.022



Budget allocations for 2011-12 are yet to be finalised but will be similar to 2010-11 budgets.

Q14

Afghanistan - Aid Funding

Senator Ludlam asked on Monday, 30 May 2011, Hansard page 118.

With reference to a \$215m figure quoted in a 25 May Brendan Nicholson article, does the ADF disperse aid funding in Afghanistan? If so, how?

Response:

Defence does not disburse aid funding in Afghanistan, rather Defence undertakes reconstruction activities and, where eligible, this expenditure is reported to AusAID as Official Development Assistance.

Over the last four financial years (2006 - 07 to 2009 - 10), around \$237 million of the reconstruction activities have qualified to meet Official Development Assistance eligibility requirements. Of the \$237 million, around \$215 million was associated with ADF personnel and support costs.

Q15

Fuel Costs and Usage

Senator Ludlam asked on Monday, 30 May 2011, Hansard page 119.

What information do we have on fuel prices and usage, both in litres and cost, as well as CO₂ emissions?

Response:

The following table provides information pertaining to the fuel usage and CO₂ equivalent gas emissions for Defence for the financial year 09/10 (based on procurement data). For completeness of reporting, also included are Defence's CO₂ equivalent gas emissions from electricity and natural gas usage which are detailed in the Government Greenhouse and Energy Report.

For liquid fuels, product procured by the ADF on overseas deployments and operations has been included in the table. Excluded is fuel procured for non-Defence elements (such as foreign military forces).

Summary of Carbon Emissions 2009-2010 Based

Category	Consumption	Tonnes CO _{2e} (scope 1, 2 and 3) emissions ¹
	Electricity	865,526,781 kWh
Natural Gas Usage	614,563,000 GJ	37,537
Liquid Fuel Usage	LPG = 3.8835 M litres Diesel (Ground Fuel) = 30.738 M litres Diesel (Marine Fuel) = 82.099M litres Intermediate Fuel Oil = 4.834M litres Gasoline (ULP including E10) = 4.165M litres Gasoline – Aircraft = 0.846 M litres Kerosene – Aircraft = 212.7M litres	844,467
Total CO_{2e} emissions		1,783,193

Note 1:

Carbon emissions are calculated using the emission factors established under the extant [National Greenhouse Accounts \(NGA\)](#), mainly derived from

'Method 1' in the National Greenhouse and Energy Reporting (Measurement) Determination, 2008.

COSTS 2009-2010

From data held by the Joint Fuels and Lubricating Agency, costs attached to the major fuel categories (including fuels procured overseas) are as follows (exclusive of GST):

Fuel Type	Cost \$M (FY 09/10)
Diesel (Ground Fuel) and ULP/E10	29.45
Diesel (Marine Fuel)	89.38
Intermediate fuel Oil (Marine Fuel)	4.49
Gasoline – Aircraft (AVGAS)	1.04
Kerosene – Aircraft (AVTURS)	166.32
Total (excluding GST)	\$290.68M

Q16

US Command Central Funding Program

Senator Johnston asked on Monday, 30 May 2011, Hansard page 119.

With regard to a document titled “Knowledge of Fire”, by CARE Afghan Ministry relating to the US Command Central Funding Program. Can you advise if those funds are made available to Australian ADF members?

Response:

The US Commanders Emergency Relief Fund Program (CERP) is provided by the US Congress and is tightly administered to meet US requirements. Only US personnel are permitted to access, commit and expend US funds. These funds are not made available to ADF members, however, ADF members may propose items for funding to US Commanders for their consideration.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Budget Estimates Hearings, 30-31 May 2011

Questions Taken on Notice

Q17

Purchase of Largs Bay

Senator Macdonald asked on Monday, 30 May 2011, Hansard page 122.

- (a) Please provide the details of the purchase and cost of modifications to the Largs Bay.
- (b) Could the Secretary write to the Committee when the deal is done?
- (c) How much will we pay for the current Largs Bay crew that will be remaining with the ship as part of the training for our people?

Response:

- (a) The final purchase cost of the ship 'as is' was GBP £65m or AUD equivalent of approximately \$106m.

In addition, the project has been approved for approximately the AUD equivalent \$35.6m for the refit and recertification work package as well as the procurement of essential auxiliary equipment.

As part of the Sales Agreement with the UK Government, the Commonwealth is committed to a Not to Exceed Price of GBP 15.2m (or the AUD equivalent \$24.583m) for the refit and recertification work package.

Up to approximately \$5.1m is also expected to be required to complete the initial Royal Australian Navy (RAN) communications fit out to enable the ship to return to Australia.

Further funding will be required for approval to enable the remaining essential Alterations and Additions, Communications fit out, and maintenance schedule to be undertaken in Australia in early 2012.

The final cost of modifications to the Largs Bays will only be known once the current approved work package in the UK, and the remaining unapproved work package in Australia, has been completed.

- (b) Defence will advise the Minister once final costings are completed.
- (c) The project has also been approved for approximately the AUD equivalent of \$14.5m for the essential support system activities including the approximately \$6.2m in training of RAN crew to operate the ship.

Other support system activities include the travel related costs of the RAN crew training, acceptance into service activities, and Royal Fleet Auxiliary (RFA) crew to accompany the RAN crew on Largs Bay back to Australia.

Q18

Estimates QoN Responses to Minister

Senator Trood asked on Monday, 30 May 2011, Hansard page 126.

How many QON responses from Additional Estimates were provided to the Minister on 6 April 2011?

Response:

Twenty-five responses were provided to the Minister on 6 April 2011.

Q19

Cost to repair EPU for HMAS FARNCOMB

Senator Johnston asked on Tuesday, 31 May 2011, Hansard page 12.

What will be the cost of the repair to the propulsion unit of HMAS FARNCOMB under warranty?

Response:

HMAS FARNCOMB suffered from two failures of the Emergency Propulsion Unit.

1. Initial failure in April - cost of repair is estimated at \$600K.
2. Subsequent failure in May – Cost of repair is estimated at \$1.8m.

Defence is progressing warranty claims against ASC in regard to both of these failures.

Q20

Collins Submarines

Senator Johnston asked on Tuesday, 31 May 2011, Hansard page 15.

With regard to Collins submarines:

- (a) In relation to AEs, please provide an update on the obsolescence of AN/BYG combat systems being installed into the Collins Class submarines? If none have been installed, then why not?
- (b) In relation to four underwater telephones (TEUM4), please provide the installation cost and reasons why they were not installed?
- (c) What else has been purchased but not installed?
- (d) In relation to SEA 1439 Phase 5B2 (External Communications EW), who are the companies involved in this project?
- (e) We have gone from an EHF to an SHF system – How much have we lost in the changeover and what we paid?

Response:

- (a) There are no obsolete AN/BYG combat systems installed in Collins Class submarines. The AN/BYG combat system development is a rolling program with progressive hardware and software upgrade to systems. AN/BYG combat systems have been installed in WALLER, FARNCOMB and DECHAINEUX. The AN-BYG installation on SHEEAN and RANKIN is currently underway during their Full Cycle Dockings (FCD) and COLLINS will be updated during the next FCD.
- (b) TUUM 4 Underwater Telephones were purchased as part of the underwater communications systems known as Hydro Acoustic Information Link (HAIL). The design of HAIL was subsequently modified rendering the TUUM 4 unnecessary and the equipment was not installed. The Maritime Ranges System Program Office will assume custody of the TUUM 4s in FY 11/12 to support evolving shallow water torpedo firing trials.
- (c) There are four OE/538 Communications Antennas and their associated Mast Raising Equipment awaiting installation as part of SEA 1439 Phase 5B1. There is one Third Generation Propeller purchased by SEA 1446 currently being machined at ASC. There are four Submarine Inertial Navigation units awaiting installation in RANKIN and COLLINS during FCD, these were purchased under SEA 1439 Phase 4B.
- (d) The Project is working with eValua, ASC and Booz Pty Ltd to assist in the development of project documentation. An Invitation To Register Interest for the Modernised Submarine Communications Systems resulted in 12 successful respondents: Raytheon Australia; Rohde and Schwarz (Aust); DRS Technologies

Canada; CEA; Lockheed Martin (Aust); Qinetiq Pty Ltd (Aust); L3
Communication Corp; Boeing; Hagenuk; Thales Australia; Rafael and Selex.

- (e) The EHF system installed under SEA 1439 Phase RCE3 was a rapid acquisition for one submarine at a cost of approximately \$24m with \$5m remaining in budget. SEA 1439 Phase 5B2 is investigating SHF/EHF configuration options for a class fit but is yet to be approved.

Q21

Collins Submarines

Senator Johnston asked on Tuesday, 31 May 2011, Hansard page 20.

- (a) What is the state of our spare parts for the Collins Class?
- (b) There is a shortfall in inventory for spare parts within the FEG that deals with sonar which is difficult to remediate given that OEM are not around to provide the necessary support. How has it come to this?
- (c) Are we aware of a sonar project outlined in the 2004 DCP?
- (d) With regard to possible missing parts from the spares inventory on HMAS *Rankin* repairs: Is this true? If so, what are the circumstances?
- (e) What is the total annual cost of running the submarine fleet for sustainment, operation of and the projects that are upgrading/remediating the submarine fleet etc?

Response:

- (a)-(b) The inventory held for the Collins class is not sufficient to satisfy current and anticipated future needs of the class. Inventory for planned maintenance is satisfactory but stock required to remedy emergent and urgent defects requires significant remediation. This is predominately due to the emergence of defects not previously experienced, obsolescence of components and the slow turnaround of repairable item management.

The Defence Materiel Organisation (DMO) has adopted an incremental strategy to remediating the supply support system, including the following elements:

- Remediation of supply support data and alignment of supply support information systems;
- Critical spares purchases driven by system failure history and obsolescence;
- Software modelling of operational and sustainment utilisation to determine, refine and validate the optimal mix of inventory holdings;
- Rationalisation of supply chains; and
- Strengthening industry capability and capacity through more effective engagement and contracting.

Thales is the Original Equipment Manufacturer (OEM) for the Scylla Sonar system, is currently under contract for sonar logistics support with Defence and will shortly be conducting a full inventory muster of all Scylla sonar spares. The OEM for one test set to support a component of the Scylla sonar no longer exists but this is not considered to be a significant risk to the sonar capability.

Thales will continue to support the Scylla sonar for many years to come.

- (c) Yes. Sea 1439 Phase 6 (Collins Sonar Replacement) was in the 2004 Defence Capability Plan (DCP) with a Year of Decision (YOD) band of FY 2009/10 to 2011/12.

The replacement sonar capability was included within the scope of the replacement combat system for the Collins Class Submarine (CCSM) under Project SEA 1439 Phase 4A. In 2002 Government approved only the tactical and weapon control component of the scope and included, as an interim measure, the extension of the Combat System Augmentation aspects of sonar across all submarines. As a consequence of this decision, SEA 1439 Phase 6 was established within the DCP to address the longer term upgrade to the sonar component of the CCSM Combat System. The project schedule was then further refined within the priorities of DCP 09 with a YOD of FY 2011-12 to 2012-13.

- (d) ASC has advised that there are no known issues with material supply for HMAS RANKIN. ASC are the prime supplier of material for the Full Cycle Docking (FCD) activities and all deliveries are planned to meet the program schedule.
- (e) The costs provided in response to this question are the calculated direct costs of elements of submarine capability, across Operating, Sustainment and Approved Major Capital Investment Plan (AMCIP). There are a range of activities and services within Defence that support all capabilities. The quantifiable costs of such support that can be attributed to maintaining the submarine capability have been included in the figures.

The costs of indirect activities and services (e.g. new entry training, joint logistics management, senior command and management) that underpin all Defence capabilities are not included.

The total annual cost of sustainment varies year by year, dependent on the maintenance cycle and work undertaken in accordance with the Materiel Sustainment Agreement.

Submarines, like special forces and other key Defence capabilities, are strategic in nature and it is inappropriate to provide the extent of cost breakdowns sought in the public domain. Consequently, in this response to questions (e), Defence has focused only on a total sustainment, operating, AMCIP and Minor project costs for the period from 10/11 to 2019/20.

A private classified briefing on the breakdown of costs can be provided on request.

Table 1. Total Operating, Sustainment, AMCIP & Minor Costs FYs 2010-2011 to 2019-2020

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	After
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Operating, Sustainment, AMCIP & Minors	629.3	684.13	656.97	616.29	591.25	573.63	621.08	643.01	671.83	704.69	829.38

Unapproved Projects:

The planned in-year expenditure on unapproved projects over the decade is classified; however, the following information from the public Defence Capability Plan is provided:

SEA 1354 Ph 1 Submarine Escape, Rescue, and Abandonment System – Acquisition cost of \$100m - \$300m. Planned First Pass approval is FY 2011-12 to FY 2012-13. Planned Year of Decision is FY 2012-13 to FY 2014-15.

SEA 1439 Phase 3.1 Collins Obsolescence Management – Acquisition cost of less than \$100m. Planned First Pass approval is FY 2011-12 to FY 2012-13. Planned Year of Decision is FY 2011-12 to FY 2012-13.

SEA 1439 Phase 5B2 Collins Continuous Improvement Program – Acquisition Cost of \$300m - \$500m. First pass approval has been achieved. Planned Year of Decision is FY 2011-12 to FY 2013-14.

SEA 1439 Phase 6 Collins Sonar Replacement – Acquisition Cost of \$500m – \$1b. Planned First Pass approval is FY 2011-12. Planned Year of Decision is FY 2011-12 to FY 2013-14.

Q22

Mine Hunter Vessels

Senator Johnston asked on Tuesday, 31 May 2011, Hansard page 36.

How many of the four Mine Hunters that are online are fully operational in terms of having all capabilities on board ready for use, including mine disposal vehicles?

Response:

The four operational Mine Hunter Coastals (MHCs) (HMA Ships *Huon*, *Gascoyne*, *Diamantina* and *Yarra*) currently meet all directed levels of operational capability requirements of the CDF. HMA Ships *Diamantina* and *Yarra* are without their Chief Petty Officer Clearance Diver due to manning requirements of Operation SLIPPER, however, these positions can be filled at short notice within the directed timeframes should the need arise. Mine Disposal Vehicles are fitted to *Huon*, *Diamantina* and *Yarra* and are in the process of being re-installed in *Gascoyne*. All four MHCs are fitted with fully functional sonars and are capable of conducting both influence and mechanical minesweeping. The Mine Counter Measures capability employs two diving sets, the 'Shadow Excursion' for very shallow water and the 'A5800' dive set for shallow water. Both dive sets are available for operational use.

Q23

Aurora Australis Charter

Senator Macdonald asked on Tuesday, 31 May 2011, Hansard page 39.

What is the arrangement with the Australian Antarctic Division for the charter of the Aurora Australis?

Response:

There is no arrangement between the Australian Antarctic Division (AAD) and Defence for the charter of MV *Aurora Australis*. *Aurora Australis* is owned and operated by P&O Maritime Services. For their operations AAD charter the vessel from P&O and, like AAD, Defence has chartered the vessel from P&O Maritime Services to provide a sea-lift capability during HMAS *Tobruk*'s current maintenance period.

Q24

Collins Submarines

Senator Johnston asked on Tuesday, 31 May 2011, Hansard page 39.

“Before lunch we were discussing the total annual cost of submarines to the Commonwealth. It was put to me that the total cost in 2009-10 for submarine capability was \$363 million. That was in answer to question No. 103. I have some documents here that I will give to you. The first page is Defence outcomes and outputs 2005-06. You will see at 2.4 a photocopy of a fluorescently marked document on page 90 of the budget papers of that year with the figures of \$779,765,000. In 2006-07 the figure for submarines is \$724,138,000. In 2007-08 the figure for the estimates was \$815,756,000. Over the page is the first time—that is, 2008-09—we broke it up. You can see table 1.6.5, output 1.2.6, capability for submarine operations, \$477,655,000. On table 2.5.8 there is sustainment, \$296—a total of \$773. I maintain that the cost of submarines to the Commonwealth is somewhere between \$800 and \$900 million. Is anyone going to take me on about that?” CFO agreed on page 42 to provide a breakdown of costs.

Response:

The cost stated in the question of \$800 to \$900 million per financial year for submarines is not agreed for the reasons below.

For Defence Portfolio Budget Statements covering Financial Years 2005-06 to 2007-08 all indirect costs incurred by the support areas of Defence were attributed to the six Defence Outcomes and their Outputs.

During that period the following costs were reported for Navy Outcome 2 – Navy Capability for the Defence of Australia and its Interest - Output 2.4 Capability for Submarine Operations:

Cost	Financial Year	Cost \$m	Reference
Defence Attributed Cost	2005-06	779.765	PBS2005-06 Table 4a - Page 90
	2006-07	724.138	PBS2006-07 Table 5.2.2 - Page 133
	2007-08	815.756	PBS2007-08 Table 5.2.2 - Page 151

In FY2008-09 Defence transitioned to a new outcome and output structure that better reflected the Government’s Defence Policy objectives. Indirect support costs incurred by Defence ceased to be attributed to Navy.

In FY2008-09 Navy cost summary for Output 1.2.6 – Capability for Submarine Operations was:

Cost	Financial Year	Cost \$m	Reference
Navy Attributed Cost	2008-09	477.655	PBS2008-09 Table 1.6.5 - Page 81
	includes DMO sustainment costs of \$296m (PBS2008-09 Table 2.5.8 - Page 191)		

Navy cost summary of \$477.655m includes sustainment costs of \$296m for the Collins Class submarines as reported separately in the PBS 2008-09 at Part Two Defence Materiel Organisation Table 2.5.8 – DMO top 20 sustainment products. The two amounts should not be added together.

Q25

LAND 121

Senator Humphries asked on Tuesday, 31 May 2011, Hansard page 46

- (a) What is the cost cap for LAND 121 in relation to the medium-heavy component?
- (b) How much more expensive is a protected vehicle from an ordinary variant?

Response:

- (a) The Medium Heavy component of Project LAND 121 is being addressed under Phase 3 of the project. The total budget for the Medium Heavy is a commercially sensitive matter and will remain so until a down-selection decision has been made by Government, negotiations have been completed and a contract has been signed. The budget for Phase 3 is Acquisition Category 1 (Very High) >\$1500m, as stated in the 2009 Defence Capability Plan.
- (b) The price differential between protected and unprotected vehicles varies greatly between the different vehicle types being acquired. As pricing is commercially sensitive, exact figures cannot be provided, however protected vehicles can cost up to four times the price of unprotected vehicles depending on the manufacturer and the vehicle types being acquired.

Q26

AIR 5402- Air to Air Refuelling Capability

Senator Humphries asked on Tuesday, 31 May 2011, Hansard page 48.

When is the fifth aircraft due to be delivered?

Response:

The fifth aircraft under AIR 5402 is scheduled to be delivered by September 2012.

Q27

Security on Parliamentarians Mobile Phones

Senator Humphries asked on Tuesday, 31 May 2011, Hansard page 54.

Why has DSD set the security on Member and Parliamentarians mobile phones such that passwords must be re-entered every 15 minutes?

Response:

As the information security authority for the Australian Government, the Defence Signals Directorate (DSD) provides advice and assistance on information security to all Commonwealth agencies to help improve their information security.

The Information Security Manual

The Information Security Manual is published by DSD to assist agencies to protect their information and systems against cyber exploitation. The manual provides high level policy and detailed technical guidance. The manual is complemented by specific pieces of advice addressing particular devices such as the Blackberry. The Blackberry hardening guide is an example of this type of specific advice.

Policy controls outlined in the Manual that are prefaced by either a 'must' or a 'should' are mandatory. However, agency heads may choose to not comply with policy controls in cases where there are valid reasons to vary from a control. In the case of policy controls prefaced by 'should', the agency's accreditation authority (usually the Chief Information Security Officer or Security Executive) can make the decision not to comply. In the case of policy controls prefaced by 'must', the decision can be made by the agency head.

Lockout times

On page 190 of the Manual, DSD states that agencies should implement a lockout time of no more than 15 minutes for inactive use of ICT devices, including smartphones that are connected to UNCLASSIFIED systems. This means that these devices should lock after a maximum of 15 minutes of inactivity. Again, an agency can make the decision not to comply, but this decision should be made after consideration of the risk.

Blackberry devices

The above advice also applies to Blackberry devices when connected to UNCLASSIFIED systems. The Blackberry is a portable device that is vulnerable to loss or theft, and Government-issued Blackberry devices are likely to carry sensitive information. The DSD advice that Blackberry connected to an UNCLASSIFIED system should lock after 15 minutes of inactivity is designed to limit the amount of information that could be accessed if the device was lost or stolen.

Blackberries are also currently the only smartphone accredited to carry RESTRICTED/PROTECTED information. DSD stipulates in the Blackberry Hardening Guide that agencies must implement a mandatory lockout time of 5 minutes of inactivity for Blackberry devices carrying RESTRICTED/PROTECTED

information. This is designed to further limit the amount of material that could be accessed if the device was lost or stolen.

In either case, the Blackberry can be configured so that the keypad will allow the use to make telephone calls even if the screen is locked.

Q28

Navy Centenary Events and Commemorations

Senator Johnston asked on Tuesday, 31 May 2011, Hansard page 58.

What is the budget for 'Project 100' Navy Centenary Events and Commemorations?

Response:

A series of Navy Centenary Events and Commemorations are being held between the period 2011 to 2013. This will include both service and community based events, with a number of commemorative services also included during this period. The major commemorative activity will be the International Fleet Review (IFR) to be conducted between 4 and 11 October 2013. The IFR will commemorate 100 years of service since the first Royal Australian Navy fleet entry into Sydney Harbour.

The budget for Navy's centenary commemorations is as follows:

- Financial Year 2010-2011: \$0.17 million
- Financial Year 2011-2012: \$0.22 million
- Financial Year 2012-2013: \$0.30 million
- Financial Year 2013-2014: \$3 million

The figure for 2013-2014 is significantly larger due to the International Fleet Review being held during that period.

Q29

Social Media Use Policy

Senator Kroger asked on Tuesday, 31 May 2011, Hansard page 66.

What policy do we have on the increased use of internet/social media, especially Skype and Facebook on Defence systems?

Response:

Access to social networking sites such as Facebook is blocked on the RESTRICTED networks. Messaging tools such as Skype are also not allowed.

Access to such sites is available via unclassified computers and networks as part of the *Amenities Internet Access* program provided to deployed forces.

Defence's social media policies and practices will be considered as part of the external review being conducted by Rob Hudson and Tip Gloria from George Patterson Y & R.

Q30

Cluster Munitions

Senator Ludlam asked on Tuesday, 31 May 2011, Hansard pages 68 and 69.

- (a) Are there any instances of the ADF disposing or defeating any cluster munitions in the last ten years?
- (b) Is it the understanding of Defence that the US deployed cluster munitions into Iraq?
- (c) Was Defence aware at the time?
- (d) Did Defence subsequently become aware? If so, when?
- (e) What was the nature of the Australian Air Support during the Iraq conflict, eg. Allegedly deployed cluster munitions?
- (f) Does the US bring cluster munitions to Australia, eg. On ship visits, exercises etc?

Response:

(a) Yes. Australian Explosive Ordnance Disposal personnel have undertaken a large amount of battlefield clearance in Iraq since 2003, which includes the disposal of cluster munitions using the skills they developed in training and identification of these munitions.

(b-d) In 2003, Defence was aware that the US and other coalition partners had cluster munitions and that it was possible these would be used during combat operations in Iraq. While the use of munitions by Australia's coalition partners was subject to general international humanitarian law considerations, the use of cluster munitions was not prohibited at that time.

(e) The Australian Defence Force provided a range of air capability during Operation FALCONER. This included F/A-18 Hornet aircraft in the air combat patrol and strike missions, AP-3C Orions conducting maritime patrol and surveillance, C-130 Hercules conducting intra-theatre air lift and B707 conducting strategic lift.

Australia does not possess operational stocks of cluster munitions and Australian F/A-18 aircraft did not use cluster munitions in Iraq.

(f) Some US ships transiting through Australian territory may carry cluster munitions on board. However, the US will not be permitted to use cluster munitions on Australian territory.

Q31

Exercise Talisman Sabre

Senator Macdonald asked on Tuesday, 31 May 2011, Hansard page 72.

- (a) Has it come to the attention of Defence that a “peace activist”, Bryan Law, has threatened to disrupt Talisman Sabre including threats to sabotage aircraft?
- (b) What is Defence proposing to do in order to deal with protesters/Mr Law at Rockhampton during Exercise Talisman Sabre?
- (c) Is Defence proposing to use the wharf at Rockhampton during Exercise Talisman Sabre?
- (d) What does Defence want to do with the wharf and what works would need to be done in order to do that?

Response:

- (a) Defence is aware of the threats made by protestors, including Mr Law, who has made threats against the US helicopters that are to be based out of Rockhampton airport.
- (b) Appropriate Force Protection measures for all Australian Defence Force personnel and equipment have been factored into the exercise by Talisman Sabre ‘11 planners. Defence has a robust working relationship with the Queensland Police to ensure that Talisman Sabre ‘11 can be conducted with minimal disruption from Issue Motivated Groups and to ensure the safety of the public during the conduct of the exercise.
- (c) Defence does not intend utilising the Rockhampton wharf during the conduct of Talisman Sabre ‘11.
- (d) Defence will utilise the wharf at Port Alma for ammunition and Gladstone for general stores.

Q32

Honours and Awards

Senator Macdonald asked on Tuesday, 31 May 2011, Hansard page 73.

- (a) What steps have been taken to find the families of the 20 servicemen that have been identified to receive the Commendation of Gallantry for their efforts in escaping from Japanese forces in WWII? What further steps could be taken?
- (b) How many personnel from Tobruk and Jervis Bay that deployed to Somalia (1992-1995) have had their service award upgraded to AASM with Somalia Clasp?
- (c) Is it the role of the Department to contact these people? Has that been done? If not, why not? If so, what steps have been taken?

Response

- a) On 6 March 2011, the Parliamentary Secretary for Defence, the Hon Senator David Feeney, issued a media release announcing the Government's acceptance of the recommendations of the Defence Honours and Awards Appeals Tribunal. This media release resulted in articles appearing in many newspapers around Australia. The names of the 20 servicemen were provided and the family member in possession of the medals, or eligible next-of-kin, was invited to come forward and claim the Commendation for Gallantry. Since that time, six successful claims have been made for the Commendation for Gallantry. Defence intends information on the Defence Honours and Awards (DH&A) website and other relevant Government agency websites, including Veterans' Affairs, will also be placed in the Service newspapers and the DH&A Newsletter, next due for release in November 2011.
- b) The Directorate of Honours and Awards has received 43 applications from members who served in HMAS *Jervis Bay* and 15 applications from members who served in HMAS *Tobruk* since the revised Instrument of Declaration and Determination for the award of the Australian Active Service Medal with Clasp 'SOMALIA' was promulgated in Commonwealth of Australia Gazette No. S 86 on 20 May 2011. As at 9 June 2011, none of these have been issued. These applications will be processed in order of receipt in accordance with Defence's normal processes.
- c) On 18 April 2011, a Defence media release was issued announcing the Government's acceptance of the recommendations of the Defence Honours and Awards Appeals Tribunal. Other media communications will be used to encourage entitled persons to apply, including the DH&A website, Service newspapers, and distribution of the DH&A Newsletter through external distribution lists.

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q33

Sydney Harbour

Senator Macdonald asked on Tuesday, 31 May 2011, Hansard page 74.

- (a) What is there at Sydney Harbour presently that makes it the best place to base the new ships?
- (b) What are the difficulties with basing in Sydney Harbour?

Response:

(a) The Royal Australian Navy (RAN) presence and its supporting infrastructure in Sydney Harbour has evolved over many years to ensure appropriate and effective support to maritime capability. The technical complexity of major naval vessels means that operational bases require access to a broad industry base (which the Sydney region has) with specialised facilities (eg. large dockyards) and a large labour force which possesses trades and skills peculiar to naval requirements. There is also a need to provide ships' crews and their families with access to a variety of housing, health, education, spouse employment, recreational and other amenities, as key elements of their employment and retention.

The Garden Island/Fleet Base East complex provides a vital range of support facilities including:

- The Captain Cook Dock, which is a strategic asset representing the largest dry dock in the southern hemisphere, capable of maintaining and repairing all ships in the RAN inventory;
- A total of 1670 metres of wharf space dedicated mostly for RAN use – this is not available in other ports;
- A wide range of workshops, stores and other facilities necessary to support planned and emergency maintenance and repair activities; and
- Established training infrastructure in the Sydney region.

These facilities together with the associated industrial support base available within the Sydney region are highly suited to support HMAS *Choules*, the Landing Helicopter Docks and the Air Warfare Destroyers. The recently announced Force Posture Review will examine the underpinning argument and rationale for Sydney basing in greater detail against the likely strategic environment.

The Sydney basin remains the centre of gravity for the RAN in virtually all facets of its east coast operations. The primary function of the Garden Island/Fleet Base East complex is to provide support and maintenance berths for the major RAN ships home-

ported in Sydney, plus berths for other visiting RAN and allied warships. This complex is supported by training and support facilities at the naval bases HMAS *Kuttabul*, *Penguin*, *Watson* and *Waterhen*. The Mine Warfare Force is located at *Waterhen* and pivotal surface warfare and mine warfare training roles are centralised at *Watson* and *Waterhen*, respectively, in close proximity to the capability they support. At nearby Nowra, the RAN's aviation force with associated logistic and training support facilities is located at HMAS *Albatross*.

The Chowder Bay Fuel Installation in Sydney is the main naval fuel storage and supply facility on the east coast for RAN ships based in or visiting Sydney. The Defence-owned Twofold Bay Multi-purpose Wharf and Naval Ammunition Facility at Eden provides ready use storage of explosives in support of the RAN's east coast based and deployed units.

Lastly, the East Australia Exercise Area (EAXA) is located offshore in the vicinity of Jervis Bay, a relatively short and economic transit from Sydney. This provides the RAN's major training area on the east coast, with structured operational training in surface warfare, submarine and anti-submarine activities, ship manoeuvres, gunnery and missile firing from ships and aircraft, and fixed and rotary wing flying activities. The proximity of the EAXA to RAAF Williamtown, *Albatross* and Sydney Airport ensures good access for aviation support by fixed wing tactical transport aircraft, fast jets and helicopters. The convenience of *Albatross* to the EAXA reduces transit times and enhances maritime strike and air defence serials. The Beecroft Weapons Range at Jervis Bay is the only location on the east coast and one of only two places in Australia where ships can conduct firing exercises at various shore targets and is also used for small arms practice and air-to-surface firings.

(b) The challenges for the RAN in basing a large proportion of the Fleet in Sydney Harbour are primarily determined by the limited growth potential of the Garden Island facility. Other limitations associated with proximity to residential areas, plus environmental and heritage considerations, continue to be successfully managed in close consultation with state and local government and community agencies.

Availability of berth space at Garden Island is currently limited at peak periods when most Sydney-based ships are alongside (particularly in the December-January timeframe) and will be further constrained when larger new RAN ships enter service from 2014. However, these constraints are manageable and the advantages of basing in Sydney Harbour, which provides sheltered berths with ready access to the sea and nearby exercise areas, plus adjacent bases providing necessary shore training and support functions, far exceed the challenges. There are ongoing pressures for the use of Garden Island for passenger liners/cruise ships. A recently announced independent review of this issue is due to commence shortly.

Q34

Defence Heritage Sites and Use of Facilities to House Irregular Maritime Arrivals

Senator Abetz asked on Tuesday, 31 May 2011, Hansard page 75.

- (a) Is it the intent to keep the land around Fort Direction as well as the historic buildings? If so, how much of it?
- (b) What is the future/intent for Paterson St Barracks in Launceston?
- (c) When was Defence contacted by DIAC about the use of Pontville for detainees?
- (d) What arrangements does Defence have for cadets at Pontville?
- (e) How much is the cost of relocating the cadets from Pontville? And where are they going?
- (f) How long would the cadets be relocated for? What is the cost?
- (g) What is the period of time that DIAC has agreed to take over responsibility for Pontville?
- (h) Did Defence indicate anything to the PWC about any heritage issues with Pontville?
- (i) Have we checked the flooring etc for any asbestos in Pontville?

Responses

- (a) Current Defence planning is to retain all of the 105.21ha Fort Direction property.
- (b) Current Defence planning is to retain Paterson Barracks.
- (c) Defence advised the Department of Immigration and Citizenship (DIAC) that Pontville potentially suited DIAC requirements on or about the 24 March 2011. DIAC advised Defence informally on 26 March that Pontville would be appropriate pending Government approval. On 5 April 2011, the Minister for Immigration and Citizenship announced the Government decision on the use of Pontville.
- (d) Defence has undertaken a lease for a suitable property at Cove Hill Road, Bridgewater, for use by the cadet unit that paraded at the Pontville site. The cadet unit has been using the Bridgewater site, approximately seven kilometres from Pontville, since 13 April 2011.
- (e) The cost of relocating the cadet unit to the leased facility was approximately \$7,000.
- (f) The cadets will remain at the Bridgewater site while DIAC occupies the Pontville site. A lease for one year plus a further two one-year options has been executed and will be terminated when Defence no longer requires the site. The rental cost for the Bridgewater site is \$81,818 per annum.
- (g) DIAC has sought the use of the Pontville site for a six-month period. DIAC expects to commence operations in late June and has requested use of Pontville to the end of December 2011.
- (h) Defence did not participate in the PWC hearing.

(i) Defence has completed an asbestos audit of the Pontville site as a part of the normal asbestos management process. All previously identified asbestos located at the site has been removed.

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q35

Cultana and Pastoralists

Senator Macdonald asked on Tuesday, 31 May 2011, Hansard page 79.

Please provide a timetable of what is to happen with the pastoralists at Cultana - who's going, where will any meetings take place etc.

Response:

The current acquisition strategy requires the agreement of four Indigenous groups to an Indigenous Land Use Agreement (ILUA) over the Cultana Expansion Area. Under this strategy, the acquisition of the pastoral leases is not expected to be completed before September 2012 (see attachment 1). The Government is now also considering an alternative acquisition strategy that is not dependent upon an ILUA, which potentially could see acquisition before this date.

The current strategy dictated that negotiations for acquiring the pastoral leases should not occur until Defence had gained agreement to an ILUA. In light of the complexity of the Indigenous negotiations, the disruption to the training needs of the Army, and the pastoralists' mounting frustration, Defence sought the agreement of the Department of Finance and Deregulation to commence negotiations with the pastoralists. Defence was advised in late March this year that it was now able to proceed with negotiations in parallel with the ILUA negotiations. Defence immediately telephoned each of the pastoral leaseholders to advise them that it could now commence the process, and that the first step would be for Defence to formally engage its valuer and then write to the pastoralists' legal representatives.

Defence acquires land under the *Lands Acquisition Act 1989* which sets out the general acquisition process. With the pastoralists' agreement, Defence would acquire the leases under section 41 of the Act being a compulsory acquisition process. Under such a process, leaseholders would be entitled to a range of compensation elements, or Heads of Compensation, in addition to the market value of their properties. Due to the nature of the compensation, the process of valuation is necessarily more complex than that for a simple land value transaction. With assistance from the Australian Government Solicitor (AGS) Defence reviewed previous correspondence with the pastoralists in relation to valuation of the pastoral leases and Heads of Compensation, before briefing its valuer and subsequently engaging him. Once the valuer had reviewed the AGS brief, he advised Defence of the additional information that would be required from the pastoralists to enable an appropriate valuation to be made. During this period of review, AGS contacted the pastoralists' lawyers to advise them

of the activities being undertaken by Defence to ensure that direct negotiations could occur as soon as possible. On 25 May 2011, AGS wrote formally to the pastoralists' lawyers requesting the additional information and seeking their permission for Defence's valuer to contact the pastoralists directly.

Obtaining current valuations is a critical step in the process of land acquisition negotiations. Without a valuation of the properties, there would be almost no basis on which Defence and the pastoralists could negotiate. Defence has also invited the pastoralists to seek their own valuations, if they choose to do so, at Commonwealth expense. The timing of valuations is now largely dependent upon the pastoralists providing the requested information and upon their permission and availability to allow the valuer to access their properties. Defence has instructed its valuer to undertake his valuations as a matter of urgency once he receives permission to do so.

Once Defence, and possibly the pastoralists, have obtained valuations, direct negotiations can commence. Defence intends to negotiate directly with the pastoralists in Port Augusta, South Australia, unless the pastoralists specifically request that they would prefer negotiations to occur with their legal representatives. The number of meetings to be held is dependent upon the progress of negotiations, but Defence anticipates that at least three formal meetings will be required. Negotiations for Defence would be led by the director responsible for Defence land acquisitions who is intimately involved in this project and very aware of the frustration being experienced by the pastoralists. Based on Defence's indicative timeline, Defence hopes to finalise negotiations before the end of 2011.

Defence wants to assure the pastoralists that the negotiation process, including the preliminary activity necessary to it, has commenced. In this context, Defence wrote to the pastoralists on 7 June inviting them to meet with the Head of Infrastructure Division, Mr John Owens on 29 June 2011 in Port Augusta. The meeting will provide an opportunity for the pastoralists to confirm the process and raise any queries they may have prior to the commencement of valuations.

ATTACHMENT 1

**EXPANSION OF CULTANA TRAINING AREA
STEPS TO ACQUISITION OF PASTORAL LEASES UNDER
EXISTING STRATEGY**

Serial	Activity or Milestone	Indicative Timeline¹
1.	Valuations for the pastoral leases obtained	Jul 11
2.	Defence commences substantive negotiations with pastoralists	Jul 11
3.	Defence and pastoralists agree on offer; agreement executed once final approval from Department of Finance and Deregulation (Finance) is received	Nov 11
4.	Finance issues Pre-acquisition Declaration under the <i>Lands Acquisition Act 1989</i> for acquisition of pastoral leases	Dec 11
5.	Finance delegate makes acquisition declaration thereby acquiring the pastoral leases	Sep 12 ²

1. Timeline is indicative only as timings are dependent on others external to Defence, including pastoralists,

2. The statutory period for the Pre-acquisition Declaration is effectively two consecutive periods of 28 days each. If the declaration is not challenged, the Pre-acquisition Declaration could be made absolute and the acquisition finalised at the end of this period. Under the existing strategy, the acquisition will be completed once native title has been addressed. The September 2012 date reflects the likely date by which the Indigenous Land Use Agreement will be registered.

Q36

RAAF Base Scherger

Senator Macdonald asked on Tuesday, 31 May 2011, Hansard page 80.

In relation to the \$252,000 phone bill recently reported in the media from the telephone facility at RAAF Base Scherger:

- (a) Was anyone in Defence aware that there was use of your facilities to that extent?
- (b) What was the facility? Was it a satellite phone, phone box, internet connection etc?

Response:

In relation to the \$252,000 phone bill recently reported in the media from the telephone facility at RAAF Base Scherger:

- (a) Department of Immigration and Citizenship (DIAC) is a tenant at RAAF Base Scherger and has agreed to reimburse the Department of Defence for the cost of telephone calls. Defence became aware of the \$252,000 phone bill when the first monthly invoice was issued to DIAC. At DIAC's request the connection from RAAF Scherger to the public telephone network was via the Cairns exchange which incurred long distance call charges. This has been changed to access the public telephone network via the Weipa exchange which does not incur long distance call charges.
- (b) The calls were made through the Defence owned, RAAF Base Scherger PABX telephone system, into the Public Switched Telephone Network.

Q37

APS Staffing

Senator Johnston provided in writing.

- (a) How many permanent staff have been recruited this financial year to date?
- (b) What classification are these staff?
- (c) How many temporary positions exist or have been created this financial year to date?
- (d) This financial year to date, how many employees have been employed on contract and what is the average length of their employment period?

Response

- (a) and (b)

Classification	Number Hired
APS 1	34
APS 2	317
APS 3	217
APS 4	290
APS 5	398
APS 6	514
EL 1	300
EL 2	94
SES 1	1
SES 2	1
Grand Total	2166

- (c) There are currently 265 temporary APS positions (averaged over FY).

- (d) Defence's corporate HR system defines employees employed on contract as non-going employees employed under the Public Service Act 1999.

For this Financial Year to 16 June 2011 there were 639 employees who were employed on contract. The average length of their employment period was 30 weeks.

Q38

Action Area: PSPG

Staffing - Efficiency Dividend/Budget Cuts

Senator Johnston provided in writing.

- (a) Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts?
- (b) If so, where and at what classification?
- (c) Are there any plans for staff reduction? If so, please advise details ie. reduction target, how this will be achieved, services/programs to be cut etc.
- (d) What changes are underway or planned for graduate recruitment, cadetships or similar programs? If reductions are envisaged please explain including reasons, target numbers etc.

Response:

(a), (b) and (c). As announced by the Minister on 6 May 11, Defence will undertake further externally-led reform and rationalisation of shared services. This means Defence will forgo planned growth to its workforce of -631 in 2011-12, -832 in 2012-13 and -1000 from 2013-14 onwards.

The intent is to realise workforce reductions in corporate overhead functions in a way that does not reduce standards of service in support of operations or capability development. The detailed analysis work on how the reform will be made is currently underway.

It is not possible at the moment to provide details of classifications or locations.

Over the same period, there will still be growth in Defence of +976 Australian Public Servants. Key reasons for this are:

- under the Strategic Reform Program, the conversion of more expensive contractors (+158) and the civilianisation of more expensive military positions (+519) to Australian Public Servants;
- implementation of Force 2030 capability initiatives (+732);
- hardened and Networked Army (+30); and
- election commitments (+21).

In parallel, there will be reductions of -484 from measures such as the introduction of a first phase of a Shared Services reform in Defence, and improvements in sustainment and logistics.

(d) Defence graduate and cadet recruitment is under regular review and minor changes occur as required. There is no reduction planned for graduate or cadet recruitment.

Q39**Government Advertising/Communications Programs**

Senator Johnston provided in writing:

(a) What communications programs has the Department/Agency undertaken, or are planning to undertake?

(b) For each program, what is the total spend?

Response:

(a) and (b) For the period 2007-08 to 2010-11, the following Government Advertising / Communications Programs have been or are currently being undertaken by Defence or contributed to by Defence.

No.	(a) Government Advertising / Communication Programs	(b) Cost					Total
		2007-08	2008-09	2009-10	2010-11	2011-12 Planned Estimate	
DSTO	Land Warfare Conference DSTO display	\$48,053	\$47,856		\$61,100		\$157,009
DSTO	Australian International Airshow DSTO display		\$62,219		\$47,229		\$109,448
DSTO	Defence & Industry Conference DSTO display	\$31,818					\$31,818
DSTO	Defence & Industry Conference DSTO display/floor space rental		\$49,000		\$9,500	\$60,000	\$118,500
DSTO	Science meets Parliament (sponsorship)	\$5,000	\$5,000	\$6,000	\$5,000		\$21,000
DSTO	Pacific 2008 DSTO display	\$131,000		\$68,375		\$75,000	\$274,375
DSTO	CeBIT /AusInnovate DSTO display	\$32,530					\$32,530
DSTO	Science Alive Adelaide event DSTO display	\$15,753					\$15,753
DSTO	Science Week Canberra DSTO display	\$20,148					\$20,148
DSTO	Edinburgh RAAF Open Day	\$8,115					\$8,115

No.	(a) Government Advertising / Communication Programs	(b) Cost					Total
		2007-08	2008-09	2009-10	2010-11	2011-12 Planned Estimate	
DSTO	DSTO centenary event and Achievement award presentation	\$34,999					\$34,999
DSTO	100 years of Defence Science book project	\$85,583					\$85,583
DSTO	Industry Day (Melbourne)		\$29,494				\$29,494
DSTO	Oceans 10 DSTO display			\$15,335			\$15,335
DSTO	Eureka Prize for outstanding science supporting defence (sponsorship)	\$28,000	\$28,000	\$28,000	\$35,000		\$119,000
DSTO	2011 Aerospace Congress				\$16,500		\$16,500
DSTO	Graduate Recruitment Advertising	\$22,420	\$25,681	\$38,228	\$37,109	\$26,000	\$149,439
DMO	Defence and Industry Conference (June 2011)				\$45,000		\$45,000
Army	Recruitment brochures, books and banners		\$4,806	\$12,139			\$16,945
Army	Wounded Diggers Website			\$29,568			\$29,568
Army	Army Facebook Advertising			\$150	\$1,220		\$1,170
Army	Australian Women's Forum Website			\$135,423			\$135,423
Army	Boomerang Initiative Website			\$114,702			\$114,702
Army	Army Women's Forum				\$22,807		\$22,807
I & S	Geospatial Intelligence Conference		\$8,427	\$4,500	\$7,943		\$20,870
I & S	Spatial Industry Day (in conjunction with Victorian and NSW Governments)				\$6,872		\$6,872
I & S	Defence				\$2,945		\$2,945

No.	(a) Government Advertising / Communication Programs	(b) Cost					
		2007-08	2008-09	2009-10	2010-11	2011-12 Planned Estimate	Total
	Geospatial Strategy						
I & S	GeoPortal Promotion Program				\$33,434		\$33,434
I & S	Cyber Security Operations Centre Recruitment Program				\$75,000		\$75,000
I & S	Graduate Recruitment Campaigns (DSD and DIGO)			\$397,816	\$306,390		
VCDF	Reserve and Employer Support Advertising Campaign				\$678,798		\$678,798
VCDF	ADF Family Healthcare Trial		\$9,085	\$1,089	\$1,189		\$11,363
VCDF	Safe Driving DVD				\$22,825		\$22,825
VCDF	Post Traumatic Stress Disorder				\$79,183		\$79,183
CIOG	Military Communications and Information Systems (MilCIS) Conference (external)	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$95,000
CIOG	Defence + Industry Conference and Trade Exhibition (external)	\$35,000		\$35,000	\$45,000		\$115,000
CIOG	Defence Service Centre – Mitchell Opening (external)					\$1,577	\$1,577
CIOG	Young ICT Professionals Conference (YITCon) (external)					\$19,500	\$19,500
CIOG	Career Fairs in support of the Defence Graduate Development		\$3,000	\$26,490			\$29,490

No.	(a) Government Advertising / Communication Programs	(b) Cost					Total
		2007-08	2008-09	2009-10	2010-11	2011-12 Planned Estimate	
	Program Information Stream (external)						
DSG	Advertising campaign call for applications for the Australian Defence Medal in 2007	\$135,127	\$35,981				\$171,108
DSG	Defence Support Group Industry Consultation				\$1,302		\$1,302
DSG	Cultana Expansion Project			\$52,862			\$52,862
DSG	Fortuna Property Disposal Project Website (Community Consultation Programs)				\$154		\$154
DSG	Stockton Rifle Range and Fort Wallace Property Disposal Project Website (Community Consultation Programs)				\$370		\$370
DSG	Two advertisements for Public Notification of 27 Heritage Management Plans				\$18,648		\$18,648
DSG	Defence Work Experience Program			\$28,557	\$41,570	\$35,000	\$105,127
Air Force	National advertising campaign for cadets and staff	\$98,594	\$45,088	\$42,686	\$10,043		\$196,411
PSP	Ex-Service Organisation Conference				\$1,503		\$1,503
PSP	Graduate Development Program	\$15,200	\$53,204	\$23,697	\$51,060	\$45,000	\$188,161
PSP	Multicultural Recruitment			\$303,876	\$11,754		\$315,630

No.	(a) Government Advertising / Communication Programs	(b) Cost					2011-12 Planned Estimate	Total
		2007-08	2008-09	2009-10	2010-11			
PSP	Recruiting Navy - covering Navy brand and job specific advertising for Navy Officer and General Entry priority roles	\$8,800,000	\$8,506,260	\$7,920,433	\$7,048,880		\$32,275,573	
PSP	Recruiting Army - covering Army brand and job specific advertising for Army Officer and General Entry priority roles.	\$15,300,000	\$12,407,920	\$12,134,751	\$9,867,049		\$49,709,720	
PSP	Recruiting Air Force - covering Air Force brand and job specific advertising for Air Force Officer and General Entry priority roles	\$4,700,000	\$5,315,600	\$4,708,995	\$6,917,222		\$21,641,817	
PSP	Education - ADF Gap Year, ADFA, Sponsored Undergraduate positions and Professional Graduate Health and Engineering Positions	\$5,572,000	\$3,800,000	\$1,710,584	\$2,147,104		\$13,229,688	
PSP	Sporting - covering promotion of the AFL Army Award and the national and local (grassroots) level	\$5,875,000	\$5,620,000	\$500,000	\$450,000		\$12,445,000	
OSCDF	The Inspector General Australian Defence Force undertook an advertising campaign. The campaign was to advertise a new feedback			\$7,869			\$7,869	

No.	(a) Government Advertising / Communication Programs	(b) Cost					Total
		2007-08	2008-09	2009-10	2010-11	2011-12 Planned Estimate	
	mechanism which allows ADF members to provide comments on their experience with the Military Justice system						
OSCDF	Defence Export Control Office In-house Tailored Training & SPO Workshops: includes flights, accommodation and incidental allowances for DECO Outreach officers	Not available	\$10,256	\$8,218	\$9,761		\$28,235
OSCDF	Defence Export Control Office - Promotional Items				\$9,924		\$9,924
OSCDF	Defence Export Control Office - Advertising				\$20,627		\$20,627
OSCDF	Defence Export Control Office - Stakeholder Consultation Program (Defence Trade Cooperation Treaty): includes advertising, travel allowances, venue hire and catering costs				\$60,052		\$60,052

Q40

Hospitality and Entertainment

Senator Johnston provided in writing.

- (a) What is the Department's hospitality spend for financial year to date?
- (b) Please detail date, location, purpose and cost of all events.
- (c) For each Minister and Parliamentary Secretary's office, please detail the total hospitality spend for the financial year to date.
- (d) Please detail date, location, purpose and cost of each event.
- (e) What is the Department's entertainment spend for the financial year to date?
- (f) Please detail date, location, purpose and cost of all events.
- (g) For each Minister and Parliamentary Secretary's office, please detail the total entertainment spend for the financial year to date.
- (h) Please detail date, location, purpose and cost of each event.

Response:

(a) The Defence Portfolio's total expenditure on Hospitality (excluding the Minister's Office and minor Portfolio bodies), with separate analysis of representational allowances, for the period 1 July 2010 to 30 April 2011 is shown at Table 1. This information includes the Hospitality expenditure for the period 1 July 2010 to December 2010 provided in response to Senate Question on Notice 117-119 which was tabled on 22 March 2011.

Official Hospitality is the provision of hospitality to persons other than Defence personnel who are able to assist Defence in achieving its corporate objectives through advice, vocational or business interests or attendance at official ceremonies or functions.

Representational allowances assist Australian Defence Organisation (ADO) members posted on long-term duty overseas to meet the costs of official functions that engage host-country nationals. The sole purpose of providing such hospitality is to enable ADO members to conduct Australian and Defence business more efficiently and effectively.

(b) Details of each event are provided at Table 2. This table includes the number of attendees at each hospitality event. Attendee details for events paid from representational allowances are not currently available.

(c) and (d) Details of hospitality expenditure for the offices of the Minister/Parliamentary Secretary's, for the period 1 July 2010 to April 2011, are provided at Table 3. This information includes the Hospitality expenditure for the period 1 July 2010 to December 2011 provided in response to Senate Question on Notice 117-119 which was tabled on 22 March 2011.

(e), (f), (g), and (h) Defence systems show that the Portfolio and Ministers/Parliamentary Secretary's offices have not undertaken any entertainment activities.

Attachments:

Table 1: Summary of Hospitality and Representational Allowance Expenditure for the Period 1 Jul 2010 to 30 April 2011.

Table 2: Event Level Detail for Defence, DMO and DHA.

Table 3: Event Level Detail for Ministerial Hospitality.

Q41

Board Appointments

Senator Johnston provided in writing.

- (a) What is the gender ratio on each board and across the portfolio?
(b) Please detail any board appointment for the financial year to date.

Response:

(a) Within Defence, the ADF workforce consists of 13.7% women compared to the APS at 40% women. In financial year 2009-2010 the percentage of women on Australian government boards and bodies of the Defence portfolio was 23.8% as reported in the *Women on Australian Government Boards Report 2009 - 2010*.

It is important to note that historically the ADF has been a male dominated workplace and that some board appointments are position based, regardless of gender. It will take time for a more even gender balance to be achieved in the ADF and this may impact on Defence's ability to achieve the Government's 40% target by 2015.

The following is a list of Government Boards reported for the period 1 July 2009 to 30 June 2010 showing the ratio of female to male participation in each Board and for the Portfolio:

GOVERNMENT BOARDS - RATIOS FEMALE TO MALE AS AT 30 JUNE 2010

Board	Ratio		Vacant
	Female	Male	
Defence Strategic Reform Advisory Board	2	10	
Defence Audit and Risk Committee	0	5	
Royal Australian Navy Central Canteens Board	2	6	
Royal Australian Navy Relief Trust Fund	0	5	
Gate Reviews & Assurance Boards ACAT 1 Project	0	2	
Gate Reviews & Assurance Boards ACAT 2 Project	2	0	
Gate Reviews & Assurance Boards ACAT 3 Project	0	2	
Gate Reviews & Assurance Boards ACAT 4 Project	2	0	
Materiel Audit & Risk Committee	1	2	
Defence Housing Australia	2	6	1
Army Amenities Fund Company	0	6	2
Australian Military Forces Relief Trust Fund	2	4	
Australian Strategic Policy Institute	2	6	
Defence Force Retirement and Death Benefits Authority	0	5	
Army and Air Force Canteen Service Board of Management	1	5	
Military Superannuation and Benefits Board of Trustees No. 1	0	5	

Royal Australian Air Force Veterans' Residences Trust	0	:	4	
Royal Australian Air Force Welfare Recreational Company	2	:	4	
Trustees of Royal Australian Air Force Welfare Trust Fund	2	:	4	
Australian Defence College Advisory Board	1	:	5	
Army Frontline Advisory Committee	0	:	1	
Rapid Prototyping, Development and Evaluation Program Board	2	:	12	
DSTO Advisory Board	1	:	6	
Australian Defence Human Research Ethics Committee	2	:	8	
National Executive of the Defence Reserve Support Council	0	:	3	1
State Chairs of the Committee of the Defence Reserve Support Council	1	:	6	
Defence Families of Australia	12	:	0	
Ratio Across Defence	39	:	122	4
	F	:	M	Vacant

(b) The following table lists the new Board appointments within Defence. This list covers the financial year to 02 May 2011.

**GOVERNMENT BOARDS - NEW APPOINTMENTS
1 JULY 2010 TO 2 MAY 2011**

Board	NEW APPTS	
	F	M
Royal Australian Navy Central Canteens Board		2
Royal Australian Navy Relief Trust Fund	1	2
Army Amenities Fund Company	1	1
Australian Military Forces Relief Trust Fund		1
Australian Strategic Policy Institute		1
Defence Force Retirement and Death Benefits Authority		5
Army and Air Force Canteen Service Board of Management		1
Military Superannuation and Benefits Board of Trustees No. 1		1
Royal Australian Air Force Welfare Recreational Company	2	4
Trustees of Royal Australian Air Force Welfare Trust Fund	1	3
Australian Defence College Advisory Board		1
DSTO Advisory Board	1	2
State Chairs of the Committee of the Defence Reserve Support Council	1	1
Forces Entertainment Board		1
Defence Honours and Awards Tribunal	3	7
Defence Honours and Awards Appeals Tribunal	3	8
Philippines-Australia Defence Scholar's Association (PADSA)		2
Military Superannuation and Benefits Scheme		1
TOTALS	13	44

Q42

Grants

Senator Johnston provided in writing.

Has the Department complied with interim requirements relating to the publication of discretionary grants?

Response:

The interim requirements relating to the publication of discretionary grants were replaced by the Commonwealth Grant Guidelines on 1 July 2009.

Commonwealth Grant Guidelines of July 2009 requires Defence to publish details of all grants within seven days of date of effect.

Defence (excluding DMO) has complied with these requirements with the exception of:

- a. the Family Support Funding Program:
 - i. 49 low value grants that had a date of effect of 16 July 2010 and listed on 13 October 2010; and
 - ii. a further 7 low value seeding grants that had a date of effect of 21 March 2011 and listed on 23 May 2011; and
- b. a grant to Chartis Australia Insurance Limited had a date of effect of 3 May 2011 and a listed date of 23 June 2011.

The Department has experienced a delay in the publishing of these grants. Action has been taken to address the delayed reporting.

All grants provided by the Defence Materiel Organisation have been reported on the website for the particular initiative. Initially, 59 grants were published later than the required seven working days after the funding agreement for the grant was approved as time was needed to develop the reporting system and the website. All grants are now published in accordance with the requirements. The grant recipients can be found at:

Skilling Australia's Defence Industry (SADI) Program

<http://www.defence.gov.au/dmo/id/sadi/index.cfm>

Industry Skilling Program Enhancement package

http://www.defence.gov.au/dmo/id/industry_skilling/

Q43

Freedom of Information

Senator Johnston provided in writing.

For the period 1 January to 16 June 2011:

- (a) Has the Department received any advice on how to respond to FOI requests?
- (b) How many FOI requests has the Department received?
- (c) How many have been granted or denied?
- (d) How many conclusive certificates have been issued in relation to FOI requests?

Response:

- (a) No.
- (b) During the period 1 January to 16 June 2011, Defence received 177 FOI requests.
- (c) 160 FOI requests were finalised between 1 January to 16 June 2011. The following table provides a breakdown of these requests:

Section 15 requests Completed

Granted in full	Partial disclosure	Denied ¹	Refused ²	Withdrawn	Transferred	Total
42	62	5	12	39	0	160

Section 48 requests Completed

Granted in full – alter record	Granted in part – alter record	Granted – annotate record	Refused ³	Total
0	0	0	0	0

- (d) Not applicable. The power to issue conclusive certificates was repealed when the *Freedom of Information (Removal of Conclusive Certificates and Other Measures) Act 2009* came into effect on 7 October 2009.

Notes

1. Where a document is identified and exempted in full, access to the document can be **denied**, with reference to the relevant exemption provisions of the FOI Act. During the period in question, two denials related to documents to which section 47F personal privacy provisions applied, one denial related to documents to which section 47G business affairs provisions applied, one denial related to documents to which section 42 legal privilege provisions applied and one denial related to documents to which section 33 national security provisions applied.
2. Section 24A of the FOI Act provides for requests for access to documents to be **refused** if the documents cannot be found or do not exist. Access may also be

refused if the work involved in processing the request would substantially and unreasonably divert resources of an agency. For the period in question, all twelve refusals related to documents that did not exist or could not be found.

3. Section 51 of the FOI Act provides that where an agency **refused** to amend records under Section 48 then the agency must offer to annotate the record. No applicants accepted this offer.

Q44

Community Cabinets

Senator Johnston provided in writing.

- (a) What was the cost of Ministers travel and expenses for the Community Cabinet meetings held this financial year to date?
- (b) How many Ministerial staff travelled with the Minister for the Cabinet meeting? What was the total cost of this travel?
- (c) How many Departmental officers travelled with the Minister for the Cabinet meeting? What was the total cost of this travel?
- (d) What was the total cost to the Department and the Ministers office?

Response:

- (a) Minister Smith attended the Community Cabinet in Western Australia with no travel costs. Senator Chris Evans represented the Minister for Defence at the Queensland Community Cabinet. Minister Clare attended the Community Cabinet in South Australia with a total cost of \$1,676.38.
- (b) One Ministerial officer travelled to the meeting in South Australia. Two Ministerial officers attended the Community Cabinet in Western Australia. The total cost of this travel was \$3,931.47.
- (c) One Departmental officer travelled to each of the Community Cabinet meetings. The total cost of this travel was \$6,214.29.
- (d) Total cost to the Department and Minister's offices was \$11,819.14.

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q45

Reviews

Senator Johnston asked the following written questions during the Budget Estimates hearings:

- (a) How many reviews are currently being undertaken by all departments and agencies?
- (b) When will each of these reviews be concluded?
- (c) What reviews have been concluded in this financial year to date?
- (d) Which of these reviews has been provided to Government?
- (e) When will the Government be responding to the respective reviews that have been completed?
- (f) What is the estimated cost of each of these reviews?
- (g) What further reviews are planned for 2011-12?

Response:

(a-f) We refer the Committee to the Minister's responses to the following Senate Questions on Notice: 500, 501 and 502 and 776, 777 and 778.

(g) Table A details further Defence reviews planned for 2011-12.

Table A

1.	OSCDF	Further phases of the Social Media Review may follow once the interim report has been considered.
2.	OSCDF	Review of the Legislative Provisions of the WMD
3.	OSCDF	Business Process Review of the Capability Development process in 2011-12
4.	VCDF	Phase 2 of the Broderick Reviews will report in early 2012

Q46

Consultancies

Senator Johnston provided in writing:

- (a) How many consultancies have been undertaken or are underway this financial year to date? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the arrangement, and the method of procurement (ie. open tender, direct source etc). Please also include total value for all consultancies.
- (b) Does each Department stand by its current tenders on the Austenders website?
- (c) Have any changes or corrections been made for any tenders advertised on to Government Tenders website (www.tenders.gov.au) for tenders advertised this financial year? Explain. Are you up to date with reporting requirements?
- (d) How many consultancies are planned for this calendar year?
- (e) Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, cost and method of procurement as above, and the name of the consultant if known.

Response:

- (a) Each year in its annual report, Defence prepares a comprehensive listing of consulting contracts let over \$10,000 in value with details of consultant's name, description of contract, contract value, selection process and justification. The extensive process required to prepare and produce this data includes extensive quality assurance and Defence systems are structured to prepare and publish final data for each financial year in the annual report. The data for 2009-10 is available in the Defence Annual Report for that year and the data for 2010-11 will be available in late September.
- (b) The majority of consulting procurement selection activities are not individually reported on AusTender as they utilize multi year Standing Offers that are separately reported on AusTender. However once a consulting firm has been selected for a task, the contract details are individually sent to and reported on AusTender.
- (c) Due to commercial and operational drivers, changes can occur during the life of a contract. Defence systems are structured to maintain an ongoing feed of these amendments into AusTender and quality assurance processes maintain the integrity of the data. These activities ensure that Defence is up to date with its reporting requirements.
- (d) Defence's planning processes are based on financial year. Planning data for calendar year is therefore generally not available, as most contracts are a response to operational and business exigencies.
- (e) The Defence procurement plan published on AusTender will provide details of known forward consulting contracts with a value greater than \$1 million. Lower value contracts and contracts whose details are not known at the time of publishing the procurement plan will not be shown on AusTender. The consultant's name,

duration, costs, method of procurement is not known when financial plans are collated. For each contract, these details become available during the procurement process.

Q47

Media Monitoring

Senator Johnston provided in writing.

(a) What was the total cost of media monitoring services, including press clippings, electronic media transcripts etc, provided to the Minister's office for the financial year to date? (b) Which agency or agencies provided these services? (c) What was the total cost of media monitoring services, including press clippings, electronic media transcripts etc, provided to the Department and its agencies in the financial year to date? (d) Which agency or agencies provided these services?

Response:

(a) \$36,784

(b) Media Monitors

(c), (d) The total cost of media monitoring, provided by Media Monitors, for the Department of Defence is \$950,595. The total cost of media monitoring, provided by AAP, for Defence Housing Australia is \$33,795.

Q48

Social Media

Senator Johnston provided in writing.

Has there been any changes to the Departments social media or protocols about staff access and usage of Youtube; online social media, such as Facebook, MySpace and Twitter; and access to online discussion forums and blogs since October 2010? Please explain.

Response:

There have been no changes to the Department of Defence's policy on access to or the use of social media by staff since October 2010.

Defence is currently undergoing a "Review of Social Media in Defence", part of a suite of reviews announced by Minister for Defence Stephen Smith on 11 April 2011.

This review will look at Defence's obligations in using social media in such activities as recruitment and retention of staff; identify possible risks of using social media within this context and recommend ways to mitigate these risks; and also identify ways social media might be used as part of Defence's communication strategies. The full terms of reference for this review are available from <http://www.defence.gov.au/culturalreviews/index.htm>.

Current Defence policy on social media is encompassed within the same instructions that govern public comment and the dissemination of official information by Defence personnel.

The Navy, Army and Air Force provide further guidance to their members, and ADF members who deploy on operations are provided guidance on the responsible use of social media.

Q49

Contractors

Senator Johnston provided in writing.

- (a) Has the Department ever employed Hawker Britton in any capacity or is it considering employing Hawker Britton? If yes, provide details.
- (b) Has the Department ever employed Shannon's Way in any capacity or is it considering employing Shannon's Way? If yes, provide details.
- (c) Has the Department ever employed John Utting & UMR Research Group in any capacity or is it considering employing John Utting & UMR Research Group? If yes, provide details.
- (d) Has the Department ever employed McCann-Erickson in any capacity or is it considering employing McCann-Erickson? If yes, provide details.
- (e) Has the Department ever employed Cutting Edge in any capacity or is it considering employing Cutting Edge? If yes, provide details.
- (f) Has the Department ever employed Ikon Communications in any capacity or is it considering employing Ikon Communications? If yes, provide details.
- (g) Has the Department ever employed CMAX Communications in any capacity or is it considering employing CMAX Communications? If yes, provide details.
- (h) Has the Department ever employed Boston Consulting Group in any capacity or is it considering employing Boston Consulting Group? If yes, provide details.
- (i) Has the Department ever employed McKinsey & Company in any capacity or is it considering employing McKinsey & Company? If yes, provide details.

Response:

This response utilises data contained in Defence Finance Systems for transactions processed between July 2000 and May 2011.

For this period, Defence did not make any payments for goods or services to the following companies:

- (a) Hawker Britton
- (b) Shannon's Way
- (c) John Utting & UMR Research Group
- (f) Ikon Communications

Defence made payments for goods and services to the following companies:

- (d) McCann-Erickson:
 - Contracted in 2000/2001 for Advertising to the value of \$841.
- (e) Cutting Edge:
 - Contracted in 2004/05 to the value of \$51.
- (f) CMAX Communications:
 - Contracted during 2004-2005, 2005-2006 and 2006-2007 to the value of \$658,461 to provide strategic communications advice to the CEO DMO, the Air Warfare Destroyer Program and the Amphibious Deployment and Sustainment Program.

(g) Boston Consulting Group:

Contracted in 2003-04, 2004-05 to the value of \$204,875 and from 2008-09 to present to the value of \$22,537,350, providing strategic support for ICT Reform Program.

(h) McKinsey & Company:

Contracted in 2008/09 for Human resource reform effort to a value of \$88,000.

Contracted in 2008/09 for Defence Budget Audit Report and White Paper Support to a value of \$5,167,800.

Currently contracted for the Shared Services Review to the value of \$2,220,000.

Q50

Discretionary Grants

Senator Johnston provided in writing.

Could the Department provide a list of all discretionary grants, including ad hoc and one-off grants for the financial year to date? Please provide details of the recipients, the intended use of the grants and what locations have benefited from the grants.

Response:

The term discretionary grant no longer applies following the introduction of the Commonwealth Grants Guidelines of July 2009.

A list of all grants provided by the Department (excluding DMO) from 1 July 2010 to 24 June 2011 is at **Table A**.

The Defence Materiel Organisation is conducting two major programs in financial year 2010-11 to date. These are Skilling Australia's Defence Industry (SADI) Program and Industry Skilling Program Enhancement package. Submissions were received from 74 companies who sought funding for 472 training activities. Of these activities, 328 were considered eligible under the program's funding guidelines and funding agreements to the value of \$7.8 million were delivered to those 68 companies deemed successful this year. As a result of the full commitment of Skilling Australia's Defence Industry funds for FY10-11 in Round 1, no further rounds will be held this year. A comprehensive listing of all grant recipients, the purpose of the grant and location of the company is at **Table B**.

Q51

Action Area: OSCDF

Commissioned Reports

Senator Johnston provided in writing.

(a) How many Reports have been commissioned by the Government in your portfolio for the financial year to date? Please provide details of each report including the date commissioned, date report handed to Government, date of public release, Terms of Reference and Committee members.

(b) How much did each report cost?

(c) How many departmental staff were involved in each report and at what level?

(d) What is the current status of each report?

(e) When is the Government intending to respond to these reports?

Response:

The Government has commissioned a number of reviews in the 2010-11 financial year. Those reviews will deliver reports on their outcomes on completion, and are addressed in the May 2011 Senate Estimates question on notice regarding 'Reviews' in Defence. In addition to those, there has been one report commissioned by the Government in the Defence portfolio in the 2010-11 financial year. The details are as follows:

Title: Major Projects Report.

Date Commissioned: In August 2006, the Joint Committee Public Accounts and Audit (JCPAA) supported the development and submission of an annual Major Capital Equipment Projects Report to Parliament. The 'pilot' report was for 2007-08. The Major Project Report (MPR) has been produced and tabled in Parliament each year since then.

Date Report Handed to Government: The 2010-11 Major Project Report is expected to be tabled in Parliament mid to late November 2011.

Date of Public Release: Expected to be tabled in Parliament mid to late November 2011.

Terms of Reference: The content of this report was jointly proposed by the Defence Materiel Organisation (DMO) and Australian National Audit Office (ANAO) and accepted by the JCPAA. The endorsement and implementation of the DMO Major Projects Report fulfils the Government's commitment to 'task and resource the ANAO to undertake independent evaluations of DMO's Top 30 Major Capital Equipment projects on an annual basis'.

Committee Members: Not applicable.

Cost: Approximately \$3.4 million (including salaries).

Departmental staff involved and their level: Up to 100 staff involved.

Current status: Expected to be tabled in Parliament mid to late November 2011.

Government response: The JCPAA reviews each DMO MPR following its tabling in Parliament. Recommendations made by the JCPAA are considered by the DMO, with a response developed in consultation with the ANAO, and appropriately cleared through the Minister. To date the JCPAA has published two reports:

- Joint Committee Public Accounts and Audit Report 416: Review of the Major Projects Report 2007-08 – published November 2009. Government response to the JCPAA provided June 2010.
- Joint Committee Public Accounts and Audit Report 422: Review of the 2009-10 Defence Materiel Organisation Major Projects Report – published April 2011. Government response to the JCPAA expected 3rd quarter 2011.

Q52

Cabinet and Sub-Cabinet Committee Meetings

Senator Johnston provided in writing.

- (a) How much time is spent preparing papers/submissions for Cabinet and Sub-Cabinet Committee meetings?
- (b) How often must papers/submissions for Cabinet and Sub-Cabinet Committee meetings be redrafted or resubmitted? Please provide an example of why this would happen. (ie. last minute policy changes or redated papers due to items not being discussed when initially scheduled).

Response:

- (a) Developing policy for Cabinet consideration is a routine responsibility for Government agencies. In Defence the average development cycle for preparing papers/submission for Cabinet and Sub-Cabinet Committee meetings is approximately two-three months for each item, but some have a much longer cycle and a few may take as little as a few days or a week. The amount of person hours spent on each paper varies greatly. In 2010-11 Defence delivered 67 submissions, memoranda and briefings to Cabinet or Sub-Cabinet Committees.
- (b) During the development of a submission amendments and revisions are made as part of the normal consultation and policy development process.

Q53

Action Area: CFOG

Government Payment of Accounts

Senator Johnston provided in writing.

- (a) Has the Department paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (ie. within 30 days)?
- (b) If not, why not and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached).
- (c) For accounts not paid within 30 days, is interest being paid on overdue amounts and if so, how much has been paid by the Department for the current financial year and the previous financial year?
- (d) Where interest is being paid, what rate of interest is being paid and how is this rate determined?

Response:

(a) and (b) Although separate figures for on time payments for contractors/consultants are not available, Defence has provided information on total creditor on time payment performance.

In financial year 2009-10, 94.05% of the Department of Defence's creditor payments were made within 30 days. For the 10 months to April 2011 of the last financial year, the payment within 30 days achievement improved to 95.03%. These figures show that Defence is achieving the 90% on time payment target established by the Department of Innovation, Industry, Science and Research.

The data below shows performance data in a tabular format.

Period 12 Months Jul 09 - Jun 10	Payment in 0 - 30 days	Payment in 31 - 45 days	Payment Over 45 days	Total
Volume of Payments	1,484,407	68,344	25,532	1,578,283
% of Total Payments	94.05%	4.33%	1.62%	100.0%
Cumulative % of Total Payments	94.05%	98.35%	100%	

Period 10 Months Jul 10 - Apr 11	0 - 30 days	31 - 45 days	over 45 days	Total
Volume of Payments	1,523,208	59,470	20,217	1,602,895
% of Total Payments	95.03%	3.71%	1.26%	100.0%
Cumulative % of Total Payments	95.03%	98.74%	100%	

In order to maintain and further improve these results, Defence operates an ongoing set of process controls supported by monthly performance reports. The controls track invoices through the approval process enabling management to take action to prevent creditor invoices aging.

(c) Defence did not received any claims for interest in the 2009-10 Financial Year or during the last financial year to April. As such Defence has not paid any interest during these periods.

(d) Department of Finance and Deregulation Finance Circular No 2008/10 requires that interest be paid on overdue accounts where the amount is greater than \$10 and the contractor has issued a correctly rendered invoice for interest. Interest is calculated at the general interest charge rate in respect of each day from the day after payment was due and including the day that payment of the contract amount is made.

Q54

Government Stationery Requirements

Senator Johnston provided in writing.

(a) What are the Government (Ministers/Parliamentary Secretaries) stationery requirements in your portfolio (ie. special type of paper, envelopes)? (b) What are the cost of these items? (c) Is the Department paying for these?

Response:

The response is based on requirements of Ministers and the Parliamentary Secretary for the 43rd Parliament.

a) The special stationery requirements provided by the Department for the offices of the Minister for Defence, the Minister for Defence Science and Personnel, the Minister for Defence Materiel and the Parliamentary Secretary for Defence consist of ministerial letterhead paper with matching envelopes, as well as ministerial 'With Compliments' slips.

(b) and (c) For the period 14 September 2010 to 31 May 2011, the total stationery cost borne by the Department on behalf of the Ministers and Parliamentary Secretary was \$9,908.60 GST inclusive. The breakdown of costs is detailed in the table below:

Stationery	Cost
Ministerial With Compliment Slips	\$ 493.90
Ministerial Letterhead Paper	\$ 4,321.70
Ministerial Envelopes	\$ 5,093.00
Grand Total (GST inclusive)	\$ 9,908.60

Q55

Media Subscriptions

Senator Johnston provided in writing.

- (a) Does your Department subscribe to pay TV (for example Foxtel)? If yes, please provide the reason why, the cost and what channels.
- (b) Does your Department subscribe to newspapers? If yes, please provide the reason why, the cost and what newspapers.
- (c) Does your Department subscribe to magazines? If yes, please provide the reason why, the cost and what magazines.

Response:

- (a) The department subscribes to pay TV for one or more of the following reasons:
- to provide greater current awareness of national and international events to enable timely support to Ministers, Government and senior Defence executives
 - to provide greater awareness of parliamentary proceedings to enable timely support to Ministers, Government and senior Defence executives
 - operational support, particularly involving conflicts, emergency situations, natural disasters and extreme weather events
 - amenity for deployed and remote-location personnel where free-to-air channels are not available (including provision of satellite TV to Navy ships as a Navy personnel retention initiative).

The total cost of pay TV subscriptions is in the order of \$810,000 for the 2010-11 financial year.

- (b) The department subscribes to newspapers for one or more of the following reasons:
- to provide greater current awareness of national and international events to enable timely support to Ministers, Government and senior Defence executives
 - to provide greater awareness of parliamentary proceedings to enable timely support to Ministers, Government and senior Defence executives
 - operational support, particularly involving conflicts, emergency situations, natural disasters, and extreme weather events
 - provided as a condition of service where applicable.

The total cost of newspaper subscriptions is in the order of \$411,000 for the 2010-11 financial year.

Subscriptions include all of the major national newspapers as well as relevant major regional papers.

- (c) The department subscribes to magazines for one or more of the following reasons:
- to provide greater current awareness of national and international events to enable timely support to Ministers, Government and senior Defence

- executives (for example professional and business magazines such as APSI magazine, Australian Law Journal and The Economist)
- to support professional development (for example Defence specific magazines such as Australian Defence magazine and Jane's Defence Weekly)
 - to enhance troop morale and provide amenity for deployed and remote-location personnel (for example a range of common interest magazines including human interest and health and fitness such as National Geographic, Inside Sport and Australian Men's Fitness).

The total cost of magazine subscriptions is in the order of \$311,000 for the 2010-11 financial year.

Q56

Travel Costs

Senator Johnston provided in writing.

- (a) For the financial year to date, please detail all travel (itemised separately) undertaken by your portfolio Ministers and Parliamentary Secretary. Include what sum was spent on travel, accommodation, security, food, beverages (alcohol listed separately), gifts, entertainment and all other expenses.
- (b) For the financial year to date, please provide the same information (itemised separately) for any Ministerial and Parliamentary staff that accompanied the Minister and Parliamentary Secretary on their travel and include a similar breakdown of the costs incurred by or on behalf of those staff.
- (c) For the financial year to date, please provide the same information (itemised separately) for Departmental officers that accompanied the Minister and Parliamentary Secretary on their travel and include a similar breakdown of the costs incurred by or on behalf of those staff.

Response:

(a) Attachment A provides details of costs (GST exclusive) that have been expensed by the Department for official overseas travel undertaken by the Ministers' and Parliamentary Secretary. This information is correct as at 31 May 2011.

The costs of all other travel undertaken by the Ministers' and Parliamentary Secretary are paid for by the Department of Finance and Deregulation (DoFD). These costs are tabled in the Parliament every six months in a report titled 'Parliamentarians' Travel'. These reports also include dates, destination and purpose for the travel and are published to the DoFD website.

(b) The costs of all official travel by accompanying *Members of Parliament Act (Staff) 1984* employees to the Ministers and Parliamentary Secretary are paid for by the Department of Finance and Deregulation (DoFD). These costs are tabled in the Parliament every six months in a report titled 'Parliamentarians' Travel'. These reports also include dates, destination and purpose for the travel and are published to the DoFD website.

(c) Attachment A provides details of costs (GST exclusive) that have been expensed for overseas travel undertaken by the Departmental Liaison Officers, Aides-de-Camp and other Departmental officers that were temporarily employed in the Ministers' offices under the relief staffing arrangements. Attachment B provides details on domestic travel expensed by the Department for these same Departmental officers. This information is correct as at 31 May 2011.

Minister / Parliamentary Secretary	Travel undertaken Destination, duration and purpose	Ministerial costs (i) Travel (ii) Accom. (iii) Other ¹ (iv) Gifts	Defence delegation	Defence personnel costs (i) Travel (ii) Accom. (iii) Other
<i>Minister for Defence, Mr Smith</i>	Afghanistan from 22 to 25 September 2010. The Minister visited Afghanistan for introductory calls on his counterpart, to meet officials in Kabul and to visit troops. The Minister was accompanied by two advisers and four defence personnel to Afghanistan. Security was provided by an Australian personal security detail and costs are not known.	(i) \$12,180.14	1. Secretary 2. Chief of Defence Force. 3. COS CDF 4. MINDEF Aide de Camp. 5. CDF Aide de Camp.	(i) \$60,703.08
		(ii) \$0		(ii) \$2,531.28
		(iii) \$386.51		(iii) \$1,424.67
<i>Minister for Defence, Mr Smith</i>	Vietnam from 11 to 13 October 2010. The Minister visited Hanoi, Vietnam to attend the inaugural ASEAN Defence Ministers' Meeting and hold bilateral meetings with counterparts. The Minister was accompanied by two advisers, and six defence personnel. Security costs are covered by the Vietnamese Government and not known.	(i) \$6,450.18	1. Secretary 2. Chief of Defence Force. 3. First Assistant Secretary International Policy Division. 3. MINDEF Aide de Camp. 4. CDF Aide-de-Camp. 6. Policy Officer, International Policy Division.	(i) \$44,697.96
		(ii) \$0		(ii) \$4,967.35
		(iii) \$7,098.04		(iii) \$3,327.96

¹ Some Ministerial expenses are a direct portfolio cost to Defence and where reconciled those costs are included under the Costs column of the attached table (part iii) with any ministerial incidentals.

Minister / Parliamentary Secretary	Travel undertaken Destination, duration and purpose	Ministerial costs (i) Travel (ii) Accom. (iii) Other ¹ (iv) Gifts	Defence delegation	Defence personnel costs (i) Travel (ii) Accom. (iii) Other
<i>Minister for Defence, Mr Smith</i>	<p>Portugal from 18 to 22 November 2010. The Minister visited Lisbon, Portugal to attend the NATO Leaders' Summit in support of the Prime Minister and hold bilateral meetings with counterparts. The Minister was accompanied by two advisers, a Media Adviser, and five defence personnel. The Prime Minister invited the Minister to return on the Special Purpose Aircraft (SPA).</p> <p>Security arrangements were made by by the Portuguese Government and costs are not known.</p>	(i) \$10,059.14	<ol style="list-style-type: none"> 1. Secretary 2. Chief of Defence Force. 3. MINDEF Aide de Camp. 4. CDF Aide-de-Camp. 5. Director Afghanistan Section. 6. Signaller. 	(i) \$109,596.13
		(ii) \$2,288.38		(ii) \$7,808.17
		(iii) \$2,465.96		(iii) \$2,869.34
<i>Minister for Defence, Mr Smith</i>	<p>New Zealand from 9 to 10 February 2011. The Minister attended the annual Australia New Zealand Ministerial Meeting in Auckland on 10 February. The Minister was accompanied by two advisers and five defence personnel.</p> <p>Travel was undertaken by the Minister and staff via Special Purpose Aircraft and defence officials joined the Minister on the return journey.</p> <p>Security costs n/a.</p>	(i) (ii) & (iii) The Department Finance and Deregulation has not provided details on final costings to be incurred by Defence for this portfolio related travel.	<ol style="list-style-type: none"> 1. Secretary 2. Head Military Strategic Commitments 3. First Assistant Secretary, IP Division. 4. MINDEF Aide de Camp. 5. Director, New Zealand Section, IP Division. 	(i) \$5,625.47
		(iv) \$220.39		(ii) \$3,578.95
				(iii) \$1,096.07

¹ Some Ministerial expenses are a direct portfolio cost to Defence and where reconciled those costs are included under the Costs column of the attached table (part iii) with any ministerial incidentals.

Minister / Parliamentary Secretary	Travel undertaken Destination, duration and purpose	Ministerial costs (i) Travel (ii) Accomm. (iii) Other ¹ (iv) Gifts	Defence delegation	Defence personnel costs (i) Travel (ii) Accomm. (iii) Other
<i>Minister for Defence, Mr Smith</i>	<p>United Kingdom and Belgium from 8 to 12 March 2011. The Minister visited London enroute to the NATO Defence Ministers' Meeting in Brussels to meet with his counterpart, opposition counterpart and intelligence officials. In Brussels, the Minister attended the NATO Defence Ministers' Meeting, the first of three meetings for 2011. The Minister was accompanied by one adviser and five defence personnel.</p> <p>Security arrangements in Belgium are arranged by the Belgian Government and not known.</p>	(i) \$0	<ol style="list-style-type: none"> 1. Secretary 2. Vice Chief of the Defence Force. 3. MINDEF Aide de Camp. 4. VCDF Aide de Camp. 5. Signaller. 	(i) \$99,782.31
		(ii) \$0		(ii) \$5,992.90
		(iii) \$3352.65		(iii) \$3663.57
		(iv) \$427.09		

¹ Some Ministerial expenses are a direct portfolio cost to Defence and where reconciled those costs are included under the Costs column of the attached table (part iii) with any ministerial incidentals.

Minister / Parliamentary Secretary	Travel undertaken Destination, duration and purpose	Ministerial costs (i) Travel (ii) Accomm. (iii) Other ¹ (iv) Gifts	Defence delegation	Defence personnel costs (i) Travel (ii) Accomm. (iii) Other
<i>Minister for Defence Science and Personne, Mr Snowdon</i>	<p>Afghanistan, Bahrain and United Arab Emirates from 21 to 27 January 2011.</p> <p>In Afghanistan Mr Snowdon met key Afghan and coalition partners, troops and civilian personnel. In Bahrain a visit to HMAS Stuart was conducted and in the UAE Mr Snowdon attended the Australia Day Reception in Abu Dhabi. Snowdon was accompanied by one adviser and two defence personnel.</p> <p>Security was provided by an Australian personal security detail and costs are not known.</p>	(i) (ii) & (iii) The Department Finance and Deregulation has not provided details on final costings to be incurred by Defence for this portfolio related travel.	1. MINDSP Aide de Camp. 2. Director Afghanistan Operational Policy Support IP Division.	(i) \$16,163.77
				(ii) \$955.20
				(iii) \$580.91
<i>Minister for Defence Science and Personnel, Mr Snowdon</i>	<p>The United States of America from 6 to 13 March. Mr Snowdon visit to the United States which covered all portfolios. In Washington, Mr Snowdon accompanied the Prime Minister to announce the Australian contribution to the Vietnam Veterans' Education Centre. Also in Washington and New York Mr Snowdon visited counterparts and government officials relating to his Veterans' Affairs and Defence Science and Technology portfolio, and non-government organisations relating to his Indigenous Health portfolio. Mr Snowdon was accompanied by one adviser, and member of defence. No security arrangements were implemented for Minister Snowdon.</p>	(i) (ii) & (iii) The Department Finance and Deregulation has not provided details on final costings to be incurred by Defence for this portfolio related travel.	1. MINDSP Aide de Camp.	(i) \$10,767.68
				(ii) \$1,165.98
				(iii) \$891.78

¹ Some Ministerial expenses are a direct portfolio cost to Defence and where reconciled those costs are included under the Costs column of the attached table (part iii) with any ministerial incidentals.

Minister / Parliamentary Secretary	Travel undertaken Destination, duration and purpose	Ministerial costs (i) Travel (ii) Accom. (iii) Other ¹ (iv) Gifts	Defence delegation	Defence personnel costs (i) Travel (ii) Accom. (iii) Other
<i>Minister for Defence Materiel, Mr Clare</i>	<p>United States from 5 to 17 December 2010.</p> <p>Minister Clare held 14 meetings in Washington DC with US Defence and Government officials, industry representatives, and Congressional leaders. The Minister was accompanied by his Chief of Staff. Air Marshal John Harvey, Chief Capability Development Group, travelled independently to the United States but participated in elements of the Minister's program in Washington DC, St Louis and Fort Worth.</p> <p>No security arrangements were implemented.</p>	<p>(i) \$15,983.46</p> <p>(ii) \$3,687.51</p> <p>(iii) \$5,422.36</p>	N/A	<p>(i) \$ N/A</p> <p>(ii) \$ N/A</p> <p>(iii) \$ N/A</p>

¹ Some Ministerial expenses are a direct portfolio cost to Defence and where reconciled those costs are included under the Costs column of the attached table (part iii) with any ministerial incidentals.

Minister / Parliamentary Secretary	Travel undertaken Destination, duration and purpose	Ministerial costs (i) Travel (ii) Accom. (iii) Other ¹ (iv) Gifts	Defence delegation	Defence personnel costs (i) Travel (ii) Accom. (iii) Other
<i>Parliamentary Secretary for Defence, Senator David Feeney</i>	<p>Solomon Islands from 7 to 10 March 2011.</p> <p>Senator Feeney participated in BOSSLIFT, a yearly program which is run by the Reserves for parliamentarians. Senator Feeney was accompanied by one adviser.</p> <p>Security arrangements are not known.</p>	(i) (ii) & (iii) The Department Finance and Deregulation has not provided details on final costings to be incurred by Defence for this portfolio related travel.	N/A	<p>(i) \$ N/A</p> <hr/> <p>(ii) \$ N/A</p> <hr/> <p>(iii) \$ N/A</p>

¹ Some Ministerial expenses are a direct portfolio cost to Defence and where reconciled those costs are included under the Costs column of the attached table (part iii) with any ministerial incidentals.

Attachment B

Minister for Defence

	From	To	Purpose	Accommodation	Airfares	Meals & Incidentals	Ground Transportation	Other Expenses	Grand Total
Aide-de-Camp	16/09/2010	17/09/2010	Fleet HQ, HMAS Sydney & Campbell Park - Sydney & Perth	\$ 150.00	\$ 2,574.36	\$ 190.00	\$ 85.94	\$ 3.80	\$ 3,004.10
	20/09/2010	22/09/2010	Fleet Base West - Perth	\$ 281.82	\$ 1,183.98	\$ 280.00	\$ 108.00	\$ 4.90	\$ 1,858.70
	30/09/2010	30/09/2010	Visit to Melbourne - Cancelled		\$ 166.51				\$ 166.51
	10/11/2010	12/11/2010	State Memorial for Remembrance Day - WA	\$ 663.64	\$ 1,257.26	\$ 280.00	\$ 95.41	\$ 4.90	\$ 2,301.21
	1/12/2010	4/12/2010	Perth	\$ 463.64	\$ 651.13	\$ 300.00	\$ 137.12	\$ 5.25	\$ 1,557.14
	9/12/2010	10/12/2010	Visit of ADML Willard in Perth	\$ 154.55	\$ 1,270.94	\$ 220.00	\$ 135.68	\$ 3.85	\$ 1,785.02
	11/01/2011	12/01/2011	Brisbane to view flood relief efforts	\$ 159.09	\$ 707.42	\$ 170.00	\$ 108.00	\$ 2.98	\$ 1,147.49
	17/01/2011	21/01/2011	AUKIM - Sydney	\$ 864.13	\$ 1,840.59	\$ 550.00	\$ 124.32	\$ 9.63	\$ 3,388.67
	22/01/2011	24/01/2011	Perth for Victoria Cross Investiture	\$ 154.55	\$ 1,282.78	\$ 190.00	\$ 72.00	\$ 9.69	\$ 1,709.02
	2/02/2011	4/02/2011	Perth for the Navy commemorative coin launch	\$ 309.09	\$ 987.39	\$ 280.00	\$ 98.33	\$ 4.90	\$ 1,679.71
	28/02/2011	1/03/2011	Avalon Airshow - Melbourne	\$ 463.77	\$ 174.02	\$ 60.00	\$ 140.91	\$ 7.87	\$ 846.57
	3/03/2011	4/03/2011	Kangaroo Island for funeral of Sapper Larcombe	\$ 124.55	\$ 426.13	\$ 170.00	\$ 23.52	\$ 2.98	\$ 747.18
	14/03/2011	14/03/2011	Funeral of CPL Atkinson - Launceston				\$ 5.00		\$ 5.00
	1/04/2011	1/04/2011	Perth	\$ 417.62	\$ 23.60		\$ 66.32		\$ 507.54
	12/04/2011	15/04/2011	Brisbane & Dili - East Timor	\$ 825.46	\$ 575.28	\$ 412.00	\$ 28.56	\$ 7.18	\$ 1,848.48
			Sub Total	\$ 5,031.91	\$ 13,121.39	\$ 3,102.00	\$ 1,229.11	\$ 67.93	\$ 22,552.34
Departmental Liaison Officer	10/12/2010	10/12/2010	Melbourne		\$ 438.90		\$ 150.67		\$ 589.57
	15/12/2010	17/12/2010	Perth	\$ 281.82	\$ 2,140.68		\$ 68.72		\$ 2,491.22
	20/12/2010	22/12/2010	Perth	\$ 281.82	\$ 984.84		\$ 101.56		\$ 1,368.22
	26/01/2011	29/01/2011	Perth		\$ 476.52				\$ 476.52
	17/03/2011	18/03/2011	Perth	\$ 140.91	\$ 1,039.94		\$ 97.94		\$ 1,278.79
			Sub Total	\$ 704.55	\$ 5,080.88		\$ 418.89		\$ 6,204.32
Departmental Officers	30/09/2010	1/10/2010	Puckapunyal Visit	\$ 229.09	\$ 570.85	\$ 61.35	\$ 25.13		\$ 886.42
	3/10/2010	4/10/2010	Perth	\$ 122.73	\$ 1,255.10	\$ 160.00	\$ 142.06	\$ 2.80	\$ 1,682.69
	9/10/2010	11/10/2010	Perth	\$ 300.00	\$ 1,183.98	\$ 170.00	\$ 107.58	\$ 2.98	\$ 1,764.54
	21/10/2010	23/10/2010	Perth	\$ 290.91	\$ 806.44	\$ 200.00	\$ 54.10	\$ 3.85	\$ 1,355.30
	28/10/2010	30/10/2010	Perth	\$ 296.36	\$ 1,245.10	\$ 240.00	\$ 140.08	\$ 4.20	\$ 1,925.74
	31/10/2010	5/11/2010	Perth	\$ 750.00	\$ 808.26	\$ 450.00	\$ 69.64	\$ 9.88	\$ 2,087.78
	3/11/2010	7/11/2010	Perth	\$ 281.82	\$ 1,474.30		\$ 61.88		\$ 1,818.00
		8/11/2010	Perth & Melbourne for AUSMIN meetings	\$ 1,439.99	\$ 2,079.58	\$ 630.00	\$ 385.46	\$ 14.72	\$ 4,549.75
	8/11/2010	10/11/2010	Perth	\$ 263.64	\$ 686.28	\$ 280.00	\$ 195.46	\$ 4.90	\$ 1,430.28
	30/11/2010	2/12/2010	Perth	\$ 272.73	\$ 985.61	\$ 280.00	\$ 147.14	\$ 4.90	\$ 1,690.38
	1/12/2010	3/12/2010	Perth	\$ 309.09	\$ 1,249.10		\$ 73.81	\$ 4.38	\$ 1,636.38
	6/12/2010	9/12/2010	Perth	\$ 409.09	\$ 850.30	\$ 390.00	\$ 281.85	\$ 6.83	\$ 1,938.07
	10/02/2011	11/02/2011	Perth	\$ 122.73	\$ 441.58		\$ 111.26		\$ 675.57
	6/04/2011	8/04/2011	Perth	\$ 281.82	\$ 1,377.18		\$ 96.78		\$ 1,755.78
			Sub Total	\$ 5,370.00	\$ 15,013.66	\$ 2,861.35	\$ 1,892.23	\$ 59.44	\$ 25,196.68
			Grand Total	\$ 11,106.46	\$ 33,215.93	\$ 5,963.35	\$ 3,540.23	\$ 127.37	\$ 53,953.34

Minister for Defence Science and Personnel

	From	To	Purpose	Accommodation	Airfares	Meals & Incidentals	Ground Transportation	Other Expenses	Grand Total
Aide-de-Camp	4/07/2010	6/07/2010	Base visits & Defence Industry functions - Cairns & Townsville	\$ 309.09	\$ 1,011.58	\$ 230.00	\$ 116.33	\$ 4.60	\$ 1,671.60
	3/10/2010	4/10/2010	CERP Conference & 2 CDO Regiment	\$ 173.64	\$ 217.28	\$ 101.00	\$ 25.45	\$ 2.02	\$ 519.39
	10/11/2010	11/11/2010	Remembrance Day commemoration - Darwin				\$ 36.00	\$ 6.32	\$ 42.32
	11/11/2010	11/11/2010	Remembrance Day Commemoration - RAAF Darwin & Darwin City	\$ 154.85	\$ 674.80	\$ 174.00	\$ 59.98	\$ 3.48	\$ 1,067.11
	26/11/2010	27/11/2010	SCMA visit & Reserve Force day Launch	\$ 16.36	\$ 515.66	\$ 176.20	\$ 36.00	\$ 6.37	\$ 750.59
	5/12/2010	6/12/2010	DHA Rasmussen	\$ 113.64	\$ 498.64	\$ 197.60	\$ 32.73	\$ 5.93	\$ 848.54
	12/12/2010	14/12/2010	RAAF Tindal	\$ 126.36	\$ 520.45	\$ 194.80	\$ 32.73	\$ 3.89	\$ 878.23
	15/12/2010	17/12/2010	Enoggera & Anzac Centenary meeting	\$ 432.61	\$ 771.76	\$ 237.55	\$ 118.76	\$ 4.75	\$ 1,565.43
	19/01/2011	20/01/2011	AUKMIN - Sydney	\$ 183.63	\$ 10.00	\$ 78.20		\$ 1.56	\$ 273.39
	11/02/2011	11/02/2011	Launch of DTS & visit CMVH		\$ 697.42		\$ 19.09		\$ 716.51
	13/02/2011	14/02/2011	DSTO in Scottsdale		\$ 657.67	\$ 300.74	\$ 28.18	\$ 3.06	\$ 989.65
	18/02/2011	18/02/2011	DSTO Fishermans Bend		\$ 307.44		\$ 96.87		\$ 404.31
	25/02/2011	25/02/2011	Commemoration of the Battle of Java Sea - Sydney		\$ 221.30		\$ 19.09		\$ 240.39
	1/03/2011	1/03/2011	Opening of ALAC & Avalon Airshow		\$ 447.07		\$ 19.09		\$ 466.16
	14/03/2011	14/03/2011	Meeting ADF Para Olympian		\$ 439.24		\$ 19.09		\$ 458.33
	25/03/2011	25/03/2011	DMTC - Melbourne		\$ 379.27		\$ 86.31		\$ 465.58
	31/03/2011	1/04/2011	HMAS Cerberus Graduation Parade	\$ 135.91	\$ 307.44	\$ 110.35	\$ 19.09	\$ 2.20	\$ 574.99
	12/04/2011	14/04/2011	HMAS Stirling & Campbell Barracks		\$ 813.28	\$ 174.50	\$ 118.44	\$ 3.49	\$ 1,109.71
	2/05/2011	2/05/2011	APMMC opening		\$ 224.22		\$ 19.09		\$ 243.31
	16/05/2011	16/05/2011	DSTO Edinburgh		\$ 508.73		\$ 89.39	\$ 0.24	\$ 598.36
	27/05/2011	27/05/2011	DSTO Fishermans Bend		\$ 398.38		\$ 104.06		\$ 502.44
			Grand Total	\$ 1,646.09	\$ 9,621.63	\$ 1,974.94	\$ 1,095.77	\$ 47.91	\$ 14,386.34

Minister for Defence Materiel

	From	To	Purpose	Accommodation	Airfares	Meals & Incidentals	Ground Transportation	Other Expenses	Grand Total
Aide-de-Camp	2/12/2010	3/12/2010	F111 Decommissioning ceremony - Amberley	100	\$ 367.09	\$ 171.70	\$ 107.03	\$ 3.43	\$ 749.25
	13/05/2011	14/05/2011	MTF - 3MRE	118.18	\$ 732.34	\$ 220.70	\$ 128.98	\$ 6.62	\$ 1,206.82
			Sub Total	218.18	\$ 1,099.43	\$ 392.40	\$ 236.01	\$ 10.05	\$ 1,956.07
Departmental Officers	7/10/2010	7/10/2010	Sydney		\$ 243.98				\$ 243.98
	8/10/2010	8/10/2010	Industry Site Visits & Meetings with Industry - Brisbane		\$ 1,877.46		\$ 44.80		\$ 1,922.26
	12/10/2010	12/10/2010	Industry Site Visit - Melbourne		\$ 757.62		\$ 14.87		\$ 772.49
	4/11/2010	5/11/2010	Industry Site visit - Sydney	172.68	\$ 381.84				\$ 554.52
	8/11/2010	8/11/2010	Industry Site Visit and Meetings - Melbourne		\$ 832.72				\$ 832.72
	9/11/2010	11/11/2010	Defence Site Visits - Sydney & Perth	221.78	\$ 2,737.99		\$ 14.00		\$ 2,973.77
	29/11/2010	30/11/2010	Industry Site Visit and Opening of Monegeetta Test Facility - Melbourne	150	\$ 845.76		\$ 201.33		\$ 1,197.09
	21/12/2010	22/12/2010	Sydney	163.59	\$ 231.28		\$ 91.31		\$ 486.18
	3/01/2011	3/01/2011	Sydney		\$ 231.30		\$ 127.87		\$ 359.17
	2/01/2011	3/01/2011	Sydney		\$ 231.28		\$ 126.06		\$ 357.34
			Sub Total	708.05	\$ 8,371.23		\$ 620.24		\$ 9,699.52
			Grand Total	926.23	\$ 9,470.66	\$ 392.40	\$ 856.25	\$ 10.05	\$ 11,655.59

Parliamentary Secretary for Defence

	From	To	Purpose	Accommodation	Airfares	Meals & Incidentals	Ground Transportation	Other Expenses	Grand Total
Departmental Officers	22/10/2010	24/10/2010	Defence Reserves Annual Conference	\$ 269.09	\$ 545.66	\$ 168.00	\$ 149.97	\$ 95.16	\$ 1,227.88
	29/10/2010	29/10/2010	RAAF Amberley to attend Operation Pakistan Assist	\$ 174.55	\$ 687.98	\$ 125.00	\$ 16.36	\$ 2.50	\$ 1,006.39
	30/11/2010	1/12/2010	Melbourne	-\$ 127.00	\$ 0.00	\$ 127.00	\$ -	\$ -	\$ 0.00
			Sub Total	\$ 316.64	\$ 1,233.64	\$ 420.00	\$ 166.33	\$ 97.66	\$ 2,234.27
			Grand Total	\$ 316.64	\$ 1,233.64	\$ 420.00	\$ 166.33	\$ 97.66	\$ 2,234.27

Former Minister for Defence

	From	To	Purpose	Accommodation	Airfares	Meals & Incidentals	Ground Transportation	Other Expenses	Grand Total
Aide-de-Camp	4/07/2010	5/07/2010	Funeral of PTE Alpin - Brisbane	\$ 168.18	\$ 326.11	\$ 110.00	\$ 16.36	\$ 1.93	\$ 622.58
	8/07/2010	13/07/2010	Weastmead, Darwin & Brisbane	\$ 556.37	\$ 250.44	\$ 370.00	\$ 100.39	\$ 6.48	\$ 1,283.68
	15/07/2010	16/07/2010	Ramp ceremony & Lowy Institute	\$ 145.45	\$ 100.62	\$ 150.00	\$ 104.86	\$ 4.13	\$ 505.06
	19/07/2010	20/07/2010	Bankstown	\$ 169.00	\$ 453.95	\$ 110.00	\$ 159.56	\$ 1.93	\$ 894.44
	21/07/2010	22/07/2010	Funeral of PTE Bewes - Brisbane	\$ 153.64	\$ 556.63	\$ 120.00	\$ 114.38	\$ 2.10	\$ 946.75
	11/08/2010	12/08/2010	Hobart	\$ 180.91	\$ 389.06	\$ 150.00	\$ 79.30	\$ 2.63	\$ 801.90
	15/08/2010	16/08/2010	Brisbane	\$ 150.00	\$ 404.35	\$ 150.00	\$ 102.22	\$ 2.63	\$ 809.20
	17/08/2010	18/08/2010	Ramp ceremony for Trooper Brown - Brisbane	\$ 322.73	\$ 379.75	\$ 170.00	\$ 25.23	\$ 2.98	\$ 900.69
	25/08/2010	27/08/2010	Funeral for Trooper Brown - Sydney	\$ 310.91	\$ 258.92	\$ 280.00	\$ 145.63	\$ 5.60	\$ 1,001.06
	2/09/2010	3/09/2010	Funeral of PTE Kirby	\$ 145.45	\$ 852.39	\$ 120.00	\$ 52.58	\$ 2.10	\$ 1,172.52
	10/09/2010	10/09/2010	Cancellation Fees - Funeral LCPL MacKinney		\$ 34.76				\$ 34.76
			Sub Total	\$ 2,302.64	\$ 4,006.98	\$ 1,730.00	\$ 900.51	\$ 32.51	\$ 8,972.64
			Grand Total	\$ 2,302.64	\$ 4,006.98	\$ 1,730.00	\$ 900.51	\$ 32.51	\$ 8,972.64

Former Minister for Defence Personnel

	From	To	Purpose	Accommodation	Airfares	Meals & Incidentals	Ground Transportation	Other Expenses	Grand Total
Aide-de-Camp	1/07/2010	1/07/2010	Farewell Parade for OP ANODE Rotation 22 - Melbourne		\$ 530.04		\$ 66.41		\$ 596.45
	15/07/2010	17/07/2010	HMAS Cerberus Graduation - Melbourne	\$ 287.50	\$ 332.30		\$ 193.63		\$ 813.43
	6/08/2010	6/08/2010	5 Brigade Welcome Home Parade - The ANODE 21st Contingent		\$ 217.96		\$ 42.90		\$ 260.86
			Sub Total	\$ 287.50	\$ 1,080.30		\$ 302.94		\$ 1,670.74
			Grand Total	\$ 287.50	\$ 1,080.30		\$ 302.94		\$ 1,670.74

Q57

Legal Costs

Senator Johnston provided in writing

- (a) What sum did the Department spend on legal services for the financial year to date? Please provide a list of each service and costs.
- (b) What sum did the Department spend on legal services for the financial year to date from the Australian Government Solicitor? Please provide a list of each service and costs.
- (c) What sum did the Department spend on legal services for the financial year to date from private firms? Please provide a list of each service and costs.
- (d) What sum did the Department spend on legal services for the financial year to date from other sources? Please provide a list of each service and costs.

Response:

- a) Preliminary end of year figures report that the Department spent \$61,124,443.79 (GST Inclusive) in FY 2010-11 as at 30 June 2011.

The Defence Materiel Organisation spent \$12,084,187.02 (GST exclusive) in FY 2010-11 as at 17 June 2011.

- b) The Department spent approximately \$5,539,640.65 on legal services from the Australian Government Solicitor in FY 2010-11 as at 30 June 2011. These services were:

Advice in relation to litigation	\$2,334,599.81
Advice on legal matters	\$3,205,040.84

Tied legal work accounted for 48 per cent of this expenditure.

The Defence Materiel Organisation spent \$1,189,230.31 on legal services from the Australian Government Solicitor in FY 2010-11 as at 17 June 2011. These services were all in relation to advice on legal matters as follows:

Tied Work	\$ 262,844.39
Other legal work	\$ 962,385.92

- c) The Department spent approximately \$17,926,129.15 on legal services from private firms in FY 2010-11 as at 30 June 2011. Listing every matter that this expenditure relates to is not practical due to the large volume of individual transactions. AusTender provides details of all new matters raised during the year and the value of the commitment, but it does not list the value of the expenditure. In the tables below, the expenditure has been broken down into litigation services and other legal advice and then further refined by the Defence Legal service panel the work was assigned to.

Advice in relation to litigation		Total: \$3,516,427.98
Commercial, including	Blake Dawson	

contract, acquisitions and PPP		\$ 18,074.14
	Clayton Utz	\$1,547,791.72
	DLA Piper	\$ 2,822.20
	Norton Rose	\$ 34,409.76
Dispute Resolution	DLA Piper	\$ 163,381.46
	Minter Ellison	\$ 39,473.00
Employment and Industrial Relations	Blake Dawson	\$ 47,782.00
	Clayton Utz	\$ 836.00
	DLA Piper	\$ 18,012.50
	Maddocks	\$ 63,929.38
	Minter Ellison	\$ 6,405.08
	Sparke Helmore	\$ 874.73
Environment, Heritage and Indigenous	Clayton Utz	\$ 6,248.00
Finance including Private Finance	DLA Piper	\$ 45,331.10
	Minter Ellison	\$ 1,620.74
Government and Administrative, including Privacy and FOI	Blake Dawson	\$ 177,542.20
	Clayton Utz	\$ 123,959.85
	DLA Piper	\$ 154,586.50
	Minter Ellison	\$ 29,259.65
Negligence and other common law claims	Blake Dawson	\$ 32,595.15
	Clayton Utz	\$ 57,836.20
	DLA Piper	\$ 143,600.02
	Minter Ellison	\$ 20,597.50
	HWL Ebsworth	\$ 2,494.47
Non-Panel	Attorney General's Department	\$ 35,359.69
	Mallesons Stephen Jaques	\$ 299,535.82
LACE	DLA Piper	\$ 2,945.80
	Minter Ellison	\$ 35,604.72
	Australian Government Solicitor	\$ 256,508.71
	De Silva Hebron	\$ 27,850.00
	HWL Ebsworth	\$ 5,000.00
	Fisher Dore Lawyers	\$ 8,930.00
	Anderson Telford Lawyers	\$ 6,600.00
	Kamy Saedi Lawyers	\$ 47,487.00
	Ken Cush & Associates	\$ 7,040.00
	Pappas, J. – Attorney	\$ 4,367.00
	Stephen G Sewell	\$ 3,905.20
Strategic Commercial	Clayton Utz	\$ 15,989.60

	Blake Dawson	\$ 19,841.09
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Advice on legal matters **Total: \$14,409,701.17**

Commercial, including contract, acquisitions and PPP	Blake Dawson	\$1,889,988.17
	Clayton Utz	\$4,739,937.04
	DLA Piper	\$ 427,477.29
	Minter Ellison	\$1,221,827.25
	Norton Rose	\$ 422,981.94
	Sparke Helmore	\$ 491,497.52
Construction Engineering and Infrastructure	Allens Arthur Robinson	\$ 48,951.98
	Blake Dawson	\$ 109,229.74
	Clayton Utz	\$ 34,419.00
	Minter Ellison	\$ 5,841.00
Dispute Resolution	Clayton Utz	\$ 26,542.96
	DLA Piper	\$ 124,400.02
Employment and Industrial Relations	Blake Dawson	\$ 186,230.11
	Clayton Utz	\$ 181,535.62
	DLA Piper	\$ 52,046.40
	Maddocks	\$ 13,052.66
	Minter Ellison	\$ 172,750.66
	Sparke Helmore	\$ 53,821.38
Environment, Heritage and Indigenous	Clayton Utz	\$ 251,971.24
	Allens Arthur Robinson	\$ 25,957.50
	Blake Dawson	\$ 23,952.78
	DLA Piper	\$ 108,311.02
	Minter Ellison	\$ 132,873.75
	Norton Rose	\$ 7,233.64
	Finance, including Private Finance	DLA Piper
	Minter Ellison	\$ 8,605.74
	Blake Dawson	\$ 5,387.80
Government and Administrative, including Privacy and FOI	Blake Dawson	\$ 145,445.97
	Clayton Utz	\$ 278,925.35
	Dibbs Barker	\$ 14,033.21
	DLA Piper	\$ 551,193.21
	Minter Ellison	\$ 7,697.67
	Sparke Helmore	\$ 4,373.54
Intellectual Property	DLA Piper	\$ 15,254.80
	Clayton Utz	\$ 22,390.95

	Minter Ellison	\$ 53,758.03
Negligence and other common law claims	Blake Dawson	\$ 21,221.28
	Clayton Utz	\$ 5,544.33
	DLA Piper	\$ 73,507.87
	Minter Ellison	\$ 60,920.75
	HWL Ebsworth	\$ 2,536.93
Defence Force Advocate	R Kenzie QC	\$ 173,421.00
Non- Panel	Mallesons Stephen Jaques	\$ 7,821.66
	DLA Piper	\$ 40,124.45
	Robert Cornall	\$ 12,807.70
	Attorney-General's Department	\$ 2,872.06
Property, Leasing, Land Planning and Disposals	Clayton Utz	\$ 322,923.07
	Minter Ellison	\$ 210,831.10
	Blake Dawson	\$ 431,629.35
	DLA Piper	\$ 307,330.36
	Norton Rose	\$ 131,748.49
	Sparke Helmore	\$ 36,231.93
Technology and Communications	Blake Dawson	\$ 5,198.60
	Clayton Utz	\$ 309,736.90
	Sparke Helmore	\$ 143,969.43
	Allens Arthur Robinson	\$ 5,572.34
	DLA Piper	\$ 249,520.13
	Minter Ellison	\$ 11,011.68

The Defence Materiel Organisation spent \$8,756,044.54 on legal services from private firms in FY 2010-11 as at 17 June 2011.

The Defence Materiel Organisation incurred these fees with the following legal firms:

Allens Arthur Robinson	\$ 693,304.06
Blake Dawson	\$2,591,649.19
Clayton Utz	\$1,012,297.36
DLA Piper	\$973,316.98
Minter Ellison	\$1,703,465.66
Norton Rose	\$474,116.63
Sparke Helmore	\$1,307,894.66

- d) The Department spent \$37,658,673.99 on internal Departmental legal services in FY 2010-11 as at 30 June 2011. These services were:

Advice on military matters	\$27,490,832.01
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(includes military administrative law, military discipline law, operational and international law and components of the military justice system)

Advice on other legal matters \$10,167,841.98

(includes litigation support, general legal advice, legislation and international agreements and arrangements)

The Defence Materiel Organisation spent \$2,138,912.17 on internal legal services in FY 2010-11 as at 17 June 2011:

Salaries \$2,092,902.17

Attribution of overhead costs \$46,010.00

Q58

Education Costs

Senator Johnston provided in writing.

Please detail all education expenses (i.e. in house courses and tertiary studies) for the Department. Include what type of course, the cost and how many participants.

Response:

Within a reasonable application of resources, Defence is unable to detail all education expenses, including the type of course, cost and number of participants for workforce development achieved through experiential learning and formal education and training.

Defence's financial management system does not support true cost attribution that would be necessary to provide this information, nor do enterprise management systems record every separate course attended by a Defence member and the number of participants.

While the vast majority of education and training provided to Defence members is designed and delivered in-house, most of the fixed and variable costs of doing so are not uniquely captured and are generally reflected in the operating budget of the Defence element responsible for the delivery of the education and training.

However, Defence does capture the cost of education and training activities appropriated as Supplier Expenses (e.g. training and development that is procured). In FY 2010-11 this amounted to \$333.9m of procured education and training services. This figure included \$80m in related travel. Expenditure on the Australian Defence Force Academy contract with the University of New South Wales amounted to over \$50m.

Procured military related training, which includes flight and submarine training, amounted to \$115m of expenditure. Spend on non-military training came to \$59m, which includes that expended at Universities and Technical and Further Education institutions. This last figure also includes funds managed by the Groups and Services to provide education and training to meet their specific needs and that expended by authorities responsible for the deployment of Defence-wide business policies and processes.

Attendance by Defence personnel at conferences and seminars accounted for \$10m in expenditure; information and technology training and development \$5m.

Q59

Executive Coaching and Leadership Training

Senator Johnston provided in writing.

(a) In relation to the purchase of executive coaching and/or other leadership training services purchased by the Department, please provide the following information for the financial year to date:

- (i) total spending on these services;
- (ii) the number of employees offered these services and their employment classification;
- (iii) the number of employees who have utilised these services and their employment classification; and
- (iv) the names of all service providers engaged.

(b) For each service purchased from a provider listed under (iv), please provide:

- (i) the name and nature of the service purchased;
- (ii) whether the service is one-on-one or group based;
- (iii) the number of employees who received the service and their employment classification;
- (iv) the total number of hours involved for all employees;
- (v) the total amount spent on the service; and
- (vi) a description of the fees charged (ie. per hour, complete package).

(c) Where a service was provided at any location other than the Department's own premises, please provide:

- (i) the location used;
- (ii) the number of employees who took part on each occasion;
- (iii) the total number of hours involved for all employees who took part; and
- (iv) any costs incurred to use the location.

Response:

Given the time available to respond to this question, and within a reasonable application of resources, Defence is unable to detail all executive coaching and leadership training expenses.

Defence's information management systems do not permit the cost attribution that would be required to provide this information. These systems do not record each separate coaching session or leadership course attended by a Defence member or employee and the number of participants.

Some senior executive level coaching is provided at a corporate level, however, the majority of executive level development, including coaching, is managed at Group, Division and Branch level. Defence is unable to capture the number of employees who were offered this type of development as it is often offered to employees as part of the applicable performance assessment discussion process with their supervisors/managers or as circumstances reveal a need.

Within the time given, Defence can provide a limited amount of information in response to the questions. For example, in FY 10/11 Defence has spent approximately \$1.2m on procured coaching and leadership training, with 381 employees from EL1 to

SES 2 utilising these programs. The number of hours for each employee varies according to need and program requirements and can range from one hour for Group based to 7 hours for one-on-one coaching.

The Australian Public Service Commission, Centre for Public Management, the Australian Institute of Company Directors and Yellow Edge are some of the providers used across the Department to provide coaching and leadership training. This list is not comprehensive.

Q60

Paid Parental Leave

Senator Johnston provided in writing.

- (a) Please list how many staff in the Department are eligible to receive payments under the Government's Paid Parental Leave scheme?
- (b) Please list if employees in the Department are receiving payments under the Government's Paid Parental Leave scheme? Please list how many staff are in receipt of these payments.

Response:

- (a) All ADF members and APS employees that meet the eligibility criteria in the *Paid Parental Leave Act 2010* are eligible to receive payments under the Government's Paid Parental Leave scheme.
- (b) APS employees and ADF members who have applied to the Family Assistance Office and met the eligibility criteria of the Government's Paid Parental Leave scheme will receive their Parental Leave Pay from the Family Assistance Office up to 1 July 2011.

After 1 July 2011, Defence will process the payments for new claimants where the Family Assistance Office has requested that Defence take on the paymaster role for the claimant, subject to continuity of employment during the payment period. The Family Assistance Office will remain the administrator responsible for receiving applications and determining eligibility, for all other employers. Defence does not know how many staff are in receipt of the payments from the Family Assistance Office.

Q61

Workpoint Space

Senator Johnston provided in writing.

- (a) For each Department office, please list the occupied workpoint space allocated per person.
- (b) Does this adhere to the Government's Commonwealth Property management Guidelines (the Guidelines)? Explain.
 - (i) What savings did the Department achieve by meeting the Guidelines? Please itemise each agency separately.
 - (ii) How much of these savings has each Department kept? Please itemise each agency separately.
- (c) If yes, please explain if any refurbishment was required to meet the Guidelines and what the costs were.
 - (i) What funding has been taken from the Department because they do not meet the Guidelines? Please itemise each agency separately.
 - (ii) Are there plans to meet the Guidelines? Please explain.

Responses:

- (a) Based on the last Australian Government Office Occupancy Report (November 2009), Defence on average achieved a density ratio of 16 square metres per person across the portfolio of office buildings. This lies below the government median of 20.6m². For the ACT, where the largest office footprint is maintained, the density achieved was 15.3m².
- (b) Yes. The guidelines offer a ratio of 16m² per occupied workpoint. Defence is satisfied that it has met the intent of these guidelines. Defence continues to improve efficiencies across the portfolio as opportunities for better utilisation arise.
- (c) Nil refurbishment was required to achieve the reported outcomes.
 - (i) Nil. Defence has not harvested any savings due to having met the intent of the guidelines.
 - (ii) No savings were accrued as a result of reported outcomes.

(d) Not applicable. Refer to response to part (b).

(i) Not applicable. Refer to response to part (b).

(ii) Not applicable. Refer to response to part (b).

Q62

Funding to Organisations

Senator Birmingham provided in writing.

Has the Department provided any funding to any of the following organisations in the current financial year or in any of the previous three financial years? If so, please detail when it was provided and for what purpose.

- (a) Australian Conservation Foundation
- (b) Australian Council of Trade Unions
- (c) Australian Youth Climate Coalition
- (d) Climate Action Network Australia
- (e) The Climate Institute
- (f) Environment Victoria
- (g) GetUp!
- (h) Greenpeace Australia Pacific
- (i) World Wildlife Fund Australia.

Response:

There are no records of any payments on Defence's financial systems to any of the above mentioned organisations during the current financial year or in the previous three financial years by the Department of Defence including the Defence Materiel Organisation.

Q63

Submarine costs

Senator Johnston provided in writing.

(a) What was the total cost of the RAN's submarine capability in 2010-11, including, but not limited to (and not necessarily grouped exactly as listed):

(i) Operating costs, including

1. uniformed personnel salaries and costs (including submarine crews, support personnel,

test, Command and Management personnel);

2. APS personnel salaries and costs (including DSTO personnel associated with submarine R&D at MOD Stirling and MPD Fisherman's Bend);

3. PSP personnel salaries and costs;

4. fuel and lubricants;

5. supplies and victuals;

6. training costs.

(ii) Sustainment costs.

(iii) Project costs, including:

1. DCP Projects;

2. Minor Projects.

(iv) Submarine facilities running costs (STSC, DSTO MOD Stirling, SETF).

(v) Submarine rescue facilities.

(b) How much is to be expended in the sustainment of the submarine fleet in each of the years 2010-11 to 2020-21?

(c) How much is to be expended in the operating of the submarine fleet in each of the years 2010-11 to 2020-21?

(d) How much is to be expended in relation to all submarine capability improvement (DCP and Minor) projects in each of the years 2010-11 to 2020-21?

(e) What impact will the ASC submarine sustainment ISS contract renegotiation have on the 2011-12 budget estimate for submarine sustainment?

(f) Defence has indicated in answers to February Estimates QoN that it is considering switching Collins maintenance philosophies from "as new" to "on condition".

(i) what is the likely cost saving to be derived by switching maintenance philosophies?

(ii) what are the risks associated with switching maintenance philosophies?

Response:

The costs provided in response to this question are the calculated costs of elements of submarine capability.

The costs provided for FY10/11 are actual expenditure to the end of June. Costs in future years (adjusted to wage-price index for personnel salary costs, SME weighted

average for acquisition costs and non-farm GDP for other costs) reflect expected budgets based on current structures and plans.

(a) (i-v) Total estimated cost of the RAN’s submarine capability for FY10/11 is \$629.3m. This includes \$415.9m in sustainment costs for the Collins Class.

(b), (c) & (d) Submarine capabilities are strategic in nature and some of the information is classified. In response to questions (b), (c) & (d) Defence has focused on a total operating cost across the Forward Estimates and remaining decade in Table 1. A private classified briefing on the breakdown of costs can be provided on request.

(b), (c) Table 1. Total Operating, Sustainment, AMCIP & Minor Costs

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	After
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Operating, Sustainment, AMCIP & Minors	684.13	656.97	616.29	591.25	573.63	621.08	643.01	671.83	704.69	829.38

(d) Unapproved Projects

The planned in-year expenditure on unapproved projects over the decade is classified. The following information from the public Defence Capability Plan is provided:

SEA 1354 Ph 1 Submarine Escape, Rescue, and Abandonment System – Acquisition cost of \$100m - \$300m. Planned First Pass approval is FY11/12 to FY12/13. Planned year of decision is FY12/13 to FY14/15.

SEA 1439 Phase 3.1 Collins Obsolescence Management – Acquisition cost of less than \$100m. Planned First Pass approval is FY11/12 to FY12/13. Planned year of decision is FY11/12 to FY12/13.

SEA 1439 Phase 5B2 Collins Continuous Improvement Program – Acquisition Cost of \$300m - \$500m. First pass approval has been achieved. Planned year of decision is FY11/12 to FY13/14.

SEA 1439 Phase 6 Collins Sonar Replacement – Acquisition Cost of \$500m – \$1b. Planned First Pass approval is FY11/12. Planned year of decision is FY11/12 to FY13/14.

(e) The ISSC is currently being negotiated and estimated costs have been factored into the FY11/12 budget estimate.

(f), (i) The ‘as new’ maintenance philosophy established at Collins build is currently under review—most notably looking at ‘on condition’ maintenance based on ‘in-service tolerances’. These changes are subject to a rigorous technical review to ensure technical integrity is maintained. The systems being assessed are prioritised based on sustainment costs. This effort has only recently commenced and cost savings cannot be accurately quantified. It is expected that this effort will increase the effectiveness of maintenance effort and result in significant long term savings.

(f) (ii) As required by the Navy Technical Regulations, these changes are subject to a rigorous technical review to ensure Collins submarine certification basis and technical integrity is maintained. All changes are subject to review and design approval by engineers before being incorporated into maintenance plans. Where these changes directly impact on submarine safety they are also subject to review by the SUBSAFE board, comprising the DMO and Navy.

Q64

Benchmarking, Reviews and Further Benchmarking

Senator Johnston provided in writing.

(a) In QoNs for February Estimates, I asked to receive a copy of a maintenance benchmarking review that was conducted in early 2010 against the US Los Angeles 688 and Swedish Gotland submarines. Defence undertook to table the report but have subsequently withheld it until Defence has sought advice of the participants on commercial sensitivities.

- (i) Can Defence table a redacted version until such time as advice of the participants on commercial sensitivities is received?
- (ii) On what dates did Defence ask the US and Swedish Government/supplier for advice wrt: commercial sensitivities with respect to the report?
- (iii) What is the likely response times of the US and Swedish Government/supplier responding to Defence's question with respect to the report?

(b) In answers to February Estimates QoNs Defence have stated that maintenance period's associated with Type 209, 212, 214, A-26 and S-80s cannot be compared to those of Collins Class submarines because they have more benign operating environments and shorter mission durations. Please provide the metrics which Defence used to generate such a claim.

(c) Has Defence attempted to obtain maintenance cost information from a range of submarine operators through its extensive network of Defence attaches? If not, why not?

(d) According to AusTender, on 31 March, Defence issued a contract (\$495K) to PWC to provide consulting services in support of a study into Submarine Capability Improvement, presumably as part of the Strategic Reform Program.

- (i) Please provide the contracted completion date for and contract deliverables (outline, draft, version1).
- (ii) Please table any completed deliverables under the contract.

(e) Defence has stated at the most recent Estimates that it is conducting a benchmarking review to help establish best practice for the business of submarine sustainment, including the best commercial framework for submarine sustainment.

- (i) Please provide the terms of reference/scope of work associated with this review?
- (ii) Please explain the logic behind the proposed completion date of the review (late 2011) post-dating the signing of the new ASC in service support contract? (Would the review not assist Defence in assessing value for money with respect to the ISSC?).

Response:

(a) (i) A redacted version that would not require clearance from the participating organisations would not offer any significant value. Defence has sought through ASC, clearance of a full version from participating organisations.

- (ii) DMO formally requested ASC to seek clearance in early April 2011, as the lead contractor for the review.
 - (iii) Advice is yet to be received that the two overseas contributing organisations have agreed to release the report. ASC are awaiting a formal response.
- (b) Australia's geographic circumstances impose substantial range and endurance requirements on the Collins class submarine, which often operates at distances from its homeport involving long transits and lengthy periods of activity, all within the various environmental conditions encountered. While smaller diesel electric submarines might be capable of deploying from homeports, their regular operations are commonly closer to national bases and of shorter duration, as reflected in the smaller size and crews of such submarines. Deployments from homeport on a regular basis place greater demands on the submarine and its equipment, which is operated over long periods and exposed to greater fluctuations in sea conditions. These factors complicate efforts to compare the maintenance regimes of the Collins class and those of other diesel-electric submarines.

The specific details of submarine operating profiles that have been provided to Defence are commercial-in-confidence and cannot be released to the public.

- (c) Nations operating a submarine capability are sensitive to releasing benchmarking data, including costing data.
- (d) (i) The study into submarine capability improvement is an initiative of Navy under the Strategic Reform Program. The study will support Navy's Submarine Continuous Improvement Program (SMCIP). A team comprising Navy's Continuous Improvement staff, PriceWaterhouseCooper and a subcontractor is leading the SMCIP, Phase 1 of which concluded on 25 May 11 and produced a scoping analysis. Phase 2 of the project is due to commence in August.
 - (ii) The scoping analysis delivered under Phase 1 is being examined and will inform the conduct of Phase 2. Outcomes will be reported to Government.
- (e) (i) The review will deliver recommendations for submarine sustainment business reform priorities, to enable Government's imperatives to be met as both customer and owner. The Terms of Reference for this review are yet to be finalised.
 - (ii) The Collins Class is now entering the last stage of its first full fleet maintenance and operational cycle. The experience gained in maintaining this unique fleet now allows review of the strengths and weaknesses of the current contract.

The process of negotiating the new performance-based contract brought to the fore the critical need to have whole of government engagement in developing a way forward for the submarine capability program. Defence, Department of Finance and Deregulation, and Industry have therefore been working together

to effect change, with the first step being the establishment of new whole of government oversight bodies. These bodies include the Government-ASC Steering Committee, and the Government-ASC Stakeholder Group, both of which are charged with ensuring ASC and Defence are aligned in their efforts to support the defence of Australia and its national interests.

The timing of the Review is aligned with the transition period of the new contract. The principles and Strategic Review process built into this arrangement, combined with the new governance bodies, provide the framework to enact any changes recommended from the review.

Q65

Submarine Status

Senator Johnston provided in writing.

(a) Defence indicated that HMAS Farncomb had to return to dock to repair an EPU which failed as the result of over pressuring a hydraulic system.

(i) How long was the submarine re-docked for?

(ii) What is the total cost of the re-docking?

(iii) What is the total cost of repair?

(b) Defence indicated that HMAS Dechaineux had a main motor problem in Singapore in May.

(i) How long until the main motor will be repaired to “as new” (Defence indicated in answers to QoNs from February Estimates that this is the current submarine maintenance philosophy)?

(ii) What is the total cost for repairing the defect?

(c) Are there any issues with HMAS Waller’s main motors, and if so, what are they?

Response:

(a) (i) HMAS Farncomb was in dock in ASC’s facility at Henderson WA for a period of five weeks.

(ii) and (iii) The expected cost for this docking and repair is estimated at \$1.8 million.

(b)(i) and (c) This information has the potential to affect operational security and is therefore not released publicly.

(b) (ii) The cost to repair the defect HMAS Dechaineux experienced in Singapore is approximately \$440,000.

Q66

Submarine Crewing

Senator Johnston provided in writing.

In the Submarine Workforce Sustainability Review Navy undertook to commission a study into a Sydney based submarine crew. This was to be concluded by February 2010. Advice from Defence at June Estimates suggests that this study has not yet been conducted.

- (a) Why has this study not been conducted in accordance with recommendations?
- (b) When will this study be conducted?
- (c) What other recommendations that Defence undertook to adhere to have not been adhered to?

Response:

(a) A scoping study to assess the viability of establishing and sustaining one Collins class submarine crew on the east coast of Australia was completed in September 2009. The finding was that east-based crewing was impractical because of the considerably longer periods that personnel on the east coast would spend away from homes and families under existing arrangements whereby submarines remain home-ported on the west coast, close to supporting infrastructure and facilities.

(b) Navy intends to explore this proposal again after current efforts to stabilise crews in the west are complete, at which stage rotational deployment of a Collins class submarine to the east coast could be afforded deeper analysis. This is the intended study to which Vice Admiral Crane referred to at Senate Estimates on 31 May 2011.

(c) All of the recommendations of the Submarine Workforce Sustainability Review have been or are being implemented.

Q67

Submarine Procurement and Improvements

Senator Johnston provided in writing.

(a) Project SEA 1439 Phase 6 has been in existence since the release of the 2004 DCP. From 2004 to the end of FY 2011-12, what has been the total cost (uniformed salaries, civilian salaries, contractors, travel, studies, trials etc) of running the project team?

(b) In February Estimates QoNs the following was asked: A consistent theme in the ANAO's 2009-10 DMO Major Project Report is that upgrades/enhancements to Collins are frequently inhibited by the capacity/resources of ASC to complete installations in the docking cycles.

(i) What equipment/capabilities have been procured but not installed as a result of lack of capacity/resources at ASC?

(ii) What has been the cost for equipment/capabilities procured for the Collins Class submarines but not yet installed?

(c) It was apparent from questions during the recent Estimates relating to Masts and Echo Sounders that this question has not been answered thoroughly. Please provide a detailed response.

(d) As part of SEA 1439 Phase 5B.1 Defence has procured OE-538 Multi-Function communications mast.

(i) Did we procure a class wide fit?

(ii) If so, when were these procured?

(iii) If so, how much did that cost?

(iv) If so, how many have been installed?

(v) If so, what were the actual installation costs?

(vi) Was the installation cost included in the original project budget?

(e) It is understood that Defence procured a number of TUUM-4 Underwater Telephones for the Collins Class submarines.

(i) Did we procure a class wide fit?

(ii) If so, how much did that cost?

(iii) If so, how many have been installed?

(iv) If so, what were the actual installation costs?

(v) Was the installation cost included in the original project budget?

(f) It is understood Defence has procured a number of High Data Rate SATCOM masts for the Collins Class submarines

(i) Did we procure a class wide fit?

(ii) If so, how much did that cost?

(iii) If so, how many have been installed?

- (iv) If so, what were the actual installation costs?
 - (v) Was the installation cost included in the original project budget?
 - (vi) It is noted that the Satellite System this mast connects to is the USAFs Advanced Extremely High Frequency system, which is a joint US, Canadian, Netherland's and UK program. What restrictions does not being a program participant place on this mast's use.
 - (vii) Since completing trials on these masts, how often has the high data rate (EHF) capability it provides been used (i.e. never, rarely, occasionally, regularly)?
 - (viii) Mr Warren King has indicated that Defence is "changing direction" with respect to this capability. What is the reasoning for this and what is the total cost to the taxpayer relating to having proceeded partially down this path (including de-installation and disposal cost).
- (g) In answers to questions on notice, Defence indicate that we have not had access to the classified DOTE report on the AN/BYG-1 and will not until such time as unique US Navy elements have been reviewed and edited. Why, noting the report was released in September 2010, do we still not have access to a redacted version?
- (h) The US Navy's Director of Operational Test and Evaluation release a report every year. Have we ever sought access to previous classified reports on the AN/BYG-1?

Response:

- (a) The cost of uniformed and civilian salaries for the project team has been \$1.19m. Contractor support to the project has cost \$0.215m. Project travel has been \$0.182m. Contractor and travel costs quoted do not include data for FY 04-05 as this was not available from archives in the timeframe to meet the response to this question.
- (b) (i) There are four OE/538 Communications Antennas and their associated Mast Raising Equipment awaiting installation. These masts are to be fitted progressively during Full Cycle Dockings or extended maintenance activities. There is one Third Generation Propeller which is currently being machined and fitted out at ASC Osborne. There are four Submarine Inertial Navigation units awaiting installation during RANKIN and COLLINS Full Cycle Docking activities. It is far preferable to fit items such as those listed at full cycle dockings or standard maintenance activities. However, it is also desirable to procure or buy such equipment other than one or two at a time. However, there will always be some items awaiting fitting.
- (ii) The following information relates to the costs of equipment/capabilities which have been procured for the Collins Class submarines but have not yet been installed:
 - Four OE 538s & Mast Raising Equipment - \$21.2m (awaiting installation to SHEEAN, RANKIN, COLLINS & WALLER).
 - One 3G Propeller - \$1.2m (currently being machined for installation in SHEEAN).
 - Four Submarine Inertial Navigation System units - \$2.8m (two for HMAS RANKIN and two for HMAS COLLINS).

- Five Maritime Underwater Multi-frequency Telephone (TUUM) 4 UWT - \$1.2m (will not be installed and awaiting transfer to the Maritime Ranges SPO).
- (c) For masts, the response is given in sub question (b)(i). There have been no Echo Sounders purchased by the Submarine Branch.
- (d) (i) Yes
- (ii) The initial contract was signed 8 Jul 2005. The final deliverable for Phase 1 of the contract was delivered on 15 Jan 10. Phase 2 was signed on 30 Jan 07 and all deliveries in this phase are complete.
- (iii) Phase 1 of the contract for Class design and hardware for HMAS FARNCOMB cost \$AUD16.64m (7.166m GBP). Phase 2 of the contract for the delivery of the remainder of the hardware for the class fit and spares cost \$27.53m.
- (iv) Two
- (v) Installation cost for FARNCOMB was \$4.89m. The installation cost for DECHANEUX was \$5.32m.
- (vi) Yes.
- (e) (i) Five TUUM 4 Underwater Telephones were purchased from Thales in 2001, originally part of the design of the underwater communications systems known as Hydro Acoustic Information Link (HAIL). The Maritime Ranges System Program Office will assume custody of the TUUM 4s in FY 11/12 to support evolving shallow water torpedo firing procedures.
- (ii) The TUUM 4 underwater telephones (UWT) were purchased from Thales at a cost of \$1.3m (Base date 2002).
- (iii) None have been fitted. The design of HAIL was subsequently modified to expedite its installation rendering the TUUM 4 unnecessary in the short term.
- (iv) The TUUM 4 UWT were not installed.
- (v) The TUUM 4 UWT were purchased by SEA 1439 Phase 3. SEA 1439 Phase 3 is a composite Project and detailed installation costs for each component were not established prior to Project approval.
- (f) (i) No.
- (ii) The Mast Raising Equipment was purchased from MacTaggart Scott for \$2.93m.
- The antenna was procured under the Foreign Military Sale program for \$7.57m.
- (iii) One.
- (iv) The installation was conducted by ASC. The Engineering Change Proposal work and Design costs were \$7.13m with actual direct installation costs of \$4.04m.
- (v) Yes.
- (vi) to (viii) This information can be provided in a classified briefing.

- g) The USN were asked in late Feb 11 to provide a copy of the DOTE report. This has been provided to the Commonwealth of Australia members of the Joint Project Office and a final version is being staffed within the USN for clearance. The Commonwealth of Australia did not ask for a redacted report on the basis that the removal of the sensitive data would negate the value of the report.
- (h) Yes.

Q68

Sonar

Senator Johnston provided in writing.

Some elements of SCYLLA sonar are more than two decades old.

- (a) With respect to Commonwealth inventory, does Defence have all active systems (e.g. six ship sets, development systems, training system) and associated allocated spares?
- (b) If not, what is the extent of the shortfall.
- (c) Of the Commonwealth inventory, what percentage of circuit boards are defective?
- (d) Under extant in-services-support contracts with the OEM, at what stage will obsolescence issues result in an inability to:
 - (i) Field 6 ship systems and associated training and development systems?
 - (ii) Field 4 ship systems and associated training and development systems?

Response:

- (a) Ship sets are installed on the Collins submarines, and support systems are located at the original equipment manufacturer (OEM) and Combat System Support Facility, HMAS Stirling. As a result of SCYLLA sonar obsolescence issues, the Commonwealth initiated a study by Thales into SCYLLA obsolescence and inventory. This study has identified a risk that insufficient inventory is available to support all systems concurrently, noting however that one system is always under refurbishment as part of a submarine full cycle docking. That report is now under joint review by the Commonwealth and the OEM (Thales) to validate and assess the inventory assumptions, functional status and resultant risks.
- (b-c) The status of SCYLLA inventory is currently under review.
- (d) (i-ii) The Commonwealth has extended the contract with Thales, which incorporates the priority recommendations from the SCYLLA obsolescence review, including the review of extant SCYLLA inventory. These activities coupled with continued proactive management of the existing inventory, including the possible relocation of a small number of components from the training and development system to support ship systems, all required in service Collins Class submarines and associated shore support facilities, can be supported through until 2016. It is anticipated that to maintain the sonar capability beyond 2016 will most likely require further obsolescence remediation of some components. The scope of this remediation work will be determined in concert with the decisions associated with SEA 1439 Phase 6 to upgrade the Collins sonar capability.

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**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q69

Submarine Availability and Unit Ready Days

Senator Johnston provided in writing.

- (a) What are the planned overseas port visits for the Collins Class submarines for the next twelve months?
- (b) What is submarine unit ready days expectation of Navy over the next 24 months (FY 2011-12 and 2012-13)?

Response

- (a) Forecasts of planned port visits for any ships or submarines are not publicly released by Defence in accordance with standard measures taken to preserve operational security and the safety of our units and personnel while overseas.
- (b) Unit ready days of discrete force elements can directly convey operational capability. The forecast and achieved unit ready days for each of Navy's force elements are therefore not publicly reported for reasons of national security. However, Defence does report collective unit ready days for groups of force elements. As reported in the Defence Portfolio Budget Statements 2011-12, Navy's 'Major Combatants' group includes Adelaide class frigates, Anzac Class frigates, and Collins Class submarines. Planned unit ready days for this group are 3,771 in 2011-12, and 4,325 in 2012-12.

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**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q70

Submarine Remediation

Senator Johnston provided in writing.

What specific and detailed plan does the DMO have to remediate the Collins Class submarine fleet in the period 2010-11 to 2020-21?

Response:

An independent review of the Collins Class Submarine sustainment program is being conducted by Dr John Coles, a United Kingdom-based private sector expert in major Defence programs, in the second half of 2011. The final report from this review will be delivered in April 2012. The review will establish benchmarks against world's best practice and deliver recommendations for submarine sustainment business reform priorities, to enable Government's imperatives to be met as both customer and owner. Specific recommendations sought will include:

- a. the optimal commercial framework for conduct of submarine sustainment; and
- b. appropriate performance targets for sustainment activity, based on world best practice efficiency and effectiveness metrics.

Phase 2 of The "Coles Review" will investigate a number of areas in the sustainment of Collins class submarines, including:

- a. **Integration and Program Management:** Leadership and Governance, and Program Management;
- b. **Commercial:** Industry Analysis and Contracts Analysis;
- c. **Engineering, Reliability and Navy:** Operating Model and Benchmarking, Reliability, and Navy Sustainability; and
- d. **Costing:** Cost and Baseline

In advance of the Coles Review a reform program is being undertaken. The four key threads which will be further progressed, and have been confirmed by the initial Coles Report include:

Safety and Reliability, and Optimised Maintenance Planning: Reviewing levels of maintenance with a view to establishing an optimised maintenance plan that will reduce cost but maintain safety and reliability.

Strategic Contracting: Moving towards performance based in service support contracts for ASC and other key suppliers and planning for a mission systems integrator. The Mission System Integrator will work in concert with ASC, as the Platform System Integrator, to sustain and develop submarine capability. Both the Mission System and Platform ISSCs, will potentially include provision of supply support services and commercial authorised engineering services.

Supply Support: Initial reform of the supply support system has begun. Detailed analysis of stores availability and demands, an extensive obsolescence study, and purchase of high usage spares have been undertaken.

Change and Culture Management: Creation of the Australian Submarines Program Office (ASPO) combines Navy, ASC and DMO as stakeholders of the submarines enterprise. The ASC Steering Committee including Defence, Navy and Department of Finance and Deregulation overviews the operation of the ASPO. Integrated product teams and sustainment and capability management boards have been established.

The current contractual arrangement between Defence and ASC for Submarine Sustainment, the Through Life Support Arrangement (TLSA), is being renegotiated to:

- a. hold ASC accountable for, and to reward, efficient and effective delivery of availability and capability, against the Integrated Master Schedule;
- b. develop ASC capability, then hold them accountable, for managing the remaining reliability and durability issues of urgent and latent defects, obsolescence and aging platform;
- c. transition both parties towards a rationalised supply chain supporting the Integrated Master Schedule;
- d. develop ASC capability, then hold them accountable, for provision of holistic and effective inventory management to support the Integrated Master Schedule; and
- e. fund programmes of work to progressively produce the quality and quantity of information required to determine an acceptable cost of ownership for the capability requirement.

Until Phase 2 of the “Coles Review” is underway, it is premature to comment on specifics of how the Coles Review will influence the ISSC and DMO relationship with ASC. The ISSC includes a 2-year transition period which is crafted to allow a phase-in of performance measures and provides a means to incorporate recommendations from the Coles review.

Q71

Mine Warfare—Mining

Senator Johnston provided in writing.

- (a) Is there any project pending to address the shortfall in the ADF's Maritime Mining Capability?
- (b) If not why not and if so, when is this project being brought forward for Government decision?

Response:

- (a) The ADF has a latent sea mining capability with the Collins Class submarine and the Australian P3C which conducted mine laying trials in Jervis Bay in the mid 1990s. The FA18 A & E/F aircraft types also have the latent potential to lay converted iron bombs as sea mines. Ultimately, the capacity of any aircraft or vessel to lay sea mines is dependent on the type of sea mine in use. No Defence Capability Plan project exists to acquire sea mines.
- (b) This is an issue for consideration as part of the Force Structure Review 2013.

Q72

Mine Countermeasures—MHCs

Senator Johnston provided in writing.

(a) At Estimates on 31 May 2011 Chief of Navy indicated that it would take several months to reactivate the 2 MHC's that are laid up. How long will it take to reactivate the 2 MHC's currently laid up, including bringing the crew to an operational level?

(b) CN also indicated that the 'principal positions for each of the 'laid up' MHC's were available for re-crewing. What are these 'principal positions' and where are these personnel presently employed such that they could be reallocated to crewing the two MHC's should the need arise. What other tasks would then not be performed due to this re-shuffle?

(c) At Estimates on 31 May 2011 the question was asked, "How many MHC's are at full capability inclusive of Diving Equipment, Mine Disposal Vehicles, Sonars and Minesweeping wires and cutters". Chief of Navy answered, "To my knowledge they are all at a level of capability".

(i) What is the current level of capability of each?

(ii) How many hours of detailed route survey operations of Australian priority ports have been conducted by the MHC's over the last 4 years?

Response:

The Mine Clearance Diving (MCD) Continuous Improvement Program (CIP) Project "MHC Fleet Optimisation" continues to identify more fiscally efficient ways of sustaining our mine clearance capabilities. This is broadly achieved by treating expensive and difficult to maintain or replace obsolete equipment components through a targeted upgraded component replacement strategy. For example, a key element of the project is the replacement and upgrade of old circuit cards with new replacement cards that achieve the same function using Commercial Off the Shelf (COTS) technology in the MHC sonar and tactical data systems. These initiatives deliver greater capability to Navy by ensuring greater systems reliability. Another strategy includes the extension of the layup of the two of the fleet of six MHC, HMA Ships *Hawkesbury* and *Norman*. Both vessels are now at 60 months notice for reactivation.

(a) HMA Ships *Hawkesbury* and *Norman* are at 60 months notice for reactivation in accordance with operational preparedness requirements. This is sufficient time to reconstitute and train the crew(s) and return the ship(s) to an operational level.

(b) All positions in both extended readiness MHCs have been frozen, remain within Navy's personnel workforce and are available for re-crewing. The individual personnel released from those positions have been allocated to other positions across the whole of Navy. It is not intended to recall those specific individuals should either MHC be reactivated due to personnel career progression and natural workforce attrition. The reactivation notice period (60 months) allows sufficient time to reconstitute new crews at the appropriate rank and skill once the positions were un-frozen. Re-crewing would occur in

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**QUESTIONS ON NOTICE—COMMITTEES
SENATE BUDGET**

Q73

Mine Countermeasures—Minesweeping

Senator Johnston provided in writing.

- (a) At Estimates on 31 May 2011 the C of N indicated that minesweeping training was being conducted.
- (i) On how many occasions has each MHC conducted wire sweeping operations in the last 4 years?
 - (ii) On how many occasions has each MHC conducted influence sweeping operations in the last 4 years?
 - (iii) On how many occasions has remote control minesweeping operations been conducted in the last 4 years?
 - (iv) Are the 3 minesweeping drone boats serviceable and/or operationally ready?
 - (v) If any are un-serviceable, when were they first reported as un-serviceable and to whom?
 - (vi) How many times has the maxi dyad sweep been trained with in the last 4 years?
 - (vii) How many times has the mini dyad sweep been trained with in the last 4 years?
 - (viii) What has been the usage rate of the 18 Australian Acoustic Generators over the last 2 years?
 - (ix) How many MW category courses are conducted each year and of those courses conducted how many involved practical minesweeping (both mechanical or influence) over the last 5 years? (Please indicate whether mechanical or influence).
 - (x) How much funding has been allocated to the conduct of influence minesweeping training per annum over the last 5 years in total and as a percentage of funding allocated to MCD training.
- (b) At Estimates, C of N indicated that Craft of Opportunity (COOP) are to be used to tow the large influence sweep.
- (i) My understanding is that the COOP concept been discarded in the late 90's due to the difficulty of maintaining the data base of suitable craft as well as the significant problem of degaussing these COOP prior to entering a minefield to ensure some element of safety for the crew ? Is it not true that the Minesweeping Drone boats can only provide limited protection as a precursor to the COOP?
 - (ii) What has changed?
 - (iii) Does Navy now have a data base of suitable craft?

- (iv) How does Navy resolve the danger of operating an undegaussed COOP in a minefield? Does Navy now have a number of portable DG systems to fit to these COOP?

Response:

Minesweeping training is conducted in conjunction with other mine countermeasures and general fleet activities during the year. These include exercises such as Mullgogger, Triton Storm and Dugong and Unit Work Ups. The Minewarfare and Clearance Diving Group has implemented a continuous improvement program which has enabled the reinvigoration of mine sweeping as a core mine counter measures skill. This has resulted in recent tactical development and training activities and in the reintroduction of the craft of opportunity concept for the provision of influence minesweeping platforms.

- (a) (i) There have been six occasions in the last four years where Mine Hunter Coastals (MHCs) have conducted wire sweeping training activities. These have generally been conducted in the East Australian exercise areas in the vicinity of Jervis Bay. This level and frequency of training is adequate but not optimal for currency requirements.
- (ii) There have been four occasions in the last four years where MHCs have conducted influence sweeping training activities. This level and frequency of training is adequate but not optimal for currency requirements.
- (iii) No remote control mine sweeping training activities have been conducted in the last four years due to known drone boat serviceability issues with the remote control system (RCS). Plans are in place to remedy this deficiency with replacements for drone boats and the RCS currently being procured.
- (iv) One mine sweeping drone boat was disposed of due to its hull being damaged beyond economical repair in 2010. This damage was caused by a collision with a Dyad farming jet boat in early 2006. Two mine sweeping drone boats remain in service but are not operationally ready due to unserviceable RCS. The Drone boats have been maintained and are seaworthy; however, are not capable of operating unmanned. Replacements for these two boats are currently being procured as well as a replacement RCS. The replacement boats are expected to be delivered in the third calendar quarter of 2011 and the RCS in early 2012.
- (v) A priority defect report was raised on 01 July 2009 detailing that the mine sweeping drone boat's control system was unserviceable due to obsolescence. The DMO is in the process of replacing this obsolete control system. The MCD continuous improvement program has identified efficiencies which have allowed further funding to be identified to address this obsolescence issue with the control system.
- (vi) The Maxi-Dyad sweep has been employed in a training role once in the last four years (2010) as part of the reinvigoration of that capability. Maxi-Dyad

training in recent times has been infrequent due to the non-availability of readily accessible platforms with the craft of opportunity (COOP) concept being in abeyance. The COOP concept has since been reinvigorated.

- (vii) The Mini-Dyad sweep has been trained with eight times in the past four years (twice annually).
- (viii) The Australian Acoustic Generators (AAG) have logged 40 hours in water running time over the last 2 years. This usage, whilst not exhausting AAG availability, is adequate but not optimal for currency requirements.
- (ix) 3 x Basic
2 x Intermediate
1 x Advanced
1 x CPO
1 x Officer
1 x International Officer.

All of these courses have theoretical minesweeping training but only the current Advanced and Officer's course are planned to conduct practical mechanical and influence sweeping training (14–24 June 2011) as part of the sustainment of this capability.

- (x) Funding is not allocated to individual training facets such as minesweeping. Funding is allocated on an individual unit basis and therefore can not be accurately determined for discrete activities such as minesweeping. The conduct of influence minesweeping was reinvigorated in the current financial year; approximately \$14,000 was allocated for training with another \$70,000 allocated in support of influence minesweeping training. This does not include the running costs of the platforms.
- (b) (i) The statement is partly correct. However, as there is no particular vessel earmarked to tow the Maxi-Dyad sweep, a craft of opportunity will be sourced when required from the data base of suitable platforms which has recently been reinvigorated.
- (ii) A Mine Sweeping Drone Boat's primary role is to act as a precursor to any other subsequent mine countermeasures such as mine hunting or mine sweeping. This capability has not changed.
- (iii) Yes. This was established in conjunction with the Maritime Trade Organisation in 2009.
- (iv) Once the COOP concept has been confirmed following a further tactical development period in August 2011, a Naval Minor Project proposal will be raised to procure a portable degaussing system.

normal posting cycles and would be managed to ensure negligible impact to other tasks.

- (c) (i) The four operational MHCs (HMA Ships *Huon*, *Gascoyne*, *Diamantina* and *Yarra*) currently meet all directed levels of operational capability requirements. HMA Ships *Diamantina* and *Yarra* are without their Chief Petty Officer Clearance Diver due to the manning requirements of Operation SLIPPER, however, these positions can be filled at short notice within the directed timeframes should the need arise. Mine disposal vehicles are fitted to *Huon*, *Diamantina* and *Yarra* and are in the process of being re-installed in *Gascoyne* by October 2011. All four MHCs are fitted with fully functional sonars and are capable of conducting both influence and mechanical minesweeping. The MCM capability employs two diving sets. The 'Shadow Excursion' for very shallow water and the 'A5800' dive set for shallow water. Both dive sets are available for operational use.
- (ii) There has been 78 hours of route survey data of priority ports recorded since 2007 by MHCs. This includes most recently the route survey of Moreton Bay conducted by HMAS *Huon* as part of Operation QLD FLOOD ASSIST in January 2011.

Q74

Mine Countermeasures—Clearance Diving

Senator Johnston provided in writing.

(a) At Estimates on 31 May 2011, the Chief of Navy indicated the following “We can dive to the depths we need to”.

- (i) What is the depth requirement for RAN Clearance Divers (and their equipment) in the conduct of EOD and Mine Clearance diving operations?**
- (ii) What is the maximum depth that CD’s can dive to at present on unexploded ordnance or mines?**
- (iii) What is the present status of the following clearance diving equipment (please indicate number of sets in inventory and serviceability):
a. A5800; b. Surface Supply Breathing Apparatus; and c. Shallow water re-breather?**
- (iv) What is the current status of the CD MCM Underwater Computing System (MUCS)?**
- (v) Of the CD MCM Underwater Computing Systems purchased by Navy, how many are serviceable?**
- (vi) How many of the handheld 2A sonars used for diver search are serviceable?**
- (vii) What is the current replacement schedule for the handheld 2A sonars?**

(b) At Estimates on 31 July 2011 the Chief of Navy stated: sic “ In my community people tend to push the envelope in things they wish to do and the vessels we have available for the mission they have is satisfactory and ... we have got what we need to do the mission we have”

- (i) Do CD’s have a stated mission of both beach survey and clandestine beach survey? And would not they be required to travel some distance over water to effect an insertion to conduct such a mission. If so, how are they to be inserted from a task group to undertake this task?**
- (ii) What are the craft that the Chief of Navy refers to when he stated that ‘we have got what we need’?**
- (iii) What sort of protection do these craft afford to CDs operating in a mine threat environment?**

Response:

On 30 March 2011, DCN approved funding for the replacement of obsolete equipment and a clearance diving system procurement strategy was implemented to address block obsolescence equipment issues. The timeline for acquisitions is listed in the clearance diving systems procurement strategy and is mentioned below in the responses to the questions asked.

- (a) (i) RAN Clearance Divers are required to dive to the depth capability of the available dive set in service for explosive ordnance disposal (EOD) and mine counter measures (MCM) operations. A5800 is the current in service MCM mixed gas dive set that can be dived in nitrogen/oxygen (NITROX) to 45 metres and in helium/oxygen (HELIOX) mode. HELIOX mode permits A5800 to dive to a depth of 90 metres; however, authorisation to**

dive to depths of 45–90 metres was not endorsed by the RAN Testing, Evaluation and Acceptance Authority.

(ii) Operationally, to 45 metres.

(iii)

- a. A5800. A replacement for the A5800 dive set for shallow water MCM is in the process of being identified. The A5800 remains available for operational use during that process.

Life of Type (LOT) expires in December 2012. Procurement of a replacement set over FYs 11 to 13 as part of a Clearance Diving System Procurement Strategy as been approved. The request for tender (RFT) will commence by the end of July 2011. Anticipated delivery of replacement MCM suite is July 2012. There are currently 118 sets in inventory with 20 identified for operational use.

The Shadow Excursion dive set is being used for individual and collective training and exercises, including MCM tactics, techniques and procedures. Shadow Excursion has achieved initial operational release (IOR) for Army; Navy is scheduling IOR for use in an MCM environment. Shadow excursion can be dived to a maximum depth of 23.5 metres.

- b. Self sustaining breathing apparatus (SSBA) –This equipment is nearing its end of useful life. Funding to replace Navy’s present SSBA equipment in FY 2011–12 as part of a Clearance Diving System Procurement Strategy has been approved. An RFT will be issued by the end of July 2011. Anticipated delivery of the replacement SSBA suite is September 2012. There are 7 sets in the inventory.
- c. Very Shallow Water (VSW) MCM –LAR VI is the present VSW MCM dive set. This equipment is nearing its end of life. The maximum depth of dive of the LAR VI is 8 metres. There are 60 sets with 20 preserved for operational use (20 ex-Army sets are not minimum magnetic and are used for training, 20 other ex-Army sets have not been reconfigured for Navy use).

Funding in FY 2011–12 for the procurement of the Shadow Excursion to replace the LAR VI and thereby improve the depth capability in VSW MCM operations has been approved. An order for the Shadow Excursion suite to replace the LAR VI set has been issued. Anticipated delivery of the complete Shadow Excursion suite is April 2012. There are 20 sets in the current inventory, with procurement for 30 more underway.

- (iv) Mine counter measures underwater computing system (MUCS) was a first generation leading edge technology which is no longer in service. The system proved difficult to sustain with mediocre reliability. The next generation of COTS MUCS systems is available in service with our allies

and offers reduced sustainment costs and greater reliability. Navy plans to replace MUUS with the UNIS (Underwater Navigation and Integrated Sonar).

- (v) At the time of removal from service, only 8 out of 25 sets were serviceable.
 - (vi) All sets are serviceable.
 - (vii) The 2A sonar remains operational and effective but is nearing the end of its useful life. Replacement of individual 2A sonars by sustainment is under investigation as part of the Clearance Diving System Procurement Strategy. The intention is to keep the 2A sonar as an operational sonar into the future, until replaced.
- (b) (i) Clearance Divers (CDs) have a stated mission for beach reconnaissance, surveys and clearances. CDs are inserted from a task group using craft organic to the task group for long distances and via craft organic to the clearance diving team for shorter distances.
- (ii) Rigid Hull Inflatable Boats (RHIB) organic to task groups and zodiac inflatable boats organic to clearance diving teams.
- (iii) The mine threat to individual craft types is assessed based on the mine threat at the time, knowing the capabilities and limitations of the craft in use. RHIBs offer little protection from moored mines, other than the RHIB's shallow draft permitting them to float over most moored mines. Influence mines such as magnetic mines, in deeper water can be expected to be targeted mainly against larger shipping and not the smaller signature of a RHIB. RHIBs become more vulnerable in shallower water however, where mines may be targeted against smaller landing craft. Zodiac inflatable boats can offer a lower signature and may be used where a RHIB becomes vulnerable to influence mines. It is a matter of scale and having a sound assessment of the mine threat.

Q75

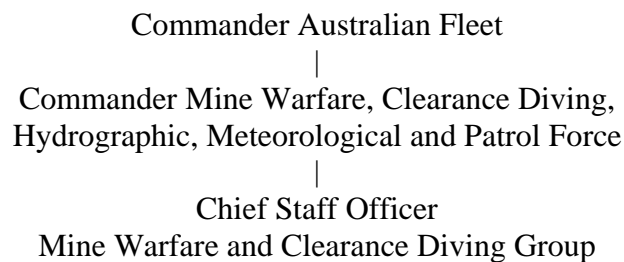
Mine Warfare Command

Senator Johnston provided in writing.

- (a) What is the current command structure that has been established to ensure the on-going capabilities of MCD?
- (b) Does the current commanding officer for this area have specialist experience and qualifications in Mine Warfare? If not, why does this important capability not have a commanding officer with the required specialist qualifications and expertise?
- (c) At Estimates the C of N said ‘that he re-organised the command structure because he had a view that there were some similarities between technologies relating to both MCD and Hydro-graphic activities.’ What are the similarities and how are the activities closely related?
- (d) Detail the total cost of maintaining and operating MCD operations over the past five years?

Response:

(a)



(b) Yes. The principal role of the Commander Mine Warfare, Clearance Diving, Hydrographic, Meteorological and Patrol Force (COMMHP) is to coordinate the management of the in-service capabilities in each of the domains under his Command. Given the diversity of his responsibilities he cannot be expert in every one of the war-fighting disciplines within his span of Command and relies on his subject matter experts to manage their own areas. In the case of clearance diving he is supported by the Chief Staff Officer Mine Warfare and Clearance Diving Group who is the officer responsible for managing of the Mine Warfare and Clearance Diving in service capability and force generation. He is a Mine Warfare and Clearance Diving Officer with extensive experience in this field. Similarly, for Government directed maritime or joint operations, a specialist deployable Mine Counter Measures Task Group staff, led by deep specialists in their field, is utilised.

(c) Mine Warfare and Hydrographic seagoing vessels have high definition forward and bottom looking sonars. Although the peacetime use of these sonars systems are for differing purposes they both can be used for underwater conditioning in a mine threat environment and for populating a national seabed database.

Mine Warfare Units rely on current and accurate oceanographic data when operating in a mine threat environment. To assist in countering this threat, route survey and

bottom data is collected from mine hunters, hydrographic Survey ships and survey motor launches (SML) and stored on a national database for use by Mine Warfare and Hydrographic Units. This database is managed by the Hydrographic Group.

Selected Mine Warfare Units have a requirement to operate in the very shallow waterspace overtly and clandestinely collecting ocean bottom data. Hydrographic rapid environmental assessment (REA) teams also overtly collect data in the very shallow water environment. Although their mission roles are different there are distinct similarities in these activities and equipment.

Both of these capabilities will rely on unmanned underwater systems for seabed mapping and sea mine identification and disposal.

(d) The maintaining and operating cost over the past 5 years associated with MCD operations is \$855.078m. The cost covers the period from FY2006–07 until FY 10–11. Figures for the FY 10–11 include estimated costs for the month of June to enable full year figures to be presented, and to enable cost comparisons with previous fiscal years. The breakdown below consists of cost associated with personnel, rations, supplier expenses, asset depreciation and DMO sustainment.

See attached Table Mine Warfare and Clearance Diving Group Operating Costs

Q76

34 Squadron

Senator Johnston provided in writing.

- (a) When do the current leases for the 3 Challenger 604 and 2 BBJ expire?
- (b) Is it anticipated that these leases will be renewed. If yes, for what period?
- (c) Is it planned to use any of the KC-30A Multi Role Tanker Transport fleet in VIP tasks?
- (d) What has been the maintenance schedule for the VIP fleet for 2010/11?
- (e) Please list the details of all tasks, including the specific purposes and associated costs, for all 34 Squadron aircraft usage for the Governor General since 2007/08?
- (f) Please list the availability schedule for the VIP aircraft fleet in 2010/11?
- (g) Is there a plan in place to replace the current fleet of VIP aircraft? If so, please provide the specific details of the proposed replacement aircraft?
- (h) Please list the specific details of 'other aircraft' that have had to be contracted because of the unavailability of the 3 Challenger 604 and 2 BBJ aircraft in 2010/11?
- (i) Please provide the full details, including manifests, and costs associated with the contracting of such aircraft in 2010/11?
- (j) What was the full cost of maintaining and operating 34 Squadron in 2010/11?
- (k) What cost recoveries for VIP services in 2010/11 were made and from whom?

Response:

- (a) All current aircraft are leased separately and all leases expire between 13 June 2014 and 30 September 2014 as noted below:
 - Boeing 737 Business Jet - 13 June 2014 and 1 September 2014; and
 - Challenger 604 - 21 June 2014, 24 September 2014 and 30 September 2014

(b) Options for lease extensions are currently being considered.

(c) No, the Air Force does not plan to use the KC-30A for VIP tasks.

(d) The VIP Special Purpose Aircraft (SPA) fleet is maintained in accordance with schedules recommended and approved by the Original Equipment Manufacturer (OEM). These schedules are calendar based, under which the maintenance is performed based on time elapsed since the previous maintenance. The maintenance, as far as is possible, is conducted around known VIP taskings as advised by Air Force through the Staff Officer VIP Operations.

The maintenance regime includes both minor and major maintenance.

For the BBJ aircraft (A36-001 and A36-002) scheduled minor maintenance is required for two days every month. For the Challenger aircraft (A37-001, A37-002 and A37-003) scheduled minor maintenance is required for one day every month.

The scheduled FY 2010-11 major maintenance for the fleet is:

Aircraft	Scheduled Major Maintenance
-----------------	------------------------------------

A36-001	3 January 2011 to 9 January 2011
	23 May 2011 to 11 July 2011
A36-002	Nil in FY 2010-11
	Programmed for July 2011 – September 2011
A37-001	1 July 2010 to 11 August 2010
	20 December 2010 to 29 December 2010
	24 April; 2011 to 7 May 2011
A37-002	16 August 2010 to 12 October 2010
	14 March 2011 to 20 March 2011
A37-003	18 October 2010 to 14 December 2011
	28 March 2011 to 3 April 2011

(e) The details of Special Purpose Aircraft usage for all Governor General tasks since 2007-08 can be found in Defence's publication '*Schedule of Special Purpose Flights*' which is tabled by Parliament twice a year. The schedule is publicly available from the National Library of Australia and copies are also available in the Parliamentary Library.

The task data is not available in stand-alone form as it is included with all other Australian Government Special Purpose Aircraft tasks.

(f) Qantas Defence Services is contractually required to ensure that no more than one Special Purpose Aircraft is in scheduled servicing at any time, without Commonwealth permission. In general terms, there should be four aircraft available at all times without regard to aircraft type. Although if forward planning identifies a high usage period, additional aircraft maybe taken off-line for scheduled servicing.

Specific availability of the VIP aircraft fleet concerns Royal Australian Air Force capability and is not for general release.

(g) Planning is commencing shortly and an integrated project team is to be established to begin developing requirements and options for Australian Government consideration.

(h) No 'other aircraft' have been contracted because of the unavailability of the Special Purpose Aircraft in 2010-11.

(i) The manifests for the flights using contracted aircraft during the period 1 July 2010 – 31 December 2010 are contained in Defence's publication '*Schedule of Special Purpose Flights*' which was tabled in Parliament on 7 July 2011. Aside from tasking during the period of the 2010 Election, there were no other aircraft contracted for VIP operations.

(j)

Cost Item (Figures based on 2009-10 Actuals)	2010-11 Budget \$m
3x Challenger Aircraft	
Lease Costs	7.464
Fuel Costs	3.004
34 Squadron Personnel (Military)	1.669
2x Boeing 737 Business Jet	
Lease Costs	11.629
Fuel Costs	5.050
34 Squadron Personnel (Military)	1.843
Common	
Aircraft Maintenance Contract	16.306
Unscheduled Maintenance	9.070
Aircraft Insurance	0.530
Defence Materiel Organisation System Program Office Personnel (Public Service)	1.682
Defence Materiel Organisation System Program Office Personnel (Military)	0.224
34 Squadron Personnel (Military)	5.222
34 Squadron Personnel (Public Service) (*AMCC funded)	0.221*
Facilities (Lease/maintenance)	10.322
Other expenses (Travel and Office expenses)	4.636
TOTAL	78.872

(k) Information regarding the identity of individuals for whom cost recovery invoices have been issued as passengers of a Special Purpose Aircraft is not part of the tabling requirements of the *Guidelines for the Use of Special Purpose Aircraft*. Accordingly, individuals have not been provided with notice that this information will be tabled. In accordance with the *Privacy Act 1988* the Department of Defence is not authorised to disclose this personal information in response to a question on notice without the consent of the individuals. Information regarding the amount of cost recovery invoices can be disclosed where it does not identify the individuals involved.

For the Financial Year 2010-11, a total of 374 invoices have been raised in the year to date 17 May 2011, inclusive of the Federal Election. As of 17 May 2011, 369 invoices have been paid in full.

For the Financial Year 2010-11, 308 invoices have been raised in the year to date 17 May 2011 for the Federal Election.

Q77

Multi Role Tanker Transport (MRTT)

Senator Johnston provided in writing.

- (a) What is the delivery schedule for the fleet of MRTT into full operational capacity?
- (b) Is it planned to use any of the KC-30A Multi Role Tanker Transport fleet in VIP tasks?
- (c) Is it planned to use any of the KC-30A Multi Role Tanker Transport fleet in transporting personnel, equipment and goods to the MEAO?
- (d) If not, why not?
- (e) What is the total yearly cost of purchasing/leasing of this fleet of aircraft from 2010/11 to 2020/21?
- (f) What is the total yearly cost of operating, maintaining and sustaining this fleet of aircraft from 2010/11 to 2020/21?

Response:

- (a) The schedule for delivery and acceptance of all aircraft is:

Milestone	Contract Milestone	Tail #	Planned
18	Acceptance of 1 st Aircraft	A39-003	01 June 2011
20	Acceptance of 2 nd Aircraft	A39-002	24 June 2011
23	Acceptance of 3 rd Aircraft	A39-004	October 2011
25	Acceptance of 4 th Aircraft	A39-001	December 2011
26	Acceptance of 5 th Aircraft	A39-005	September 2012

An initial operational capability for Air Logistics Services (passengers and cargo) and pods (hose and drogue) air to air refuelling capability is planned by end-2012. A full operational capability, for Air Logistic Services and pods and boom air to air refuelling, is planned by end-2013.

- (b) No, the Air Force does not plan to use the KC-30A for VIP tasks.
- (c) Yes, once the KC-30A has completed the operational test and evaluation program and achieves an initial operational capability the KC-30A will be able to support limited strategic airlift tasks for the ADF on a task priority basis. This could include the air transport of personnel and cargo from Australia to the Middle East Area of Operations
- (d) N/A.
- (e) The approved Budget for acquisition of the air to air refuelling capability (Feb 2011 outturned prices) is:

FY10/11	FY11/12	FY12/13	Contingency (Afters)
\$326.001m	\$235.374m	\$137.335m	\$87.534

- (f) The DMO mature cost for sustainment of the air to air refuelling capability is \$78m per annum (2011 price basis), noting that annual costs will vary according to the cycle of scheduled aircraft and engine major overhauls and any significant unscheduled maintenance.

The mature fuel and personnel operating cost for the air to air refuelling capability is \$38m per annum (2011 price basis) based on an annual fleet flying rate of 3100 hours per year with 56% Air Logistics Services, 44% Air to Air Refuelling mission utilisation.

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q78

AIR 7000 Phase 1B

Senator Johnston provided in writing.

- (a) What is the current plan of introducing the Global Hawk un-manned long endurance aircraft into operation?
- (b) What is the current number of Global Hawk un-manned long endurance aircraft that will be purchased?
- (c) What is the anticipated total cost of purchasing the above number Global Hawk un-manned long endurance aircraft, including ground station and support services?
- (d) What is the anticipated total cost of purchasing each Global Hawk un-manned long endurance aircraft, including ground station and support services?
- (e) What is the anticipated delivery schedule for the Global Hawk un-manned long endurance aircraft?
- (f) Where is it planned that this fleet of aircraft will be based and head-quartered?

Response:

(a) and (e) As detailed in the *Defence Capability Plan 2009*, December 2010 update, project AIR 7000 Phase 1B will develop options to acquire a high-altitude, long-endurance Unmanned Aircraft System capability that can perform Maritime Intelligence, Surveillance, Reconnaissance and Response tasks. The MQ-4C Global Hawk is one of the options being considered for this project.

The AIR 7000 Phase 1B planned schedule is as follows:

- (i) First Pass approval will be in the period FY 2016–17 to FY 2018–19.
- (ii) The Year of Decision will be in the period FY 2019–20 to FY 2021–22.
- (iii) Initial Operational Capability will be achieved in the period FY 2022–23 to FY 2024–25.

(b) AIR 7000 Phase 1B is scoped to acquire up to seven large Multi-mission Unmanned Aircraft Systems that will supplement the eight Maritime Patrol and Response Aircraft, to be acquired under project AIR 7000 Phase 2B.

(c) and (d) The AIR 7000 Phase 1B acquisition cost is \$1b – \$2b.

(f) Planning at this stage is for the unmanned aircraft fleet to be delivered under AIR 7000 Phase 1B to be based and headquartered at RAAF Base Edinburgh, South Australia, however the final location will be determined as part of the Force Posture Review.

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q79

Joint Strike Fighter / Super Hornets

Senator Johnston provided in writing.

- (a) How much was spent, or is expected to be spent on the acquisition of the JSF – F-35 (JSF) in each of the years 2011/12 to 2023/24?
- (b) How many JSF are planned to be purchased, and paid for, in each of the years 2011/12 to 2023/24?
- (c) What is the schedule to introduce the JSF into full operational status for each year 2013/14 to 2023/24?
- (d) What is the schedule to introduce the Super Hornets into full operational status for each year 2013/14 to 2023/24?
- (e) What is the expected total cost of maintaining, sustaining and operating the JSF's for each year 2013/14 to 2023/24?
- (f) What is the expected total cost of maintaining, sustaining and operating the current Super Hornets for each year 2013/14 to 2023/24?
- (g) What is the expected total cost of maintaining, sustaining and operating the Classic Hornets for each year 2013/14 to 2023/24?
- (h) What is the anticipated Fly Away and Unit Cost for the JSF in each of the years 2011/12 to 2023/24?
- (i) What is the anticipated total cost in purchasing 72 JSF?
- (j) What is the anticipated total cost in purchasing 100 JSF?
- (k) What would be the anticipated Fly Away and Unit Cost for 24 additional Super Hornets in each of the years 2011/12 to 2023/24?
- (l) What impact would there be on the capability of the RAAF in purchasing 76 JSF and 24 Super Hornets (12 fitted with Growler suites)?
- (m) What would be the expected total cost in purchasing 76 JSF and 24 Super Hornets (12 fitted with Growler suites) in the period 2012/13 to 2023/24?
- (n) What savings would be made in purchasing 24 Super Hornets (12 fitted with Growler suites) instead of 24 JSF in the period 2012/13 to 2023/24?
- (o) What savings could expected to be made by delaying the purchase of the next planned tranche of JSF by 2 years; 3 years; 4 years and 5 years?
- (p) What would be the expected savings in delaying the planned JSF project by 2 years; 3 years; 4 years and 5 years?

- (q) What will be the average unit cost of the JSF per plane over the full purchase period?
- (r) What would be the average unit cost of 12 additional Super Hornets – standard version - over a purchase period from 2013/14?
- (s) What would be the average unit cost of 12 additional Super Hornets – Growler fitted version - over a full purchase period from 2013/14?
- (t) What is the current schedule in training fighter pilots capable of operating both JSF and Super Hornets for the period 2011/12 to 2023/24?
- (u) What is the current schedule in training support staff capable of servicing and maintaining both JSF and Super Hornets for the period 2011/12 to 2023/24?

Response:

- (a) In 2010/11 approximately A\$78 million was spent by the New Air Combat Capability (NACC) project.

Approximately A\$2.6 - A\$2.9 billion (then year prices at exchange rate of 0.83 when approved by Government) of approved Stage 1 funds is expected to be spent from 2011/12 to 2017/18. The remainder of the NACC project is unapproved but constitutes approximately a further A\$10-12 billion to be spent between 2014/15 and 2021/22.
- (b) and (c) Australia's first two aircraft are expected to be delivered in the US in 2014. The first 10 aircraft will remain in the US to support testing and pilot training for a number of years. Subsequent aircraft are expected to be delivered to Australia commencing with four aircraft in 2017. These aircraft will support the commencement of specific Australian operational test.

Approval of further aircraft and supporting systems and facilities will be required to achieve Initial Operational Capability (IOC). IOC is therefore subject to further Government approval. Subject to approval from Government it is planned to stand up one squadron per year after IOC. Australia is expected to receive delivery of about 15 aircraft per year in this period.

The payment for each aircraft is spread over four years from long lead payment (one year before final contract) to delivery two years after contract.
- (d) All Super Hornets will be delivered by end 2011, with Final Operating Capability scheduled for December 2012. Accordingly, the Super Hornet fleet will be at full operational status in 2013/14 and will remain so until planned withdrawal date.
- (e) The total mature cost of operating a fleet of 72 JSF aircraft will be about A\$500 million per year. Of this, about one third or A\$180 million is associated with the contracted maintenance support from industry. The remainder relates to RAAF and civilian (Australian Public Service) workforce, fuel and weapons, facilities expenses, etc.

- (f) The expected cost of maintaining, sustaining and operating the current Super Hornets for each year 2013/14 to 2023/24, as per the recent 2012-2022 Defence Management Financial Plan (DMFP) submission is as per Table 1 below:

Table 1: Super Hornet Sustainment Requirement (CONSTANT \$)								
	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Total Requirement	141.7	144.6	142.0	143.3	155.1	136.9	140.0	83.0

The requirement in Table 1 includes the direct costs of the Super Hornet Product Schedule. Other costs within the Defence Portfolio Budget but outside the Super Hornet Product Schedule price include:

- i. operational level maintenance support;
- ii. 82WG/Air Force workshops;
- iii. deployment and exercise support;
- iv. fuel and weapons;
- v. Systems Program Office military and APS workforce, Systems Program Office travel budget;
- vi. Defence Support Group related expenses (eg. facilities); and
- vii. operational unit costs.

- (g) The expected cost of maintaining, sustaining and operating the current Classic Hornets for each year 2013/14 to 2023/24, as per the recent 2012-2022 Defence Management Financial Plan (DMFP) submission is as per Table 2 below:

Table 2: Classic Hornet Sustainment Requirement (CONSTANT \$)								
	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Total Requirement	169.2	163.5	170.6	162.6	191.1	213.8	212.3	115.2

The requirement in Table 2 includes the direct costs of the Classic Hornet Product Schedule. Other costs within the Defence Portfolio Budget but outside the Classic Hornet Product Schedule price include:

- i. operational level maintenance support;
- ii. 81WG/Air Force workshops;
- iii. deployment and exercise support;
- iv. fuel and weapons;
- v. previous software loads;
- vi. Systems Program Office military and APS workforce, Systems Program Office travel budget;
- vii. Defence Support Group related expenses (eg. facilities);
- viii. outcomes of the Ageing Aircraft System Audit; and
- ix. operational unit costs.

- (h) The US does not publicly release details for the annual estimated cost of aircraft as these are under constant review and are subject to negotiation before being finalised. This information could be provided in a classified briefing.

- (i) In current 2011 prices and at a more recent exchange rate of 1.05 (the rate as at 20 June 2011), 72 JSF (aircraft only) will cost an average of A\$73 million each. This equates to about A\$5.25 billion for 72 aircraft.
- (j) In current 2011 prices and at an exchange rate of 1.05, 100 JSF (aircraft only) will cost an average of A\$71 million each. This equates to about A\$7.1 billion for 100 aircraft.
- (k) This is a hypothetical question and has not been calculated as there are no current plans to acquire additional Super Hornets.
- (l) The potential acquisition of up to 100 F-35A was determined in the 2009 Defence White Paper by a qualitative analysis of future threats to Australia and its interests. The threat analysis has demonstrated that to maintain a qualitative advantage over a potentially numerically superior adversary, the capabilities of the Fifth Generation F-35A is able to deter and defeat such threats. The Super Hornet provides the ADF with a highly capable bridging air-combat capability leading to the introduction of the F-35A.

The F/A-18 G 'Growler' is a specialised electronic warfare platform that is complimentary to the air combat capability.

- (m) – (s) See response at (k).
- (t) Air Force pilots are qualified to operationally fly only one aircraft at a time, (unless exceptional circumstances dictate otherwise).

Super Hornet pilot training currently occurs at both Number 6 Squadron, RAAF Base Amberley and at Lemoore, California in the US. The last crew to be trained in the US will return to Australia in June 2012. After this time, all training will occur in Australia. This will continue until the withdrawal from service of the F/A-18F, planned for 2020.

F-35A pilot training will occur in the US for a period of up to six years, starting with two fighter pilots from Australia in 2014. After six years, all Australian F-35A pilot training will be conducted within Australia at Number 2 Operational Conversion Unit, RAAF Base Williamtown.

- (u) Air Force support and maintenance personnel are qualified to support only one aircraft at a time, (unless exceptional circumstances dictate otherwise).

All training for support and maintenance personnel for the F/A-18F occurs in Australia. This will continue until the withdrawal from service of the F/A-18F, planned for 2020.

For F-35A, a cadre of supervision maintainers (between 10 and 20) will be sent to the Integrated Training Centre in the US in approximately 2015. The supervisors will oversee the Contracted Logistics Support personnel maintaining Australian aircraft in the US. This will continue until 2017. Training for Australian maintenance and support personnel will begin in 2017 at RAAF Base Williamtown.

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q80

DMO - Projects

Senator Johnston provided in writing.

- (a) How many projects is the DMO currently managing? What is the total value of these projects?
- (b) What percentage of projects were delivered on time and on budget, by year, since 2001?
- (c) Taking the 2006 DCP as a baseline, please produce a list of every project from the 2006 DCP and subsequent DCP's and against each project list the budget overrun, or savings, and the schedule delays or early delivery. Specifically:
- (i) Can the DMO/Defence provide a list of all projects that have suffered schedule delays, in terms of decision dates (first pass etc), and provide details as to the reasons for each delay and the length of each delay?
 - (ii) Can the DMO/Defence provide a list of all projects that have suffered schedule delays in terms of initial operation dates and provide details as to the reasons for each delay and the length of each delay?
 - (iii) Can the DMO/Defence provide a list of all projects that have suffered cost over runs and provide details as to the reasons for each cost overrun and the amount of each cost overrun?
 - (iv) How many projects in the updated Dec 2010 DCP have been delayed as compared to the dates originally set out in the 2006 DCP? What are these projects?
 - (v) How many projects in the updated Dec 2010 DCP have had their project costs increased as compared to the dates originally set out in the 2006 DCP? What are these projects?
- (d) What extra capacity (per cent) does the DMO have in terms of managing an increased number of projects?
- (e) What extra capacity (per cent) does defence industry have in terms of managing an increased number of projects?
- (f) What is the anticipated increase in work (per cent) over the next 10 and 20 years respectively?

Response:

- (a) At 31 May 2011, the Defence Materiel Organisation (DMO) is managing 198 Major Capital Acquisition Projects with a total approved budget of \$78,349.38m.
- (b) No projects have closed between May 2010 and May 2011. Hence, the data table developed by the Chief Finance Officer Defence Materiel Organisation in response to Mr Oakeshott (in response to QoN 1064 (Hansard, 3 February 2010, page 135), as clarified in the response to Question 1225 of 12 May 2010 (Hansard, 12 May 2010, page 3450-3464)), remains current. The previous responses are attached.
- (c)(i). The following Projects have suffered schedule delays, in terms of decision dates:

1st Pass Delays

Project	Reasons for delay	Length of delay
AIR 5428 Phase 1 – Pilot Training System	Detailed consideration of a Public Private Partnership to accurately develop the acquisition strategy.	Appeared in PBS 2007-08 and approved in July 2009, thirteen months outside the original timeframe.
JP 2048 Phase 3 – Amphibious Watercraft	Extended analysis of the Request for Tender information in order to adequately inform the cost model.	Appeared in PBS 2007-08 and approved 1 year late
JP 2097 Phase 1B – REDFIN Special Forces Operations Capability	Requirement to refine the capability options and acquisition strategy.	Appeared in PBS 2009-10 and approved 1 year late.
SEA 1442 Phase 4 – Maritime Communications Modernisation.	Requirement to refine the capability options and acquisition strategy.	Appeared in PBS 2009-10 and approved 1 year late
SEA 1448 Phase 4A – Improved ANZAC Tactical Electronic Support Capability.	Finalisation of contract negotiations for the Air Warfare Destroyer Electronic Warfare solution, which included industry solicitation for the SEA 1448 Phase 4A solution, and the consequent delayed development of the project's acquisition strategy.	Appeared in PBS 2009-10 and approved 1 year late.

2nd Pass Delays

Project	Reasons for delay	Length of delay
AIR 5416 Phase 4B.2 – C-130J LAIRCM	Changes in United States export policy and approval process for release of technology.	Appeared in PBS 2009-10 and approved 1 year late
AIR 9000 Phase SCAP – Seahawk Capability Assurance Program	Ongoing contract negotiations and advice on the Seahawk replacement capability being acquired under Project AIR 9000 Phase 8.	Appeared in PBS 2008-09 and approved 2 years late.
JP 126 Phase 2 – Joint Theatre Distribution System	Changes to scope and interdependencies with other projects progressing on different schedules, such as the Enhanced Land Force.	Appeared in PBS 2006-07 and approved 1 year late
JP 2030 Phase 8 – ADF Joint Command Support Environment	Inter-dependencies with other projects progressing on different schedules, such as the Services Oriented Architecture, with subsequent changes to acquisition strategy.	Appeared in PBS 2006-07 and approved 2 years late.
JP 2089 Phase 2A – Tactical Information Exchange Domain	Multiple scope elements in this project, the evolution of the ADF's tactical data link requirements during the 2006-2009 timeframe, and the complexity of the capability definition.	Appeared in PBS 2006-07 and approved 2 years late.
JP 154 Phase 1 – Joint Counter Improvised Explosive Device Capability	Scheduled for government consideration in June 2010, but was actually considered in July 2010.	Appeared in PBS 2009-10 and approved in the subsequent financial year.
LAND 17 Phase 1A – Artillery Replacement.	Scheduled for Government consideration in June 2009, but was actually considered in July 2009.	Appeared in PBS 2008-09 and approved in the subsequent financial year.
LAND 40 Phase 2 – Direct Fire Support Weapon.	Protracted discussion on the approval of the Basis of Provision.	Appeared in PBS 2007-08 and approved 1 year late
LAND 121 Phase 3 – Overlander (Field Vehicles and Trailers)	Revision of cost estimates and the requirement to investigate cost savings options.	Appeared in PBS 2006-07 and approved 1 year late
LAND 125 Phase 3A – Soldier Enhancement Version 2	Re-scoping of the project and interdependencies with other projects progressing on different schedules.	Appeared in PBS 2006-07 and approved 3 years late.

- (ii) There are currently 51 projects that fit the scope of this question. Many of the projects in the DCP have not yet achieved second-pass approval so are not being managed within the DMO (Attachment A refers). The project schedule

slippage was calculated by comparing the Initial Operating Capability (IOC) baseline finish with IOC forecast or IOC actual finish dates. The rationale for using IOC rather than Final Operating Capability (FOC) is because FOC occurs after the DMO hands the capability over to the Capability Managers. Hence, from the DMO perspective, IOC represents the date closest to Initial Operational Release.

Initial Materiel Release (IMR) and Final Materiel Release (FMR) are being phased into all new Materiel Acquisition Agreements, with full implementation by Dec 11. IMR and FMR are considered '*release milestones*' which define the 'Supplies' the DMO will transfer to the Capability Manager to support Initial Operational Release (IOR), and subsequently Initial and Final Operational Capability (IOC & FOC).

Initial Materiel Release is defined as: A milestone that marks the completion and release of DMO Acquisition Project Supplies required to support the achievement of the Initial Operational Release (IOR).

Final Materiel Release is defined as: A milestone that marks the completion and release of DMO Acquisition Project Supplies required to support the achievement of the Final Operational Capability (FOC).

Attachment A includes three projects which have the IMR milestones (AIR05349PH2; JNT00154PH1; and LND00112PH4); the dates in the table reflect this.

- (iii) From the time of the 2006 DCP, four approved major equipment acquisition projects have had an increase in project budget for reasons other than standard price indexation, foreign exchange supplementation consistent with the Government's no-win-no-loss policy, an increase in approved scope, or compensation for additional costs incurred by a contractor and reimbursed through liquidated damages. The four projects, the reasons for the increase, and the amount of the increase are as follows:
- AIR 5077 Ph3 Airborne Early Warning and Control Aircraft due to price indexation variations beyond the supplementation provided by Government (\$298.1m);
 - AIR 5276 Ph3 AP-3C Advance Flight Simulator to correct critical performance deficiencies (\$4.3m);
 - LAND 125 Ph3 Soldier Enhancement to enable completion of first and second pass activities (\$0.2m); and
 - AIR 9000 Ph8 Future Naval Aviation Combat System to ensure full funding to cover contractor costs in support of the MAA deliverables (\$0.04m)
- (iv) The Public Defence Capability Plan (DCP) released in December 2010 contained 30 projects which have moved to a later Year of Decision (YOD) band than the one quoted in the 2006-16 Public DCP. These 30 projects are:
- AIR 5276 Phase CAP 2 – AP-3C Capability Assurance Program
 - AIR 5405 Phase 1 – Replacement Mobile Regional Operations Centre

- AIR 5428 Phase 1 – Pilot Training System
- AIR 5431 Phase 1 – Deployable Air Traffic Management and Control System
- AIR 6000 Phase 2A/2B – New Air Combat Capability
- AIR 7000 Phase 1B – Multi-mission Unmanned Aircraft System
- AIR 8000 Phase 2 – Battlefield Airlift (Additional Caribou)
- Classified Project
- JP 90 Phase 1 – ADF Identification Friend or Foe
- JP 129 Phase 3 – Tactical Unmanned Aerial Vehicles
- JP 1770 Phase 1 – Rapid Environmental Assessment
- JP 2030 Phase 9 - Joint Command Support Environment
- JP 2048 Phase 4C – Strategic Sea Lift Capability
- JP 2064 Phase 3 – Geospatial Information, Infrastructure and Services
- JP 2065 Phase 2 – Integrated Broadcast System
- JP 2065 Phase 3 - Integrated Broadcast System
- JP 2072 Phase 3 – Battlespace Communications System (Land)
- JP 2077 Phase 2D – Improved Logistics Information System
- JP 2080 Phase 4 – Defence Management Systems Improvement (Roman Upgrade)
- JP 2090 Phase 1C – Combined Information Environment
- JP 2099 Phase 1 – Identity Management (Project CERTE)
- JP 5408 Phase 3 – ADF Navigation Warfare Capability
- JP 8001 Phase 2C – Headquarters Joint Operational Command (Alternative Headquarters)
- LAND 53 Phase 1BR – NINOX Night Fighting Equipment Technology Refresh
- LAND 75 Phase 4 – Battlefield Command System
- LAND 125 Phase 4 – Integrated Soldier System Version 3
- LAND 146 Phase 2 – Combat Identification for Land Forces
- SEA 1439 Phase 6 – Collins Sonar Replacement
- SEA 1442 Phase 4 – Maritime Communications Modernisation
- SEA 1654 Phase 3 – Maritime Operational Support Capability (HMAS Success Replacement)

(v) The Public DCP released in December 2010 contained 16 projects which have moved to a higher cost band than the one quoted in 2006-16 Public DCP. These 16 projects are:

- AIR 5276 Phase CAP 2 - AP-3C Capability Assurance Program
- AIR 5405 Phase 1 – Replacement Mobile Regional Operations Centre
- AIR 5428 Phase 1 – Pilot Training System
- AIR 6000 Phase 2A/2B – New Air Combat Capability

- AIR 8000 Phase 2 – Battlefield Airlift (Additional Caribou)
 - JP 66 Phase 1 – Replacement Air Defence Targets
 - JP 2048 Phase 3 – Amphibious Watercraft Replacement
 - JP 2048 Phase 4C - Strategic Sea Lift Capability
 - JP 2072 Phase 3 – Battlespace Communications System (Land)
 - LAND 53 Phase 1BR – NINOX Night Fighting Equipment Technology Refresh
 - LAND 75 Phase 4 – Battlefield Command System
 - LAND 75 Phase 5 – Battlefield Command System
 - LAND 125 Phase 4 – Integrated Soldier System Version 3
 - SEA 1439 Phase 6 – Collins Sonar Replacement
 - SEA 1442 Phase 4 – Maritime Communications Modernisation
 - SEA 1778 Phase 1 – Deployable MCM (Organic Mine Counter Measures)
- (d) DMO received an additional 106 Military Average Funded Strength/Civilian Full Time Equivalent in FY2009-10 increasing to 933 in FY 2017-18 to deliver the increased number of projects for the Defence Capability Plan in accordance with the last Defence White Paper. However this growth has been recently reduced by 304 from FY 2011-12 to achieve the last round of savings recently announced by the Minister.
- (e) Defence does not maintain statistics on industry spare capacity. Analysis of historic growth rates indicates that defence industry may be able to sustain growth rates of between 3-5 per cent per annum.
- (f) Over the next 10 years, the volume of work to be conducted in Australia is anticipated to increase by 3.5 per cent per year on average.

These estimates are based on Defence assessments of the likely locations for work related to future major capital equipment projects. These assessments are only planning forecasts prior to Government's consideration of projects. Predictions for the outer years of the Defence Capability Plan contain a greater degree of uncertainty; and estimates cannot be provided for the 20 year period. These estimates do not take into account potential future technology and productivity improvements which may be achieved in defence industry.

**(ii) - Initial Operational Capability (IOC) Schedule and Budget Information for Post-Second Pass Major Capital Acquisition Projects listed in the Defence Capability Plans 2006 and 2009.
31 May 11**

Project Number	2nd Pass Approval	IOC Baseline Finish	IOC Forecast Finish	IOC Actual Finish	Approved Budget May 11 \$m	Total Cost Incurred May 11 \$m	Latest Cost Estimate May 11 \$m	Slippage Reason
AIR05276CAP1	29/07/2008	30/09/2011	21/03/2012		88.52	55.08	77.79	Schedule has been impacted due to issues with BAE Systems sub-contractor, Cornet Technologies (US OEM), who are providing a Mission Data Recorder (MDR).
AIR05276PH8B	10/10/2006	28/02/2011	16/06/2014		130.64	58.81	117.20	Schedule slippage is due to poor performance by the Prime Contractor, primarily due to prioritisation of the AEW&C project by the Prime and major sub-contractor (Elta Systems Ltd) at the expense of this project.
AIR05349PH1	1/03/2007	31/12/2010	8/12/2010	8/12/2010	3,331.01	2,545.61	3,288.80	No Slip
AIR05349PH2	1/03/2007	31/12/2010	15/12/2010	15/12/2010	282.52	100.11	183.53	No Slip
AIR05376PH3.2	22/08/2006	30/11/2010	20/05/2010	20/05/2010	951.57	319.43	653.42	No Slip/rescope 2nd Pass Aug 06
AIR05416PH4B1	30/11/2009	28/02/2012	1/11/2012		46.53	2.07	46.53	No Slip
AIR05418PH1	1/01/2006	31/12/2009	14/12/2011		395.82	244.31	313.70	No Slip
AIR05440PH1	22/02/2010	1/12/2012	4/02/2014		63.87	14.79	59.54	The schedule slippage reflects the IMR of the international common core design of the Block 7.0 development.
AIR06000PH2A/B	23/11/2009				2,754.69	50.30	2,754.69	No slip
AIR08000PH3	1/03/2006	31/08/2007	11/09/2007	11/09/2007	1,852.14	1,316.75	1,622.48	No Slip
AIR09000PH5C	24/02/2010	31/01/2016	15/01/2016		601.91	13.59	601.91	No Slip
Classified Project	31/10/2008	30/09/2010	30/06/2010	30/06/2010	84.77	39.31	84.76	No Slip
Classified Project	30/05/2009	30/06/2012	15/06/2012		84.61	25.11	82.31	No Slip
Classified Project	31/01/2010	31/07/2012	2/07/2012		66.41	2.93	61.00	No Slip
JNT00126PH2	16/07/2007	30/11/2010	25/08/2011		72.18	41.17	46.79	Slippage due to delays in development of the mobile crane protection solution.
JNT00129PH2	16/07/1910	30/09/2013	2/12/2011		98.23	11.43	91.47	In DCP as JP129PH3
JNT00154PH1	30/07/2010	30/12/2011	7/12/2011		72.42	8.13	70.94	No Slip
JNT02008PH3F	15/06/2009	30/09/2012	22/08/2012		86.77	36.55	78.19	No Slip
JNT02008PH4	27/09/2007	31/08/2008	3/06/2008	3/06/2008	897.84	379.05	791.55	No Slip
JNT02008PH5A	20/03/2009	31/07/2012	16/07/2012		410.49	217.60	376.23	No Slip
JNT02030PH8	31/07/2009	28/02/2010	2/03/2010	2/03/2010	147.31	79.22	147.30	No Slip
JNT02042PH4	19/06/2007	30/06/2009	12/06/2009	12/06/2009	31.55	27.83	27.61	No Slip
JNT02048PH4A	19/06/2007	30/06/2015	18/06/2015		3,121.73	1,567.07	2,938.61	No Slip
JNT02057PH2	7/12/2006	31/12/2007	12/05/2011		6.86	4.51	5.62	Slip / Delay in Contract Award
JNT02069PH1B		26/01/2006	30/06/2008	28/04/2008		9		CLOSED 29 Jun 10
JNT02077PH2B	19/07/2006	31/07/2010	5/07/2010	5/07/2010	153.46	151.49	151.96	No Slip
JNT02077PH2B.2	5/12/2006	30/09/2013	30/09/2013		129.67	12.70	101.61	No Slip
JNT02085PH1		1/08/2009	22/12/2010	22/12/2010	0.24	0.20	0.22	No Slip/PH2 and PH3 in DCP - Progressive Acquisition
JNT02086PH1	5/10/2006	31/12/2014	22/03/2016		370.00	273.24	331.67	IOC will be impacted by up to 20 months due to contractor delay in design and commencement of construction as well as a negotiated extension to the commissioning and qualifications phase of the project. Any delay in IOC will impact on FOC.
JNT02089PH2A	1/10/2008	30/12/2013	26/02/2013		104.18	42.39	76.72	No Slip
JNT02089PH2B	31/12/2009	31/10/2011	28/05/2012		41.73	6.55	41.72	Delay in DMO Process
JNT02095PH1	1/01/2006	30/09/2008	8/08/2008	8/08/2008	31.92	25.12	25.72	No Slip
JNT02097PH1A	15/12/2006	30/09/2008	24/02/2011	24/02/2011	77.82	57.40	60.66	Slippage due to modification and testing of electronic systems.
JNT02110PH1A	22/12/2009	30/06/2012	8/02/2012		17.44	2.70	12.46	No Slip
JNT05408PH2B	30/04/2006	31/07/2007	21/09/2012		64.70	27.33	44.75	Unexpected availability issues with specialist US equipment and Project Office recruitment and retention issues, both of which have been resolved, are the main causes of slip to the JP5408PH2B IOC date from early 2008 to second half of 2011 for ANZAC Class and from early 2008 to second half of 2012 for ADELAIDE Class.

c (ii) - Initial Operational Capability (IOC) Schedule and Budget Information for Post-Second Pass Major Capital Acquisition Projects listed in the Defence Capability Plans 2006 and 2009. 31 May 11								
Project Number	2nd Pass Approval	IOC Baseline Finish	IOC Forecast Finish	IOC Actual Finish	Approved Budget May 11 \$m	Total Cost Incurred May 11 \$m	Latest Cost Estimate May 11 \$m	Slippage Reason
LND00017PH1A	22/07/2009	1/12/2011	2/12/2011		332.62	65.94	284.64	
LND00019PH7A	1/03/2010	28/12/2011	15/12/2011		262.58	61.84	226.87	No Slip
LND00040PH2	15/06/2009	30/08/2011	23/08/2011		142.97	29.13	127.06	Slip / Delay in contract award
LND00058PH3	5/12/2006	1/05/2009	28/04/2009	28/04/2009	31.60	28.29	28.51	No Slip
LND00075PH3.4	1/11/2009	31/07/2011	1/07/2011		329.38	80.54	329.38	No Slip
LND00112PH4	26/05/2010	31/05/2012	31/01/2013		42.14	17.04	31.76	Slip / Project on hold pending further Government decision.
LND00121PH3	14/06/2007	31/12/2013	16/12/2013		3,278.47	89.30	2,856.77	No Slip
LND00125PH3A	1/11/2009	31/08/2011	10/06/2011		112.63	27.92	97.73	No Slip
LND00144PH1	17/10/2007	31/08/2009	28/05/2010	28/05/2010	30.07	21.54	27.49	Slip / Slippage due to contractor delay in delivery of prime equipment.
SEA01397PH5A	31/08/2009	30/04/2012	23/05/2012		83.89	6.03	82.78	No Slip
SEA01428PH4	RCI May 07	31/01/2009	27/05/2011		89.29	78.12	78.94	IMR/IOC was delayed by two years and FMR by 1.7 years due to missile production delays and the Raytheon production line shut-down. IMR/IOC has now been achieved with the successful rollout of the first (FY07) order of 8 ESSMs and 2 Mk25 canisters
SEA01429PH2	18/07/2006	1/05/2008	7/05/2008	7/05/2008	427.20	284.28	368.36	No Slip
SEA01439PH5B.1	8/04/2006	31/12/2008	14/05/2010	14/05/2010	36.62	35.86	63.00	Project delays due in part to overall delays to the submarine Full Cycle Docking schedule combined with cost issues for the remaining four installations. The cost issue is under review within DMO and Defence.
SEA01439PHRCE3	8/04/2006	31/03/2008	30/06/2009	30/06/2009	29.81	22.59	24.50	No Slip
SEA04000PH3	1/06/2007	21/06/2016	21/06/2017		7,950.92	2,873.89	7,600.02	No Slip

Q81

DMO Staffing

Senator Johnston provided in writing.

(a) As at 1 June 2011, how many APS staff were employed at the DMO, with their salary and classification levels?

(b) As at 1 June 2011, how many uniformed staff were employed at the DMO, with their salary and classification levels?

(c) As at 1 June 2011, how many contracted staff were employed at the DMO, with their salary and classification levels?

Response:

(a) and (b) The number of staff employed by DMO is detailed in the following tables, broken down by:

- Civilian by APS classification and salary spread, and
- ADF (uniformed) by rank and salary spread.

(c) DMO employed 25 contractors.

For the Senators information DMO Staffing data was provided to Senator Humphries by DMO in May 2011 in response to a Question on Notice, as at Attachment A.

Table 1: Prescribed Agency – DMO Staffing as at 31 May 2011

APS Staff	Headcount Actual	\$ Salary Spread	
		Base	Top
SES Band 3 [Note 1]	5	196,462	590,029
SES Band 2 [Note 1]	9	159,790	195,512
SES Band 1 [Note 1]	22	132,177	174,499
Exec 2	456	101,519	164,228
Exec 1	1,446	88,019	121,871
APS 6	1,758	69,642	79,555
APS 5	1,081	63,570	68,092
APS 4-5 (Professional)	39	57,929	68,092
APS 4	447	57,929	63,243
APS 3-4 (Technical)	87	51,139	63,243
APS 3	394	51,139	55,880
APS 2-3 (Technical) ATS	9	49,796	50,991
APS 2	104	44,896	50,471
APS 1	14	39,671	44,532
Trainee APS (Technical)	16	22,423	48,166
Graduate APS	97	22,423	48,166
Cadet APS	9	28,563	
APS Staff Total	5,993		

NAVY	Headcount Actual [Note 3]	\$ Salary Spread [Note 4]	
		Base	Top
Rear Admiral	3	195,001	214,502
Commodore	6	158,281	189,937

Captain	12	124,766	166,508
Commander	42	106,088	147,761
Lieutenant Commander	55	74,433	117,551
Lieutenant	64	58,297	108,336
Acting Sub Lieutenant	1	48,462	92,304
Warrant Officer	6	66,015	101,604
Chief Petty Officer	41	60,803	94,145
Petty Officer	35	52,541	86,859
Leading Seaman	18	45,403	79,425
Able Seaman	20	40,901	72,961
Seaman	0	40,056	72,117
Navy Total	303		

ARMY	Headcount Actual	\$ Salary Spread	
		Base	Top
Major General	1	195,001	214,502
Brigadier	6	158,281	189,937
Colonel	15	124,766	166,508
Lieutenant Colonel	42	106,088	147,761
Major	107	74,433	117,551
Captain	71	58,297	108,336
Lieutenant	1	48,462	92,304
Warrant Officer Class 1	52	66,015	101,604
Warrant Officer Class 2	76	60,803	94,145
Staff Sergeant	0	58,763	90,823
Sergeant	16	52,541	86,859
Corporal	2	45,403	79,425
Lance Corporal	0	41,763	73,824
Private Proficient	0	40,901	72,961
Army Total	389		

Air Force	Headcount Actual	\$ Salary Spread	
		Base	Top
Air Vice-Marshal	3	195,001	214,502
Air Commodore	6	158,281	189,937
Group Captain	17	124,766	166,508
Wing Commander	60	106,088	147,761
Squadron Leader	153	74,433	117,551
Flight Lieutenant	143	58,297	108,336
Flying Officer	45	48,462	92,304
Pilot Officer	1	45,278	84,953
Warrant Officer	58	66,015	101,604
Flight Sergeant	86	60,803	94,145
Sergeant	136	52,541	86,859
Corporal	21	45,403	79,425
Leading Aircraftman/Woman	0	40,901	72,961
Air Force Total	729		

Notes:

1. APS SES pay rates are subject to personal employment agreements and do not include allowances or bonuses that may be payable under personal employment agreements.
2. There is not set cost for a Professional Service Provider. DMO has previously used 'approximately or on average \$200,000 per year
3. ADF actual paid data sourced from ADFPAY extract as provided by PSPG.
4. ADF salary spread (base and top) sourced from ADF Permanent pay Rates as at 11

November 2010

Q82

Submarine Fleet upgrade

Senator Johnston provided in writing.

How much is to be expended in the upgrade of the submarine fleet in each of the years 2010/11 to 2020/21?

Response:

There are a number of capability enhancement projects currently under implementation, aimed at increasing capability and reliability of fitted systems. These approved projects include replacement combat system; weapons & sensor systems improvements; platforms systems improvement; and Heavy Weight Torpedo.

The forecast budgets to upgrade the submarine fleet are:

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	After
63.6 m	68.3 m	60.0 m	42.4 m	19.6 m	12.9 m	8.9 m	4.6 m	3.2 m	85.7 m

Q83

Budget Audit Review

Senator Johnston provided in writing.

The 2008 Budget Audit Review – 7.3 and 7.4 identified gaps to average benchmark performance across a number of functions.

- (a) What real and actual savings have been made in the HR area where the gap to performance is 22% in the periods; 2008-09; 2009-10 and 2010-11?
- (b) What real and actual savings have been made in the Finance area where the gap to performance is 14% in the periods; 2008-09; 2009-10 and 2010-11?
- (c) What real and actual savings have been made in the Non Equipment Procurement area where the gap to performance is 31% in the periods; 2008-09; 2009-10 and 2010-11?
- (d) What real and actual savings have been made in the ICT area where the gap to performance is 25% in the periods; 2008-09; 2009-10 and 2010-11?

Response:

(a) to (d) The “performance gaps” described in sections 7.3 and 7.4 of the 2008 Defence Budget Audit (DBA) Report are based on a comparison of the delivery of Defence enterprise support functions against a database compiled by McKinsey and Company (which is based on employee data for more than 500 international organisations across a range of industries and locations). The authors of the Report note that the methodology is subject to significant limitations to the

“direct applicability of broad benchmarks to the Defence environment (given its specific characteristics...”

The Report recommends that the “performance gaps” identified by the benchmarking exercise be regarded only as a guide to potential opportunities for savings costs across the functions examined, and not as firm targets to be implemented immediately. The DBA Report advised Defence to perform

“detailed work on translating...potential opportunity [identified by the benchmarking exercise] to specific targets, as part of an implementation planning effort...”

Defence undertook the diagnostic work recommended in the report. This exhaustive process led to the ten-year cost reduction targets under the various SRP streams (including those that capture HR, Non-equipment Procurement and ICT support functions) that were agreed by Government and have previously been published by Defence. Defence therefore reports against these more robust targets, rather than against the gaps (or potential opportunities) initially identified.

Defence is reporting bi-annually to Government on progress towards agreed SRP outcomes, including the achievement of annual cost reductions. The achievement during the first year of SRP implementation is detailed in the 2009-10 Defence Annual Report. Defence is due to report to Government on its SRP performance during 2010-11 in the second half of this year, following finalisation of its financial statements.

Q84

ASPI Defence Budget Report - Acquisitions and Approvals

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'As things stand, Defence's force development plans over the next several years are simply unrealistic' p. vii.

(a) As at 10 June 2011, what is the total cost of the proposed acquisitions as outlined in the Defence White Paper 2009?

(b) What first pass approvals have been made each year from 2006-07 to 2010-11?

(c) What second pass approvals have been made each year from 2006-07 to 2010-11?

Response:

(a) \$210 billion dollars (Budget 2011-12 Out-turned Prices)

(b)

FY 2006-07

- AIR 5276 Phase CAP1 - Capability Assurance Program 1
- AIR 6000 Phase 2A/2B - New Air Combat Capability
- AIR 7000 Phase 1B - Multi-mission Unmanned Aerial Vehicle
- AIR 9000 Phase 7 - Helicopter Aircrew Training System
- JP 66 Phase 1 - Replacement Air Defence Targets
- JP 2030 Phase 8 - Joint Command Support Environment
- JP 2077 Phase 2D - Improved Logistics Information Systems
- JP 2097 Phase 1A - Special Operations Vehicle
- JP 5408 Phase 3 - Global Positioning System Enhancement Project
- LAND 40 Phase 2 - Direct Fire Support Weapon
- LAND 112 Phase 4 - ASLAV Enhancement
- LAND 146 Phase 2 - Combat Identification for Land Forces
- SEA 1439 Phase 5B2A - High Data Rate Satellite Communications Antenna For Collins Class Submarines
- SEA 1439 Phase 5B2B - Collins Class Continuous Improvement Programme

FY 2007-08

- AIR 7000 Phase 2B - Maritime Patrol Aircraft
- AIR 9000 Phase 5C - Additional Heavy Lift Helicopters
- JP 2089 Phase 2 - Tactical Information Exchange Domain

FY 2008-09

- AIR 9000 Phase SCAP 1 - Seahawk Capability Assurance Program 1
- JP 154 Phase 1 - Joint Counter Improved Explosive Device Capability
- JP 2048 Phase 3 - Amphibious Watercraft
- LAND 121 Phase 4 - Overlander - Field Vehicles and Trailers

FY 2009-10

- AIR 5416 Phase 4B.2 - C-130J Large Aircraft Infra-Red Counter Measures
- AIR 5428 Phase 1 - Pilot Training System
- AIR 9000 Phase 8 - Naval Combat Helicopter Capability
- JP 2090 Phase 1C - Combined Information Environment
- 2 Classified Projects

FY 2010-11

- AIR 5431 Phase 1 - Deployable Defence Air Traffic Management and Control Systems
- JP 2047 Phase 3 - Wide Area Communications Network Replacement
- JP 2072 Phase 2B - Battlespace Communications Systems (Land)
- JP 2097 Phase 1B - REDFIN - Special Operations Capability
- SEA 1442 Phase 4 - Maritime Communications Modernisation
- SEA 1448 Phase 4A - Improved ANZAC Tactical Electronic Support Capability
- 1 Classified Project

(c)

FY 2006-07

- AIR 5276 Phase CAP1 - Tactical Common Data Link
- AIR 5276 Phase 8B - AP3C Electronic Support Measure Supportability Upgrade
- AIR 5349 Phase 1 - Super Hornet
- AIR 5376 Phase 2.3C - Hornet Electronic Warfare Self Protection
- AIR 5376 Phase 3.2C - Hornet Structural Refurbishment Stage 2
- JP 2048 Phase 4A/4B - Amphibious Ships
- JP 2069 Phase 1B - High Grade Cryptographic Equipment
- JP 2077 Phase 2B.1 - Improved Logistics Information Systems
- JP 2077 Phase 2B.2 - Improved Logistics Information Systems
- JP 2080 Phase 2B.2 - Defence Management Systems Improvement (ROMAN upgrade)
- JP 2097 Phase 1A - Special Operations Vehicle
- LAND 58 Phase 3 - Weapon Locating radar Life of type extension
- SEA 1428 Phase 4 - Evolved Sea Sparrow Missiles
- SEA 4000 Phase 3 - Air Warfare Destroyer
- 2 Classified Projects

FY 2007-08

- AIR 5440 Phase 1 - C-130J Baseline Upgrade
- JP 126 Phase 2 - Joint Theatre Distribution System
- JP 2008 Phase 4 – Military Satellite Capability
- LAND 121 Phase 3 - Field Vehicles and Trailers
- LAND 144 Phase 1 - Counter Mine Capability (Partial Scope)
- LAND 144 Phase 1 - Counter Mine Capability (Including ELF components)

FY 2008-09

- AIR 5276 Phase CAP 1 - Capability Assurance Program 1
- AIR 5440 Phase 1 - C-130J Block Upgrade Project
- JP 2008 Phase 3F - Military Satellite Capability
- JP 2008 Phase 5A - Military Satellite Capability
- JP 2030 Phase 8 - ADF Joint Command Support Environment
- JP 2068 Phase 2B.1 - Defence Network Operations Centre Extension
- JP 2089 Phase 2A - Tactical Information Exchange Domain (Data Links)
- LAND 40 Phase 2 - Direct Fire Support Weapon
- LAND 106 - Enhanced Land Force Additional Upgraded M113 Armoured Personnel Carriers
- 2 Classified Projects

FY 2009-10

- AIR 5416 Phase 4B.1 - C-130J Radar Warning Receiver
- AIR 5440 Phase 1 - C-130J Baseline Upgrade
- AIR 6000 Phase 2A/2B – New Air Combat Capability
- AIR 9000 Phase 5C - Additional Heavy Lift Helicopters
- JP 2008 Phase 5A - Military Satellite Capability
- JP 2089 Phase 2B - Tactical Information Exchange Domain (Data Links)
- JP 2110 Phase 1A – Chemical, Biological, Radiological, Nuclear Defence
- LAND 17 Phase 1A - Artillery Replacement
- LAND 19 Phase 7A – Counter Rocket, Artillery and Mortar
- LAND 75 Phase 3.4 - Battlefield Command Support System 3.4
- LAND 112 Phase 4 - ASLAV Enhancement
- LAND 125 Phase 3A - Soldier Enhancement Version 2
- SEA 1397 Phase 5A - Nulka Missile Decoy Enhancements

FY 2010-11

- AIR 5416 Phase 4B.2 - C-130J Large Aircraft Infra-Red Countermeasures (Long Lead Items)
- AIR 8000 Phase 4 - Additional C-17 Globemaster III Heavy Lift Aircraft
- AIR 9000 Phase 8 - Future Naval Aviation Combat System
- AIR 9000 Phase SCAP - Seahawk Capability Assurance Program
- JP 154 Phase 1 - Force Protection Electronic Counter Measures
- JP 154 Phase 1 - Joint Counter Improvised Explosive Device Capability
- JP 2044 Phase 4 - Digital Topographical Systems Upgrade
- JP 3030 Phase 1 - Interim Amphibious Capability
- LAND 17 Phase 1B - Digital Terminal Control System
- LAND 116 Phase 3.1 - Additional Bushmasters
- 3 Classified Projects

W7

DMO Staffing**Senator Humphries****(a) How many staff are employed by DMO, broken down by:**

- Civilian/military
- APS classification/ADF rank
- Work base and
- Salary band.

(b) Are comparative figures available from the first half of 2008 through to present?**(c) Does DMO anticipate any staffing cuts as a consequence of the Strategic Reform Program? If so:**

- (i) How many cuts are forecast and during which financial years are they anticipated to occur?**
- (ii) From which classifications are such cuts anticipated?**
- (iii) What savings does DMO anticipate to result from such cuts?**

(d) If not, why not?**Response:****(a) and (b) The number of staff employed by DMO is detailed in the following tables, broken down by:**

- Civilian/military (Table 1)
- APS classification/ADF rank (Table 1)
- Work base (Table 2) and
- Salary band (Table 1).

Table 1

APS Headcount	30-Jun-08	30 Jun 09	30 Jun 10	4 Mar 11	\$ Salary Spread	
					Base	Top
SES Band 3 (Note 1)	4	3	5	5	196,462	590,029
SES Band 2 (Note 1)	9	9	7	8	159,790	195,512
SES Band 1 (Note 1)	22	22	26	23	132,177	174,499
EL2	357	377	413	439	101,519	164,228
EL1	1,151	1,218	1255	1375	88,019	121,871
APS 6	1,585	1,605	1,630	1,675	69,642	79,555
APS 5	1,051	1,113	1020	1060	63,570	68,092
APS 4-5 (Professional)	49	57	50	39	57,929	68,092
APS 4	542	562	445	432	57,929	63,243
APS 3-4 (Technical)	137	118	106	90	51,139	63,243
APS 3	492	468	438	384	51,139	55,880
APS 2-3 (Technical) ATS	7	7	6	9	49,796	50,991
APS 2	173	156	122	105	44,896	50,471
APS 1	18	16	13	12	39,671	44,532
Cadet APS	34	30	130	109	28,563	
Trainee APS	10	2		16	22,423	48,166
Sub-total : APS (1)	5,641	5,763	5,666	5,781		
PSP Workforce (2)	181	176	120	15		
Sub-total APS/PSP	5,822	5,939	5,786	5,796		

Rear Admiral	1	2	3	3	195,001	214,502
Commodore	7	6	5	6	158,281	189,937
Captain	10	10	14	12	124,766	166,508
Commander	47	48	47	39	106,088	147,761
Lieutenant Commander	48	58	62	50	74,433	117,551
Lieutenant	52	40	42	55	58,297	108,336
Sub Lieutenant	1	1	1	1	48,462	92,304
Warrant Officer	7	9	12	10	66,015	101,604
Chief Petty Officer	45	45	45	44	60,803	94,145
Petty Officer	33	40	38	34	52,541	86,859
Leading Seaman	22	25	22	20	45,403	79,425
Able Seaman	17	20	12	19	40,901	72,961
Seaman	2	1	1		40,056	72,117
Sub-total: Navy (3)	292	305	304	293		

ARMY

Major General	1	1	1	1	195,001	214,502
Brigadier	6	5	5	5	158,281	189,937
Colonel	10	13	12	15	124,766	166,508
Lieutenant Colonel	35	37	37	46	106,088	147,761
Major	98	102	108	110	74,433	117,551
Captain	66	70	70	74	58,297	108,336
Lieutenant	5	3	1	1	48,462	92,304
Warrant Officer Class 1	57	58	59	49	66,015	101,604
Warrant Officer Class 2	80	78	80	78	60,803	94,145
Staff Sergeant		1	1		58,763	90,823
Sergeant	28	28	29	15	52,541	86,859
Corporal	9	9	14	2	45,403	79,425
Lance Corporal		1			41,763	73,824
Private Proficient	3	4	5		40,901	72,961
Sub-total Army (3)	398	410	422	396		

AIR FORCE

Air Vice-Marshal	3	3	3	3	195,001	214,502
Air Commodore	6	6	6	6	158,281	189,937
Group Captain	20	20	15	16	124,766	166,508
Wing Commander	69	70	73	68	106,088	147,761
Squadron Leader	168	162	156	152	74,433	117,551
Flight Lieutenant	143	142	140	140	58,297	108,336
Flying Officer	71	69	56	50	48,462	92,304
Pilot Officer	1			1	45,278	84,953
Officer Cadet	1					
Warrant Officer	69	76	71	61	66,015	101,604
Flight Sergeant	98	98	88	82	60,803	94,145
Sergeant	149	149	146	138	52,541	86,859
Corporal	23	24	23	20	45,403	79,425
Leading Aircraftman/Woman	2	2	1		40,901	72,961
Sub-total Air Force (3)	823	821	778	737		

Sub-total ADF Workforce	1,513	1,536	1,504	1,426		
Sub-total APS/PSP	5,822	5,939	5,786	5,796		
Total DMO Workforce	7,335	7,475	7,290	7,222		

Notes:

1. APS SES pay rates are subject to personal employment agreements and do not include allowances or bonuses that may be payable under personal employment agreements.

Table 2

<u>Location of staff</u>	30 June 2008	04 March 2011
ACT	1,968	2,142
NSW	1,832	1,669
NT	47	33
QLD	500	494
SA	344	383
TAS	0	1
VIC	2,023	2,048
WA	279	291
Overseas	161	146
Total	7,154	7,207

Note: Head count figures

(c) and (d) (i) As part of the Strategic Reform Program (SRP) the DMO reviewed workforce requirements and a reduction to its future workforce was made. Subsequent to these savings being determined and as a result of Minister Smith's announcement of 6 May 2011, DMO will make further reduction to its forecast APS workforce growth.

These reductions are summarised below:

	FY10-11	FY11-12	FY12-13	FY13-14
Original SRP Workforce Savings	224	228	228	229
Additional Reductions post 6 May 11	0	243	287	304
Total SRP Workforce Savings	224	471	515	533

Thus DMO's total SRP workforce savings were 224 in FY10-11 and will grow to 533 in FY13-14 in and subsequent years.

(ii) The savings have been at the Executive Level 2 classification and below.

(iii) As mentioned in (c) and (d) above DMO will save 533 ongoing FTE civilian staff.

Q85

ASPI Defence Budget Report - Savings Under SRP

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'A centrepiece of the 2009 White Paper was a 21 year funding commitment built around 3% real growth to 2018 and \$20.6 billion of savings from the SRP over the first decade. Following the GFC induced deferral of funding in 2009 from the initial four years, 3% real growth was qualified to be 'average real growth'. Although its claimed the SRP savings are being directed to fund Force 2030, nothing of the sort is occurring.'

(a) Why was the decision made to break the Government election commitment that all savings made under the SRP would be returned to Defence?

(b) Who made the decision and on whose recommendation?

Response:

(a) and (b) The Government has maintained its commitment to Defence reinvesting the \$20 billion of SRP savings identified in the 2009 Defence White Paper.

The expanded SRP savings returned to Government in the 2011-12 Budget are additional to the \$20 billion of SRP savings identified in the White Paper and as such this funding is not required by Defence to fund the 2009 Defence White Paper outcomes.

Q86

ASPI Defence Budget Report - Funding

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'Defence will hand back \$1.5 billion of funding this financial year, including \$1.1 billion of investment funds and \$400 million from recurrent spending. In light of this dual underspend; a further \$1.3 billion of previously planned investment has been deferred to beyond 2014, and \$3.9 billion of recurrent funding planned for the next decade has been returned to the Government'. Please provide a full explanation of why this is happening, what projects have been deferred or cancelled to enable this funding to be returned and who approved this action?

Response:

The hand backs and reprogramming were approved by Cabinet during the 2011-12 Budget Process.

Hand back to Government (\$1.5 billion in 2010-11)

Defence returned \$1.5 billion of appropriated funding in 2010-11.

- Capital funding hand back (\$1.1 billion in 2010-11)

Of the \$1.5 billion proposed to be returned, \$1.1 billion is capital funding that the Government will rephase to better align with updated forecasts of expenditure. This \$1.1 billion is comprised of \$815 million of Approved Major Capital Investment Program (AMCIP) funding and \$294 million of Major Capital Facilities Program (MCF) funding.

A list of projects that were expected to have contributed to this slippage at the time of the Budget is at Table A, representing an attribution to projects of the cash reprogramming, and includes the accelerated expenditure against those projects identified as a risk at the time of the budget.

The \$294 million of MCF slippage in 2010-11 is a result of delayed approvals, environmental factors and skills shortages for infrastructure development activities.

The 13 key projects affected include:

- Enhanced Land Force Stage 1 (\$43.0m);
- Enhanced Land Force Stage 2 (\$14.8m);
- Defence Logistics Services Project (\$22.8m);
- RAAF Base Amberley Stage 3 (\$23.3m);
- Defence Facilities at HMAS Harman and other locations (\$16.3m);
- RAAF Base Pearce Redevelopment (\$7.0m);
- Robertson Barracks Redevelopment (\$5.9m);
- Hardened and Networked Army, Robertson Barracks (\$5.7m);
- Defence Force School of Signals (\$5.2m);

- HMAS Creswell Redevelopment Project (\$3.0m);
 - RAAF Base Pearce – Potable Water Supply (\$2.3m);
 - Darwin Naval Fuel Installation Rectification (\$2.3m); and
 - Edinburgh Redevelopment Stage 2 (\$2.0m).
- Operating hand back (\$400 million in 2010-11)

The remaining \$400 million of the \$1.5 billion proposed to be returned to Government in 2010-11 are operating funds that will not be required in future years due to underspends in the following categories:

- Reduced costs of implementing the Strategic Reform Program – \$116 million;
- Slippage in Operations related contracts – \$128 million; and
- Defence Capability Plan and Net Personnel and Operating Cost Provisions – \$39 million;
- Greater than forecast GST revenue refunds in 2010-11 – \$76 million; and
- Slippage in the Estate Maintenance Program – \$40 million.

Capital Investment Reprogramming (\$1.3 billion over FE)

The reprogramming of \$1.3 billion over the forward estimates and savings of \$3.9 billion over the 2011-12 to 2020-21 decade are detailed in Table 11, page 28 of the *Portfolio Budget Statements 2011-12*.

\$1,280.9 million of capital funding across the forward estimates period proposed to be returned to Government to be rephased to better align with updated forecasts of expenditure across the following programs.

- Approved Major Capital Investment Program (AMCIP) (\$401million)
 - \$200 million per annum has been reprogrammed to beyond the Forward Estimates period based industry's capacity to deliver on current schedules.
 - This was offset at the time of the budget by \$399 million from 2010-11 into 2011-12 because of short periods of slippage to the following projects. This is a change in cash payment not a deferral of the below projects.
 - Multi-Role Tanker and Transport Aircraft project (\$256 million);
 - Multi-Role Helicopters project (\$56 million);
 - Armed Reconnaissance Helicopter project (\$17 million); and
 - High capacity communications satellite project (\$70 million).
- Unapproved Major Capital Investment Program (UMCIP) (\$213 million)
 - Three projects have had their funding reprogrammed by 12 months, with a commensurate 12 month delay in their First and Second Pass and Initial Operational Capability, with low operational impact. These are:
 - AIR 5440 Phase 2 – C-130J Block Upgrade Program 8.0
 - JP 1544 Phase 1 – Enterprise Content Management; and
 - One Classified Project – data not released.

- Also included in this adjustment are standard updates to the cash flow estimates (including both earlier and later expenditure) for a number of projects with no impact on delivery dates.
- Major Capital Facilities (MCF) Program (\$586 million)
 - Projects that have been affected include:
 - Airfield works (\$60 million);
 - Joint Logistics Command Explosive Ordnance (EO) Logistics Reform Program (\$140 million);
 - RAAF Base Williams (Point Cook) Redevelopment (\$40 million);
 - RMC Redevelopment (\$83 million);
 - Campbell Barracks Redevelopment (\$68 million); and
 - Minor Slippage across a further seven projects (\$195 million).
- Information Communication and Technology (ICT) Program (\$80 million)
 - There has been \$80 million of ICT funding also reprogrammed to beyond the Forward Estimates.

Other Savings Measures (\$3.9 billion over 2011-12 to 2020-21 Decade)

Some \$3.4 billion in recurrent savings are proposed to be returned to the Government over the 2011-12 to 2020-21 decade. The figure of \$3.9 billion includes capital savings for the C-130J Hercules (\$520 million) which is no longer required. This amount is not classified as recurrent funding. The recurrent savings are as follows:

- Increased Efficiencies (\$2,948 million or \$2.9 billion)
 - These initiatives include the ongoing reduction of 1,000 Australian Public Servants through reforms to Shared Services and the implementation of other efficiency measures.
- Efficiency Dividend (\$406 million)
 - As a result of the temporary increase in the rate of the Efficiency Dividend, the Department of Defence (including DMO) will return to Government an additional \$406.2 million across the decade.

(figures sourced from Table 11, page 28 of the *Portfolio Budget Statements 2011-12*)

Q87

ASPI Defence Budget Report - Financial and Capability Planning

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'Indeed, on the surface it might be concluded that the Government is simply taking money from Defence to ensure it can deliver a surplus in 2013. But this is certainly not the case – especially given that the cuts and deferrals are not centred on that year. Instead, the steps taken in this year's budget are symptoms of serious problems with Defence's financial management and capability development planning'. (a) Why is Defence's financial and capability planning in such a parlous state as claimed by Dr Thomson? (b) Is it the intention of Defence to assist the Government in returning the Commonwealth budget to surplus in 2012-13? If so, how will this be achieved?

Response:

(a) The need to improve and reform Defence's planning and budgeting processes was particularly highlighted in the 2010-11 financial year.

During preparation of the 2011-12 Budget, it was determined that there would be a \$1.6 billion underspend for the 2010-11 financial year and \$1.3 billion of capital funding to be reprogrammed.

The reprogramming was necessary to better reflect more realistic project delivery schedules for capability and infrastructure projects which did have to accommodate anticipated delays in project delivery from and by industry.

A thorough reassessment of our budgetary process forecasts and estimates across 2011-12 and the forward estimates years is currently underway. It will be a comprehensive stocktake and health check of the budgeting system. It will consider all budget processes, estimation methods and underlying budget assumptions. Particular focus will be applied to the way in which the Capital budgets are formulated and managed, including the ongoing utility of contingency, slippage and over programming.

Defence, as a matter of priority, is also accelerating the implementation of all the outstanding recommendations of the Mortimer Review. This includes project directives issued by the Secretary and the Chief of the Defence Force to ensure Defence acquisitions progress according to Government direction; and benchmarking all acquisition proposals against off-the-shelf options where available.

Additional reforms being implemented will focus on improving project management and minimising risk at project start and identifying problems early. These additional reforms include the introduction of a two-pass approval system for minor capital projects; the implementation of an Early Indicators and Warning system; the expansion of the Gate Review system; and the introduction of Quarterly Accountability Reports.

Defence is committed in trying to provide more reliable information on Defence costs, savings and performance to the public to enable enhanced transparency, scrutiny and analysis.

(b) Defence will return to Government \$1.4 billion in Savings Measures across the Forward Estimates, comprising of:

- Increased Efficiencies – \$1,185 million;
- the Efficiency Dividend – temporary increase in rate – \$139 million; and
- C-17 acquisition – cancellation of two additional C130 J aircraft – \$111 million.

This will be achieved through the following:

Increased Efficiencies (\$1,185 million)

As announced by the Minister for Defence and the Minister for Defence Materiel on 6 May 2011, Defence will implement additional Strategic Reform Program (SRP) initiatives to enhance Defence management and improve the delivery of capability. These savings will be returned to Government as Defence's contribution to returning the budget to surplus.

Efficiency Dividend (\$139m)

As a result of the temporary increase in the rate of the Efficiency Dividend, the Department of Defence (including DMO) will return to Government an additional \$139 million across the Forward Estimates.

C-17 Acquisition - Cancellation of Two Additional C-130 J aircraft (\$ 111 million)

The Government announced the purchase of an additional C-17 aircraft at an approximate cost of \$260 million. The purchase of this aircraft will offset the White Paper proposal to procure two additional C-130J aircraft. This will provide greater and earlier airlift capacity than previously planned.

Q88

ASPI Defence Budget Report - Force 2030

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'Since 2000, the development of the Defence Force has been based around a long-term program of planned investment in new equipment; the Defence Capability Plan (DCP). The latest public version of the plan was released in December 2010 and covers the decade to 2019. It tells us about the acquisition projects which Defence plans over the next decade in pursuit of Force 2030, the Defence Force envisaged in the 2009 White Paper. Given the inherently extended time needed to deliver Defence projects, the current ten year plan probably contains 75% of the additional equipment that will form the force structure in 2030'. Defence's incoming Government brief from late last year said that the 'implementation of Force 2030 is on track but under pressure'. No such claim appear anywhere in this year's budget paraphernalia'.

- (a) What is the current state of all acquisition projects that are included in Force 2030?
- (b) Which projects have been deferred, delayed or cancelled since the publication of Force 2030?
- (c) Why have these projects been deferred, delayed or cancelled?
- (d) Why was it not mentioned in the 2011-12 PBS that the implementation of Force 2030 is under severe pressure?

Response:

(a) The Public DCP contains this information.

(b) and (c) In the December 2010 Public DCP there are eight projects that have a Year of Decision band beyond the one published in Force 2030 (published in 2009). The reasons for these changes are:

- AIR 5416 Phase 4B2 – The project received approval for the acquisition of long lead items in October 2010. The change in the band reflects the schedule for the remaining acquisition.
- JP 2077 Phase 2D – This phase is dependent on the completion of previous phases which are running behind schedule.
- JP 2096 Phase 1 - Project work since the release of DCP 09-19 has shown it is not required as soon as first thought. A revised schedule now has a different YOD band.
- JP 2097 Phase 1B - Additional time was required to carefully plan the requirements of this project which is providing essential special forces equipment. While the project received first pass approval in February 2011 a change to the second pass schedule is required.
- LAND 125 Phase 3B - The scope of this project will not be required until later as body armour will be provided out to 2013 through the implementation of Force Protection Review measures, the newly created 'Diggerworks' and initiatives such as the Defence Material Technology Centre.

- LAND 125 Phase 3C – There has been a change in the acquisition strategy for this project to deliver a better value for money outcome. More time is required to pursue this and develop a proposal for Government.
- LAND 146 Phase 2 – There is currently no Combat-Identification capability which is coalition endorsed and that Australia can procure. Until the technology has been developed, Phase 1 equipment will be utilised.

There have been three projects cancelled since the publication of Force 2030. The reasons for these cancellations are:

- AIR 8000 Phase 1- The project is no longer required as the capability will be provided through the acquisition of an additional C-17 Globemaster III.
- AIR 9000 Phase SCAP 2 – The approval of AIR 9000 Phase 8 – Future Naval Aviation Combat System removes the requirement to upgrade the existing Seahawk fleet further.
- JP 2070 Phase 4 – The project is no longer required as the capability will be provided by projects AIR 7000 Phase 2B – Maritime Patrol Aircraft Replacement and AIR 9000 Phase 8 – Future Naval Aviation Combat System.

(d) While Force 2030 has set a challenging schedule for Defence, the current assessment is that it is not under severe pressure.

Q89

ASPI Defence Budget Report - Expenditure

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'If the reality gap between past and planned approvals was all we had to worry about, things would be bad enough. But it gets worse. Because of the deferral of defence funding back in 2009 to accommodate the fiscal impact of the Global Financial Crisis, baseline defence spending (exclusive of operational supplementation) will decline towards 2012-13—the year in which the government plans to return to surplus. After that, it rises quickly to regain the promised '3% real growth' over the decade'. As at 1 June 2011, what is the planned expenditure of Defence in the period 2011/12 out to 2014/15 and what is the 'real growth' in expenditure for each of these years?

Response: Defence's planned expenditure from 2011-12 to 2014-15 is shown in Table 4 on page 22 of the *Portfolio Budget Statements 2011-12*.

The 2009 Defence White paper provided an average 3 per cent real growth to 2017-18.

The rate of real growth for the period 2011-12 to 2014-15, based on a 2.5% indexation rate and excluding operations funding, is as follows:

Year	Defence Funding Excl Ops ¹ (\$m)	Real Growth %
2011-12	23,954.543	3.90%
2012-13	23,433.689	-4.56%
2013-14	25,393.407	5.72%
2014-15	26,334.522	1.18%

Note:

1. Defence funding figures normalised by taking Funding from Government (as per PBS 11-12 pg 22 serial 13) and subtracting Ops Government Supplementation (as per PBS 11-12 pg 32).

Q90

ASPI Defence Budget Report - Acquisition Targets

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'The trouble is that most of the contraction and subsequent growth is concentrated in the major capital investment program. As best we can estimate, this means that spending on new equipment is set to rise by in excess of 100% in a period of only four years. This seems optimistic in the extreme given that most of the delays experienced this year reflect the non-delivery of approved projects by industry. Unless the plan is to buy a massive quantity of new equipment off-the-shelf from overseas, this rapid expansion will sorely test the capacity of industry at the same time as they compete for skilled workers in what's shaping up to be the largest mining boom in Australia's history'. Is buying MOTS going to be the method by which Defence is able to meet the target of a spending rise of 100% over the next four years? If not, how is it going to meet its acquisition targets in the capital investment program?

Response:

The Capital Investment Program budget increases by 25 per cent between 2011-12 and 2014-15, as outlined in the 2011-12 Defence Portfolio Budget Statements.

Military off the shelf (MOTS) options will be considered as part of the usual procurement process.

Q91

ASPI Defence Budget Report - Capability Planning

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'There is no point clinging to existing plans. The development of the ADF needs to be put on a realistic and sustainable footing. Existing resources need to be directed towards approving a manageable program of new projects that can feasibly be delivered by industry over the next several years. This will mean focussing efforts on those capabilities most urgently needed by the Defence Force and deferring others into the future. Doing so will demand much more than tweaking the existing program at the margin. A comprehensive audit of Defence's present capability plan is required to get Force 2030 onto a track that does not lead to a train wreck'. What plan of specific action is to be undertaken by Defence to ensure that the current discredited and unaffordable Capability plan can be brought back on track and avoid the 'train wreck' scenario that Dr Thomson predicts?

Response:

Defence does not agree with Dr Thomson's predictions or conclusions on the current state of the Defence Capability Plan. As shown in the Public Defence Capability Plan and Portfolio Budget Statements all projects' plans have a schedule band for their key milestones to provide Defence the flexibility to adapt to the latest industry information and changes in strategic priorities. While there are challenges that have caused the delay of some projects the majority of the program is on schedule to deliver within the schedule band.

However, as was recently announced by the Minister for Defence and the Minister for Defence Materiel in May 2011, as well as during Minister Smith's presentation to ASPI in July 2011, Defence, as a matter of priority, is accelerating the implementation of all the outstanding recommendations of the Mortimer Review. This includes project directives issued by the Secretary and the Chief of the Defence Force to ensure Defence acquisitions progress according to Government direction; and benchmarking all acquisition proposals against off-the-shelf options where available.

Additional reforms being implemented will focus on improving project management and minimising risk at project start and identifying problems early. These additional reforms include the introduction of a two-pass approval system for minor capital projects; the implementation of an Early Indicators and Warning system; the expansion of the Gate Review system; and the introduction of Quarterly Accountability Reports.

In 2009, the Defence Capability Plan was enhanced following the Government's response to advice from ASPI. However, the DCP may require further improvements to be more useful to industry, and one of the issues to be addressed is to reduce the level of over programming. Reducing the level of over programming in the DCP will be undertaken in conjunction with the next Defence Planning Guidance process which is well underway.

These important reforms, together with the Review of the Defence Accountability Framework (the Black Review), will enhance Defence management and improve Defence's performance in capability development and procurement.

Q92

ASPI Defence Budget Report - Civilian Employees

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'Defence was simply granted too many additional resources in the 2009 White Paper. Consider civilian personnel. Around \$300 million of the new savings come from reducing planned civilian numbers by 1,000 over the next three years. But the reality is that Defence never needed the 1,000 positions in question. Last financial year they got by with 645 fewer people than planned and this financial year they got by with 1,205 fewer than they said they needed. The 1,000 positions that were cut were never filled. Yet, even after claiming the savings from having a thousand fewer civilians, the average strength of the civilian workforce next year is still planned to grow year-on-year by 992 positions.'

- (a) Please provide the details of the 1000 additional positions to be filled, what exactly were the positions and provide a breakdown of the areas in which these positions were to be located within the Defence bureaucracy?
- (b) Please explain how can you achieve savings from money that hasn't yet been spent and based on Dr Thomson's explanation would never been spent in any case?
- (c) What is the expected number of total civilian employees to be employed in Defence over the period 2010/11 to 2014/15?
- (d) For each of these years, how many of these employees are above the APS -6 level?
- (e) For each of these years, how many of these employees are above the SES-1 level?
- (f) What is the average annual total cost, including all on costs, in employing a civilian employee at above the APS-6 level but below an SES-1 level?
- (g) What is the average annual total cost, including all on costs, in employing a civilian employee at above the SES-1 level?
- (h) Of the 22 Band 3 and 3 Star Officers, who fills these positions and specifically what are these positions?
- (i) What is the average annual total cost, including all on costs, in employing these officers?
- (j) For each of these officers, what additional entitlements do they receive that are not prescribed for Band 2 officers and below?

Response:

(a) The size of Defence's civilian workforce is measured each fortnightly pay period in Full Time Equivalents (FTE), a unit in which one FTE equates to one person paid for 75 hours work in that pay period. Part time employees and employees who take unpaid leave in that fortnight each account for less than 1 FTE. Workforce allocations are measured in Average FTE (FTE-A), which is the average of all fortnightly FTE measurements throughout that year. Using FTE-A rather than positions (which can be filled or unfilled, full time or part time) allows far better alignment between Defence's workforce budget and its workforce allocation.

In line with this, the reduction of 1,000 in planned growth is a reduction in FTE–A allocation rather than positions. Consequently, it is not possible to provide details of which specific positions will be affected. The detailed analysis work on how the reform will be made is currently underway with the aim of identifying opportunities to further streamline administrative and corporate functions.

(b) Defence had budgeted to pay the civilian employee expenses of 1,000 APS staff who will now not be employed. These budgeted amounts are therefore savings to the budget that can be returned to Government.

In relation to the unfilled positions in 2009-10 and 2010-11, the shortfalls resulted from difficulties experienced in recruiting. The positions are still required, and while the shortfalls can be accommodated temporarily, leaving them vacant indefinitely would compromise capability outcomes.

By contrast, the 1,000 savings will be achieved through further reform to shared services to realise APS workforce reductions in corporate overhead functions in a way that does not reduce standards of service in support of operations or capability development. The detailed analysis work on how the reform will be made is currently underway with the aim of identifying opportunities to further streamline administrative and corporate functions.

(c) The following table provides a breakdown of civilian employees (APS and contractor) over the period 2010-11 to 2014-15. Note that contractors are individuals under contract performing agency roles, and are not APS employees.

		2010-11 Projected result	2011-12 Budget estimate	2012-13 Forward estimate	2013-14 Forward estimate	2014-15 Forward estimate
	APS – Defence	15,146	16,001	16,114	15,972	15,611
	APS – DMO	5,510	5,647	5,744	5,874	6,096
1	Total APS	20,656	21,648	21,858	21,846	21,707
	Contractors – Defence	651	593	488	450	447
	Contractors – DMO	24	51	48	48	48
2	Total Contractors^[2]	675	644	536	498	495
3	Total Civilian Employees (1 + 2)	21,331	22,292	22,394	22,344	22,202

(d) Projections of breakdown by level are not available for the Forward Estimates years (2012-13 to 2014-15).

(e) The revised estimate for SES Band 2 officers and above for 2010-11 was 68 while the estimate for SES Band 2 officers and above for 2011-12 is 67. It is difficult to estimate what SES numbers will be past 2011-12, however, as a cap has been imposed on SES numbers by the Government, it is unlikely that there will be any substantial increase in SES numbers over the next few years.

(f) Based on actual expenditure in FY 2009-10, including remuneration and on costs (fixed overheads have been excluded), the annual cash cost for a civilian at the EL1 level is \$118,638 and EL2 level is \$141,853.

(g) Based on actual expenditure in FY 2009-10, including remuneration and on costs (fixed overheads have been excluded), the annual cash cost for a civilian at the SES-1 level is \$198,165, SES-2 level is \$242,934, and SES-3 level is \$375,616.

(h)

3 STAR OFFICERS/SES BAND 3s & POSITIONS AS AT 15 AUG 11	
AM M.D. Binskin, AO	Vice Chief of the Defence Force
VADM R.J. Griggs, AM, CSC	Chief of Navy
LTGEN D.L. Morrison, AO	Chief of Army
AM G.C. Brown, AM	Chief of Air Force
AM J.P. Harvey, AM	Chief Capability Development Group
LTGEN B.A. Power, AM, CSC	Chief of Joint Operations
LTGEN M. Evans, AO, DSC	Chief of Army Pool Position
Mr Brendan Sargeant	Deputy Secretary Strategic Reform & Governance
Mr Peter Jennings	Deputy Secretary Strategy
Mr Phillip Prior	Chief Finance Officer
Mr Phil Minns	Deputy Secretary People Strategies & Policy
Mr Stephen Merchant, PSM	Deputy Secretary Intelligence & Security
Mr Simon Lewis, PSM	Deputy Secretary Defence Support
Professor Bob Clark	Chief Defence Scientist
Dr Ian Sare	Deputy Chief Defence Scientist Platform & Human Systems
Dr Nanda Nandagopal	Chief Systems Integration Officer
Dr Warren Harch	Deputy Chief Defence Scientist Information & Weapons Systems
Mr Greg Farr	Chief Information Officer
Mr Harry Dunstall	General Manager Commercial
Mrs Jane Wolfe	General Manager Strategic Reform Program and Special Project
Ms Shireane McKinnie	General Manager Systems
Mr Warren King	Deputy Chief Executive Officer/General Manager Programs

(i) Based on actual expenditure in FY 2009-10, including remuneration and on costs (fixed overheads have been excluded), the annual cash cost for employing a civilian at the SES Band 3 level is \$375,616 and a military member at the 3 Star Officer level is \$433,719.

(j) Currently all 3 Star officers and nine of the SES Band 3/Chiefs of Division 3 officers are entitled to first class international travel, while the remainder are entitled to business class international travel, which is the same entitlement for 2 Star/SES Band 2 officers and 1 Star/SES Band 1 officers.

Q93

ASPI Defence Budget Report - Management Information Systems

Senator Johnston provided in writing.

The ASPI Cost of Defence 2011-12 identified a number of items that need further explanation: 'It will take several years to develop the management information systems that Defence needs, and even then the effort will fail without a sensible business model that aligns accountability and control of resources. Improved financial management has been promised many times over the past twelve years, and yet it remains elusive. Indeed, it is far from clear that a credible plan exists to achieve this. If there is, let's see it so that we can track the milestones'. What specific action plan, including specific milestones, does Defence have to develop the management information systems that are required to effectively and efficiently operate and manage its resources?

Response:

As indicated in the 2009 Defence White Paper the financial system remediation over the past decade has been a significant task due to many previous years of neglect and the necessity to focus on implementing and improving 'fundamental' financial requirements. There is still a way to go before fully integrated and sophisticated financial systems are in place to effectively and efficiently manage Defence's finances.

Defence does not operate under a single corporate enterprise resource planning (ERP) system, rather it has three key ERP systems, specifically: financial information system (SAP - ROMAN), human resources (Oracle, ADFPAY and CENRES PAY II) and logistics inventory system (MINCOM). As a result, Defence faces challenges in managing and integrating financial management information across the portfolio. Hence, any improvement to Defence's financial processes and systems requires significant review and planning to effectively integrate and deliver systems improvements.

As part of Defence's ongoing program of financial system enhancements, it has improved the following core systems:

Financial Management System (SAP - ROMAN)

Defence's financial system remediation has been ongoing for the past eleven years, with the implementation of its accrual financial system (i.e. SAP-ROMAN) in December 2000. During this time, Defence has faced financial management challenges with the most significant being the qualification of its financial statement from 2001-02 until 2006-07. In order to obtain unqualified financial statements, Defence was required to focus on core financial transactions, processes and systems for several years.

Once ROMAN was implemented, Defence continued to undertake minor system improvements to meet core Defence business requirements, but was not able to fully update and maintain the system to provide the capability to meet current and future financial management requirements.

Since 2006-07 Defence has undertaken the following improvement to the system:

First Stage – In November 2007, Defence upgraded the SAP software to the latest version (ECC6), as Defence was operating on a version which was no longer supported by SAP.

Second Stage – In November 2008, Defence enhanced its financial system with a number of functional improvements, which included: multi-dimensional ledger, funds control and the first agency to implement an integrated SAP cash management and reporting solution.

To ensure Defence's financial systems are current, Defence actively engages with SAP to ensure the system is well maintained and manages future financial capability requirements. Defence continues to work with business units across the finance domain to review and improve its financial processes and ensure that its systems are utilised in an efficiently and effectively manner. For example; improved transactional cash reporting and opportunities to automate overseas bank account processes.

Defence's Budget and Planning System

In 2001, Defence implemented a core planning and budgeting system which aimed to provide a complete and integrated financial data facility to support effective financial management. Due to a number of process and system deficiencies this system was not effectively utilised throughout Defence.

Since then, Defence has implemented a number of system improvements to meet core Defence business requirements, but has also undertaken two major upgrades of its budgeting and planning system in order to meet its internal and external budget management requirements.

The first of these was completed in December 2007. This upgrade built upon existing functionality to provide Defence with the capability to capture budgets at a Group, Corporate and Guidance level and also provided enhanced corporate reporting.

Further upgrades to Defence's and DMO's budget system have been underway over the past two years. The first phase of the project system functionality was delivered to DMO in December 2010 and to Defence in May 2011. The second phase of functionality was progressively delivered to both Defence and DMO during January to June 2011. The key budget system project improvements include the following:

- Improving integrity of the corporate budget system to ensure timely and accurate budget management through a single budget ledger, replacing a disjointed multi-ledger budget management system. Defence continues to maintain separate Service/Group based budget and costing systems which are yet to be unified.
- The same corporate budget system is being utilised by Defence and DMO, which improves the ability to report and manage financial positions at a Defence Portfolio level.

- Enabling Defence and DMO to effectively build its budget, and automating the reporting of budget outcomes to Department of Finance and Deregulation's systems.
- Provision of a fully automated budget versus actual monthly set of financial statements by Service/Group (previously, this process was time and resource intensive).
- Enable budgeting and planning of Defence's budget over a twenty year period.

As Defence continues to improve its budget management, it is examining the implementation of budget and planning functionality that would link planned business activities to budget achievement. Progress is underway to further improve Defence's systems to enable performance reporting by program and projects in its corporate system, as part of JP2080 Phase 3.

Defence's Inventory System (i.e. MILIS)

When using qualified financial statements, logistics and inventory management issues were the key financial management risks. This was due to sub-optimal inventory processes and systems lacking the ability to accurately report on inventory transactions and balances.

Defence's previous inventory management and logistics system (SDSS) underwent numerous upgrades and enhancement to attempt to provide financial transactional information. Despite efforts to improve the SDSS system, it did not effectively meet Defence's financial requirements. As a result, Defence resorted to manual and resource intensive processes outside the SDSS system to effectively report financial information in its financial statements.

To address Defence's inventory management risks, a program of inventory management process and system improvements was commenced. As a result, Defence planned an upgrade to its logistics and inventory system (Military Integrated Logistics Information System (MILIS)) over a four year period, commencing in 2006, with final implementation in July 2010.

The MILIS system is not a single application but rather an amalgamation of applications, interfaces and functional modules, which also sought to deliver inventory financial information. It automated a number of manual financial processes and delivered a financial interface with ROMAN, specifically the fixed asset register and general ledger. The introduction of MILIS also ensured that Defence's inventory management processes are compliant with Australian Equivalent International Financial Reporting Standard (AIFRS).

Defence is continuing to manage the implementation of MILIS. In regards to inventory assurance the ANAO interim management letter concluded that "subject to the successful completion of critical inventory and assets remediation work, the ANAO consider that Defence will be able to prepare financial statements free of material misstatement".

Current and Future Financial System Initiatives

To improve accuracy and efficiency of business processes over the next six years, Defence's Financial Management Information Systems (FMIS) will continue to undergo a significant program of enhancement, building upon capability delivered during the 2008 SAP Upgrade.

Defence has a three-tiered financial system governance structure in place to review and provide strategic direction and coordination of its FMIS capability. At the top tier is a governance board with membership at the Group Head (SES Band 3/3 Star) level to ensure strategic objectives are met and effective management of FMIS projects and associated business process reforms is undertaken.

To improve future financial business requirements, the key FMIS projects currently underway or planned are as follows:

e-Doc Business to Business Project

The e-Doc Project aims to:

- achieve automation of financial processes (i.e. accounts receivable and purchase to pay) through a single intuitive web portal access point.
- enable workflow based delegations and authorisations, standardise and streamline business processes and enhance controls within Defence.
- include central access to strategic sourcing agreements and consolidated panel arrangements in order to maximise Defence's purchasing power.

In April 2011, the first stage of the e-Doc project delivered functionality which reformed Defence's accounts receivable and debt management processes. The new processes have delivered efficiencies, through significant timeframe reductions in processing and escalation of debt management.

The project is now focussed on modernising and automating the purchase to pay processes. First pass approval for this stage of the project has been obtained, with second pass approval to be sought once a solution implementer has been sourced. The project is planning to deliver initial improvements to the purchase to pay process within 12 months of the engagement of a solution implementer, with further procurement improvements (i.e. panel arrangement and sourcing agreements) to be implemented subsequently progressively over the next two years.

Garrison and Estate Management System (GEMS) Project

The Garrison and Estate Management System (GEMS) project is to replace the current estate system (DEMS) to provide a robust and reliable repository of information and business intelligence, and analytical and business process tools to support management of Defence's estate and garrison services.

The aim of the GEMS project is to provide improved systems support for Defence's strategic, operational and reporting activities, and business reform activities, in relation to the estate and garrison services. GEMS will be fully integrated with Defence's financial system which will allow all financial transactions to be processed, and provide a single source of truth for all estate and garrison services financial aspects. This solution will be delivered progressively over 2011-13.

Enhancement to Defence's Financial System (JP 2080 Phase 3)

The Defence Capability Project JP2080 Phase 3 is to address future functional enhancements to Defence's existing core financial systems.

The primary objective of JP 2080 Phase 3 will be to leverage off the enhanced system capabilities delivered by the SAP Upgrade in 2008, in order to significantly improve the management of Defence's finances.

JP2080 Phase 3 is in an initiation phase and is expected to proceed through Defence's ICT two pass approval process in 2011-12. The project is expected to commence in 2012-13 and is expected to be completed by 2016-17.

Q94

Ministers Travel Overseas in June 2011

Senator Johnston provided in writing.

The Minister attended a number of important and significant meetings overseas in June 2011.

- (a) What specifically were these meetings and what was their purpose?
- (b) Who accompanied the Minister at these meetings?
- (c) What purpose and role did each of these accompanying persons specifically play in furthering Australia's national interest at each of these meetings?
- (d) What was the total cost of: (i) accommodation; (ii) travel; (iii) entertainment; and (iv) other costs?

Response:

The Minister for Defence attended two important multilateral meetings in June overseas, namely the International Institute for Strategic Studies 10th Asia Security Dialogue: The Shangri-La Dialogue from 4 to 5 June and the NATO Defence Ministers' Meeting in Brussels from 7 to 9 June. This response covers both multilateral meetings. On 6 June the Minister conducted a bilateral visit to the Netherlands prior to the commencement of the NATO Meeting.

Shangri-la Dialogue 3-5 June 2011

- (a) The Shangri-La Dialogue has emerged as an important element of the region's security architecture and is an opportunity for Ministers of Defence, Chiefs of Defence and senior officials from the region and beyond to discuss current security and defence issues and emerging strategic challenges both multilaterally and bilaterally.

In addition to participating in the Dialogue with a presentation in the plenary, the Minister held bilateral meetings with counterparts and officials as follows: Singaporean Defence Minister Ng; Bruneian Deputy Minister for Defence Mustappa; Chinese Defence Minister Liang; East Timorese Secretary of State for Defence Pinto; Indian Minister of State for Defence Raju; Indonesian Minister for Defence Purnomo; Japanese Defence Minister Kitazawa; Korean National Defence Minister Kim; Malaysian Defence Minister Zahid; New Zealand Defence Minister Mapp; Philippines National Defence Secretary Gazmin; Thai Minister of Defence Prawit; United Kingdom Secretary of State for Defence Fox; Vietnamese National Defence Minister Thanh, and Executive Vice President of Boeing Mr Muilenburg. Meetings also took place with Senator John McCain and Commander Pacific Command, Admiral Robert Willard from the United States. The Minister also had the opportunity to speak briefly with United States Defense Secretary Gates.

In the margins of the dialogue the Minister met briefly with Sri Lankan Minister for External Affairs Peiris; Cambodian Deputy Prime Minister and

Minister for National Defense General Neang Phat, and Laotian Vice Minister of National Defense Major General Chanyalath.

The Minister met separately with Five Power Defence Arrangements (FPDA) Defence Ministerial counterparts from Malaysia, New Zealand, Singapore and the United Kingdom. This year is the 40th Anniversary of the FPDA, an important mechanism for regional security and stability.

- (b) The Minister was accompanied by his Senior Adviser, his Media Adviser and the Aide-de-Camp to the Minister for Defence. Departmental members of the official delegation were: the Secretary of Defence; the Vice Chief of the Defence Force (and Chief of the Defence Force Designate); the Staff Officer to the Chief of the Defence Force; the Aide-de-Camp to the Vice Chief of the Defence Force; Principal Adviser Afghanistan and Pakistan; Director-General South East Asia; and a Signaller.
- (c) The Secretary of Defence, the Vice Chief of the Defence Force (and Chief of Defence Force Designate), the Senior Adviser, Principal Adviser Afghanistan and Pakistan and Director-General South East Asia provided policy and military advice to the Minister on Australia's current commitments regionally and on security and defence issues. The Media Adviser provided media support to the Minister. The Aide-de-Camp to Minister for Defence, the Aide-de-Camp to Vice Chief of Defence Force and the Signaller provided administrative and communications support to their respective principals. The Chief of the Capability Development Group, travelled independently of the delegation and joined the Minister for a meeting with Admiral Willard, Commander Pacific Command, on Sunday, 5 June. The Secretary and the VCDF also had additional meetings with their counterparts.
- (d) All costs of official overseas travel by Ministers, Parliamentary Secretaries and advisers are paid for by the Department of Finance and Deregulation (Finance). Expenditure for the most recent trip by the Minister for Defence has not yet been reconciled and will be available in due course.

Total costs for Defence officials accompanying the Minister are yet to be reconciled.

NATO Defence Ministers' Meeting 7-9 June 2011

- (a) The NATO Defence Ministers' Meeting is held on three occasions each year and this meeting was the second of the year with the third to follow in October. The purpose of the meeting was to consider progress in Afghanistan, particularly given the beginning of the northern summer fighting season and the commencement of transition to Afghan-led security by 2014. In addition to discussions on Afghanistan, the Minister discussed the NATO led campaign in Libya and international efforts to counter piracy off the Horn of Africa.

The Minister held bilateral meetings with counterparts and NATO officials were held over three days from the afternoon of 7 June to 9 June 2011, with the NATO Meeting held on 9 June 2011.

The Minister also held bilateral meetings with the following NATO officials: NATO Secretary General Rasmussen, Supreme Allied Commander Europe Admiral Stavridis, Commander ISAF General Patraeus and NATO Senior Civilian Representative Ambassador Gass.

Bilateral meetings were held with a range of NATO Defence Ministers, including United States Defense Secretary Gates; United Kingdom Secretary of State for Defence Fox; Canadian Defence Minister Mackay; Swedish Defence Minister Tolgfors; Dutch Defence Minister Hillen; Italian Defence Minister La Russa; Spanish Defence Minister Chacon, French Defence Minister Longuet, and German Defence Minister de Maiziere. In the margins, Minister Smith briefly met with Belgian Defence Minister De Crem; Croatian Defence Minister Davor Bozinovic; Bosnia-Herzegovina Defence Minister Dr Selmo Cikotic, and Czech Defence Minister Alexandr Vondra.

Afghan Defence Minister Wardak did not travel to Brussels, but updated the meeting on progress in the campaign via video teleconference from Kabul.

The Minister also attended a working lunch round table with General Manfred Lange, Chief of Staff, Supreme Headquarters Allied Powers Europe (SHAPE) and had an informal meeting with General John Allen, nominee to replace General Patraeus.

- (b) The Minister was accompanied by his spouse, his Senior Adviser, his Media Adviser and the Aide-de-Camp to Minister for Defence. Departmental members of the official delegation were: the Secretary of Defence; the Vice Chief of the Defence Force (and Chief of Defence Force Designate); the Aide-de-Camp to Vice Chief of Defence Force; and a Signaller.
- (c) The Secretary of Defence, the Vice Chief of the Defence Force (and Chief of Defence Force Designate) and the Senior Adviser provided policy and military advice to the Minister on Australia's commitment in Afghanistan. The Media Adviser provided media support to the Minister. The Aide-de-Camp to Minister for Defence, the Aide-de-Camp to Vice Chief of Defence Force and the Signaller provided administrative and communications support to their respective principals.

The Australian Embassy in Brussels was supplemented for the visit by one staff member from International Policy Division, Department of Defence, to assist with office management and program coordination.

- (d) All costs of official overseas travel by Ministers, Parliamentary Secretaries and advisers are paid for by the Department of Finance and Deregulation (Finance). Expenditure for the most recent trip by the Minister has not yet been reconciled and will be available in due course.

Total costs for defence officials accompanying the Minister are yet to be reconciled.

Q95

Exercise Talisman Sabre - Costs

Senator Macdonald provided in writing.

With regard to Exercise TALISMAN SABRE 2011:

- (a) What will be the total cost to the Australian Defence Force?
- (b) What will be the total cost to the United States Defense Force?
- (c) How much of this expenditure will be on locally sourced goods and services?

Response:

(a) Talisman Sabre 11 (TS 11) is a Joint and Combined Exercise funded by various Groups and Services across Defence. The total cost will not be known until all accounts are reconciled at the completion of the Exercise.

As an indication, the cost to Defence for the planning and conduct of Exercise Talisman Sabre 09 (TS 09) was \$48m. The budgeted costs of TS 11 are in the order of \$40m

(b) The total cost to the United States Defense Force is not known.

(c) During the execution phase of TS 11, all goods and services are planned to be procured through local suppliers surrounding the various Exercise locations. As yet, it is not known how much Exercise expenditure will be on locally sourced goods and services. For TS 11, these locations include Darwin, Townsville and Rockhampton. Should local supplies be exhausted, goods and services will be sought from further afield.

Q96

RAAF Base Scherger - Use of Defence Facilities

Senator Macdonald provided in writing.

With regard to RAAF Base Scherger,

(a) What notice was received by the Department of Defence from the Department of Immigration and Citizenship prior to the number of Immigration Detainees being housed at the base increasing above the originally agreed figure of 300?

(b) What notice was received by the Department of Defence from the Department of Immigration and Citizenship regarding the length of time the Department of Immigration and Citizenship would need to house Immigration Detainees at the base?

Response:

(a) Since the original announcement to use RAAF Base Scherger on 17 September 2010, Defence has been regularly engaged with the Department of Immigration and Citizenship (DIAC) officials at several levels on the use of RAAF Base Scherger including in relation to numbers of detainees. This engagement included the period in February and March 2011, when the Government was in the process of identifying mainland options for accommodating Irregular Maritime Arrivals (IMA) from Christmas Island. Defence was aware of the option of additional detainees (over 300) being accommodated at RAAF Base Scherger in early March 2011.

(b) The Government announced its intention to establish RAAF Base Scherger as a temporary detention facility on 17 September 2010. It commenced operation on 22 October 2010. In the lead-up to the commencement of operations, Defence was aware that the use of RAAF Base Scherger by DIAC was planned to end after six months. The use of RAAF Base Scherger was initially agreed to 30 June 2011.

In early February 2011, Defence and DIAC discussed an option for extended use of RAAF Base Scherger to 30 June 2012. On 3 March 2011 the Minister for Immigration and Citizenship announced the extension of the use of RAAF Base Scherger as detention accommodation for a further 12 months, to 30 June 2012.

Q97

Anglesea Barracks

Senator Macdonald provided in writing.

For each of the financial years 2006/07, 2007/08, 2008/09, 2009/2010 and for 2010/11 to date, what has been the cost of maintaining, refurbishing, constructing and/or improving of infrastructure at Anglesea Barracks in Hobart?

Response:

The following expenditure is in relation to Estate Maintenance Program funding for Anglesea Barracks.

2006/07	2007/08	2008/09	2009/10	2010/11	Grand Total
\$2,985,103	\$429,794	\$783,947	\$1,373,429	\$438,065	\$6,010,337

Q98

Action Area: DSG

Facilities at Edinburgh

Senator Macdonald provided in writing.

With regard to facilities at the Edinburgh Defence Precinct, has the construction of the following projects been completed? If so, when was work completed? If not, when is it expected to be completed? (a) on-base accommodation for members of 7RAR (b) Weapons training simulator (c) Indirect fire control simulator (d) Gymnasium (e) Driver training area.

Response:

a) The construction of the working accommodation provided under the Hardened and Networked Army Facilities Project was completed on 28 October 2010.

Project Single Living Environment and Accommodation Precinct (LEAP) Phase 2 provided Interim Living-in Accommodation for 7RAR that was available for occupation on the due date of 12 January 2011. Work on the permanent LIA is expected to commence in August 2011 and be completed in July 2013.

b) The construction of the Weapons Training Simulation System facility provided under the Hardened and Networked Army Facilities Project was completed on 25 March 2011.

c) The stand alone Indirect Fire - Forward Air Control Trainer facility is subject to Government approval and therefore construction of this facility has not commenced.

d) The construction of the gymnasium provided under the Hardened and Networked Army Facilities Project was completed on 30 May 2011.

e) The construction of the driver training areas provided under the Hardened and Networked Army Facilities Project was completed on 29 April 2011.

Q99

Asbestos

Senator Trood provided in writing.

- (a) Have there been any compensation claims for asbestos related mesothelioma within the Australian Defence Force (ADF) or from any former members of the ADF? If yes, how many?
- (b) Is there any indication of the number of potential claims?
- (c) Can Defence provide an estimate on the potential costs of these claims?
- (d) What is the role of the Asbestos Inventory Tiger Team (AITT)?
- (e) Does the AITT provide bimonthly reports on its progress? Can these reports be made public?
- (f) Can Defence confirm that it has removed all asbestos containing products other than those granted an exemption?
- (g) How many products have been granted an exemption? Until when?
- (h) What steps are being taken to find replacements for the remaining permitted products?
- (i) How many materials remain within Defence's inventory which contains asbestos?

Response:

(a) Yes. The total number of claims accepted and refused by the Department of Veterans' Affairs under the Veterans' Entitlements Act 1986, Safety, Rehabilitation and Compensation Act 1988, and Military Rehabilitation and Compensation Act 2004, for asbestos related mesothelioma as at 17 June 2011 is 573. This figure includes claims for those who are deceased and those who have claimed under more than one of the above Acts.

(b) No. Due to the ubiquitous nature of asbestos use in the Australian community as well as in Defence related applications, the very long latency period for the development of disease and the interaction with other disease symptoms it is not possible to usefully estimate the number of potential claims.

(c) No. For the above reason it is not possible to usefully estimate the cost of potential claims.

(d) Defence established an Asbestos Inventory Tiger Team in April 2009 to identify asbestos containing materiel (ACM) and facilitate its removal from the Defence Inventory.

The Asbestos Inventory Tiger Team completed its work in March 2011 and management of asbestos has been transitioned to other Defence organisations for ongoing management.

(e) Reports were made to the Chrysotile Special Advisory Committee set up by the Safety Rehabilitation and Compensation Commission as part of their regulatory compliance monitoring and are not made public.

(f) Over the past two years Defence has worked diligently and successfully to clear its inventory of items that contain asbestos.

Defence continues the legal use of some 'in-situ' asbestos-containing-materiel which in accordance with the regulations, was installed prior to 31 December 2003 in a manner which does not represent a risk to personnel.

(g) From 2004 Defence continued to use specified Defence materiel under exemptions approved by the Safety, Rehabilitation and Compensation Commission.

These exemptions expired on 31 December 2010. Defence no longer required exemptions for the now retired F111 fighter bomber and Caribou aircraft and alternative non-asbestos parts were sought for the Hawk lead-in fighter aircraft.

(h) Defence is developing a strategy to address future asbestos re-contamination of the inventory from equipment sourced from overseas where a zero tolerance of asbestos is not in force.

(i) The number of asbestos containing material items remaining for disposal as at 26 March 2011 was 10,732 items all of which are being actively processed for disposal. Of this total number 10,201 items relate to the F111 and Caribou aircraft fleets which have been decommissioned.

Excluding F111 and Caribou asbestos containing material items, there are 531 identified ACM items which are also in the disposal pipeline.

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE**

**QUESTIONS ON NOTICE - COMMITTEES
SENATE BUDGET**

Q100

ADF Support Elements

Senator Macdonald provided in writing.

(a) Which support elements of the Defence Force have roles which are entirely non-location specific, that is, which support elements can carry all of their necessary duties from any permanent location?

(b) How many personnel are each of these elements comprised of?

(c) What facilities do each of these elements require to carry out their role?

Response:

Answering this question would require Defence to obtain detailed advice from each individual Defence support element in Australia and internationally. This would constitute an excessive commitment of Defence resources and I am unwilling to authorise this task.

The disposition of all Australian Defence Force (ADF) units and facilities, including support elements, is currently being assessed through the Force Posture Review announced on 22 June 2011. The Review will ensure that the ADF is appropriately positioned to provide a timely response to strategic and security contingencies in domestic and regional theatres. It will thoroughly examine the positioning of ADF bases, equipment and personnel and will consider how ADF support elements can be best aligned with operational requirements.

Q101

Action Area: VCDF

Activating ADF Reserves

Senator Humphries provided in writing.

What process is used for activating ADF Reserves, in emergency management situations?

Response:

State and Territory authorities have a responsibility, within their boundaries, for coordinating and planning the response to disasters and civil emergencies. When the total resources (Government, community and commercial) of an affected State or Territory cannot reasonably cope with the needs of the situation, the State or Territory Government can seek assistance from the Commonwealth Government.

Support provided by Defence to State or Territory Governments is referred to as Defence Assistance to the Civil Community, or DACC. DACC support is grouped into categories, reflecting the extent and duration of the support and the level of authorisation required. The provision of emergency DACC to State or Territory Governments proceeds (where time permits) only with authorisation from the Minister for Defence or the Chief of the Defence Force, except for DACC Category 1 assistance which can be approved by local commanders when the emergency assistance is not expected to extend beyond 48 hours.

Within the Army Reserve, a Reserve Response Force has been constituted to provide a short notice response capability to support Defence domestic emergency management operations. A Reserve Response Force of approximately 100 personnel is prepared to respond in each state and receives emergency response training, permitting it to be activated at short notice. A Reserve Response Force is not constituted in the Northern Territory and the New South Wales Reserve Response Force is capable of responding in the Australian Capital Territory.

Careful coordination is required to ensure that Reserve personnel are appropriately authorised, qualified and trained prior to undertaking DACC tasks. In emergency situations, Reserve personnel would notify their chain of command of their availability for activation to support any Defence relief effort and they will be activated as a need arises. Where no requirement exists for Reserve personnel to support Defence operations, they are encouraged to provide support as civilians in a volunteer capacity.