

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q1: Capability Decisions**

**Senator Fawcett asked on Monday, 28 May 2012, Hansard pages 42-43.**

What mechanisms are in place to advise Government when the time taken to make decisions (in relation to capability) will have an impact on the cost of obtaining the capability?

**Response:**

There can be a cost impact in relation to major capital acquisitions if a decision is not made before a certain date. For example, in the case of the Foreign Military Sales (FMS) system, a Government decision may be sought by a particular date in order to benefit from the cost savings involved in joining a larger United States contract that is about to be finalised, or where a production line might be closing. In such cases the Minister is advised in a ministerial submission of any cost implications of missing tender validity or FMS deadlines. The advice to Government also discusses the timelines required for Government decisions and the cost impacts of industry and FMS offers expiring.

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**Q2: USAF Engagement**

**Senator Ludlam asked on Monday, 28 May 2012, Hansard page 48 and 49.**

(In relation to information regarding enhanced engagement with the US Air Force resulting from the US force posture review) – When are you likely to have something you could present to the parliament or the public?

**Response:**

In accordance with the force posture initiatives announced by Prime Minister Gillard and United States (US) President Obama on 16 November 2011, the level of routine US aircraft activity through northern Australia will increase over time, as an extension of our existing cooperation.

Specific aircraft types and numbers will be assessed as our planning develops, taking account of the exercising and training needs of both countries.

Beyond the joint communiqué released at the time of the November 2011 announcement there is no written agreement underpinning the increased aircraft movements. Any future announcements are subject to future decisions of the Australian and US Governments, and no timeline has been agreed for any further announcements.

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**Q3: Increase in Electricity Costs for Bases**

**Senator Macdonald asked on Monday, 28 May 2012, Hansard page 52.**

What are the current electricity prices at Lavarack Barracks and what they are anticipated to be post 1 July (in relation to impact of carbon tax)?

**Response:**

Lavarack Barracks is covered by an electricity supply contract for large Defence sites in Queensland. The price schedules of the contract (for Peak, Off Peak and Green rates) are Commercial-in-Confidence.

However, using the total electricity cost (\$3.671 million for the 12 months to 30 April 2012) divided by the total consumption, the 'effective' electricity rate at Lavarack Barracks is \$0.142 per kilowatt hour. The effective rate includes the regulated fees and environmental charges.

From 1 July 2012, the Queensland Government regulator, the Queensland Competition Authority, has approved an increase of 11.3 per cent in network costs to be applied to electricity costs in Queensland. This will increase the 'effective' electricity rate to \$0.150 per kilowatt hour.

Based on internal modelling and feedback from electricity retailers Defence anticipates the impact of the Carbon Price Mechanism at Lavarack Barracks could increase the 'effective' electricity rate by \$0.030 to \$0.180 per kilowatt hour.

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#### **Q4: Moorebank Relocated Units**

**Senator Johnston asked on Monday, 28 May 2012, Hansard page 53.**

What are the 13 units and four associated units to be relocated from Moorebank (revised by S. Lewis, list all of the units affected by the move)? What is an associated unit?

#### **Response:**

The 13 Defence units that are required to be relocated from the proposed Moorebank Intermodal Terminal (IMT) site to Holsworthy Barracks are as follows:

- The School of Military Engineering (SME)
- The Land Warfare Centre (LWC) Regional Education Centre
- The Army Logistics Training Centre (ALTC) Detachment
- The Army Financial Services Unit (AFSU), which is now part of the Army Compliance and Assurance Agency (ACAA)
- The Maintenance Advisory Service (MAS) which is now part of the ACAA
- The Headquarters New South Wales Australian Army Cadet Corps (HQ NSW AAC BDE)
- The Defence National Storage and Distribution Centre (DNSDC) C Vehicle Maintenance Component
- Defence Support - Northern New South Wales (DS-NNSW) and Defence Support - Liverpool Military Area (DS-LMA) Offices
- The Signals Delivery System (SDS) Office
- The Defence Community Organisation (DCO) Office
- The LMA Q Store
- The LMA Clothing Store
- The Chief Information Officer Group (CIOG) Store.

The four associated facilities (incorrectly referred to as ‘associated units’), which provide support to Defence units located in the Liverpool Military Area (LMA), that are also required to relocate from the proposed Moorebank Intermodal Terminal (IMT) site to Holsworthy Barracks, are as follows:

- The LMA Library
- The Australian Defence Credit Union (ADCU) Branch Office
- The DEFCREDIT Branch Office

- Government Furnished Facilities for the Defence Comprehensive Maintenance Services (CMS) Contractor - Brookfield Multiplex Services (BMS); and the Defence Garrison Support Services (GSS) Contractor - Sodexo Defence Services (SDSS).

In addition to the aforementioned Defence units and associated facilities that are required to relocate from the proposed Moorebank IMT Site to Holsworthy Barracks, the following Defence units, which are currently located within Holsworthy Barracks, are also affected by the relocation given the requirement to demolish their existing facilities under the Moorebank Units Relocation (MUR) project:

- The 21st Construction Regiment (21 Const Regt) will be relocated from its current facilities (including temporary staging) into new facilities to be delivered through the MUR project
- The following Australian Defence Force (ADF) Cadet Units will be relocated from their current facilities (including temporary staging) into new facilities to be delivered through the MUR project:
  - (a) Training Ship Kanimbla (TS KANIMBLA)
  - (b) The 22<sup>th</sup> / 29<sup>th</sup> Australian Army Cadet Unit (22 / 29 AAC)
  - (c) The 23<sup>rd</sup> Battalion AAC (23 AAC)
  - (d) The AAC Band – NSW.
- Elements of the 17<sup>th</sup> Construction Squadron (17 Const Sqn) will be relocated from its current facilities to temporary facilities to be delivered through the MUR project, prior to a proposed relocation to RAAF Amberley, Queensland, as part of separate Defence infrastructure project which is still to be subject to separate Government and Parliamentary approvals.

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**Q5: Logistics Rationalisation**

**Senator Johnston asked on Monday, 28 May 2012, Hansard page 55.**

What is the logistics rationalisation amount to be saved?

**Response:**

With regard to the specific logistics rationalisation savings attributable to Defence vacating the current leased site at Moorebank, the current lease costs for the Defence National Storage and Distribution Centre (DNSDC) site are \$19.508m per annum (plus GST) and are a direct saving when DNSDC relocates to West Wattle Grove (a Defence owned site). Further savings are anticipated following the re-tender of the Defence Integrated Distribution Services contract because of efficiencies through consolidation to fewer warehouses, improved and standardised layouts, and improved processes enabled by improved technology.

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**Q6: Relocation to Moorebank**

**Senator Johnston asked on Monday, 28 May 2012, Hansard page 58.**

Senator Johnston asked in relation to facilities at Moorebank:

- (a) what are the current lease fees or annual rent
- (b) what are the net savings
- (c) what are the costs to establish West Wattle Grove site?

**Response:**

- (a) The lease fees for the Defence National Storage and Distribution Centre (DNSDC) Moorebank for financial year 2011-12 are \$19.508m (plus GST).
- (b) The current lease costs for the DNSDC site are \$19.508m per annum (plus GST) and are a direct saving when DNSDC relocates to West Wattle Grove (a Defence owned site). Further savings are anticipated following the re-tender of the Defence Integrated Distribution Services contract, because of efficiencies through consolidation to fewer warehouses, improved and standardised layouts, and improved processes enabled by improved technology.
- (c) Subject to Government approval of the Defence Logistics Transformation Program, the capital cost to establish new facilities for the DNSDC is approximately \$220 million.

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**Q7 – Fraud Detection**

**Senator Xenophon asked on Monday, 28 May 2012, Hansard page 59:**

How much fraud has Defence detected since 2001 Auditor-General's report? How many qualified investigators have been employed by the military police and other agencies within Defence, or its successor in the ADF, the Investigative Service? What has the Department done since the report to improve the reporting process? Are there suitably qualified investigators with respect to that? Additionally, provide a comparative statement on the level of resources the UK MOD has devoted to fraud control/detection as opposed to Australian Defence?

**Response:**

The total value of detected fraud in Defence between 1 July 2001 and 30 June 2011 is \$11.45m.

The average level of fraud in Defence over the past ten financial years is \$1.14m.

There are currently 590 personnel in Defence who are either qualified or meet the prerequisites to be qualified in accordance with the Australian Government Investigations Standards to conduct fraud investigations. 483 of these are military members (Reserves and Permanent Forces) posted to one of the three service police organisations of the Navy (76), Army (320) or Air Force (87). Most of these members are, however, engaged in general policing, security and investigations into matters not related to fraud. An additional 99 members from the three service police organisations are posted to the ADF Investigative Service. Around 30 per cent of the investigative effort of the ADF Investigative Service is consumed on fraud investigations. A further eight Defence civilian personnel employed by the Inspector General of Defence are also engaged full time on fraud investigations.

Defence continues to improve the fraud reporting process as outlined in our response to Question on Notice No. W7 taken at the Senate Budget Estimates hearing on 30 May / 1 June 2010 and W5 taken at the Senate Supplementary Budget Estimates hearing on 19 October 2010 (note that the Commonwealth Fraud Control Guidelines 2002, have been replaced by a revised edition in 2011).

The level of resources the UK MOD has devoted to fraud control/detection is not known to Defence.

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**Q8: Cost of Re-fitting a Flywheel**

**Senator Johnston asked on Monday, 28 May 2012, Hansard page 70:**

What are the costs of re-fitting the flywheel to HMAS *Waller* (Collins)?

**Response:**

The cost of re-fitting the flywheels to HMAS *Waller* is \$45,253 comprising:

- (a) Labour Costs = \$22,398
- (b) Material Costs = \$22,713
- (c) Other Direct Costs = \$142

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**Q9 - NAVSEA United States Project Office**

**Senator Johnston asked on Monday, 28 May 2012, Hansard page 83**

- (a) How many personnel are located with NAVSEA in the United States?
- (b) Where is the project office?
- (c) What does it cost the Government?
- (d) Who retains the intellectual property rights, is it shared or jointly held?
- (e) What is the situation with respect to the development of the processor? (submarines)

**Response:**

- (a) There are 12 Australian Defence staff members working with NAVSEA, in a Joint Program Office.
- (b) Five staff members are located at the Washington Navy Yard, with the other seven located at the US Naval Undersea Warfare Centre in Newport, Rhode Island.
- (c) The cost to Government of supporting the Joint Program Office (excluding salaries) for Financial Year 11/12 will be in the order of \$865K.
- (d) The intellectual property rights are governed by the “*Replacement Combat System and Heavyweight Torpedo Armaments Cooperative Projects Memorandum of Understanding (MOU)*”. Under the conditions of this MOU, ownership of any intellectual property that is created under the MOU is retained by the government that created the intellectual property. However, each government may use without charge, the other government’s intellectual property created under the MOU, for Defence purposes.
- (e) Development of processors applies to both the Replacement Combat System and Heavyweight Torpedo programs. The Advanced Processor Build (APB) process is designed to provide regular upgrades to meet emerging operational requirements, manage obsolescence, and incorporate advances in software technology. Current status of the APB is:
  - Heavyweight Torpedo;
    - APB01 is in operational service;
    - APB04 has been delivered and is undergoing operational testing.

- Replacement Combat System;
  - APB07 has achieved Initial Operational Release;
  - APB11 is in development.

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**Q10 – Submarine Escape, Rescue and Abandonment Program (SEA 1354)**

**Senator Johnston asked on Monday, 28 May 2012, Hansard page 93.**

Has the submarine escape, rescue and abandonment project (SEA 1354) received first pass? If not, what is the timeframe?

**Response:**

SEA 1354 has not received First Pass. First Pass is scheduled for the period FY 2012-13 to FY 2013-14.

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**Q11: Parade Boots**

**Senator Johnston asked on Monday, 28 May 2012, Hansard page 104:**

- (a) When was the tender awarded for the parade boots that have had issues with sole-separation (tender awarded to Chinese company)?
- (b) Since 2009 there have been 49 RODUMS related to sole-separation. How many pairs of boots did the 49 RODUMS cover (how many pairs in each RODUM)?
- (c) Which company undertook testing of the problem boots to see if they met specifications and how much did it cost?

**Response:**

- (a) The contract under which these parade boots were supplied was awarded in 2003 to an Australian company.
- (b) Since July 2009 there have been 45 RODUMS related to sole-separation in patent leather parade boots. These refer to 51 pairs of boots.
- (c) The Defence Materiel Organisation engaged two independent test laboratories to test the boots: VicLab Pty Ltd and the New Zealand Leather and Shoe Research Association (LASRA).

Defence spent approximately \$10,000 testing the boots.

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**Q12: Baxter Parade Boots**

**Senator Johnston asked on Monday, 28 May 2012, Hansard page 106:**

Where is the Baxter boot manufactured? Who manufactures the Baxter parade boots used by Duntroon graduates?

**Response:**

The Baxter boots worn by RMC cadets are made in a factory in Goulburn Australia.

The Baxter parade boots are manufactured by Baxter & Co Pty Ltd.

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**Q13: Rigid Hull Inflatable Boats (RHIB)**

**Senator Johnston asked on Monday, 28 May 2012, Hansard page 9.**

Is there not a weight issue with these boats, given the reconfiguration of them recently?

**Response:**

There are no weight issues with the boats in question. In any small boat, there has always been a seamanship requirement to have due regard to weight distribution as it affects stability - passengers/crew and stores – particularly when boarding/loading, as well as when underway.

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**Q14 - NORFORCE, 51 Battalion and the Pilbara Regiment**

**Senator Macdonald asked on Tuesday, 29 May 2012, Hansard page 9**

Could someone tell me – perhaps without being specific – for NORFORCE, 51 Battalion and the Pilbara Regiment, are the numbers increasing? Falling? About the same as they have always been? Is there a trend?

**Response:**

The Army has three Regional Force Surveillance Units (RFSUs): 51st Far North Queensland Regiment (51 FNQR) based in Cairns, operating in Far North Queensland; NORFORCE based in Darwin, operating in the Northern Territory and the Kimberley; and the Pilbara Regiment based in Karratha, operating in the Pilbara region.

RFSUs are part time units with a higher than normal number of full time personnel. As part of the 6th Brigade, the role of the RFSUs is to provide a ground surveillance capability in Northern Australia. Central to this task is the role of Indigenous soldiers in the RFSUs. The Regional Force Surveillance List (RFSL) method of entry into Army has been developed to allow recruitment of part time soldiers, in particular Indigenous soldiers, who do not meet the criteria for General Enlistment to serve in the RFSUs.

The numbers of Indigenous soldiers in the RFSUs cannot be accurately quantified as the entry of ethnicity into Defence's personnel management system is optional. As a result, many Indigenous soldiers elect not to provide information about their Indigenous background.

The following assessment on the level of Indigenous membership is subjective and is based on a combination of personnel management system data and the judgement of the three RFSU Commanding Officers.

Indigenous growth within the RFSUs reflects a modest upward trend across the three RFSUs. Current estimates of Indigenous soldiers are:

- 51 FNQR – 171 soldiers (33 per cent of strength);
- NORFORCE – 211 soldiers (36 per cent of strength);
- Pilbara – 10 soldiers (5 per cent of strength); and
- Total across all RFSUs – 392 soldiers (28 per cent of strength).

The relatively low number of Indigenous soldiers in the Pilbara Regiment is primarily due to a smaller Indigenous population in the Pilbara; active indigenous programs by the mining industry (that significantly reduce the number of candidates available); and a different demographic to the

other two RFSUs. In the period from 2008, the number of Indigenous soldiers in this unit has grown from two soldiers to the current 10.

In addition to recruiting Indigenous soldiers, NORFORCE and 51 FNQR play a key supporting role in the Defence Indigenous Development Program (DIDP). Candidates for DIDP are recruited into these two units under the RFSL entry scheme to allow them to be paid and receive Defence support during the program. These two units recruit approximately 30 DIDP candidates per year. However, because service is not certain beyond the DIDP course, these figures are not reflected in the paragraph above.

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**Q15 - NORFORCE, 51 Battalion and the Pilbara Regiment**

**Senator Macdonald asked on Tuesday, 29 May 2012, Hansard page 10.**

Is there anything that governments could do to encourage greater participation in these Defence units, on the basis that Australia needs them, firstly, and it is sometimes a form of employment in an area that is not overly endowed with employment opportunities as a general rule.

**Response:**

The Regional Force Surveillance List (RFSL), within the Army Regional Force Surveillance Units (RFSU), is a category of service specifically designed to aid the enlistment or appointment of Indigenous Australians. A number of the soldiers within the RFSL are recruited through the Defence Indigenous Development Program (DIDP), a course of training and experiences that helps to develop the personal attributes of disadvantaged Indigenous Australians in order to prepare them for employment within the services or in the broader community.

The DIDP is conducted in the context of the Defence Reconciliation Action Plan (DRAP) 2010-2014. Army's support to the DRAP is set out in the Army Indigenous Strategy. Issued in 2010, the strategy has been reviewed this year. This strategy commits Army to a broad range of actions which support Indigenous development with the aim of encouraging greater participation. They include:

- The Army Aboriginal Community Assistance Program;
- Support to the three RFSUs;
- Support to the Australian Army Cadet Units at Bamaga, Wadeye and Daly River;
- Support to the Defence Indigenous Pre Recruitment Course and the DIDP;
- The Army Indigenous Steering Committee; and
- Development of a Regional Indigenous Network, that provides a communications forum and mentoring.

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**Q16: C-27J aircraft**

**Senator Johnston asked on Tuesday, 29 May 2012, Hansard page 17.**

Provide a complete breakdown of systems included in the C-27J aircraft (complete mission system) that we are acquiring, and the costs involved (include total cost of each aircraft).

**Response:**

A breakdown of the systems included in the C-27J aircraft is detailed in Table 1. The cost to Australia of each aircraft as a complete mission system, including those items shown in the table, is \$40.2 million Budget 2012–13 out-turned price and exchange. The cost of each individual aircraft component was not provided as part of the Letter of Offer and Acceptance from the United States.

**Table 1 Systems fitted in the United States military C-27J aircraft**

| <b>SYSTEM</b>  | <b>MANUFACTURER</b>   | <b>MODEL</b>   | <b>QTY</b> |
|--|-----------------------|--|------------|
| <b>Displays</b>  |                       |  |            |
| Primary head-down flight data and engine instrument displays   | L-3 Com               | 697901-9   | 5          |
| Standby flight data display  | BF Goodrich           | GH-3000J   | 1          |
| Head-up display  | Flight Dynamics       | Multiple   | 2          |
| <b>Communication</b>   |                       |  |            |
| Combined very high frequency (VHF) with Single Channel Ground and Airborne Radio System (SINCGARS) and ultra-high frequency (UHF) with Have Quick II communications security radios. | Rockwell Collins      | ARC-210  | 4          |
| Inmarsat radio   | Honeywell             | MSC-4200   | 1          |
| Blue Force Tracker data-link   | Comtech               | AVX-06   | 1          |
| High frequency (HF) radio transceiver  | Rockwell              | HF9500   | 1          |
| HF encryption  |                       | KY-100   | 1          |
| Public Service Radios  | Wulfsberg             | RT-5000  | 2          |
| Communications management unit (CMU)   | Honeywell             | 7519200-920  | 2          |
| <b>Navigation</b>  |                       |  |            |
| Embedded global positioning system (GPS) and inertial navigation (EGI) system  | Honeywell and Trimble | Honeywell H-764 inertial navigation / Trimble Force 524D GPS | 2          |
| GPS selective availability anti-spoofing module (SAASM)  |                       |  | 2          |
| Tactical Air Navigation (TACAN)  | Collins               | 622-8149-003   | 2          |
| VHF omni-range (VOR) and instrument landing system (ILS)   | Collins               | 622-6376-015   | 2          |
| Automatic direction finder   | Collins               | 622-6812-002   | 1          |

| <b>SYSTEM</b>  | <b>MANUFACTURER</b>                                  | <b>MODEL</b> | <b>QTY</b> |
|--|--|--------------|------------|
| <b>Surveillance</b>  |  |              |            |
| Weather and navigation radar   | Northrop Grumman                                     | APN-241      | 1          |
| Traffic Collision Avoidance System II (TCAS II)                            | Honeywell  | 940-0330-001 | 1          |
| Identification friend or foe (IFF) transponder with Mode 1, 2, 3, 3C and 4 | Raytheon   | APX-119      | 1          |
| Radio altimeter  | Honeywell  | HG9550AA01   | 2          |
| Terrain avoidance warning system (TAWS)                                    | Honeywell  | 965-0779-001 | 1          |
| Emergency locator transmitter (ELT)  | Artex  | C406-2       | 1          |
| <b>Flight data</b>   |  |              |            |
| Air data computer  | BF Goodrich  | ADC-3000R    | 1          |
| Mission computer   | BAE Systems  | 697960       | 2          |
| Single avionics management unit  | L-3 Com  | 698135       | 1          |
| Communications and navigation computer                                     | Honeywell  | 8519600-XXX  | 2          |
| Multifunction control and display unit (MCDU)                              | Barco  | V9519311     | 2          |
| Data loader  | Raymond  | 698089-5     | 1          |
| <b>Audio management</b>  |  |              |            |
| Intercommunication and public address system                               | SCI  | Multiple     | 1          |
| <b>Automatic flight control</b>  |  |              |            |
| Autopilot and flight director  | Honeywell  | Multiple     | 2          |
| <b>Recording</b>   |  |              |            |
| Flight data recorder (FDR)   | L-3 Com  | FA2100       | 1          |
| Cockpit voice recorder (CVR)   | L-3 Com  | FA2100       | 1          |
| <b>Personnel survivability</b>   |  |              |            |
| Ballistic armour – cockpit and observer stations                           |  |              | 1          |
| <b>Aircraft self protection</b>  |  |              |            |
| Missile approach warning system  | Alliant Techsystems (ATK)<br>Missile Systems Company | AAR-47A(V)2  | 1          |
| Radar warning receiver   | Northrop Grumman                                     | APR-39       | 1          |
| Countermeasures dispensing system  | Marconi  | ALE-47       | 1          |

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**Q17: C27J Training Devices**

**Senator Johnston asked on Tuesday, 29 May 2012, Hansard page 18.**

What specific items are covered under ‘training devices’?

**Response:**

The table below describes the training devices included within the scope of Foreign Military Sales (FMS) agreement with the United States Government for C-27J capability. While each device is within the scope of the FMS agreement, Defence is currently assessing and tailoring the training device suite to meet the battlefield airlift capability.

**Table: Descriptions of C-27J aircraft training devices**

| <b>Device</b>                              | <b>Short description</b>  | <b>Purpose and objective</b>   |
|--|---|--|
| Weapon System Trainer (WST)                | Full motion cockpit trainer including a visual database.        | The WST is a dynamic vehicle for training pilots, loadmasters, and maintenance engine run technicians. The WST provides for the initial qualification and replacement, transition and readiness training of the cockpit crewmembers. The WST also supports recurrent training and instrument qualification for cockpit crewmembers.  |
| Cockpit Procedures Trainer                 | Full cockpit trainer as above without the motion function.      | The CPT is essentially a WST without motion. The CPT shall be designed to provide aircraft and cockpit system management training, general and procedural training, instrument flying training and reinforcement flying training for cockpit crews. The CPT provides many of the same training capabilities as the WST but is geared predominantly towards hands-on procedural training to practice and demonstrate proficiency in the various training tasks. This training includes normal and emergency procedures with an introduction to system malfunctions and failures. The CPT also supports periodic refresher training and autonomous training for cockpit crew trainees. |
| Flight Management System desk top trainers | Computer based flight management system familiarisation trainer | The Flight Management System desk top trainer is a computer based learning system to familiarise the crew with the C-27J cockpit flight management system.   |

| Device  | Short description   | Purpose and objective   |
|---|---|---|
| Loadmaster Crew Resource Management Trainer   |   | The Loadmaster Crew Resource Management Trainer will provide classroom training for loadmasters. The loadmaster station will include a cargo compartment controls and systems and an Instructor Operator Station.   |
| Fuselage Trainer                              | Cargo, load and aero-medical personnel training device for C-27J.   | The Fuselage Trainer will provide practical experience for personnel in the use of checklists for interior items, palletised loading, winching, loading of vehicles and rolling stock, loading and rigging for aerial delivery, aero-medical evacuation, and principles of cargo restraint.   |
| Virtual Simulated Maintenance Training Device | Computer training device to support classroom training for maintenance personnel in aircraft sub-systems and support equipment. | The Virtual Simulated Maintenance Training Device will have an instructor operator station, student workstations, classroom displays, audio system, and interactive multimedia instruction to include a combination of text based, 2-D diagrams, high-fidelity 3-D rendered images, animations and realistic sound. This device is used to instruct maintenance personnel in aircraft component identification and removal and replacement procedures and aircrew in aircraft systems architecture. |
| Cockpit Panel Mock-up                         |   | The cockpit panel mock-up is essentially photographic or print images of the cockpit panels, including the overhead panels, mounted in a frame, representative of the arrangement in the C-27J cockpit. The CPM is used to learn checklist flow and procedures during aircrew and engine-run technicians' training.   |

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**Q18: C-27J requests to suppliers**

**Senator Johnston asked on Tuesday, 29 May 2012, Hansard page 23.**

Why was there a month's delay between the FMS approach and that approach to the competitors?

Verify that, chapter and verse, as to the cost of the aircraft, because there has been no competition.

**Response:**

In June 2011, Defence was advised that the extant United States (US) contract for the Joint Cargo Aircraft version of the C-27J would expire on 12 June 2012.

In accordance with Government policy on the administration of procurement solicitation, Defence sought Government approval to send a Letter of Request to the US Government for the price and availability for C-27J aircraft and associated support systems under Foreign Military Sales (FMS). Government granted approval and Defence sent a Letter of Request to the US Government on 30 September 2011.

On 19 October 2011 the Government announced that it was seeking a non-binding and no-commitment Letter of Request for price and availability information on the C-27J and would also consider other aircraft which could meet Australia's need, such as the Airbus Military C295 aircraft.

Defence subsequently dispatched letters to Airbus Military and Raytheon Australia on 26 October 2011, seven days after the Government announced its decision to take action on AIR 8000 Phase 2.

Airbus Military was invited to provide price and availability data for the C295 as the original equipment manufacturer.

Raytheon Australia had previously offered unsolicited C-27J proposals to Defence and was invited to provide price and availability data as a previously interested party and potential alternative supplier.

Details of the C295 and C-27J direct commercial offers are commercial-in-confidence and cannot be released. Airbus Military has advised that their information is confidential and proprietary and cannot be disclosed without the written consent of Airbus. Raytheon Australia has likewise advised that their information is proprietary and commercial-in-confidence.

A full description of the US FMS acquisition costs has been provided in response to Senate Budget Estimates of 28/29 May 2012 Question on Notice No. 139. The cost for ten mission-ready US military C-27J aircraft is \$402 million. The acquisition price for a comparable C295 package from Airbus Military was not significantly different to the price for the C-27J via FMS.

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**Q19: Hard Landing in Darwin**

**Senator Johnston asked on Tuesday, 29 May 2012, Hansard page 30.**

Why did the Portuguese aircraft remain in Darwin from February to April 2012 following the hard landing? (MEAO Sustainment)

**Response:**

On 29 February 2012, the MEAO Air Sustainment Aircraft suffered a heavy landing at Darwin Airport, while en-route to the Middle East. The heavy landing was assessed to be due to weather and wind effect. The aircraft completed the landing and proceeded to the terminal without further incident. No injuries were reported as a result of this event.

The replacement aircraft was dispatched to resume the service approximately 24 hours later, in accordance with contractual requirements. The aircraft suffering the heavy landing underwent technical inspection at Darwin.

On 9 March 2012, this aircraft departed Darwin and recovered to a Lufthansa deeper maintenance facility for further detailed investigation and assessment. No damage to the aircraft was found as a result of the landing and it was cleared by the relevant Portuguese and European aviation authorities to resume service on 11 April 2012.

The Australian Transport Safety Bureau continues to investigate the incident in accordance with its standard procedures.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q20: Pilot Training**

**Senator Kroger asked on Tuesday, 29 May 2012, Hansard page 32:**

Provide a breakdown of the use of simulated training for pilots (per platform) and as a proportion of their overall training.

How many female pilots does Defence have?

Provide me a breakdown of the number of pilots Defence has with various years of experience?

**Response:**

Due to the breadth and complexity of the question, an unreasonable amount of departmental resources would be required to develop a response.

I am able to provide you with a table that provides the number of pilots at each rank level.

**Air Force**

| <b>Rank</b>                  | <b>Number of Pilots</b> | <b>Number of Females</b> |
|------------------------------|-------------------------|--------------------------|
| Air Marshal                  | 2                       | 0                        |
| Air Vice-Marshal             | 5                       | 0                        |
| Air Commodore                | 14                      | 0                        |
| Group Captain                | 28                      | 0                        |
| Wing Commander               | 61                      | 0                        |
| Squadron Leader              | 144                     | 2                        |
| Flight Lieutenant            | 391                     | 14                       |
| Pilot Officer/Flying Officer | 141                     | 2 / 2                    |

## Army

| <b>Rank</b>        | <b>Number of Pilots</b> | <b>Number of Females</b> |
|--------------------|-------------------------|--------------------------|
| Brigadier          | 3                       | 0                        |
| Colonel            | 9                       | 0                        |
| Lieutenant Colonel | 29                      | 0                        |
| Major              | 71                      | 3                        |
| Captain            | 122                     | 5                        |
| Lieutenant         | 79                      | 3                        |

## Navy

| <b>Rank</b>          | <b>Number of Pilots</b> | <b>Number of Females</b> |
|----------------------|-------------------------|--------------------------|
| Vice Admiral         | 0                       | 0                        |
| Rear Admiral         | 1                       | 0                        |
| Commodore            | 1                       | 0                        |
| Captain              | 6                       | 0                        |
| Commander            | 10                      | 0                        |
| Lieutenant Commander | 39                      | 1                        |
| Lieutenant           | 72                      | 2                        |
| Sub Lieutenant       | 14                      | 2                        |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q21: Cultana**

**Senator Macdonald asked on Tuesday, 29 May 2012, Hansard page 36.**

What are the costs to date of pursuing the project in terms of administrative and legal compliance, independent consultants and due diligence (not including purchase costs)?

**Response:**

Total expenditure for the Cultana expansion project, as at 30 May 2012, is \$8.99m (GST exclusive). The expenditure of \$8.99m (GST exclusive) consists of:

- \$5.9m - Legal expenses, including tied work and disbursements
- \$3m - Consultants (Includes project management services, cultural heritage services, environmental services and property management services)
- \$0.09m - Other (includes administration, media costs, venue hire, etc.)

**Senate Standing Committee on Foreign Affairs, Defence and Trade****QUESTIONS ON NOTICE - COMMITTEES****Senate Budget Estimates – 28/29 May 2012****Q22: Cultana Acquisition****Senator Fawcett asked on Tuesday, 29 May 2012, Hansard page 36.**

How has the length of time taken for the procurement of pastoral leases been taken into account (length of time and impact on pastoralists' business interests during the period)?

**Response:**

The formal acquisition process to acquire the pastoral leases within the Cultana Expansion Area has commenced in accordance with the *Lands Acquisition Act 1989* (the LAA). The Special Minister of State, signed the first series of Pre-Acquisition Declarations on 27 March 2012, and the last of the Pre-Acquisition Declarations were signed on 14 May 2012. The acquisition process has been initiated ahead of the Cultana Expansion Area Indigenous Land Use Agreement (ILUA) being executed and registered. In this way, Defence is seeking to avoid any further delay in acquiring the pastoral leases.

The Commonwealth is aware of the impact of a compulsory acquisition on the interests of individuals, and Defence is working towards acquiring the pastoral leases as efficiently as possible and ensuring that all compensable interests are fully identified, and that just terms compensation is paid as required by both the Constitution and the LAA. The time taken to acquire the pastoral leases may be a relevant consideration advanced by the pastoralists in support of a claim for compensation under the LAA. The Commonwealth continues to engage with the pastoralists in relation to the acquisitions including valuations, short-term occupation of the land post acquisition, and arrangements for de-stocking the land.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q23: Land 17**

**Senator Abetz asked on Tuesday, 29 May 2012, Hansard page 42:**

In relation to Land 17, what was the nature of the courtesy contact with the South Korean Government (prior to the budget announcement):

- (a) who made the contact
- (b) who did they contact
- (c) what was the substance of the contact
- (d) was DFAT advice sought on the contact
- (e) Provide details of all contacts (if multiple).

**Response:**

(a) to (e) - First Assistant Secretary International Policy made a phone call to the Republic of Korea Ambassador to Australia, H.E. Cho Tae-yong, in the half hour prior to the budget announcement. He informed H.E. Cho that a decision to cancel the acquisition of self-propelled howitzers had been made for budgetary reasons and in no way reflected the quality of Samsung Techwin's AS-9 Howitzer. DFAT staff in Canberra and Seoul were informed that Defence had contacted the Republic of Korea Embassy.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q24: Land 17**

**Senator Abetz asked on Tuesday, 29 May 2012, Hansard page 43.**

When specifically was Defence informed by Government of the decision to cancel Land 17?

**Response:**

The decision to cancel the self-propelled howitzers was taken in the Budget context.

On 3 May 2012 the Minister for Defence announced that the Government has decided not to proceed with the self propelled howitzer but to acquire additional towed howitzers. There is a consequent \$220m reduction in provision in the Forward Estimates.

On the recommendation of Defence, this decision was part of Defence's contribution to the Government's fiscal strategy of returning the Budget to surplus of \$5.4 billion across the Forward Estimates.

## **Senate Standing Committee on Foreign Affairs, Defence and Trade**

### **QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

#### **Q25: Recruitment Processes**

**Senator Faulkner asked on Tuesday, 29 May 2012, Hansard page 45:**

For confirmation, once investigations are finalised, that Defence recruitment processes do not include questioning of a sexual nature (as claimed in the 27 May media article). Senator Faulkner indicated time flexibility in receiving the response to allow for investigations to be completed.

#### **Response:**

The Director General Defence Force Recruiting has received formal confirmation from ManpowerGroup, the Recruiting Services Contractor for Australian Defence Force (ADF) recruiting, and the three Services that the ADF recruiting processes do not include questioning of a sexual nature (as claimed in the 27 May 2012 media article).

ManpowerGroup has specifically confirmed that psychological testing and interviews conducted by ManpowerGroup staff in Defence Force Recruiting Centres are conducted as per Defence requirements and are not of the inappropriate, sexually explicit nature alleged in the media reporting. ManpowerGroup has advised that all psychology staff members are inducted, trained and audited to ensure compliance with Australian legislation, professional obligations, Defence Psychology policy, ADF policy and ManpowerGroup Values.

The three Services have confirmed that questioning by Defence psychologists on the Service Officer Selection Boards conducted as part of the ADF recruiting processes is not of the inappropriate, sexually explicit nature alleged in the media reporting.

With regard to Defence Force Recruiting psychological tests, all tests that ManpowerGroup psychology staff administer are provided by Defence. The manner in which these tests are to be used and administered is directed by Defence, and ManpowerGroup staff strictly adhere to the tests provided by Defence. None of these tests contain items targeting topics that have been raised within the media reporting.

With regard to psychological assessment interviews, Defence determines the areas to be considered and explored as part of the interview. In conducting the interview, Defence has directed a semi-structured format which covers areas such as motivation, job knowledge, mental health, family background, upbringing, education, maturity and emancipation. During the interviews, the psychologists will explore issues raised by candidates in order to make a judgement about candidate's readiness for entry into the ADF. ManpowerGroup psychologists strictly adhere to the interview format and guidelines provided by Defence and do not ask questions targeting topics that have been raised within the media reporting.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q26: Ration Pack Contract**

**Senator Parry asked on Tuesday, 29 May 2012, Hansard pages 46 and 47.**

When is the ration pack contract due for renegotiation? (Is it possible to ensure that reference to the local benefit criteria is applied to that ration pack and whether Scottsdale could be considered for that?).

**Response:**

The current contract, which requires the contractor to assemble combat ration packs, is due to expire on 18 October 2013. The contract includes two options, each allowing for a contract extension of up to two years. Prior to the expiration of the contract, the Commonwealth will decide whether to exercise the first contract extension or re-tender the contract through an open Request for Tender process.

The Tasmanian Government's recently introduced Bill, titled Supporting Local Business and Jobs (Local Benefits Test) Bill 2011, provides for a local benefits test to apply to Tasmanian Government tenders and contracts. Current Commonwealth policy aims to maximise opportunities for Australian industry to compete in Defence procurements on a value for money basis. Any re-tender for ration packs will be open to all respondents and will take full account of the requirement for tenderers to provide details relating to Australian industry involvement and content.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q27: Ration Pack Production**

**Senator Parry asked on Tuesday, 29 May 2012, Hansard page 47:**

Is there capacity at the Scottsdale facility to increase the production of ration packs, if so, to what degree?

**Response:**

No. The Scottsdale facility does not produce ration packs but only freeze-dried meals. Combat Ration Packs (CRP) are currently produced for the Australian Defence Force (ADF) under contract by the New Zealand company PREPACK. This contract is not negotiated or managed by DSTO. More than 60 different food components go into making the various combat ration packs. Freeze-dried meals produced at Scottsdale are only a proportion of the components used.

The facility at Scottsdale is purpose built for making freeze-dried meals. There is no infrastructure for the production of whole ration packs. As the necessary maintenance schedule limits the production time available, there is no spare capacity to produce substantially more freeze-dried meals.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q28: Mr Inwood**

**Senator Ronaldson asked on Tuesday, 29 May 2012, Hansard page 47.**

- (a) Can the Committee be provided with a copy of the records which support the awarding of medals to Mr Inwood in relation to service in the Korean War?
- (b) Where are these records kept, and on what date were they most recently verified in relation to Mr Inwood's service in Korea?
- (c) Can Senator Feeney provide Senator Ronaldson with a copy of all correspondence with Mr Chester in relation to this matter?

**Response:**

- (a) Defence has limited information available in relation to Mr Inwood's service in Korea. Provided at Attachment A is a copy of a general index card which shows that the United Nations Service Medal – Korea, and Korea Medal were issued to Mr Inwood during the 1950s. Also, provided at Attachment B is a statement made by Captain M.A. Bennett, his Officer Commanding, dated 12 June 1956 which states that Mr Inwood undertook courier trips to Korea.
- (b) This information has been obtained from Mr Inwood's service dossier which has been released by the Central Army Records Office, Melbourne. Noting the limited information available today, and that Defence is satisfied that all medals were issued to Mr Inwood correctly at the time, no recent verification has occurred.
- (c) Senator Ronaldson would need to approach Mr Chester in relation to any correspondence between the Parliamentary Secretary for Defence (Senator Feeney) and himself.

GENERAL INDEX

E/P Sydney for 17-7-57.  
H.

H. Eng 25.6.56  
P 2 4/1/56  
H. Eng 5-4-54  
H.

Surname..... **INWOOD**  
(BLOCK CAPITALS)

Other Names..... **MURRAY CHARLES**

Personal or Army No..... **4/751**

AWARDS

KOREA MEDAL ✓

QUI SERVICE MEDAL ✓

Posted **8-7-54**

153 SUNSHINE RD  
W. FOOTSCRAY  
VIC.

McLaren Vale  
SA.  
12/4/54  
29/6/54  
ATHQ Press-3788-7/47-50m

Rank..... **Sergeant** DISCHARGED  
**26-7-56**

Unit..... **R.F.A.**  
**P/S** **Sunshine Rd.**  
**Next Footscray**  
**Victoria.**  
**W. Murray**

**A 387396.**  
**12-6-56.**

# AUSTRALIAN MILITARY FORCES - SOUTHERN COMMAND

TELEPHONE

IN REPLY PLEASE QUOTE

HQ 3 NS Trg Bde  
PUSKAPUNYAL  
/Xun 56

SERVICE OF 4/751 CPL INWOOD M.C.  
DURING OCCUPATION OF JAPAN 1946-1956

1. This is to verify that 4/751 Cpl INWOOD M.C. was posted to Brit Com Base Sig Regt on 19 Jul 1951.
2. Cpl INWOOD, during his service between 10 Oct 1951 and 7 Feb 1952, was employed as a SDS Air Courier operating between Iwakuni Japan and Pusan, Seoul, and Taegu, Korea.
3. This service was conducted daily by members of Britcom Base Sig Regt with the exception of WEDNESDAY of each week, that day being reserved for SAFE HAND OFFICER COURIER.
4. Cpl INWOOD was employed continuously in conjunction with (5) five other members of the DR Tp of Britcom Base Sig Regt and would have made approximately 12 - 14 trips during the period in which he was employed as a Courier.
5. During the period 1 Oct 1951 to 1 Aug 1953, I was posted as OC HQ Sqn Britcom Base Sig Regt and as such I was constantly aware of movements appertaining to members of the DR Tp.
6. To further substantiate this statement, contact with 2/94 Major F.C. HEWESTON AFHQ Sig Regt who, during that period, was OC 1 Sqn and in control of all SDS and Signal office personnel.



Capt  
(M.A. BENNETT)  
GS03 3 NS Trg Bde

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q29: HMAS Stirling**

**Senator Macdonald asked on Tuesday, 29 May 2012, Hansard page 52.**

Provide details on the proposal for a wave generator trial at HMAS *Stirling* in WA. What are the current energy use costs at the base?

**Response:**

On 13 July 2012, separate Power Supply and Connection Agreements were signed between Defence and Carnegie to facilitate the connection and supply of wave power to HMAS *Stirling*.

On 18 July 2012 Defence and Carnegie Corporation executed a licence for the purpose of establishing a wave energy generation facility on Garden Island. The execution of this licence marks the end of a rigorous internal assessment footprint and supporting local industry.

The construction of the wave power facility on HMAS *Stirling* is expected to commence in the fourth quarter of 2012, while the power supply is expected late in 2013.

The Carnegie proposal is anticipated to provide a net tangible benefit to Defence by supplying HMAS *Stirling* with up to 1.25 megawatts of electricity per day, approximately 17% of the base's electricity requirement, and deliver significant cost offsets to Defence over a 5 year period. Savings of approximately 2.6 million kilograms of carbon emissions could result from this project, directly supporting Defence's greenhouse gas reduction targets.

The annual cost for electricity at HMAS *Stirling* is currently \$4.7m (including GST).

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q30: Oakey Helicopter Training**

**Senator Macdonald asked on Tuesday, 29 May 2012, Hansard page 54.**

Are there any plans for Singapore to contribute any facilities to Oakey under the arrangement?

**Response:**

Implementing Arrangements are currently being negotiated between both Australia and Singapore. Issues such as the expansion of facilities would typically be discussed as part of this process. The details of these negotiations are, by international convention, generally kept private between the parties.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q31: Work with Universities**

**Senator Fawcett asked on Tuesday, 29 May 2012, Hansard page 57.**

Provide details on DSTO plans to involve universities in program work at the RESTRICTED level.

**Response:**

For specific tasks at the Restricted level and above, DSTO sponsors individual University researchers to obtain security clearances. This process is conducted by the Australian Government Security Vetting Agency. In these instances, the individuals work at DSTO sites under the supervision of DSTO personnel.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q32: Satellite Systems**

**Senator Ludlam asked on Tuesday, 29 May 2012, Hansard page 59.**

Does the ADF use satellite systems operated by Optus SingTel, which Huawei has a close relationship with?

**Response:**

Defence has contracts for satellite access with a number of commercial providers, including Optus.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q33 – Iraq Government Medal**

**Senator Macdonald asked on Tuesday, 29 May 2012, Hansard page 64.**

Has the Iraq government medal been offered to United States Service personnel? If so, has any such offer been made to the Australian Government?

**Response:**

Defence is not aware of any offer of the Iraq Government Medal to United States Personnel nor is it aware of any such offer to the Australian Government.

Defence understands that any formal government-to-government offer would be made initially through the Department of Foreign Affairs and Trade and the Department of Prime Minister and Cabinet.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q34 – Quarterly Accountability Reports**

**Senator Fawcett asked on Tuesday, 29 May 2012, Hansard page 66:**

Provide a status update on the quarterly accountability reports in relation to Capability Development Group (CDG) and Defence Materiel Organisation (DMO), as announced by the Ministers (Smith and Clare) on 6 May 2011.

**Response:**

The Quarterly Accountability Report is now known as a Quarterly Sign-Off (QS). The first project designated for QS was *HMAS Choules*. The QS for Choules went to the Minister for Defence in late October 2011. As further major projects are identified as requiring QS, over and above the normal reporting, these will be submitted.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q35: Medical Practitioners**

**Senator Xenophon asked on Tuesday, 29 May 2012, Hansard page 69.**

- (a) How much does the ADF spend on contracted medical staff on ships, bases, etcetera?
- (b) What recruitment standards are used?
- (c) What procedures are used to ensure patient files are maintained to the same standard as in hospitals (ensure notes are not removed from files)?
- (d) How many on-base medical services have been out-sourced to date and how many are planned to be out-sourced?
- (e) In terms of medical negligence claims against the ADF, are there any statistics kept on those, and any details on the sorts of claims and any payouts related to medical negligence?
- (f) Is there a protocol that requires medical practitioners who provide medical services to ADF personnel to have a provider number?
- (g) What qualifications are medical practitioners required to have to be designated as a senior medical adviser?

**Response:**

- (a) Joint Health Command (JHC) spends approximately 50 per cent of its Health Services budget on contracted medical staff on bases. In 2010-11, this equated to \$147m. There are no contracted medical staff provided on ships.
- (b) JHC provides detailed position descriptions to the contracting companies however is not involved in their recruitment processes/activities.

The Qualifications for an APS Medical Officer are:

- Full and unconditional registration as a Medical Practitioner in Australia
- Broad clinical experience and Fellowship of the Royal Australian College of General Practitioners, current Vocational Registration or equivalent qualifications/experience as assessed by the selection panel.

The Qualifications for a Contracted Medical Officer are:

- Full and unconditional registration as a medical practitioner in Australia with the Australian Health Practitioners Regulation Authority (AHPRA)
- A Fellowship of the Royal Australian College of General Practitioners, Fellow of the College of Rural and Remote Medicine, Vocational Registration or equivalent suitable

experience and training as assessed by the Commander Joint Health Command CJHLTH

- Evidence of involvement in an appropriate quality assurance and continuous professional development/continuous medical education program provided by a recognised training provider
  - Basic Life Support (BLS) or Cardiopulmonary Resuscitation (CPR) training/qualification or equivalent
  - Minimum of 5 years post graduate general practitioner experience.
- (c) Current Defence policy requires custodians to ensure that patient health records are compiled and maintained, and no record is to be erased or corrected. The Defence Policy Manual 3 is the overarching record keeping policy and applies equally to all medical and dental records. Defence also complies with the *Privacy Act 1988* which directs record keepers to maintain records to appropriate standards, including secure storage and limiting access. This is consistent with civilian practice.
- (d) JHC provides Primary Healthcare services on-base; this includes Medical Officers, Nurses, Dentists, Physiotherapists, Pharmacists and Mental Health Professionals. On-base healthcare services are provided by a mix of APS, ADF and contracted staff. A small number of specialist services are provided on base by contracted personnel at select locations however the majority of specialist's services are provided off-base in specialist's rooms. This model of healthcare delivery will continue into the future.
- (e) The Defence Legal Division maintains a database of litigation claims, including medical negligence claims, against the ADF. The database holds information about the nature and outcomes of the claims.
- (f) Defence operates outside the Medicare system and has no requirement for its practitioners to hold provider numbers in order to work within ADF health facilities. Medical practitioners working in civilian private medical practice are required to hold provider numbers, specific to a practitioner and the practice in which they are working. These numbers enable Medicare to track where and by whom medical services are provided, and enable patients to access Medicare rebates.
- (g) The Qualifications for an APS Senior Medical Advisor (SMA) are:
- Full and unconditional registration as a Medical Practitioner in Australia
  - Broad clinical experience and Fellowship of the Royal Australian College of General Practitioners, current Vocational Registration or equivalent qualifications/experience as assessed by the selection panel.

The Qualifications for a Contracted SMA are:

- Full and unconditional registration as a Medical Practitioner in Australia
- Broad clinical experience and Fellowship of the Royal Australian College of General Practitioners, current Vocational Registration or equivalent qualifications/experience as assessed by the selection panel
- Basic Life Support (BLS) or Cardiopulmonary Resuscitation (CPR) training/qualification or equivalent
- Minimum five years post graduate general practice experience.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q36: IGADF Witness Procedures**

**Senator Xenophon asked on Tuesday, 29 May 2012, Hansard page 36.**

- (a) When statements are made to IGADF, what procedures are employed to ensure statements are recorded accurately (understand there are large gaps in some statement records)?
- (b) What opportunities are participants given to review and make any corrections to given statements?

**Response:**

- (a) Interviews with witnesses to IGADF inquiries are digitally recorded wherever possible and professionally transcribed by a commercial legal transcription service.

Due to the sometimes *ad hoc* nature of the recording environment, 100 per cent clarity of the recording may not always be achieved. For example, where the witness mumbles or environmental noise infringes on the interview, the quality of the digital recording may be impacted. Minor editorial corrections to a transcript arising from these causes can be made by the inquiry officer where possible.

IGADF is unaware of any claims about large gaps in transcripts.

IGADF has recently purchased collar microphones for use by interviewers and witnesses, to improve the quality of interview sound recordings.

- (b) It is not IGADF practice for all inquiry witnesses to be routinely provided with a copy of the transcript of their interview. However, if a witness requests a copy of the transcript of their interview, a copy is provided to them. In practice, relatively few witnesses request copies of their interview transcripts.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q37: Detainee Management**

**Senator Ludlam asked on Tuesday, 29 May 2012, Hansard page 70.**

Provide if possible a copy of the Detainee Management Framework related to Afghanistan.

**Response:**

The Minister for Defence outlined Australia's detainee management framework for Afghanistan on 14 December 2010, and has provided regular updates on detainee management to Parliament since this time. This includes four specific updates (17 February 2011, 11 October 2011, 24 November 2011 and 10 May 2012), and seven separate Statements to Parliament on Afghanistan (23 March 2011, 12 May 2011, 7 July 2011, 13 October 2011 and 24 November 2011, 9 February and 24 May 2012) which include references to detainee management.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### **Q38: Detainee Management - Interrogation**

**Senator Ludlam asked on Tuesday, 29 May 2012, Hansard page 71.**

In relation to interrogation, what is the requirement in terms of required seniority of personnel present at the time and qualifications required of personnel conducting the interrogation. Is an officer required to monitor the CCTV during interrogation, and if so, what rank level and qualifications is that member required to have?

#### **Response:**

As part of its military operations in Afghanistan, the Australian Defence Force (ADF) conducts detention operations to remove insurgent and criminal elements from the battlefield when required for reasons of security or where persons are suspected of committing serious crimes.

In February 2012, the Minister for Defence announced the deployment of trained ADF interrogators to Afghanistan to question detainees apprehended by the ADF. Interrogation enables the ADF to play a greater role in the collection of vital information on the insurgency, and supports the protection of Australian and ISAF personnel, the Afghan National Security Forces, and the local population.

Interrogation is conducted by ADF personnel who are highly-trained and ethical professionals, and have received specialist training to be qualified as interrogators. The ADF interrogators who conduct interrogation in the ADF Initial Screening Area (ISA) range in rank from Private through to Captain (in the Army, or the equivalent ranks in the other Services).

ADF interrogation shift commanders direct and supervise each interrogation session and can also monitor interrogation sessions via the CCTV system. ADF interrogation shift commanders are qualified interrogators who range in rank from Sergeant to Captain (in the Army, or the equivalent ranks in the other Services).

Each interrogation session in the ISA is monitored at all times by another qualified interrogator via the CCTV system. In addition, interrogation sessions can be monitored separately by ADF Military Police personnel via the CCTV system.

The interrogation unit that operates in the ISA is commanded by a Major who is a qualified ADF interrogator. This officer oversees the conduct of interrogation and can monitor interrogation sessions, but does not conduct interrogation.

The Assistant Commander – Afghanistan (Brigadier) has direct command responsibility for the interrogation unit in the ISA, including responsibility for governance and oversight of interrogation operations. The Assistant Commander – Afghanistan authorises the commencement of the interrogation process for each detainee.

The Commander Joint Task Force 633, who is the commander of all Australian forces in the Middle East Area of Operations and the direct superior of the Assistant Commander – Afghanistan, also maintains command oversight of all interrogation operations in Afghanistan.

Since the commencement of interrogation operations in Afghanistan in February 2012 there have been no allegations of mistreatment relating to the conduct of interrogation operations within the ISA.

The ADF has a well established process for reporting and investigating incidents involving detainees, including allegations of mistreatment against the ADF during interrogation operations. In short this process requires the immediate reporting of all allegations of mistreatment against the ADF through the chain of command to the Chief of the Defence Force.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q39: Capture of Tanik Mahmud**

**Senator Ludlam asked on Tuesday, 29 May 2012, Hansard page 72.**

Was any subsequent investigation held by Defence following the incident?

**Response:**

Defence has reviewed the available departmental records and can find no indication of an investigation into this matter by Defence.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q40: SAS Involvement in Africa**

**Senator Ludlam asked on Tuesday, 29 May 2012, Hansard page 72.**

Have Australian Special Forces recently been involved in operations in Africa and if so, what countries and what exercises?

(a) What legal advice has Defence received in terms of legality of actions?

**Response:**

The Australian Defence Force (ADF) routinely provides support and security advice to Australian Heads of Mission to safeguard Australians and Australian interests, on matters of consular responses to crisis, kidnappings and counter terrorism.

Visits by ADF personnel to Embassies and High Commissions are coordinated with the Department of Foreign Affairs and Trade (DFAT) and approved by the Minister for Defence.

All overseas activities by members of the ADF, within this support and security advice program, are conducted in accordance with domestic and international legal obligations.

ADF members deployed overseas in support of DFAT are on official Government business.

In line with a long-standing practice of successive Governments, details of the ADF elements involved, and the countries that they visited, while supporting Australian Heads of Missions and safeguarding Australians and Australian interests overseas will not be discussed in detail. That said, ADF members have visited Kenya on official business as stated by the Chief of the Defence Force during the 28-29 May Senate Budget Estimates hearing.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q41: Provincial Reconstruction Team**

**Senator Rhiannon asked on Tuesday, 29 May 2012, Hansard page 72.**

Provide a breakdown of ADF expenditure on individual aid projects in Afghanistan to understand how much goes to the actual project and how much is absorbed into additional costs.

If evaluations of ADF administered development programs occur, are any of these evaluations public?

**Response:**

The following table provides a summary of expenditure on ODA eligible projects undertaken by the Mentoring and Reconstruction Task Force from 2006-2009 and the Australian Defence Force Managed Works Team (ADF MWT) which is part of the Whole of Government Provincial Reconstruction Team (PRT) from 2009-2011. Further detail by year and individual project is provided in Attachment A.

**Summary of ODA Eligible Individual Project Costings Undertaken by Defence for Period 2006 to 2011**

| Serial | Year    | Direct Project Costings | Defence Employee Costs (\$) (1) | Defence Employee Support Costs (\$) (2) | Totals (\$)   |
|--------|---------|-------------------------|---------------------------------|---|---------------|
|        | (a)     | (b)                     | (c)                             | (d)                                     | (e)           |
| 1      | 2006-7  | \$1,827,850             | \$23,434,000                    | \$21,217,000                            | \$46,478,850  |
| 2      | 2007-8  | \$5,214,738             | \$28,861,000                    | \$33,929,000                            | \$68,004,738  |
| 3      | 2008-9  | \$10,737,406            | \$34,273,000                    | \$36,297,000                            | \$81,307,406  |
| 4      | 2009-10 | \$3,909,776             | \$15,095,000                    | \$21,994,000                            | \$40,998,776  |
| 5      | 2010-11 | \$5,428,117             | \$7,284,000                     | \$5,911,000                             | \$18,623,117  |
| 6      | 2011-12 | Not Yet Available       |                                 |   |               |
| 7      | Total   | \$27,117,886            | 108,947,000                     | \$119,348,000                           | \$255,412,886 |

Notes:

- Net additional costs of ADF
- (1) personnel,
- (2) Net ADF personnel support and associated costs

The ADF contributes to whole of government (WOG) stabilisation and development efforts in Uruzgan.

Prior to 2009, an ADF-led Military Reconstruction and Task Force (MRTF) in Uruzgan province undertook limited construction projects using funds allocated through the Defence budgetary approval process. Some of these projects were ODA eligible. Reconstruction projects undertaken by the MRTF were prioritised on the basis that they assisted the wider efforts of the MRTF operations in Uruzgan. Assessments of these projects were undertaken by ADF, prior to commencement of construction and were routinely evaluated through the Defects Liability Period (DLP) for fitness for purpose after completion.

From August 2010 onwards, Australia assumed the lead of the Uruzgan Provincial Reconstruction Team Representatives from DFAT, AusAID and the ADF MWT in the PRT developed a program of ODA-eligible ADF MWT projects in Uruzgan in close consultation with a wide range of stakeholders including ISAF and Afghan partners, such as the leaders in the provincial and district administrations and local communities. Projects undertaken by the ADF MWT continue to be assessed, through the PRT leadership, prior to commencement of construction and are routinely evaluated through the DLP, for fitness for purpose after completion.

The overall security situation, the relatively small scale of the individual projects undertaken by the MRTF and MWT and the time imperatives to consistently deliver immediate and visible benefits to local communities, militate against the conduct of formal cost/benefit evaluations and hence their public release.

**Table 5. ODA Eligible Individual Projects undertaken by Defence for FY 2010 - 11**

| Ser | Projects/Expenditure Item  | Expended US\$   | Aust \$ at 0.8821 |
|-----|--|-----------------|-------------------|
| (a) | (b)  | (c)             | (d)               |
| 1   | Tarin Kowt Boy's High School   | 27,832          | 29,401            |
| 2   | Tarin Kowt Waste Management  | 194,342         | 205,303           |
| 3   | Tarin Kowt Boy's Primary School  | 42,073          | 44,446            |
| 4   | Tarin Kowt Hospital  | 0               | 0                 |
| 5   | Tarin Kowt Wells   | 22,219          | 23,473            |
| 6   | Minister of Energy and Water Compound  | 336,257         | 355,222           |
| 7   | Chutu Bridge Repairs   | 158,190         | 167,112           |
| 8   | Sorgh Morghab Mosque   | 762,009         | 804,987           |
| 9   | Malalai Girl's School  | 1,421,750       | 1,501,939         |
| 10  | Chora Food Storage   | 5,955           | 6,291             |
| 11  | Chora Clinical Health Compound Expansion   | 844,718         | 892,361           |
| 12  | Sorkh Lez Crossing   | 0               | 0                 |
| 13  | Rosie Khan Mosque  | 174,759         | 184,616           |
| 14  | Alexander Hill Bridge  | 259,405         | 274,036           |
| 15  | Governor's Shura Building  | 0               | 0                 |
| 16  | Chutu Bridge II  | 116,369         | 122,932           |
| 17  | Tarin Kowt Roads   | 0               | 0                 |
| 18  | Sajawul Crossing   | 128,941         | 136,213           |
| 19  | Quick Impact Projects <sup>1</sup>   | 643,492         | 679,786           |
| 20  |  | <b>SubTotal</b> | <b>5,428,117</b>  |
| 20  | <b>Aggregated Employee Costs - Net additional costs of ADF personnel</b>         |                 | <b>7,284,000</b>  |
| 21  | <b>Aggregated Support Costs Net - ADF personnel support and associated costs</b> |                 | <b>5,911,000</b>  |
| 22  |  | <b>SubTotal</b> | <b>13,195,000</b> |
| 23  |  | <b>Total</b>    | <b>18,623,117</b> |

**Note:**

1. No further breakdown of actual projects can be provided. QIPs provide a short to medium term development effect at the local level. The aim of a QIP is to provide funding for materials, labour and/or local national specialist advisors that benefit a wider group of people normally a village or community group. The stated goal is to provide entry into local communities, thereby facilitating closer engagement with key leaders and the community as a whole.

**Table 4. ODA Eligible Individual Projects undertaken by Defence for FY 2009 - 10**

| Ser | Projects/Expenditure Item  | Expended US\$    | Aust \$ at 0.8821 |
|-----|--|------------------|-------------------|
| (a) | (b)  | (c)              | (d)               |
| 1   | Irish Crossing Refurbishment   | 23,081           | 26,166            |
| 2   | Tarin Kot Boys High School   | 114,969          | 130,335           |
| 3   | Tarin Kot Waste Management Facility  | 1,026,062        | 1,163,204         |
| 4   | Afghan Health and Development Services Training Facility                         | 36,000           | 40,812            |
| 5   | Tarin Kot Boys Primary School  | 730,729          | 828,397           |
| 6   | Tarin Kot Hospital   | 11,363           | 12,882            |
| 7   | Dorofshan Basic Health Centre  | 97,226           | 110,221           |
| 8   | Ministry of Rural Reconstruction and Development Compound Refurbishment          | 2,024            | 2,295             |
| 9   | Talarni Crossing   | 75,434           | 85,516            |
| 10  | Tarin Kot Wells - various locations  | 42,661           | 48,363            |
| 11  | Kowtwal Crossing   | 330,244          | 374,384           |
| 12  | Ministry of Energy & Water Compound  | 205,691          | 233,183           |
| 13  | Sorgh Morghab Mosque   | 205,296          | 232,736           |
| 14  | Tarin Kot Girls School Expansion   | 197,115          | 223,461           |
| 15  | Chora Food Storage Cellars   | 63,854           | 72,389            |
| 16  | Chora Clinical Health Centre Expansion   | 148,642          | 168,509           |
| 17  | Sorkh Morghab Community Projects   | 65,361           | 74,097            |
| 18  | Rosie Khan Mosque  | 54,328           | 61,589            |
| 19  | Mirabad Basic Health Centre  | 18,733           | 21,237            |
| 20  | <b>SubTotal</b>  | <b>3,448,813</b> | <b>3,909,776</b>  |
| 21  | <b>Aggregated Employee Costs - Net additional costs of ADF personnel</b>         |                  | 15,095,000        |
| 22  | <b>Aggregated Support Costs - Net ADF personnel support and associated costs</b> |                  | 21,994,000        |
| 23  | <b>SubTotal</b>  |                  | <b>37,089,000</b> |
| 24  | <b>Total</b>   |                  | <b>40,998,776</b> |

see review

**Table 3. ODA Eligible Individual Projects undertaken by Defence for FY 2008 - 09**

| Ser | Projects/Expenditure Item  | Expended US\$    | Aust \$ at 0.7477 |
|-----|--|------------------|-------------------|
| (a) | (b)  | (c)              | (d)               |
| 1   | Eastern Causeway   | 15,070           | 20,155            |
| 2   | Tarin Kot Hospital   | 409,789          | 548,065           |
| 3   | National Directorate of Security Compound  | 15,190           | 20,316            |
| 4   | Tarin Kot Boys High School   | 964,143          | 1,289,479         |
| 5   | Afghan Health and Development Services Training Facility                         | 662,843          | 886,509           |
| 6   | Talani School  | 1,750            | 2,341             |
| 7   | Tarin Kot Boys Primary School  | 970,864          | 1,298,467         |
| 8   | Sorkh Morghab Basic Health Centre  | 1,014,428        | 1,356,732         |
| 9   | Dorofshan Basic Health Care Centre   | 264,704          | 354,024           |
| 10  | Ministry of Rural Reconstruction and Development Compound Refurbishment          | 94,050           | 125,786           |
| 11  | Baluchi Crossing   | 298,646          | 399,420           |
| 12  | Talani Crossing  | 2,000            | 2,675             |
| 13  | Tarin Kot Wells - various location   | 231,779          | 309,990           |
| 14  | Kowtwal Crossing   | 2,357,017        | 3,152,356         |
| 15  | Ministry of Energy & Water Compound  | 11,680           | 15,621            |
| 16  | Baluchi Community Projects   | 272,418          | 364,342           |
| 17  | Sorkh Morghab Community Projects   | 441,087          | 589,925           |
| 18  | Zabul Bridges  | 900              | 1,204             |
| 19  | <b>SubTotal</b>  | <b>8,028,358</b> | <b>10,737,406</b> |
| 20  | <b>Aggregated Employee Costs - Net additional costs of ADF personnel</b>         |                  | 34,273,000        |
| 21  | <b>Aggregated Support Costs - Net ADF personnel support and associated costs</b> |                  | 36,297,000        |
| 22  | <b>SubTotal</b>  |                  | <b>70,570,000</b> |
| 23  | <b>Total</b>   |                  | <b>81,307,406</b> |

see reverse

**Table 2. ODA Eligible Individual Projects undertaken by Defence for FY 2007 - 08**

| Ser | Projects/Expenditure Item  | Expended US\$      | Aust \$ at 0.7924   |
|-----|--|--------------------|---------------------|
| (a) | (b)  | (c)                | (d)                 |
| 1   | Eastern Causeway   | \$649,026          | \$723,713           |
| 2   | Tarin Kot Hospital   | \$864,074          | \$963,508           |
| 3   | Eastern Checkpoint   | \$12,055           | \$13,442            |
| 4   | Western Checkpoint   | \$51,719           | \$57,671            |
| 5   | National Directorate of Security Compound  | \$402,819          | \$449,174           |
| 6   | Women's Training Project   | \$2,918            | \$3,254             |
| 7   | Tarin Kot Boys School  | \$607,999          | \$677,965           |
| 8   | Trade Training Centre  | \$85,622           | \$95,475            |
| 9   | Seedfkdar Flood Mitigation   | \$141,728          | \$158,037           |
| 10  | Tarin Kot Waste Management   | \$85,345           | \$95,166            |
| 11  | Afghan Health and Development Services Training Facility                         | \$760,728          | \$848,269           |
| 12  | Yaklenga Health Centre   | \$323,624          | \$360,865           |
| 13  | Talani School  | \$72,941           | \$81,335            |
| 14  | Uruzgan Wells  | \$57,055           | \$63,621            |
| 15  | Ministry of Rural Reconstruction and Development Compound Refurbishment          | \$5,020            | \$5,598             |
| 16  | Governor's Compound  | \$99,995           | \$111,502           |
| 17  | Baluchi Crossing   | \$330,595          | \$368,638           |
| 18  | Naway Waleh School   | \$122,614          | \$136,724           |
| 19  | Baluchi Community Project  | \$700.00           | \$780.55            |
| 20  | <b>SubTotal</b>  | <b>\$4,676,577</b> | <b>\$5,214,738</b>  |
| 21  | <b>Aggregated Employee Costs - Net additional costs of ADF personnel+B4</b>      |                    | \$28,861,000        |
| 22  | <b>Aggregated Support Costs - Net ADF personnel support and associated costs</b> |                    | \$33,929,000        |
| 23  | <b>SubTotal</b>  |                    | <b>\$62,790,000</b> |
| 24  | <b>Total</b>   |                    | <b>\$68,004,738</b> |

see reviewed response

Detailed Annual Breakdown of ODA Eligible Individual Projects undertaken by Defence for Period 2006 to 2011

Table 1. ODA Eligible Individual Projects undertaken by Defence for FY 2006 - 07

| Ser | Projects/Expenditure Item  | Expended US\$    | Aust \$ at 0.7924   |
|-----|--|------------------|---------------------|
| (a) | (b)  | (c)              | (d)                 |
| 1   | Trade Training Centre  | \$88,029         | \$111,092           |
| 2   | Tarin Kot Boys School  | \$69,792         | \$88,077            |
| 3   | Tarin Kot Hospital   | \$498,602        | \$629,231           |
| 4   | National Directorate of Security Compound  | \$269,692        | \$340,349           |
| 5   | Eastern Causeway   | \$244,064        | \$308,006           |
| 6   | Sedfidkar Flood Mitigation   | \$9,295          | \$11,730            |
| 7   | Western Checkpoint   | \$34,559         | \$43,613            |
| 8   | Eastern Checkpoint   | \$9,874          | \$12,461            |
| 9   | Womens Training Project  | \$2,918          | \$3,682             |
| 10  | Yaklenga Health Centre   | \$130,402        | \$164,566           |
| 11  | Uruzgan Wells  | \$14,345         | \$18,103            |
| 12  | Talani School  | \$72,941         | \$92,051            |
| 13  | Afghan Health and Development Services Training Facility                         | \$3,875          | \$4,890             |
| 14  |  | <b>SubTotal</b>  | <b>\$1,827,850</b>  |
| 15  | <b>Aggregated Employee Costs - Net additional costs of ADF personnel</b>         |                  | \$23,434,000        |
| 16  | <b>Aggregated Support Costs - Net ADF personnel support and associated costs</b> |                  | \$21,217,000        |
| 17  |  | <b>Sub Total</b> | <b>\$44,651,000</b> |
| 18  |  | <b>Total</b>     | <b>\$46,478,850</b> |

see review

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q42 - Security for AusAID Workers**

**Senator Rhiannon asked on Tuesday, 29 May 2012, Hansard page 74.**

Does the ADF ever contract out security for AusAID workers to private operators?

**Response:**

Australian Agency for International Development (AusAID) personnel working in Uruzgan Province have security provided by either the Australian Defence Force (ADF) or International Security Assistance Force (ISAF) partners with similar capabilities to the ADF. Defence does not currently contract out security for AusAID workers in Uruzgan Province.

Defence recognises the valuable work done by AusAID personnel in Uruzgan Province. Defence is committed to providing a dedicated force protection element to support AusAID operations. If necessary, Defence will draw on additional ISAF capability to support AusAID work in Uruzgan Province.

Defence has established a security support presence in Uruzgan Province which is extended to AusAID and other Government employees deployed under the aid program to ensure that an appropriate level of safety and duty of care obligations are met.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q43: Alleged Payment to Matiullah Khan**

**Senator Rhiannon asked on Tuesday, 29 May 2012, Hansard page 76.**

Has the ADF paid money to Matiullah Khan or any of his associates to travel along highways?

**Response:**

No. Australian Forces do not make payments to Matiullah Khan or his associates to travel along highways.

Senate Standing Committee on Foreign Affairs, Defence and Trade

QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

**Q44: Defence Acquisition Programs**

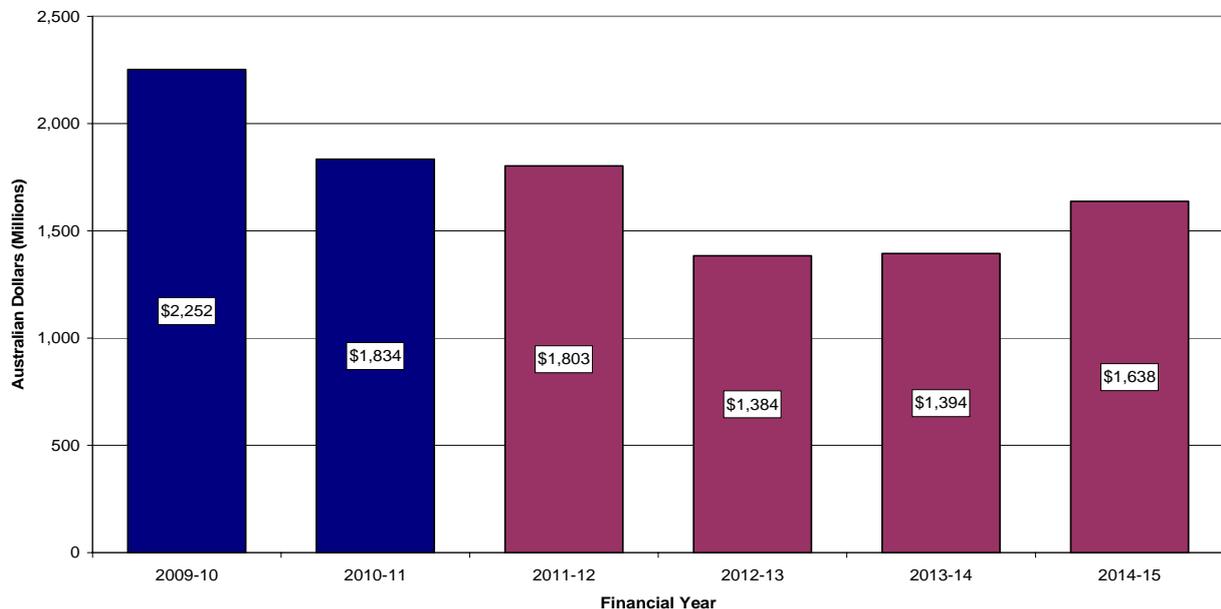
Senator Humphries asked on Tuesday, 29 May 2012, Hansard page 78.

Provide a chart demonstrating how much money has been spent within Australia in the last three financial years on defence acquisition programs and how much is projected to be spent in the next three years?

**Response:**

The following chart reports the Defence Materiel Organisation's (DMO's) acquisition (not sustainment) expenditure within Australia in the last three financial years and the projected expenditure in the next three financial years. As the Financial Year 2011-12 is not yet complete, data for 2011-12 onwards are projections, while results for 2009-10 and 2010-11 are based on historical actuals.

**Total DMO acquisition spend in Australia**



## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

**Senate Budget Estimates – 28/29 May 2012**

#### **Q45: Second Pass Approvals leading to contract signature**

**Senator Fawcett asked on Tuesday, 29 May 2012, Hansard page 82.**

Out of the 20 Second Pass approvals, how many have led to a contract signature?

Of those I would like to know how many were for Australia?

#### **Response:**

There were 20 Second Pass approvals in financial year 2011-2 up to 13 June 2012. Of these, 17 were in contract or equivalent as at 27 June 2012. Further detail is provided in the table below.

A number of projects have awarded more than one contract. To date, Australian companies were awarded contracts for 13 of the projects and overseas companies were awarded contracts for 16 of the projects listed below.

#### **Table of Contracts (and equivalent) compared with Financial Year 2011-12 Second Pass Approvals**

| Date Approved | Project   | Classified | In Contract (or equivalent) | Notes  |
|---------------|---|------------|-----------------------------|--|
|               |   |            |                             | CDG Approvals Database extract 13/06/2012<br>DMO data as at 27/06/2012   |
| 29-Aug-11     | DEF 223 Ph2 - Tailfeather   | Yes        | No                          | DEF223 Ph2 will have multiple low cost Purchase Orders (Contracts) and a small number of larger cost actual Contracts. DSD is the Prime System Integrator.                               |
| 29-Aug-11     | DEF 333 Ph3 - Optic   | Yes        | No                          | DEF333 Ph3 will have multiple low cost Purchase Orders (Contracts) and a small number of larger cost actual Contracts. DSD is the Prime System Integrator.                               |
| 29-Aug-11     | LAND 121 Ph5A - Overlander - Field Vehicles and Trailers  |            | Yes                         | MBAuP component signed 18 Jan 12, HTA component signed 25 Jan 12. As per Government Decision, acquisition is to be achieved via amendments (CCP) to current LAND 121 Phase 3A contracts. |
| 29-Aug-11     | SEA 1352 Ph1 - Evolved Sea Sparrow Missiles (ESSM) Upgrade & Inventory Replenishment (Risk Reduction Study) |            | Yes                         | ESSM is being implemented through an International Consortium via a MOU (signed 14 Oct 1991).  |
| 29-Aug-11     | SEA 4000 Ph3.2 - SM2 Conversion and Upgrade   |            | Yes                         | This procurement is via US Foreign Military Sales case established 31 October 2011.  |
| 20-Sep-11     | JP 2048 Ph3 - Amphibious Watercraft Replacement   |            | Yes                         | Contract signed on 16 December 2011.   |
| 20-Sep-11     | JP 2030 Ph8 - Joint Command Support Environment   |            | Yes                         | Two contracts signed: Systems Integrator (20 January 2012); Development Organisation (6 February 2012)   |
| 12-Oct-11     | JP 2069 Ph2 - High Grade Cryptographic Equipment  |            | Yes                         | Second pass approval was for five activities of which three are in contract with various dates of signature.   |
| 10-Oct-11     | JP 3027 Ph1 - JDAM Enhancements   |            | Yes                         | Procurement is via Contract Change Proposal (to Bomb Improvement Program Contract) effected 7 December 2011.   |
| 21-Nov-11     | JP 2072 Ph2A - Battlespace Communications Systems (Land)  |            | Yes                         | Contract signed on 16 January 2012.  |
| 22-Nov-11     | JP 5408 Ph3 - ADF Navigation Warfare (NAVWAR) Capability - Handhelds (Pass 1 of 2)                          |            | Yes                         | Contract signed on 3 April 2012.   |

|           |   |                |          |  |
|-----------|---|----------------|----------|--|
| 23-Nov-11 | AIR 9000 Ph5D - Additional Chinooks   |                | Yes      | Procurement US Foreign Military Sales case established 29 November 2011.   |
| 05-Dec-11 | LAND 17 Ph1B - Artillery Replacement - Digital Fire Control Systems                   |                | Yes      | Contract signed on 16 June 2012.   |
| 04-Dec-11 | JP 154 Ph3A - Counter IED - Ningai - HMEE   |                | Yes      | SPARK Mineroller II (SMR II) requirement was addressed as part of an AHQ PMV Operational User Requirement. SMR II spares and support are being progressively delivered under JP154 PH3A throughout 2012. |
| 05-Dec-11 | JP 154 Ph3A - Counter IED - Ningai - Full System                                      |                | Yes      | This procurement is via the Husky US Foreign Military Sales case established 23 December 2011.   |
| 15-Dec-11 | JP 2057 Ph3 - Australian Overhead Persistent Infra Red (OPIR) capability              | Yes            | Yes      | This procurement is via a Foreign Military Sales case (AT-D-NAI) established with US Government (USAF) 8 March 2012.   |
| 13-Mar-12 | AIR 8000 Ph4 - Additional C-17 Globemaster  |                | Yes      | This procurement is via US Foreign Military Sales case established 17 March 2012.  |
| 14-Mar-12 | JP 3033 Ph1 - Interim Maritime Humanitarian Assistance and Disaster Relief Capability |                | Yes      | Contract signed on 17 March 2012.  |
| 17-Apr-12 | DEF 21 Ph3 - Orca 3   | Yes            | No       | MAA yet to be approved. DEF21 Ph3 will have multiple low cost Purchase Orders (Contracts) and a small number of larger cost actual Contracts. DSD is the Prime System Integrator.                        |
| 16-Apr-12 | AIR 8000 Ph2 - Battlefield Airlift - Caribou Replacement                              |                | Yes      | Being procured by both US Foreign Military Sales (established 4 May 12) and commercial contract (signed 25 May 12)   |
|           |   | 2011/12 Total: | 17 of 20 |  |

## **Senate Standing Committee on Foreign Affairs, Defence and Trade**

### **QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

#### **Q46: Detainee Management - Consultation**

**Senator Ludlam asked on Friday, 29 June 2012, Hansard page 71.**

In the Minister's statement of 24 November 2011, he noted that the Australian government had undertaken extensive consultation. He listed a range of entities, including ISAF, the International Committee of the Red Cross and a number of Afghan NGO's and Commissions. Could you provide us details of the nature of those consultations and precisely with whom they were conducted?

#### **Response:**

The decision to suspend transfers to the National Directorate of Security (NDS) facility in Tarin Kot was made following the October 2011 United Nations Assistance Mission in Afghanistan's (UNAMA) report on the treatment of conflict-related detainees in Afghan custody. This raised concerns of detainee abuse within several Afghan NDS and Afghan National Police (ANP) detention facilities.

Importantly, the NDS facility in Tarin Kot, where ADF-apprehended detainees may be transferred, was not named as a facility of concern in the report. However, as a precaution, and in line with our ISAF partners, Australia maintained a suspension on the transfer of detainees to Afghan authorities until the outcomes of the report were fully considered.

On 24 November 2011, the Minister for Defence announced the Government's decision to resume the transfer of ADF-apprehended detainees to Afghan custody to the NDS facility in Uruzgan.

This decision followed extensive consultation with human rights organisations including UNAMA, the International Committee of the Red Cross (ICRC) and the Afghan Independent Human Rights Commission (AIHRC). International Security Assistance Force (ISAF) partners and Afghan Government officials were also consulted. It would be inappropriate to identify the individuals within these organisations with whom consultation was conducted.

Human rights organisations confirmed that there is no indication that the mistreatment of detainees in the NDS facility in Uruzgan was occurring. This finding was also supported by Australian officials from the Interagency Detainee Monitoring Team, who conducted regular visits to the NDS facility in Tarin Kot. Furthermore, investigations into the two allegations of mistreatment by Australian-apprehended detainees held at the NDS facility in Tarin Kot found no evidence to support the allegations.

Consultation with ISAF confirmed that it was appropriate for Australia to resume transfers to the NDS facility in Tarin Kot in November 2011, consistent with ISAF policy at that time.

Consultation was also conducted between Australian Government agencies prior to a Government decision to resume transfers.

Australia continues to work with Afghan and international partners and international humanitarian organisations on any issues that arise in relation to detainee management in Afghanistan.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q47: Papua New Guinea (PNG) Election Process**

**Senator Brown provided in writing.**

- (a) How many Australian personnel are in PNG?
- (b) What other support, besides the 3 helicopters, is being used to aid the 2012 PNG election process?
- (c) What role does the ADF have in observing the PNG election process?

**Response:**

- (a) As of 26 June 2012, there are 181 ADF personnel deployed in PNG as part of Operation CATHEDRAL supporting the PNG electoral process. 176 are deployed in Joint Task Force 630 and five are deployed as part of a Support and Response Team (SRT) assisting the Australian High Commission (HICOM).
- (b) Through the Defence Cooperation Program, Australia has contracted three civilian helicopters to provide transport support during the elections and to form the basis for the PNG Defence Force's longer-term aviation capability. In addition to this, as part of Operation CATHEDRAL, support to the PNG 2012 National Elections includes:
  - four S-70A Blackhawk helicopters
  - three UH-1H Iroquois helicopters from the NZDF (including 39 NZ Defence Force personnel)
  - one RAN Landing Craft Heavy (HMAS *Tarakan*)
  - two RAAF B-350 Kingair aircraft
  - RAAF C-130 Hercules aircraft based in Australia
  - RAAF C-17 Globemaster aircraft based in Australia
  - a five member Support and Response team to assist the HICOM.
- (c) The ADF has no role in observing the PNG election process. The ADF's mission is to 'as part of the whole-of-government commitment, supported by the NZDF, provide airlift support to the Government of PNG in order to support the conduct of the 2012 PNG National Election.'

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q48: Budget cuts and affect on Tasmania military infrastructure and military personnel**

**Senator Bushby provided in writing.**

In relation to the cuts in the Defence Portfolio in the 2012-2013 Budget, can the Department say how/if these cuts will affect Tasmania in relation to:

- (a) Tasmania's existing military infrastructure, including Anglesea Barracks, Fort Direction, Patterson Barracks.
- (b) Job losses for Tasmanian military personnel.

**Response:**

- (a) The Major Capital Facilities Program contributed \$1.2 billion toward the reductions in the 2012-13 Federal Budget. No projects in relation to Anglesea Barracks, Fort Direction or Patterson Barracks were impacted by these budget reductions in the Forward Estimates.
- (b) Defence has no plans to reduce either its fulltime or reservist ADF workforce, over the Forward Estimates.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q49: Gap Year Scheme**

**Senator Bushby provided in writing.**

- (a) Can the Department outline what lead to the scrapping of the Defence Gap-Year Scheme?
- (b) Can the Department provide the numbers of school leavers who participated in the Defence Gap-Year Scheme since the programs inception?
- (c) Has the Department done any forecasting on whether the loss of the gap-year scheme will negatively impact on the numbers of school-leavers who want to join the military?

**Response:**

- (a) The cancellation of the Gap Year program contributed a \$91 million saving, and formed part of Defence's overall budget reductions of \$5.5 billion across the forward estimate period.
- (b) Since Financial Year 2007-08, there have been 2,495 Gap Year program participants. All Gap Year participants must have completed Year 12 within two years of applying for the program.
- (c) No. Defence will continue to use other recruitment options that allow for a reduced initial period of minimum service of 12 months, meaning that a similar experience to the gap year program can be provided. Potential gap year participants were advised of these options following the cancellation of the program.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q50: De-commissioning of ships**

**Senator Bushby provided in writing.**

Can the Department please advise on the following:

- (a) Is there a list available of ships that will be de-commissioned in the coming years that may be available for use as an artificial reef? If so, can that list be provided?
- (b) What process needs to be followed by parties interested in obtaining the permission of the Navy for a de-commissioned ship to be used as an artificial reef?
- (c) From the perspective of the Navy, what permissions need to be sought and obtained in order to achieve the allocation of a de-commissioned ship for use as an artificial reef?
- (d) How long will this process take?
- (e) What are the costs involved?

**Response:**

- (a) The following Royal Australian Navy (RAN) ships are expected to be decommissioned during the period 2012 to 2019 (all timeframes are potentially subject to change):
  - Six Landing Craft Heavy Class, HMA Ships *Brunei*, *Tarakan*, *Betano*, *Wewak*, *Balikpapan* and *Labuan* in the period 2012 to 2014
  - One Landing Ship Heavy Class, HMAS *Tobruk* in 2015
  - Two Mine Sweeper Auxiliary Class, HMA Ships *Bandicoot* and *Wallaroo* in 2013
  - Four Guided Missile Frigate Class, HMA Ships *Sydney*, *Darwin*, *Melbourne* and *Newcastle* in the period 2014 to 2018
  - Two Mine Hunter Coastal Huon Class, HMAS *Huon* and *Hawkesbury* in 2018.

All vessels for decommissioning over the next seven years are considered to hold re-sale value.

Any proposal for a former RAN vessel to be sunk as a dive wreck would require a detailed analysis of technical, environmental, resourcing and licensing issues related to the application for a permit under the Sea Dumping Act. This would be required to be undertaken by the proposer or State Government managing that activity.

The Department of Defence is not in a position to declare any former vessel as suitable for dive wreck purposes.

- (b) Disposal of decommissioned Navy vessels is the responsibility of the Defence Disposals Agency, which manages the process in consultation with the Navy. All proposals received are comprehensively reviewed and a recommendation is passed to the Minister for Defence for decision. Proposals may range from sale for ongoing use or for modification for alternative maritime roles, to scrapping or allocation for sinking as an artificial reef.

For a proposal to allocate a decommissioned ship for sinking as an artificial reef to be considered for endorsement by Defence, the proponent must be able to demonstrate that they have the financial resources and managerial capabilities to successfully complete what is a complex and challenging preparation process.

The primary permission required for sinking of a vessel as an artificial reef is a Sea Dumping Permit, issued after extensive review by the Commonwealth Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) under the *Environment Protection (Sea Dumping) Act 1981*. Where the proposal to sink the vessel involves a site within the Great Barrier Reef Marine Park, the Great Barrier Reef Marine Park Authority (GBRMPA) is responsible to review and consider the permit application. Applicants must clearly demonstrate that the proposed vessel is suitable for an artificial reef. Permits are necessary to ensure that appropriate sites are selected, the vessel appropriately prepared, there are no significant adverse impacts on the marine environment, and that the reef does not pose a danger to marine users.

- (c) See the response to part (b).  
The Navy fully supports the rigorous review process conducted by SEWPaC (or GBRMPA as appropriate) to ensure the vessel poses no significant risk to the marine environment once sunk as an artificial reef.
- (d) The timetable for artificial reef projects is at least two years from the time of allocation of the vessel to the date of reef placement, although the timeframes for a particular project will be dependent on a number of necessary actions.

The timeframe is due to time intensive activities including completion of tendering processes, approvals, preparation and modifications to the vessel (to make it safe in the marine environment and to permit safe diver access), and the completion of a comprehensive environmental assessment of the proposed scuttling site to support the sea dumping application.

- (e) The full cost of a dive wreck is estimated to be around AUD \$10 million based on previous experience, but may vary depending on specific circumstances.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q51: Access and Equity Strategy**

**Senator Di Natale provided in writing.**

- (a) How does the Department ensure that the Government's Access and Equity Strategy is implemented in its entirety and in relation to all Departmental activities?
- (b) How does the Department acknowledge the multicultural character of the Australian society, in terms of the services and programs you provide?
- (c) How do you measure your success against Access and Equity goals?
- (d) What evidence do you have that the Department is actively implementing the Government's Access & Equity policy?

**Response:**

- (a-c) While Defence does not operate customer delivery services, its business activities are in accordance with the Access and Equity Strategy. Defence also has interactions with the community and culturally and linguistically diverse (CALD) communities through recruitment activities, Defence Assistance to the Civil Community (DACC) and Defence Force Aid to the Civilian Authorities.

DACC activities may include ceremonial activities, localised emergency assistance, assistance to non-profit organisations and public events. The type of support that is available includes loan of Defence resources such as equipment, participation of Service Bands, support to media organisations, and use of aircrafts. Similarly, Defence Force Aid to the Civilian Authorities interacts with communities and potentially with CALD groups in conjunction with law enforcement agencies in an emergency situation.

The previous examples highlight that the focus of the strategy on service delivery does not readily align with Defence's core business and may be of limited relevance to non-service delivery departments and agencies.

- (d) Defence is undertaking a range of initiatives and programs to help improve the cultural competence of its workforce. These include the establishment of a Centre for Workplace Diversity, the creation of a Defence Diversity Council, and the development of a range of policy and other supporting material to help ensure the diversity of the Defence workforce. Further details on these programs are contained within the response to Question on Notice No. 53, than from the 28-29 May 2012 Budget Estimates hearing.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q52: Culturally and Linguistically Diverse (CALD) Communities**

**Senator Di Natale provided in writing.**

What changes will you implement over the next financial year to ensure your programs and services are more accessible to Culturally and Linguistically Diverse (CALD) communities?

**Response:**

Defence Force Recruiting (DFR) has developed a strategy to increase participation in the Australian Defence Force (ADF) by members of Culturally and Linguistically Diverse communities. This strategy is underpinned by ensuring that all Australians, regardless of their background, understand that the ADF is a diverse organisation that is open to anyone who meets the entry standards. All advertising seeks to show as diverse a range of serving members as possible, and a specific campaign has been developed that addresses diversity with a positioning statement of 'Proud to Belong'.

In 2012-13, DFR will explore the development of a campaign to make parents of the target audience aware of the range of educational and training opportunities available in the ADF including the Australian Defence Force Academy, the Defence University Sponsorship and the Defence Technical Scholarship. If this campaign proceeds (subject to research findings and available budget), it is likely that it will appear in language in CALD media.

Defence is undertaking a range of initiatives to increase diversity awareness. These include the establishment of a Centre for Workplace Diversity in the new Defence People Group. The Centre's role is to look for opportunities to go beyond policies and guidelines to create and sustain a more diverse Defence workforce across all categories of Defence employment.

In addition, a range of policy and other supporting material, such as the Defence Indigenous Handbook, Guide to Transitioning Gender in the Workplace, Guide to Religion and Belief and a diversity communications strategy (under development) will improve the availability of diversity information throughout the organisation, educate on diversity issues and initiatives, and promote active and positive discussion.

The Defence Reconciliation Action Plan outlines a range of work being undertaken to improve Defence's indigenous representation. A significant initiative in this plan is the establishment of a Defence Indigenous Reference Board, which will provide advice to Defence on how it can continue to improve on matters related to indigenous employment.

Defence is developing a Diversity Strategy and implementation plan which will incorporate the Australian Public Service Commission's *As One* strategy to increase the recruitment and retention of Defence's workforce.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q53: Culturally Competent Workforce**

**Senator Di Natale provided in writing.**

What is your Department doing to ensure it has a culturally competent workforce?

**Response:**

Defence has (and is developing) a number of activities to contribute to improving its workforce's cultural competence. Some of these include:

- Defence has recently established a Centre for Workplace Diversity in the new Defence People Group. The Centre's role is to look for opportunities to go beyond policies and guidelines to create and sustain a more diverse Defence workforce across all categories of Defence employment.
- Defence is represented on the Australian Public Service Commission's Diversity Council (by the Secretary for Defence) and Diversity Council Reference Group (by the Deputy Secretary Defence People Group).
- Defence is a signatory agency to the National Action Plan on Women, Peace and Security 2012-2018, and is working closely with the Office of Women to implement the recommendations of this Plan in compliance with the United Nations Security Council Resolution 1325.
- Defence has created the Gender Equality Advisory Board to drive and shape the strategic direction of our gender equality priorities within the broader Defence cultural reform agenda, including *Pathway to Change*, Defence's response to the series of cultural reviews undertaken in 2011.

A range of policy and other supporting material, such as the Defence Indigenous Handbook, Guide to Transitioning Gender in the Workplace, Guide to Religion and Belief and a diversity communications strategy, is currently being developed and will improve the availability of diversity information throughout the organisation and promote active and positive discussion on diversity issues and initiatives, while educating at the same time.

- The Defence Reconciliation Action Plan outlines a range of work being undertaken to improve Defence's indigenous representation. A significant initiative in this plan is the establishment of a Defence Indigenous Reference Board, which will provide advice to Defence on how it can continue to improve on matters related to indigenous employment.

- Defence is collaborating with other Commonwealth Departments to identify successful and effective strategies to improve disclosure of diversity information among its workforce. Defence is a member of and participates in a number of APS and private sector diversity networks, including the Australian Network on Disability that champions diversity in the workplace by engaging with employers to create and sustain employment opportunities for disabled Australians.
- Defence also has its own internal diversity practitioners network that meets quarterly to discuss and share diversity information and support initiatives, and is developing a Diversity Strategy and implementation plan which will incorporate the Australian Public Service Commission's *As One* strategy to increase the recruitment and retention of Defence's workforce.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q54: Detachment 88 and Steyr Assault Rifles**

**Senator Di Natale provided in writing.**

Media reports indicate that officers in Indonesian unit Detachment 88 are commonly issued with Steyr assault rifles, that this type of rifle is not usually used by Indonesian forces, and that the Steyr is standard issue to Australian troops and is manufactured by Australian Defence Industries in Lithgow NSW.

- (a) Are there any contracts or agreements, formal or informal, between the Department and Indonesian security forces, to supply or issue Steyr assault rifles to Indonesian security forces, in particular Detachment 88?
- (b) If such contracts or agreements exist, please provide copies of these documents.
- (c) If copies of such contracts or agreements are unable to be provided, please provide detailed information about their contents including the dollar value of such agreements and date/s at which such agreements commenced.

**Response:**

(a) to (c)

Defence does not supply or issue, or have an agreement to supply or issue, Steyr assault rifles to Indonesia. Defence does not provide support or training to Indonesian police units, including the counter-terrorism focused Detachment 88.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q55: Military Drones**

**Senator Di Natale provided in writing:**

Is it the case that there is an airstrip at or near St Leonards on the Bellarine Peninsula in Victoria where military drones are currently being tested? If so, which country are the drones manufactured in?

**Response:**

The former Australian company, Aerosonde, now part of American corporation Textron, uses the St Leonards airfield to test its small Unmanned Aircraft System (UAS).

Aerosonde Pty Ltd has been developing UAS in the Melbourne area since the mid-1990s. In 2006, Aerosonde became a wholly owned subsidiary of the United States (US) company Textron. Aerosonde customers include the US National Aeronautics and Space Administration, the US Office of Naval Research, the US National Oceanic and Atmospheric Administration, the US military, Australia's Defence Science and Technology Organisation (DSTO), and numerous academic institutions.

Aerosonde's use of the St Leonards airfield to test UAS is not a matter for Defence. The Civil Aviation Safety Authority is responsible for the airworthiness of the UAS. Trials in the Geelong area are not conducted on behalf of Defence, and Defence has no influence on the Aerosonde company, or any involvement in the company's trial program.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q56: Smoking Rates in the ADF**

**Senator Di Natale provided in writing:**

- (a) What are the current smoking rates in the Australian Defence Force, with break downs for each of the three armed services?
- (b) As exposure to second-hand smoke (passive smoking) is harmful, does ADF measure level of exposure for serving personnel to second-hand smoke in workplaces?
- (c) What policies has the Department put in place to reduce smoking rates among the ADF?

**Response:**

- (a) A preliminary analysis of the *2010 ADF Mental Health Prevalence and Wellbeing Study* has been conducted. This gives an initial indication that 33 per cent of ADF members report the use of any tobacco product in the last year and 42 per cent report smoking at least 100 cigarettes in their lifetime. A detailed analysis, including a breakdown for each of the three armed services will be available later this year.
- (b) Defence does not actively measure the level of exposure to second hand smoke in the workplace. For Defence to meet its duty of care and legislative obligations in accordance with the *Work health and Safety Act (Cth) 2011*, it must take all practicable measures to protect the health and safety of employees, contractors and members of the public at, or near a Defence workplace, by eliminating or controlling the occupational risks associated with tobacco smoke. The Commonwealth has had a policy of ensuring smoke-free workplaces since 1988, and within Defence this includes the prohibition of smoking in all buildings, courtyards and in proximity to all entrances to buildings with air conditioning intakes. Defence smoke-free workplace policy is designed to prevent non-smokers from experiencing the adverse effects of passive smoking and to minimise the additional exposure to smokers, and encourage smokers to cease smoking in the interests of their health.
- (c) Defence Instruction (General) (DI(G)) PERS 16–18 “Australian Defence Force policy for the Health Promotion Program” establishes a tri-Service approach to the provision of overall health care to ensure that all personnel are aware of their individual risk factors, including smoking and the means to combat these factors in order to achieve a healthy ADF population. It is ADF policy for serving members to undergo a Comprehensive Preventative Health Assessment conducted on an age based schedule, at which preventive health screening occurs.

Members with any detected health risk factors are reviewed by health professionals and can be referred for specialist medical management including Nicotine Replacement Therapy. Assessments for risks associated with smoking cigarettes are conducted according to the

Royal Australian College of General Practitioners, Guidelines for preventative activities in general practice (The Red Book) 7<sup>th</sup> Edition, 2009.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q57: Sale of Tobacco**

**Senator Di Natale provided in writing.**

- (a) Does the Australian Government facilitate the sale of tobacco to the Defence forces? Is subsidised tobacco provided to the Defence Forces, for example, duty-free tobacco?
- (b) Does ready access to duty-free tobacco contribute to an unhealthy smoking culture leading to higher than average smoking rates among defence personnel; and if there is insufficient evidence on this, will survey questions and interviews with ADF smokers trying to quit be commissioned to help answer this important question?
- (c) Are tobacco sales on board ships being used (as reported in media) to subsidise recreational and lifestyle benefits for serving personnel?

**Response:**

- (a) *The Excise Tariff Act 1921* allows for the sale of Excise free tobacco to members of the Royal Australian Navy and the Australian Military Forces serving in sea-going ships.
- (b) Defence does not have any evidence of the extent to which access to duty free tobacco contributes to smoking rates in the ADF. At this time there are no plans to commission survey questions and interviews with ADF personnel who are trying to stop smoking cigarettes. Smoking behaviour in ADF personnel has already been incorporated into two significant research studies, the 2010 ADF Mental Health Prevalence and Wellbeing Study (ADFMHPWS) and the Military Health Outcomes Program (MilHOP) Census Study. A report of the Census Study is expected to be available later in 2012.

A detailed analysis of the 2010 ADF Mental Health Prevalence and Wellbeing Study is being undertaken and will be available later this year. Preliminary analysis gives an initial indication that 33 per cent of ADF members report the use of any tobacco product in the last year and 42 per cent report smoking at least 100 cigarettes in their lifetime.

Defence will use the analysis from both these studies to improve our understanding of smoking behaviour and strengthen our efforts in prevention and improve access to smoking cessation programs for ADF personnel.

- (c) Canteens in Royal Australian Navy sea-going ships sell excise and duty free products to members of the ship's company. The Canteen stock, which includes tobacco products, is purchased from non-public money generated from canteen trading profits. Any revenue collected by each canteen is either retained to fund further canteen operations, or transferred to the ship's welfare fund which provides non-public money to support welfare and recreation activities in that ship. A small percentage of the revenue is also transferred to the RAN Central Canteens Fund to provide welfare support and recreation benefits to the broader naval community.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q58: Update by the Centre of Military and Veterans Health on Smoking Rates in the ADF**

**Senator Di Natale provided in writing.**

Is the update by the Centre for Military and Veterans Health on smoking rates in the ADF available yet? The results were reported as being analysed in November 2011 and ready in a couple of months.

**Response:**

The Centre for Military and Veterans Health (CMVH) report that includes information on ADF smoking rates in the Middle East Area of Operations was received by Defence on 25 June 2012.

Defence is analysing the report and preparing a response for Government consideration. It is anticipated that the report and the Government response will be available in October 2012.

The 2010 ADF Mental Health Prevalence and Wellbeing Study conducted by the University of Adelaide undertook an analysis that reported 33 per cent of ADF members report the use of any tobacco product in the last year and 42 per cent report smoking at least 100 cigarettes in their lifetime. The further detailed analysis referred to in the question will not be available until later this year.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q59: Staffing**

**Senator Eggleston provided in writing.**

- (a) How many ongoing staff recruited this financial year to date? What classification are these staff?
- (b) How many non ongoing positions exist or have been created this financial year to date? What classification are these staff?
- (c) 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) The ongoing APS hires for the period 01 Jul 2011 to 01 Jun 2012 are 2303, broken down into the following classifications:

|       |     |
|-------|-----|
| APS 1 | 39  |
| APS 2 | 274 |
| APS 3 | 268 |
| APS 4 | 350 |
| APS 5 | 457 |
| APS 6 | 562 |
| EL 1  | 270 |
| EL 2  | 76  |
| SES 1 | 5   |
| SES 3 | 1   |
| SES 4 | 1   |

- (b) For the period 01 Jul 2011 to 01 Jun 2012 the number of non-ongoing APS positions created was 331 broken down into the following classifications:

|       |    |
|-------|----|
| APS 1 | 6  |
| APS 2 | 25 |
| APS 3 | 45 |
| APS 4 | 37 |
| APS 5 | 55 |
| APS 6 | 67 |
| EL 1  | 63 |
| EL 2  | 29 |
| SES 1 | 3  |

(c) For the period 01 Jul 2011 to 01 Jun 2012 the number of non-ongoing APS personnel hired was 538. The average service length for APS non-ongoing personnel was 306.4 days. This average represents non-ongoing APS staff still employed at 01 Jun 2012 and those whose employment was completed during the period 01 Jul 2011 to 01 Jun 2012.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q60: Staffing**

**Senator Eggleston provided in writing.**

- (a) Provide details of what staffing changes have occurred in each department/agency from the 2012-13 Budget.
- (b) Provide a list of additional and/or redundant positions, the classification and the program those positions are part of or have been taken from.

**Response:**

(a) and (b)

The key change to Defence's staffing from the 2012-13 Budget is the reduction in the civilian workforce by 1,000 over two financial years. This is set out on page 34 of the 2012-13 Portfolio Budget Statement. The Portfolio Budget Statement reflected the reductions initially being allocated as a proportional reduction of five (5) per cent across each Group, and noted a more comprehensive review of the requirements across Groups will be completed in the new financial year. This review is currently underway.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q61 – Staffing**

**Senator Eggleston provided in writing.**

- (a) Please list the SES positions you have in your department/agency in the years this financial year to date.
- (b) Identify the different levels and how many are permanent positions.

**Response:**

This question was previously answered under Question on Notice No. 48 taken from the 15 February 2012 Senate Additional Estimates hearing. The attached list reflects position, title and additional status changes over the past five months.

**SES POSITIONS  
AS AT 11 JULY 2012**

| <b>Level</b> | <b>Position Title</b>                                     | <b>Position Status</b> | <b>Additional</b>   |
|--------------|---|------------------------|---------------------|
| SEC          | Secretary of Defence                                      | Permanent              |                     |
| SES 3        | Associate Secretary Chief Operating Officer               | Permanent              |                     |
| SES 3        | Chief Defence Scientist                                   | Permanent              |                     |
| SES 3        | Chief Executive Officer - DMO                             | Permanent              |                     |
| SES 3        | Chief Finance Officer                                     | Permanent              |                     |
| SES 3        | Chief Information Officer                                 | Permanent              |                     |
| SES 3        | Deputy Chief Executive Officer/General Manager Commercial | Permanent              |                     |
| SES 3        | Deputy Secretary Defence People Group                     | Permanent              |                     |
| SES 3        | Deputy Secretary Defence Support & Reform                 | Permanent              | Vacant - Backfilled |
| SES 3        | Deputy Secretary Intelligence & Security                  | Permanent              |                     |
| SES 3        | Deputy Secretary Strategy                                 | Permanent              |                     |
| SES 3        | Deputy Secretary Strategy (Operations)                    | Permanent              | LWOP                |
| SES 3        | General Manager Programs                                  | Permanent              | Vacant - Backfilled |
| SES 3        | General Manager Submarines                                | Permanent              | Vacant              |
| SES 3        | General Manager Systems                                   | Permanent              |                     |
| SES 3        | Special Advisor Strategic Reform & Governance             | Permanent              |                     |
| COD 3        | Chief Systems Integration Officer                         | Permanent              |                     |
| COD 3        | Deputy CDS Information & Weapon Systems                   | Permanent              |                     |
| COD 3        | Deputy CDS Platform & Human Systems                       | Permanent              |                     |
| SES 2        | Chief Audit Executive                                     | Permanent              |                     |
| SES 2        | Chief Finance Officer-DMO                                 | Permanent              |                     |
| SES 2        | Chief Security Officer - DSA                              | Permanent              |                     |

|       |  |           |                       |
|-------|--|-----------|-----------------------|
| SES 2 | Chief Technology Officer                                     | Permanent |                       |
| SES 2 | Deputy Director Capability - DSD                             | Permanent |                       |
| SES 2 | Deputy Director Cyber & Information Security - DSD           | Permanent |                       |
| SES 2 | Deputy Director Intelligence - DSD                           | Permanent |                       |
| SES 2 | Director Defence Imagery & Geospatial Organisation           | Permanent |                       |
| SES 2 | Director Defence Signals Directorate                         | Permanent |                       |
| SES 2 | Executive Director Australian Civil Military Centre          | Permanent |                       |
| SES 2 | FAS Capability Investment & Resources                        | Permanent |                       |
| SES 2 | FAS Financial Services                                       | Permanent | Vacant - Backfilled   |
| SES 2 | FAS ICT Reform Program                                       | Permanent |                       |
| SES 2 | FAS Information Communications & Technology Development      | Permanent |                       |
| SES 2 | FAS International Policy                                     | Permanent |                       |
| SES 2 | FAS Ministerial and Executive Coordination and Communication | Permanent |                       |
| SES 2 | FAS Resource & Assurance                                     | Permanent |                       |
| SES 2 | FAS Strategic Policy   | Permanent |                       |
| SES 2 | FAS Strategic Support Reform                                 | Temporary | Vacant - Under Review |
| SES 2 | Head Acquisition & Sustainment Reform                        | Permanent | Vacant - Backfilled   |
| SES 2 | Head ADF Force Posture Implementation                        | Permanent |                       |
| SES 2 | Head Commercial Enabling Service                             | Permanent |                       |
| SES 2 | Head Defence Legal   | Permanent |                       |
| SES 2 | Head Defence Support Operations                              | Permanent |                       |
| SES 2 | Head Electronic Systems Division                             | Permanent |                       |
| SES 2 | Head Explosive Ordnance Division                             | Permanent |                       |
| SES 2 | Head HR and Corporate Services                               | Permanent |                       |
| SES 2 | Head Industry Division                                       | Permanent |                       |
| SES 2 | Head Infrastructure  | Permanent |                       |
| SES 2 | Head People Policy & Culture                                 | Permanent |                       |
| SES 2 | Head People Reform   | Permanent |                       |
| SES 2 | Head People Solutions  | Permanent |                       |
| SES 2 | Head People Systems  | Permanent |                       |
| SES 2 | Head Reform & Corporate Services, Defence Support            | Permanent |                       |
| SES 2 | Principal Adviser (Afghanistan-Pakistan)                     | Permanent | LWOP                  |
| SES 2 | Program Manager Air Warfare Destroyer                        | Permanent |                       |
| SES 2 | Special Counsel to CEO-DMO                                   | Permanent |                       |
| COD 2 | Chief Air Operations Division                                | Permanent |                       |
| COD 2 | Chief Air Vehicles Division                                  | Permanent |                       |
| COD 2 | Chief C3I Division   | Permanent | Vacant - Backfilled   |
| COD 2 | Chief Electronic Warfare & Radar Division                    | Permanent |                       |
| COD 2 | Chief Human Protection & Performance Division                | Permanent |                       |
| COD 2 | Chief Intelligence, Surveillance & Reconnaissance Division   | Permanent |                       |
| COD 2 | Chief Joint Operations Division                              | Permanent |                       |
| COD 2 | Chief Land Operations Division                               | Permanent |                       |
| COD 2 | Chief Maritime Operations Division                           | Permanent |                       |
| COD 2 | Chief Maritime Platforms Division                            | Permanent |                       |
| COD 2 | Chief Operating Officer                                      | Permanent |                       |
| COD 2 | Chief Projects & Requirements Division                       | Permanent |                       |
| COD 2 | Chief Weapons Systems Division                               | Permanent |                       |
| COD 2 | DSTO Distinguished Fellow Cyber                              | Permanent |                       |
| MO 6  | Director Australian Army Malaria Institute                   | Permanent |                       |
| MO 6  | Senior Physician in Occupational and Environmental Medicine  | Permanent |                       |

|       |  |           |                       |
|-------|--|-----------|-----------------------|
| SES 1 | AS Access - DSD                                  | Permanent |                       |
| SES 1 | AS Afghanistan and Pakistan                      | Permanent |                       |
| SES 1 | AS Arms Control                                  | Permanent |                       |
| SES 1 | AS Audit   | Permanent |                       |
| SES 1 | AS Business Management - Intelligence            | Permanent |                       |
| SES 1 | AS Capability & Plans                            | Permanent |                       |
| SES 1 | AS Capability & Systems - DIGO                   | Permanent |                       |
| SES 1 | AS Capability Assurance - DSD                    | Permanent |                       |
| SES 1 | AS Capability Provision - DSD                    | Permanent |                       |
| SES 1 | AS Chief Technology Officer - Intelligence (DSD) | Permanent |                       |
| SES 1 | AS Communication & Media                         | Permanent |                       |
| SES 1 | AS Computer Network Operations - DSD             | Permanent |                       |
| SES 1 | AS Cost Analysis                                 | Permanent |                       |
| SES 1 | AS Counter Proliferation Branch - DIO            | Permanent |                       |
| SES 1 | AS Defence Export Control Office                 | Permanent |                       |
| SES 1 | AS Defence Geospatial Intelligence - DIGO        | Permanent |                       |
| SES 1 | AS Enterprise Architecture                       | Permanent |                       |
| SES 1 | AS Enterprise Solutions                          | Permanent |                       |
| SES 1 | AS Estate Planning                               | Permanent |                       |
| SES 1 | AS Estate Policy & Environment                   | Permanent |                       |
| SES 1 | AS Executive - DSD                               | Permanent |                       |
| SES 1 | AS Financial Controls Framework                  | Permanent | Vacant - Under Review |
| SES 1 | AS Financial Coordination                        | Permanent |                       |
| SES 1 | AS Financial Operations                          | Permanent |                       |
| SES 1 | AS Financial Policy, Controls & Skilling         | Permanent |                       |
| SES 1 | AS Financial Strategies & Reporting              | Permanent | Vacant - Backfilled   |
| SES 1 | AS Freedom of Information & Records Management   | Permanent |                       |
| SES 1 | AS Government & Security Applications            | Permanent |                       |
| SES 1 | AS Human Resources & Shared Services             | Permanent |                       |
| SES 1 | AS Information Security - DSD                    | Permanent |                       |
| SES 1 | AS Information Services Delivery                 | Permanent |                       |
| SES 1 | AS Infrastructure Architecture                   | Permanent |                       |
| SES 1 | AS Intelligence Development - DSD                | Permanent |                       |
| SES 1 | AS Intelligence Production - DSD                 | Permanent |                       |
| SES 1 | AS Investment Analysis                           | Permanent |                       |
| SES 1 | AS Legal Services                                | Permanent |                       |
| SES 1 | AS Major Powers & Global Interests               | Permanent |                       |
| SES 1 | AS Ministerial & Executive Support               | Permanent |                       |
| SES 1 | AS National Geospatial Intelligence - DIGO       | Permanent |                       |
| SES 1 | AS Network Infrastructure Development            | Permanent | Vacant                |
| SES 1 | AS North Asia & Global Issues - DIO              | Permanent |                       |
| SES 1 | AS North Asia and Transnational Issues - DIO     | Permanent |                       |
| SES 1 | AS Pacific & East Timor                          | Permanent |                       |
| SES 1 | AS People Strategy & Culture                     | Permanent |                       |
| SES 1 | AS People Systems Reform                         | Permanent | Vacant - Under Review |
| SES 1 | AS Personnel Policy & Employment Conditions      | Permanent |                       |
| SES 1 | AS Personnel Support Services                    | Permanent |                       |
| SES 1 | AS Personnel Systems                             | Permanent |                       |
| SES 1 | AS Personnel Systems Modernisation               | Temporary | Vacant - Under Review |
| SES 1 | AS Property Services                             | Permanent |                       |
| SES 1 | AS Resource Assurance and Analysis               | Permanent |                       |
| SES 1 | AS Resources Planning - Air Force                | Permanent |                       |
| SES 1 | AS Review Analysis                               | Permanent |                       |
| SES 1 | AS RIZZO Review                                  | Temporary | LWOP                  |

|       |  |           |                       |
|-------|--|-----------|-----------------------|
| SES 1 | AS Science Industry & External Relations                 | Permanent |                       |
| SES 1 | AS Security Policy & Plans - DSA                         | Permanent |                       |
| SES 1 | AS Sourcing Reform                                       | Permanent |                       |
| SES 1 | AS South East Asia & Pacific - DIO                       | Permanent |                       |
| SES 1 | AS Strategic Business & Financial Reform                 | Permanent |                       |
| SES 1 | AS Strategic Issues Management                           | Permanent |                       |
| SES 1 | AS Strategic Planning                                    | Permanent | Vacant - Backfilled   |
| SES 1 | AS Strategic Planning and Performance Management         | Permanent | Vacant - Backfilled   |
| SES 1 | AS Strategic Reform                                      | Permanent |                       |
| SES 1 | AS Strategic Reform & Governance                         | Permanent |                       |
| SES 1 | AS Technical Intelligence - DSD                          | Permanent |                       |
| SES 1 | AS Values, Behaviours & Resolutions                      | Permanent | Vacant - Backfilled   |
| SES 1 | AS Vetting   | Permanent |                       |
| SES 1 | AS Woomera Coordination                                  | Temporary | Vacant - Under Review |
| SES 1 | AS Work Health & Safety                                  | Permanent |                       |
| SES 1 | Chief Operating Officer - CIO                            | Permanent |                       |
| SES 1 | Chief Procurement Officer - Commercial Enabling Services | Permanent |                       |
| SES 1 | Counsellor Defence Materiel (Washington)                 | Permanent |                       |
| SES 1 | Counsellor Defence Policy (Washington) - IP Div          | Permanent |                       |
| SES 1 | Defence General Counsel, Defence Legal                   | Permanent | Vacant - Backfilled   |
| SES 1 | Deputy Director Defence Intelligence Organisation        | Permanent |                       |
| SES 1 | DG Aerospace Materiel Management                         | Permanent |                       |
| SES 1 | DG Budgets & Treasury                                    | Permanent |                       |
| SES 1 | DG Capability Delivery Support                           | Permanent |                       |
| SES 1 | DG Collins Acquisition Program                           | Permanent |                       |
| SES 1 | DG Command & Support Systems                             | Permanent |                       |
| SES 1 | DG Communication Systems                                 | Permanent |                       |
| SES 1 | DG Corporate Management                                  | Permanent |                       |
| SES 1 | DG Defence Asset & Inventory Management                  | Permanent |                       |
| SES 1 | DG Defence Community Organisation                        | Permanent |                       |
| SES 1 | DG Defence Export Programs & Industry Engagement         | Permanent |                       |
| SES 1 | DG Electronic Warfare                                    | Permanent |                       |
| SES 1 | DG Financial Reporting & Policy                          | Permanent | Vacant - Backfilled   |
| SES 1 | DG Governance & Assurance                                | Permanent |                       |
| SES 1 | DG Guided Weapons Acquisition                            | Permanent |                       |
| SES 1 | DG Human Resource  | Permanent | Vacant - Backfilled   |
| SES 1 | DG Independent Project Performance Office                | Permanent | Vacant - Backfilled   |
| SES 1 | DG Industry Assessment                                   | Permanent |                       |
| SES 1 | DG Land Engineering Agency                               | Permanent |                       |
| SES 1 | DG Land Vehicle Systems                                  | Frozen    | Vacant - Military     |
| SES 1 | DG Mental Health, Psychology and Health Research         | Permanent |                       |
| SES 1 | DG Navy Business Management                              | Permanent |                       |
| SES 1 | DG People Services                                       | Permanent |                       |
| SES 1 | DG Resource Management - Army                            | Permanent |                       |
| SES 1 | DG Satellites  | Permanent |                       |
| SES 1 | DG Specialist Ships                                      | Permanent |                       |
| SES 1 | DG Support to Military Operations - DSD                  | Frozen    | Vacant - Contestable  |

|       |  |           |                        |
|-------|--|-----------|------------------------|
|       |  |           | M/C                    |
| SES 1 | DMO Chief Engineer                                     | Permanent | Vacant                 |
| SES 1 | Group Finance Officer - COO                            | Permanent |                        |
| SES 1 | Group Finance Officer - DSTO                           | Permanent |                        |
| SES 1 | Inspector General - Defence                            | Permanent |                        |
| SES 1 | Non Equipment Chief Procurement Officer                | Permanent |                        |
| SES 1 | Principal - Centre for Defence & Strategic Studies     | Permanent | Vacant -<br>Backfilled |
| SES 1 | Program Manager Amphibious Deployment &<br>Sustainment | Permanent |                        |
| SES 1 | Project Manager Defence Logistics Services             | Permanent |                        |
| SES 1 | Senior Adviser to the Secretary and CDF                | Permanent |                        |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q62: Staffing**

**Senator Eggleston provided in writing.**

Will there be any training after the 2012 Calendar year for 2012 Graduates? If yes, please details including costs and what the training is.

**Response:**

Graduates who have completed the graduate program are able to access training in the same manner as all Defence people and will have any agreed training identified in their performance agreement. No centrally coordinated training is required for Defence Graduates after the 2012 calendar year.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q63: Staffing**

**Senator Eggleston provided in writing.**

What was the cost for recruiting 2012 Graduates? Please itemise and detail costs.

**Response:**

The cost for recruiting 220 graduates across all Defence graduate development programs for 2012 was approximately \$1,607,000. The total cost averaged less than \$8,000 per recruit and is apportioned as follows:

- a. Marketing and Assessment Costs: \$1.06m (inc. booking and attending careers fairs, materials, screening and assessment centres, publications, psychological testing, consultancy fees, travel, accommodation for candidates and staff where required).
- b. Relocation of candidates: \$0.547m (inc. flights and 3 weeks temporary accommodation).

The four development programs include the Intelligence Development Program (IDP), DMO Materiel Graduate Scheme (MGS), Navy Civilian Engineering Development Program (CEDP) and Defence Graduate Development Program (GDP).

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q64: Government Advertising**

**Senator Eggleston provided in writing.**

- (a) What was the total cost of all advertising for the financial year to date?
- (b) Is the advertising campaign or non-campaign advertising? Provide details of each advertising, including the program the advertising was for, the total spend and the business that provided the advertising services.
- (c) Has the Department of Finance and Deregulation provided any advice about the advertising? Provide details of each advertising item.
- (d) Has the Peer Review Group (PRG) and/or Independent Communications Committee (ICC) provided any advice about the advertising? Provide details of each advertising item.
- (e) Did the Advertising comply with the Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies? Provide the details for each advertising item.
- (f) Provide details for any other communications program, including details of the program, the total spend and the business that provided the communication services.
- (g) What advertising – Campaign and Non-Campaign – and other communications programs is the Department/Agency undertaking, or are planning to undertake?

**Response:**

(a) - (g)

The response to Senate Question on Notice No. 1606 tabled on 8 May 2012 detailed the communications programs conducted by Defence.

The figures for the full financial year to date are currently being compiled and will be available in the 2011-12 Defence Annual Report. The report will include the particulars of amounts relating to advertising paid by, or on behalf of, Defence, including details of the persons or organisations paid.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q65: Hospitality and Entertainment**

**Senator Eggleston provided in writing.**

- (a) What is the Department/Agency's hospitality spend for this financial year to date? Detail date, location, purpose and cost of all events.
- (b) For each Minister and Parliamentary Secretary office, please detail total hospitality spend for this financial year to date. Detail date, location, purpose and cost of each event.
- (c) What is the Department/Agency's entertainment spend for this financial year to date? Detail date, location, purpose and cost of all events.
- (d) For each Minister and Parliamentary Secretary office, please detail total entertainment spend for this financial year to date. Detail date, location, purpose and cost of each event.
- (e) What hospitality spend is the Department/Agency's planning on spending? Detail date, location, purpose and cost of all events.
- (f) For each Minister and Parliamentary Secretary office, what hospitality spend is currently being planned for? Detail date, location, purpose and cost of each event.
- (g) What entertainment spend is the Department/Agency's planning on spending? Detail date, location, purpose and cost of all events.
- (h) For each Minister and Parliamentary Secretary office, what entertainment spend is currently being planned for? Detail date, location, purpose and cost of each event.
- (i) Is the Department/Agency planning on reducing any of its spending on these items? If so, how will reductions be achieved?

**Response:**

- (a) The Defence Portfolio's total expenditure on Hospitality (excluding the Minister's Office and minor Portfolio bodies), for the period 1 July 2011 to 31 March 2012 is \$789,072 as shown in **Table 1**. Details of date, location, purpose and (GST exclusive) cost of each event are provided at **Table 2**.

- (b) **Table 3** provides details of Hospitality spend for the period 1 July 2011 to 30 April 2012, for the Ministers and Parliamentary Secretaries. Details provided include date, location, purpose and (GST exclusive) costs of each event for the period 1 July 2011 to 30 April 2012.
  
- (c) & (d)  
The Defence systems show that the Portfolio and Ministers/Parliamentary Secretary's offices have not undertaken any entertainment activities.
  
- (e) Planned expenditure on Hospitality for the Department for the period 1 July 2011 to 30 June 2012 is shown at **Table 4**. Details of the date, location and purpose of the planned Hospitality expenditure are not available until events are approved.
  
- (f – h) The Department has not been advised of any anticipated hospitality or entertainment events for Minister's and Parliamentary Secretary's.
  
- (i) Defence officials must ensure that all expenditure on hospitality is an efficient, effective, economical and ethical use of Commonwealth resources, on the basis that the purpose of the event is work-related and does not compromise the reputation of Defence. The Defence Instructions (General) PERS 25-7 Gifts, Hospitality and Sponsorship requires all officials to comply with a comprehensive approval and reporting process for hospitality.

## Summary of Hospitality and Representational Allowance Expenditure

For the period of 9 months from Jul 11 to Mar 12

|                                  | For the period Jul 11 to Mar 12            |                                    |                                  |
|----------------------------------|--|------------------------------------|----------------------------------|
|                                  | Representational Allowances<br>\$ excl GST | Hospitality Expense<br>\$ excl GST | Total<br>\$ excl GST<br>9 months |
| <b>Departmental Group</b>        |  |                                    |                                  |
| SEC & CDF                        | 0  | 9,543                              | 9,543                            |
| OSCDF Group Other *              | 147,364                                    | 49,836                             | 197,200                          |
| VCDF                             | 0  | 52,754                             | 52,754                           |
| Joint Operation Command          | 0  | 37,027                             | 37,027                           |
| Navy                             | 0  | 66,379                             | 66,379                           |
| Army                             | 0  | 82,346                             | 82,346                           |
| Air Force                        | 0  | 76,537                             | 76,537                           |
| CDG                              | 0  | 17,577                             | 17,577                           |
| CFO                              | 0  | 100                                | 100                              |
| CIOG                             | 0  | 2,865                              | 2,865                            |
| DSTO                             | 0  | 32,323                             | 32,323                           |
| Defence Support Group            | 0  | 6,436                              | 6,436                            |
| Intelligence & Security          | 16,985                                     | 51,840                             | 68,825                           |
| People Strategy and Policy       | 0  | 30,648                             | 30,648                           |
| DMO                              | 38,325                                     | 36,769                             | 75,094                           |
| <b>Total Defence (Excl. DHA)</b> | <b>202,674</b>                             | <b>552,980</b>                     | <b>755,654</b>                   |
|                                  |  |                                    |                                  |
| DHA                              | 0  | 33,418                             | 33,418                           |
| <b>Total Defence (Incl. DHA)</b> | <b>202,674</b>                             | <b>586,398</b>                     | <b>789,072</b>                   |

\* OSCDF Group Other includes: Strategic Reform and Governance Executive, Military Justice, Audit Fraud Control Division, Strategy Executive and Group Corporate Management Services

## For Accounting Period From 1 Jul 11 to 31 Mar 12

| Group: SEC & CDF   |   |   |                               |                        |
|--|---|---|-------------------------------|------------------------|
| Form GHS 5   |   |   |                               |                        |
| Register for Hospitality Provided to the Private or Public Sector and Special Events |   |   |                               |                        |
| Date Hospitality Provided  | Location of Hospitality                                 | Purpose of Hospitality                                  | Value of Hospitality excl GST | Total No. of Attendees |
| 23/07/11   | Canberra  | Beverage Purchase for Military Representatives          | 202                           | N/A                    |
| 23/07/11   | Canberra  | Meat Purchase for Military Representatives              | 57                            | N/A                    |
| 23/07/11   | Lunch Defence Committee Room, Dinner CDF Residence, ACT | Military Representatives AUS/USA talks                  | 1,018                         | 39 Lunch, 14 Dinner    |
| 24/07/11   | Hyatt Promenade Café, ACT                               | Hosted Breakfast Military Representatives AUS/USA talks | 391                           | 10                     |
| 8/08/11  | CDF Residence, Canberra, ACT                            | Defence Families AUST Dinner                            | 785                           | 21                     |
| 11/10/11   | Lunch CDF Conf Room, Dinner CDF Residence, Canberra     | CDF SINGAPORE VISIT 11 OCT 11 OCDF LUNCH NOS 2 DIN      | 746                           | 13                     |
| 18/10/11   | CDF conf room, R1-5, Russell Offices, Canberra          | Indonesian Counter Terrorism Agency, 18 Oct 11          | 338                           | 16                     |
| 20/10/11   | SEC Residence, Canberra ACT                             | Official Hospitality for the NZ High Commissioner,      | 833                           | 10                     |
| 1/12/11  | CDF Residence, Duntroon                                 | CDF PNG Visit Dinner Bridges House                      | 984                           | 9                      |
| 5/12/11  | CDF Residence, Duntroon                                 | Indonesian CDF VISIT DINNER BRIDGES HOUSE               | 1,109                         | 15                     |
| 8/12/11  | CDF conf room, R1-5, Russell Offices, Canberra          | REIM 22/11/2011 GEN Ma Xiaotian visit - China           | 378                           | 15                     |
| 9/12/11  | CDF Residence, Duntroon                                 | Service Attache & Advisers Group Dinner (SAAG)          | 1,492                         | 76                     |
| 13/12/11   | R1-5-Breakout Area, R1, Russell                         | CDF-SEC FUNCTION R1-5-BREAKOUT AREA 13 DEC 11           | 363                           | 70                     |
| 22/12/11   | CDF/SEC Conference Room R1                              | CDF/Sec DEF Media Function, OCDF, 30 Pers, 22 Dec       | 45                            | 25                     |
| 22/12/11   | CDF/SEC Conference Room R1                              | CDF/Sec DEF Media Function, OCDF, 30 Pers, 22 Dec       | 222                           | 25                     |
| 27/02/12   | CDF/SEC Conference Room R2                              | CDF/Host Lunch for MAJ GEN SHAW from UK                 | 127                           | 6                      |
| 6/03/12  | CDF Residence, Duntroon                                 | CDF/Host Lunch for Padre's, Duntroon House              | 452                           | 13                     |
| <b>Total</b>   |   |   | <b>9,543</b>                  |                        |

Table 3

**Hospitality spend for the Ministers and Parliamentary Secretaries**

For the period from July 11 to April 12

**Minister for Defence**

**25-26 July 2011**

Jefferson Hotel, Washington, USA  
Breakfast meeting with LTG Douglas Lute  
\$245.76

**25 July 2011**

Head of Mission's Residence, New York, USA  
Breakfast & Lunch with representatives from the 'Permanent 5' membership of UNSC  
\$707.35

**25 August 2011**

Parliament House, Canberra  
Farewell function for Secretary of Department of Defence, Dr Ian Watt  
\$192.11

**12 September 2011**

Parliament House, Canberra  
Lunch for Canadian Defence Minister, Mr Peter Mackay  
\$1,085.45

**13 October 2011**

Parliament House, Canberra  
UAE Foreign Minister Luncheon  
\$1127.64

**22 November 2011**

Parliament House, Canberra  
34 Squadron Function  
\$3,283.81

**14 December 2011**

Parliament House, Canberra  
Morning Tea for Bilateral Talks with South Korean Defence Minister  
\$78.82

**29 February 2012**

Parliament House, Canberra  
Working lunch – Australia/Brunei Ministers Defence Bilateral Discussions

\$788.18

**22 March 2012**

Parliament House, Canberra

Singaporean Minister for Defence Bilateral discussions

\$62.75

**22 March 2012**

Parliament House, Canberra

Lunch for Singapore Minister for Defence

\$1058.64

**23 March 2012**

Frasers Restaurant, Kings Park, Perth

Conclusion of Bilateral Discussions with Singaporean Minister for Defence

\$1,735.67

**Minister for Defence Materiel – Mr Clare**

**27-28 September 2011**

Parliament House, Canberra

Projects of Concern Meetings

\$992.40

**2 November 2011**

Parliament House, Canberra

DMO Defence briefing Meeting

\$78.44

**23 April 2012**

Parliament House, Canberra

Projects of Concern meeting

\$496.36

**24 April 2012**

Parliament House, Canberra

Projects of Concern meeting

\$103.64

**Parliamentary Secretary for Defence – Mr Feeney**

**25 May 2011**

Parliament House, Canberra

Launch of Kokoda Foundation Report

\$2,030

**Minister for Defence Materiel – Mr Carr**

Nil Expenditure

**Minister for Defence Science & Personnel - Mr Snowdon**

**20 March 2012**

Parliament House, Canberra

Bilateral meeting with Belgian Delegation

\$88.58

**Parliamentary Secretary for Defence – Mr Kelly**

Nil Expenditure

Note: This list includes one Hospitality event, which occurred in the previous financial year, but was not reported until current financial year.

**Hospitality and Representational Allowance Planned Expenditure  
For the Period From 1 Jul 11 to 30 June 12**

| Service / Group                  | Representational<br>Allowance Planned<br>\$000 | Hospitality<br>Expense Planned<br>\$000 | Total Expense<br>Planned<br>\$000 |
|----------------------------------|--|---|-----------------------------------|
| OSCDF                            | 611  | 98                                      | 709                               |
| VCDF                             | 25   | 120                                     | 145                               |
| Joint Operation Command          | 0  | 16                                      | 16                                |
| Navy                             | 0  | 130                                     | 130                               |
| Army                             | 0  | 89                                      | 89                                |
| Air Force                        | 0  | 123                                     | 123                               |
| CDG                              | 0  | 0                                       | 0                                 |
| CFO                              | 0  | 0                                       | 0                                 |
| CIOG                             | 2  | 3                                       | 5                                 |
| DSTO                             | 27   | 40                                      | 67                                |
| Defence Support Group            | 0  | 6                                       | 6                                 |
| Intelligence & Security          | 16   | 163                                     | 179                               |
| People Strategy and Policy       | 0  | 10                                      | 10                                |
| DMO                              | 30   | 61                                      | 91                                |
| <b>Total Defence (Excl. DHA)</b> | <b>711</b>                                     | <b>859</b>                              | <b>1,570</b>                      |
| DHA                              | 0  | 30                                      | 30                                |
| <b>Total Defence (Incl. DHA)</b> | <b>711</b>                                     | <b>889</b>                              | <b>1,600</b>                      |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q66 – Board Appointments**

**Senator Johnston provided in writing.**

- (a) List all of the boards within this portfolio, including: board title, terms of appointment, tenure of appointment and members.
- (b) What is the gender ratio on each board and across the portfolio?
- (c) Please detail any board appointments for this financial year to date.

**Response:**

(a) to (c) In accordance with Senate Order 13 of June 2008 (Departmental and Agency Appointments) Defence provides information concerning the appointments made to statutory authorities, executive agencies, advisory boards, government business enterprises and all other Commonwealth bodies three times each year. Given the significant time and resources required to provide this information, I refer the Senator to the report tabled in the Senate on 18 June 2012.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q67: Freedom of Information

Senator Eggleston provided in writing.

- (a) Has the Department/agency received any updated advice on how to respond to FOI requests?
- (b) What is the total cost to the department to process FOI requests for this financial year to date?
- (c) How many FOI requests has the Department received for this financial year to date? How many requests have been denied and how many have been granted? Has the department failed to meet the processing times outlined in the FOI Act for any requests? If so, how many and why? Do any of these requests remain outstanding? If so, how many and why?
- (d) How many conclusive certificates have been issued in relation to FOI requests for this financial year to date?

#### Response:

- (a) Defence has sought external legal advice, where necessary, for a small number of more complex requests.
- (b) This figure will be available in the *FOI Act Annual Report 2011-12*. Financial expenditure and staff hours are provided to the Office of the Australian Information Commissioner (OAIC) annually. The OAIC uses an internal formula which generates the figures for the annual report.
- (c) As at 25 June 2012, Defence had received 327 section 15 requests and nine section 48 requests.

The following table provides a breakdown of these requests:

| Granted in Full | Partial Disclosure | Denied <sup>[1]</sup> | Refused <sup>[2]</sup> | Withdrawn | Transferred | Total |
|-----------------|--------------------|-----------------------|------------------------|-----------|-------------|-------|
| 73              | 142                | 14                    | 21                     | 90        | 4           | 344   |

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 where section 47E 'certain operations of agencies' provisions applied, four denials related to documents where section 47C 'deliberative processes' provisions

applied, three section 37 where 'enforcement of law and protection of public safety' provisions applied, one section 46 where 'contempt of court' provisions applied, three denials related to documents where section 38 'secrecy provision' applied and one denial related to documents where section 33 'national security' provisions applied.

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 the resources of an agency. For the period in question, all twenty one refusals related to documents that did not exist or could not be found.

Defence has met all the processing times outlined in the FOI Act.

- (d) This question has been previously answered under Question on Notice No. 54 from the Senate Additional Estimates hearing on 15 February 2012 which advises conclusive certificates no longer exist.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q68 – Community Cabinet Meetings**

**Senator Eggleston provided in writing:**

- (a) What was the cost of Minister's travel and expenses for the Community Cabinet meetings held this financial year to date?
- (b) How many Community Cabinet meetings has the Minister attended? List date and location.
- (c) How many Ministerial Staff travelled with the Minister for the Community Cabinet meetings for this financial year to date? What was the total cost of this travel? Which Community Cabinet meetings did the Ministerial Staff attend? List date and location.
- (d) How many Departmental Officers travelled with the Minister for the Community Cabinet meetings for this financial year to date? What was the total cost of this travel? List travel type, accommodation and any other expenses. Which Community Cabinet meetings did the Departmental Officers attend? List date and location.
- (e) What was the total cost to the Department and the Minister's office for the Community Cabinet meetings for this financial year to date?

**Response:**

- (a) Defence does not have information about travel costs by Ministers, Parliamentary Secretaries and Members of Parliament's (MOP) Act staff as these arrangements are administered by the Department of Finance and Deregulation.
- (b) A Defence Minister or Parliamentary Secretary has attended four Community Cabinet meetings. The dates and locations are as follows:
  - 29 June 2011 in Palmerston, NT;
  - 1 September 2011 in Yeronga, QLD;
  - 9 November 2011 in Werribee, VIC; and
  - 4 April 2012 in Parramatta, NSW.
- (c) See response to part (a) above.
- (d) Five Department officers travelled with the Defence Minister or Parliamentary Secretary attending four Community Cabinet meetings. The total cost of this travel was

\$4379.89. These Departmental officers either flew or drove to/from Community Cabinet locations and travelled by taxi or hire car to/from the venue. Departmental officers were accommodated in hotels, provided travel and incidental expenses within their entitlements.

The Community Cabinet meetings which Departmental officers attended were held on:

- 29 June 2011 in Palmerston, NT
- 1 September 2011 in Yeronga, QLD
- 9 November 2011 in Werribee, VIC
- 4 April 2012 in Parramatta, NSW.

- (e) Total cost to the Department was \$4379.89. See response to part (a) above regarding total cost to Ministers office.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q69: Reviews**

**Senator Eggleston provided in writing.**

**Reviews**

For this financial year to date:

- (a) How many Reviews are being undertaken?
- (b) What reviews have concluded, and for those that are still ongoing, when will those reviews be concluded
- (c) Which of these reviews has been provided to Government?
- (d) When will the Government be responding to the respective reviews that have been completed?
- (e) What is the estimated cost of each of these Reviews?
- (f) What reviews are planned?
- (g) When will each of these reviews be concluded?

**Response:**

The following table provides an update on reviews that had been conducted or were concluded as at 30 June 2012 by Defence.

This response supplements Senate Questions on Notice No. 1500 which details reviews that were being conducted or had recently concluded as at 31 January 2012.

### DEFENCE REVIEWS AS AT 30 JUNE 2012

| Name of Review  | Concluded  | Has the review been provided to Government?                                    | Cost of review   |
|---|--|--|--|
| <b>Defence Budget Review</b>  | Yes  | No. This is an internal Defence Review   | \$358,671.60   |
| <b>Organisation Analysis Review</b> - This review was undertaken to conduct an analysis of the work processes within the Australian Government Security Vetting Agency to enable appropriate structures and staffing levels to be put in place to support the future demand for vetting services.   | Estimated completion August 2012<br><br>Final draft has been submitted, currently waiting sign-off.  | No. This is an internal Defence Review.  | \$463,909.00   |
| <b>Defence Counterintelligence (CI) Concept of Operations/Review</b> - This review was directed by VCDF/DEPSEC I&S in September 2011, at the request of CJOPS and DSA. The review will be conducted in two phases:<br><br>Phase 1 - an urgent review of the deployable CI capability to support operations offshore.<br><br>Phase 2 - a longer term Defence wide review of the domestic and non-operational offshore CI capability across Defence | Estimated completion of both phases in December 2013.<br><br>FIC requirements to be submitted in December 2012.<br><br>Anticipated completion of Phase 1 by end of June 2013, and Phase 2 by mid 2014. | No. This is an internal Defence Review.  | Unknown - currently restricted to travel costs of Working Group members to attend review meetings, and staffing costs are being drawn from Defence internally. |
| <b>The Moon-Weber Review - The Review of delivery of Legal Services by ADF Legal Officers to the ADF and Defence.</b> This was conducted by Mr John   | Yes.   | No. The review was provided to the Chief of the Defence Force on 22 June 2012. | The quantifiable costs of the Moon-Weber review are estimated as being \$129,912.89.   |

|  |  |   |  |
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| Weber – Chief Executive Partner, Minter Ellison together with Brigadier Michael Moon |  |   | This review was conducted using a combination of departmental and external resources. It is possible to quantify some aspects of the departmental expenditure. Departmental travel expenditure related to this review was \$13,487.34. The value of the Defence staffing and administrative resources used in this review has not been estimated. The cost of Minter Ellison's services in relation to this review was \$116,425.55. |
| <b>Australian Defence Force College Strategic Infrastructure Planning Study</b>      | No. Estimated completion 31 October 2012.                  | No. This is an internal Defence Review.   | \$190,000  |
| <b>Australian Defence Force Posture Review</b>                                       | Yes.   | The final report was provided to the Minister for Defence on 30 March 2012.                               | \$288,731  |
| <b>Collins Class Sustainment Study, also known as the Coles Study</b>                | Phase 1 report completed 4 Nov 2011.<br><br>Phase 2 Report | Phase 1 report has been released to Government.<br><br>Phase 2 report has been released to Government and | Total contracted price for all Phases to date is \$9.7985m (GST incl).   |

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|  | <p>completed 12 Jun 2012.</p> <p>Phase 3 final report to be completed by end 2012.</p> <p>Phase 4 (Optional) may be exercised mid 2014 when the ISSC with ASC is due to enter the mature phase.</p>  | is under consideration.   |  |
| <b>Defence Home Ownership Assistance Scheme Implementation (DHOAS) Review</b>                        | <p>Ernst &amp; Young have completed an external review of the implementation of the scheme. A working group is currently looking at the outcomes and recommendations of the Ernst &amp; Young review. It is intended to present a report to Government by the end of 2012; however, as the Ernst &amp; Young review has recommended some changes to the scheme, the report may be delayed if the recommendations suggest improvements to the scheme.</p> | No.   | Anticipated final cost is \$166,000 (ex. GST).   |
| <b>Senior Management Review on DSTO's Networks (both Restricted and Secret) and ICT Arrangements</b> | <p>The review commenced on 28 May 2012 and the report was provided to Chief Defence Scientist on 20 June</p>   | <p>This is an internal Defence review, however, a copy of the Executive Summary was provided to the Minister for information.</p> | <p>The cost of the review is estimated at \$10,500. This was the travel cost for the Review Team to hold meetings with DSTO stakeholders</p> |

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|  | 2012.  |   | at the three major sites in Adelaide, Canberra and Melbourne.   |
| <b>The Review of Allegations of Sexual and Other Abuse in Defence</b>  | <p>Phase 1 of the Review of Allegations of Sexual and Other Abuse in Defence has concluded. Volume 1 (General Findings and Recommendations) and the first part of Volume 2 (Individual Allegations) of the Phase 1 Report was provided to the Minister for Defence on 11 October 2011.</p> <p>A supplement to Volume 1 and the full Volume 2 of the Report was delivered to the Minister on 17 April 2012. This concluded Phase 1 of the Review.</p> | <p>Phase 1 of the Review of Allegations of Sexual and Other Abuse in Defence has been provided to the Government.</p> <p>The Government is currently considering its response to the Review of Allegations of Sexual and Other Abuse in Defence. The large number, the seriousness and the age of some of the allegations, as well as the cross-Government issues, will mean that quick resolution may not be possible. The solution will need to deal with systemic issues in Defence, deal fairly with the people who say they are victims of abuse, and also deal fairly with people against whom it might be alleged they have committed some offence or conducted some wrongdoing.</p> | As at 30 June 2012, the Review of Allegations of Sexual and Other Abuse in Defence had cost \$10,199,455.60.  |
| <b>Rethinking Systems of Inquiry, Investigation, Review and Audit in Defence. (The Re-thinking Inquiries review)</b> | February 2013.   | No. This is an internal Defence review.   | The Re-thinking Inquiries review has been conducted by internal Defence staff (ADF and APS personnel), without external support or resources. It is not |

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|  |  |  | possible at this stage to provide a reliable estimate of costs.  |
| <b>DSD Security Review</b>   | The review was concluded in June 2012.   | No.  | \$30,634   |
| <b>AGSVA Organisational Structure and Business Process Review</b>  | 29 Aug 2011.   | No.  | \$101,876  |
| <b>Inspector-General of Intelligence and Security – Inquiry into allegations of inappropriate vetting practices in the Defence Security Authority and related matters.</b> | December 2011.   | Yes.   | \$40,000   |
| <b>Review of Weapons of Mass Destruction (Prevention of Proliferation) Act 1995</b>  | Mr Blick Bill, AM, PSM, is expected to report to Defence in mid-2012.  | Defence received Mr Blick's report on 31 July 2012.  | \$73,738.50 for consultancy services and \$3,185.87 for associated travel costs for Mr Blick (Total: \$76,924.37). |
| <b>Review of the Management of Incidents and Complaints, including Civil and Military Jurisdiction</b>   | The review commenced on 12 April 2011 and a report was submitted to the Minister for Defence on 2 November 2011 as part of the reviews into defence culture. | The report was submitted to the Minister for Defence on 2 November 2011 as part of the reviews into defence culture. | \$0.019  |
| <b>Inspector General ADF CDF directed Review of the Notifiable Incidents System (IGADF)</b>  | Paper to be presented at the November 2012 COSC meeting.   | No, this is an internal Defence Review.  | This review has been conducted internally and has not been separately costed.                                      |
| <b>Review into ADF Health Services following</b>   | Yes.   | No. This is an internal  | Approx \$1900.00 –   |

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| <p><b>Transition of Garrison Health to Joint Health Command</b></p> |  | <p>Defence Review.</p> | <p>travel only.</p> <p>The value of the Defence staffing and administrative resources used in this review has not been estimated.</p> |
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**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Additional Estimates**

**Q56 - Reviews**

**Senator Eggleston provided in writing:**

For this financial year to date:

- (a) How many Reviews are being undertaken?
- (b) What reviews have concluded, and for those that are still ongoing, when will those reviews be concluded?
- (c) Which of these reviews has been provided to Government?
- (d) When will the Government be responding to the respective reviews that have been completed?
- (e) What is the estimated cost of each of these Reviews?
- (f) What reviews are planned?
- (g) When will each of these reviews be concluded?

**Response:**

Response to Senate Question on Notice No.1500 details reviews that were being conducted or had recently concluded as at 31 January 2012.

No new reviews have commenced since 31 January 2012, nor have any reviews detailed in response to Senate Question on Notice No.1500 concluded.

**Attachment C**

## MINISTER FOR DEFENCE

**SENATE QUESTION****(QUESTION No. 1500)**

*Notice given 16 January 2012*

1500 **Senator Johnston:** To ask the Minister representing the Minister for Defence—With reference to each review currently being conducted, or recently conducted, by the department, can a list be provided detailing the:

- (a) name of the review;
- (b) individuals, groups and companies conducting the review;
- (c) individuals, groups and companies being paid;
- (d) terms of reference;
- (e) timeline;
- (f) cost per stage;
- (g) anticipated final cost;
- (h) scheduled reporting date, including any preliminary stages and the final report;
- (i) reasons why the work was not conducted by senior executive service members of the department; and
- (j) departmental officer who commissioned the review.

**Senator Carr** – The Minister for Defence has provided the following answer to the honourable senator’s question:

The response to Senate Questions on Notice 776,777 and 778 details all reviews that were being undertaken by Defence as at 31 October 2011. That response also covered reviews that were completed in the period 1 January to 30 June 2011.

The following reviews are currently being conducted or were recently concluded (since 31 October 2011) by the Department of Defence as at 31 January 2012.

**Review No. 1**

|            |  |
|------------|--|
| <b>(a)</b> | <b>Name of the review</b>  |
|            | Air Force Review into Civil Aviation Access to Air Force Air Fields  |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>   |
|            | Review being conducted internally by members of the Royal Australian Air Force.  |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>  |
|            | Nil  |
| <b>(d)</b> | <b>Terms of reference</b>  |
|            | To address the impacts and consequences of the use of Air Force airfields by civil aircraft, with recommendations to enable the drafting and implementation of policy that supports the current and future needs of military aviation.       |
| <b>(e)</b> | <b>Timeline</b>  |
|            | Review was conducted in 2010, with the policy creation to be completed by 2012.  |
| <b>(f)</b> | <b>Cost per stage</b>  |
|            | Nil  |
| <b>(g)</b> | <b>Anticipated final cost</b>  |
|            | Nil  |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>   |
|            | Review was completed and published on 16 June 2011. A period of public consultation was completed on 31 October 2011. The drafting of Defence policy on civil aviation access to Air Force airfields to be completed by fourth quarter 2012. |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>  |
|            | N/A  |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>  |
|            | Deputy Chief of Air Force  |

Review No. 2

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| <b>(a)</b>   | <b>Name of the review</b>                                      |
| Defence Budget Review.   |  |
| <b>(b)</b>   | <b>Individuals, groups and companies conducting the review</b> |
| Chief Finance Officer, Acting First Assistant Secretary Financial Management & Reporting and Deloitte Australia.   |  |
| <b>(c)</b>   | <b>Individuals, groups and companies being paid</b>            |
| Deloitte Australia.  |  |
| <b>(d)</b>   | <b>Terms of reference</b>                                      |
| <p>1. Undertake a line by line assessment of the budget aggregates to clarify:</p> <ul style="list-style-type: none"> <li>• accountabilities for allocated budgets;</li> <li>• the methodology for constructing each of the individual budget estimates;</li> <li>• the frequency and methodology for updating the budget estimate during the year; and</li> <li>• the Group Head/Service Chief responsible for the construction and authorisation of individual budget estimates.</li> </ul> <p>2. Undertake a comparative analysis of other large corporates to:</p> <ul style="list-style-type: none"> <li>• determine their approach to developing budget estimates and managing budget estimation risks; and</li> <li>• consider the accountability mechanisms used by comparative organisations to manage budget performance.</li> </ul> <p>Such corporates will include those that are capital intensive or logistics intensive and will include, but not be limited to, BHP Billiton Limited and Rio Tinto Limited.</p> <p>3. Review the utility of global contingency, slippage and over-programming in the management of the various capital budgets within Defence unless they are covered by another review such as the DCP Review.</p> <p>4. Consider the extent to which program budgeting accountability (vis a vis project budgeting accountability) is a driver for estimation quality.</p> <p>5. Consider the extent to which there are any barriers to the development of quality estimates including but not restricted to:</p> <ul style="list-style-type: none"> <li>• the inherent volatility of an estimate;</li> <li>• the timing of budget estimate forecasting within Defence; and</li> <li>• the extent to which processes, systems, skill levels or lack of standardisation inhibit budget development.</li> </ul> <p>6. Consider how best to record and report on budget estimates on the corporate systems to enable transparency of budget items and actual achievements.</p> <p>7. Consider the scope for budget system improvements to incorporate activity level data and opportunities to link activity data to financial budget information.</p> <p>8. Determine the extent to which budget estimates are flexible or fixed and consider opportunities to manage the inherent uncertainties of Defence's business environment into budget estimation practices.</p> <p>9. Propose opportunities for improvements to budget estimation methodologies, processes, systems and accountabilities.</p> |  |
| <b>(e)</b>   | <b>Timeline</b>  |
| The Review is expected to be completed early 2012.   |  |
| <b>(f)</b>   | <b>Cost per stage</b>  |
| \$259,840  |  |

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| <b>(g)</b> | <b>Anticipated final cost</b>   |
|            | \$259,840   |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>  |
|            | A draft report was provided to the Minister for Defence, the Secretary and the Chief of Defence Force mid December 2011 for their review. |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>                                       |
|            | The Budget Review was conducted by Senior Executive Service members of the Department, with assistance from Deloitte Australia.           |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>   |
|            | Minister for Defence.   |

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| <b>(a)</b>   | <b>Name of the review</b>                                      |
| Australian Defence Force Posture Review  |  |
| <b>(b)</b>   | <b>Individuals, groups and companies conducting the review</b> |
| The Review is being undertaken by the Department of Defence (ADF Posture Review Secretariat) and overseen by an expert panel (Dr Allan Hawke and Mr Ric Smith)   |  |
| <b>(c)</b>   | <b>Individuals, groups and companies being paid</b>            |
| <p>Expert Panel – Dr Allan Hawke and Mr Ric Smith</p> <p>Deloitte Access Economics was commissioned to conduct a Long Term Economic and Demographic Projections as a supplementary study to the Review.</p>  |  |
| <b>(d)</b>   | <b>Terms of reference</b>                                      |
| <p>The Force Posture Review will:</p> <ul style="list-style-type: none"> <li>a) as its starting point draw on the security, strategic and capability judgements outlined in the Defence White Paper 2009 <i>Defending Australia in the Asia Pacific Century: Force 2030</i>;</li> <li>b) draw on work currently underway in Defence through the 2011 Annual Defence Planning Guidance;</li> <li>c) outline the future security and strategic environment and challenges Australia needs to be positioned to respond to up to 2030;</li> <li>d) consider the potential strategic and security role of Australia's offshore territories, particularly Cocos and Christmas Islands, for Force Posture requirements;</li> <li>e) consider the implications for ADF Force Posture of the need for energy security, including security issues associated with expanding offshore resource exploitation in our North West and Northern approaches;</li> <li>f) consider how the future ADF Force Posture will support Australia's ability to respond to a range of activities including: <ul style="list-style-type: none"> <li>➢ deployments on missions and operations overseas;</li> <li>➢ support of operations in our wider region; and</li> <li>➢ practical engagement with the countries of the Asia-Pacific and Indian Ocean rim in ways that help to shape security and strategic circumstances in Australia's interest;</li> </ul> </li> <li>g) assess the impact on the ADF's Force Posture of a range of domestic, demographic and economic issues including: <ul style="list-style-type: none"> <li>➢ more intense minerals and petroleum resource activities around Defence training and exercise ranges;</li> <li>➢ urban encroachment on existing Defence facilities;</li> <li>➢ community attitudes to living standards and residential locations; and</li> <li>➢ the need for a more cost-effective approach to basing;</li> </ul> </li> <li>h) make recommendations in relation to the basing options for Force 2030 across Australia including in relation to: <ul style="list-style-type: none"> <li>➢ Navy platforms (including the Air Warfare Destroyers, Landing Helicopter Docks, Future Submarines, the ANZAC Frigate and its replacements and offshore patrol vessels);</li> <li>➢ Army's additional northern basing requirements; and</li> <li>➢ Air Force's plans to introduce a range of new aircraft and associated support systems into service; and</li> </ul> </li> <li>i) consider other relevant issues including population and population spread.</li> </ul> <p>(Ref: Media Release MR 177/11, dated 22 June 2011)</p> |  |
| <b>(e)</b>   | <b>Timeline</b>  |
| The Review commenced in July 2011 and it is expected to complete by 30 March 2012, when the final report is due  |  |

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|            | for submission to Government.   |
| <b>(f)</b> | <b>Cost per stage</b>   |
|            | The cost as at 31 December 2011 is \$158,600.   |
| <b>(g)</b> | <b>Anticipated final cost</b>   |
|            | The final cost of the Review will not be known until its completion.  |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>  |
|            | The Review has provided a progress report to the Minister for Defence in December 2011. Government has directed that the Review's final report will be provided on 30 March 2012.   |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>   |
|            | As directed by the Minister for Defence in his Media Release on 22 June 2011, the Review is guided by an Expert Panel of eminent experts in defence and national security policy, Dr Allan Hawke and Mr Ric Smith, both are former Secretaries of the Department of Defence. The Review is supported by a Secretariat comprise of a small team of Defence APS and ADF staff; and it also draws on the broad range of expertise within Defence, including both professional military and civilian officers at executive levels (O6/EL2, AS/1-Star, and SES Band 3/3-Star). |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>   |
|            | This Review is directed by the Minister for Defence on 22 June 2011.  |

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| <b>(a)</b>  | <b>Name of the review</b>                                      |
| Review of Weapons of Mass Destruction (Prevention of Proliferation) Act 1995  |  |
| <b>(b)</b>  | <b>Individuals, groups and companies conducting the review</b> |
| Mr Bill Blick, AM, PSM  |  |
| <b>(c)</b>  | <b>Individuals, groups and companies being paid</b>            |
| Mr Bill Blick, AM, PSM  |  |
| <b>(d)</b>  | <b>Terms of reference</b>                                      |
| <p>The <i>Weapons of Mass Destruction (Prevention of Proliferation) Act 1995</i> (the WMD Act, the Act) and the Regulations provide the framework for the implementation of Australia's international obligations and national policy to prevent the proliferation of Weapons of Mass Destruction. The review of the WMD Act and Regulations will offer recommendations on any changes required.</p> <p>Based on experience in cases that have been assessed, and cases where prohibition orders have been made, the review could usefully consider the following issues:</p> <ol style="list-style-type: none"> <li>1. The adequacy and suitability of the test in section 14 of the Act for the Minister to issue a notice prohibiting the export or supply of goods or the provision of services;</li> <li>2. Whether the issuing of a section 14 notice should be limited to a 12 month period;</li> <li>3. Whether the Act should include a mechanism to enable persons to seek the Minister's confirmation that a proposed activity is not subject to control under the Act;</li> <li>4. The consequences of the Minister providing a confirmation as detailed above and whether the consequences need to be limited by the Act or in some other way;</li> <li>5. Whether there is a need for additional protections for the disclosure of classified information under the Act;</li> <li>6. Whether the current application of procedural fairness requirements under the Act needs to be modified given the reliance on classified information in decisions made under the Act;</li> <li>7. Whether consideration should be given to establishing a process to review decisions made under the Act or regulations;</li> <li>8. Does the Act's definition of a <i>WMD program</i> adequately describe the types of goods and services that Australia seeks to control;</li> <li>9. The adequacy and suitability of the requirement under sections 9, 10 and 11 of the Act for a prosecution to prove that a person <i>believes or suspects, on reasonable grounds</i> and whether an alternative test should be applied;</li> <li>10. Whether the investment of funds in companies that develop, produce, acquire or stockpile weapons of mass destruction should be controlled by the Act;</li> <li>11. Whether provisions, additional to those enabling the Minister to seek an injunction, should be considered for Commonwealth agencies to allow goods to be either held at the border or to compel a person to not proceed with an activity, while an assessment of the goods is undertaken;</li> <li>12. Whether the 'state of mind' provisions in the Act relating to bodies corporate should deviate from the current Commonwealth policy which is to rely on Part 2.5 of the Criminal Code;</li> <li>13. Whether the forfeiture, seizure and destruction provisions in the Act and regulations appropriately meet the needs for effective law enforcement;</li> <li>14. Whether the Act should provide any legal protection (similar to that provided by section 17G of the <i>Charter of the United Nations (Sanctions- Iran) Regulations 2008</i>) to persons who are forced to breach their contractual obligations due to being issued with a prohibition notice or permit with conditions that limit the company's ability to meet their obligations under the contract;</li> <li>15. Whether the Act should provide a mechanism for compensating a person, where a decision under the Act impacts financially upon a person;</li> <li>16. Whether the proposed Defence Trade Controls legislation implementing the Australia-US Defence Trade Cooperation Treaty has any implication for the Act and decisions taken thereunder;</li> <li>17. Processes in place to ensure that the Minister for Defence is appropriately and adequately consulted with respect to decisions taken pursuant to the Act;</li> <li>18. Processes in place to ensure relevant departments and agencies are working together in a coordinated way, in</li> </ol> |  |

|            |  |
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|            | <p>particular the Department of Defence, the Department of Foreign Affairs and Trade and the Defence Export Control Office;</p> <p>19. The implementation of the recommendations contained in the Brady <i>Review of WMD Act Decision Making Processes</i>, including whether there should be a single Prohibited Export Control Centre; and</p> <p>20. Any other matters you consider appropriate to report on.</p>   |
| <b>(e)</b> | <b>Timeline</b>  |
|            | Mr Blick is expected to undertake the review between 01 November 2011 and 01 July 2012   |
| <b>(f)</b> | <b>Cost per stage</b>  |
|            | N/A  |
| <b>(g)</b> | <b>Anticipated final cost</b>  |
|            | This review is expected to cost \$65,000   |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>   |
|            | Mr Blick is expected to report to Defence in mid-2012  |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>  |
|            | Mr Blick was chosen to conduct this review because of his depth of experience in Commonwealth policy, particularly in relation to considering accountability and the public interest in areas of national security and the application of law. He is a former Inspector-General of Intelligence and Security. He has also held other senior Commonwealth appointments, including Deputy Secretary in the Department of the Prime Minister and Cabinet and Deputy Commonwealth Ombudsman. Defence decided to review the Act in order to capture the lessons from its experience of applying it in recent years and to ensure that the legislation and surrounding processes reflect current regulatory best practice. This review will complement a review of decision-making processes under the Act, conducted in 2010 by Mr Martin Brady AO. |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>  |
|            | The Hon. Stephen Smith, Minister for Defence   |

|            |   |
|------------|---|
| <b>(a)</b> | <b>Name of the review</b>   |
|            | Inspector-General of Intelligence and Security – Inquiry into allegations of inappropriate vetting practices in the Defence Security Authority and related matters.   |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>  |
|            | Inspector-General of Intelligence and Security.   |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>   |
|            | N/A.  |
| <b>(d)</b> | <b>Terms of reference</b>   |
|            | Investigation into allegations of inappropriate vetting practices in the Defence Security Authority and related matters.  |
| <b>(e)</b> | <b>Timeline</b>   |
|            | The Minister for Defence tabled the final report on 8 February 2012.  |
| <b>(f)</b> | <b>Cost per stage</b>   |
|            | N/A.  |
| <b>(g)</b> | <b>Anticipated final cost</b>   |
|            | \$40,000<br><br><i>Note – This review was requested by the Prime Minister and IGIS is responsible for this activity. However, Defence is expected to provide funds to meet the cost of conducting the review.</i>                         |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>  |
|            | The Minister for Defence tabled the final report on 8 February 2012.  |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>   |
|            | Preliminary investigation undertaken by Defence Inspector-General. More comprehensive review able to be undertaken by Inspector-General of Intelligence and Security due to the powers given under the relevant Commonwealth legislation. |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>   |
|            | Minister of Defence sought commission of review by Prime Minister.  |

Review No. 6

UNCLASSIFIED

|            |   |
|------------|---|
| <b>(a)</b> | <b>Name of the review</b>   |
|            | Assessment of Cyber Threat Risks to Internet Facing Applications and Networks.  |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>  |
|            | Defence Security and Counter Intelligence Board (acting in the role of Project Board representing all Defence Groups and Services and the interest of major ICT System Owners).<br><br>Defence Security Authority Directorate of Information Systems Security (Project Lead).<br><br>Chief Information Officers Group (ICT System Maintainers/Owners).<br><br>Defence Signals Directorate (Provision of expert technical advice).<br><br>STRATSEC (Conduct of Technical Vulnerability Assessments of selected ICT systems). |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>   |
|            | STRATSEC.   |
| <b>(d)</b> | <b>Terms of reference</b>   |
|            | Terms Of Reference are Classified RESTRICTED.   |
| <b>(e)</b> | <b>Timeline</b>   |
|            | Terms of Reference Established 18 October 2010.<br><br>Review Completed 3 November 2011.  |
| <b>(f)</b> | <b>Cost per stage</b>   |
|            | One Stage with final cost of \$206,722.25.  |
| <b>(g)</b> | <b>Anticipated final cost</b>   |
|            | \$206,722.25.   |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>  |
|            | End April 2011.   |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>   |
|            | Outsourced component of the review included technical vulnerability analysis of ICT systems requiring specialist technical skills.  |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>   |
|            | Chief of the Defence Force tasked Deputy Secretary Intelligence and Security with the conduct of the review.  |

**Review No. 7**

|  |  |
|--|--|
| <b>(a)</b>   | <b>Name of the review</b>                                      |
| DLA Piper Review of Allegations of Sexual and Other Abuse in Defence   |  |
| <b>(b)</b>   | <b>Individuals, groups and companies conducting the review</b> |
| The contract for the conduct of this Review is between Defence and DLA Piper. Dr Gary Rumble, Professor Dennis Pearce and Ms Melanie McKean (now with HWL Ebsworth) are the Review leads and are subcontracted to DLA Piper for the purposes of the Review.  |  |
| <b>(c)</b>   | <b>Individuals, groups and companies being paid</b>            |
| DLA Piper.   |  |
| <b>(d)</b>   | <b>Terms of reference</b>                                      |
| <p>The following terms of reference are available from the DLA Piper website <a href="http://www.dlapiper.com/files/Uploads/Documents/Terms_of_Reference.pdf">http://www.dlapiper.com/files/Uploads/Documents/Terms_of_Reference.pdf</a></p> <p><b>Terms of Reference</b></p> <p>On 11 April 2011, the Minister for Defence announced that an external law firm would be engaged by the Secretary of Defence to review the allegations of sexual or other forms of abuse that have been drawn to the attention of the Minister's office, as well as to the Department of Defence and the media since the recent Australian Defence Force Academy (ADFA) incident.</p> <p>The Review will consider all relevant allegations, whether referred from the Minister's Office, raised in the media or coming directly to the Review which have been or are made in the period 01 April -17 June 2011.</p> <p>The Review will be conducted in two phases.</p> <p>Phase 1 will review all allegations of sexual or other abuse and any related matters to make an initial assessment of whether the matters alleged have been appropriately managed and to recommend further action to the Minister.</p> <p>Phase 1 will also report on whether Phase 1 has identified any particular systemic issues that will require further investigation in Phase 2.</p> <p>DLA Piper has been engaged by the Secretary of Defence to conduct Phase 1 of the Review. Phase 2 is expected to provide oversight of Defence's implementation of recommendations of Phase 1.</p> <p>Phase 2 will also review Defence's processes for assessing, investigating and responding to allegations of sexual or other forms of abuse to consider with any systemic issues identified in Phase 1 and any other systemic issues and to make appropriate recommendations about all systemic issues that have been identified.</p> <p>Allegations made within Defence between 01 April 2011 and 17 June 2011 regarding sexual or other forms of abuse, will continue to be dealt with in accordance with standing Defence procedures in parallel with the review.</p> <p>The Review will attempt to address late submissions in its Report although depending on when they are received, it may not be able to address all late submissions. The Report will, however, include recommendations about what steps should be taken in relation to those late allegations/complaints.</p> <p>Allegations received after Friday, 17 June 2011 will be dealt with in accordance with current Defence procedures or such new procedures as may be introduced following the review.</p> <p><b>Phase 1 Terms of Reference</b></p> <p>1. The review is only concerned with alleged abuse perpetrated by Defence personnel<sup>1</sup> in connection with their</p> |  |

workplace or in the conduct of their duties.

2. The review team will assess all allegations raised, or otherwise under consideration, in the period Friday, 01 April 2011 to Friday, 17 June 2011 of sexual or other forms of abuse (such as bullying, harassment or intimidation) or related matters.

3. The review is not concerned with matters raised directly with the Inspector-General Australian Defence Force (IGADF) which fall within the IGADF's statutory functions.

4. The review team will make an initial assessment of each allegation.

5. For each allegation, the review team will:

a. advise the Ministers and Defence as to whether the alleged incident appears to have received proper consideration and appropriate action has been taken, or is being taken, by Defence; and

b. make recommendations to the Minister and Defence on further action to be taken.

6. Any matter referred to the Review that is considered by the Review Team to be out of scope of this review will be identified to the Minister with the basis of the Review Team's assessment that it is out of scope so that the Minister may consider what if any further action should be taken.

7. Where the Review considers that further investigation is necessary, the team will make recommendations as to the appropriate mechanisms for such further investigation.

8. Where requested, the review team will offer anonymity and/or confidentiality subject to the provisos that the Review may have to reveal the identity of an informant or other information:

a. if required by law to do so; and/or

b. to prevent threat of injury or abuse of others.

9. The Attorney-General's Department and the Ombudsman's Office will assist Defence with governance and will undertake 'quality assurance' of the process.

10. In the event that DLA Phillips Fox or Professor Pearce has had any previous involvement in any matters referred for review, those matters will be referred to the Ombudsman's Office.

11. The Review team is to refer any matters requiring urgent referral to police to the ADF Investigative Service (ADFIS). ADFIS is to keep the Review team informed of steps taken in relation to those matters.

12. The Review team will provide fortnightly interim reports to Defence and the Minister on its assessment of allegations and other relevant issues for the duration of Phase 1.

13. The Review team may need to access and review records held by Defence as part of Phase 1.

14. This review will continue until all matters raised in the period have been assessed. The report on Phase 1 is expected to be provided to the Minister before the end of August 2011.

<sup>1</sup> That is, only allegations of abuse by people who were Defence personnel at the time of the incident fall within the scope of the review.

|            |                 |
|------------|-----------------|
| <b>(e)</b> | <b>Timeline</b> |
|------------|-----------------|

On present planning, the Review is expected to report to the Minister in March 2012.

|            |                       |
|------------|-----------------------|
| <b>(f)</b> | <b>Cost per stage</b> |
|------------|-----------------------|

Phase One is expected to cost over \$11m.

|  |   |
|--|---|
| Anticipated costs for subsequent phase/s will be determined when options are considered.   |   |
| <b>(g)</b>   | <b>Anticipated final cost</b>   |
| Phase One is expected to cost over \$11m.  |   |
| Anticipated costs for subsequent phase/s will be determined when options are considered.   |   |
| <b>(h)</b>   | <b>Scheduled reporting date, including any preliminary stages and the final report</b>              |
| On 11 October 2011, Volume One (General Findings and Recommendations) and the first tranche of Volume Two (Individual Allegations) was provided to the Minister for Defence. |   |
| The remainder of Volume Two is yet to be provided.   |   |
| <b>(i)</b>   | <b>Reasons why the work was not conducted by senior executive service members of the department</b> |
| At the request of the Minister for Defence, the allegations are being dealt with methodically and at arm's length from Defence.  |   |
| <b>(j)</b>   | <b>Departmental officer who commissioned the review</b>   |
| The former Secretary of Defence.   |   |

|            |  |
|------------|--|
| <b>(a)</b> | <b>Name of the review</b>  |
|            | Comprehensive Review of Defence Estate   |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>   |
|            | Defence Services and Groups plus Thinc Projects and AECOM (Consultants to Defence)   |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>  |
|            | Thinc Projects and AECOM   |
| <b>(d)</b> | <b>Terms of reference</b>  |
|            | On 17 November 2009, the then Minister for Defence, Senator John Faulkner advised that Defence would undertake a comprehensive review of Defence's base requirements and develop options for changes to the estate over the long term, a 25-30 year period.  |
| <b>(e)</b> | <b>Timeline</b>  |
|            | It was envisaged that the review would take 12-18 months. On 22 June 2011, the Minister for Defence the Hon Stephen Smith MP announced that Defence would undertake a strategic level review of broader ADF Force Posture, with its report provided to Government during the first quarter of 2012. The work on the comprehensive review of the Defence estate is not yet complete but it is informing the ADF Force Posture Review. It is anticipated that this work will resume, taking account of Force Posture Review outcomes as appropriate. |
| <b>(f)</b> | <b>Cost per stage</b>  |
|            | As at January 2012, cost for work undertaken by Thinc Projects and AECOM in support of the comprehensive review of the Defence estate is \$5.2 million.  |
| <b>(g)</b> | <b>Anticipated final cost</b>  |
|            | TBC  |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>   |
|            | TBC  |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>  |
|            | Due to the highly technical nature of the work   |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>  |
|            | (This Review was directed by the then Minister for Defence Senator the Hon John Faulkner on 17 November 2009)  |

Review No. 9

|            |   |
|------------|---|
| <b>(a)</b> | <b>Name of the review</b>   |
|            | The Use of Alcohol in the Australian Defence Force  |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>  |
|            | Professor Margaret Hamilton, executive member of the Australian National Council of Drugs.  |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>   |
|            | Brian Vendenberg (Victoria Health), Professor Margaret Hamilton (Hammar & Healy Consulting), Professor Steve Allsop (Curtin University of Technology).  |
| <b>(d)</b> | <b>Terms of reference</b>   |
|            | Terms of Reference are publicly available on the Department of Defence website at <a href="http://www.defence.gov.au/culturereviews/index.htm">www.defence.gov.au/culturereviews/index.htm</a>  |
| <b>(e)</b> | <b>Timeline</b>   |
|            | The Independent Advisory Panel was commissioned on 15 April 2011. Report submitted to the Minister for Defence on 2 November 2011.  |
| <b>(f)</b> | <b>Cost per stage</b>   |
|            | \$0.153 million   |
| <b>(g)</b> | <b>Anticipated final cost</b>   |
|            | \$0.153 million   |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>  |
|            | Report submitted to the Minister for Defence on 2 November 2011. Defence will respond to all of the reviews in a single, comprehensive response.  |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>   |
|            | Due to the nature of the issues, the Minister for Defence directed an Independent Review, as announced on 11 April 2011. The advisory panel was led by a subject matter expert to review the strategy for managing alcohol use in the ADF. The then Surgeon General of the Australian Defence Force was on this panel to represent the ADF. |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>   |
|            | Vice Chief of the Defence Force.  |

Review No. 10

UNCLASSIFIED

|            |  |
|------------|--|
| <b>(a)</b> | <b>Name of the review</b>  |
|            | Review into the Treatment of Women at the Australian Defence Force Academy (ADFA) and the Australian Defence Force   |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>   |
|            | Ms Elizabeth Broderick, Sex Discrimination Commissioner, on behalf of the Australian Human Rights Commission   |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>  |
|            | This review is being funded by Defence.  |
| <b>(d)</b> | <b>Terms of reference</b>  |
|            | Terms of Reference are publicly available on the Australian Human Rights Commission website at <a href="http://www.hreoc.gov.au/defencereview/terms.html">www.hreoc.gov.au/defencereview/terms.html</a>                                  |
| <b>(e)</b> | <b>Timeline</b>  |
|            | The review was commissioned on 9 May 2011 and Phase 1 of the Report was tabled in Parliament on 3 November 2011. Phase 2 has commenced and the deadline for submissions is 4 March 2012.   |
| <b>(f)</b> | <b>Cost per stage</b>  |
|            | Stage 1 – \$4.7m<br>Stage 2 – \$2m   |
| <b>(g)</b> | <b>Anticipated final cost</b>  |
|            | The estimated cost of the two reviews is approximately \$6.7 million.  |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>   |
|            | Stage 1 – Tabled in Parliament on 3 November 2011<br>Stage 2 – Currently underway, due for completion in 2012.   |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>  |
|            | Due to the nature of the issues, the Minister for Defence directed an Independent Review, as announced on 11 April 2011. It is appropriate that a review of this nature into Defence's culture be conducted by an external organisation. |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>  |
|            | Minister for Defence   |

Review No. 11

UNCLASSIFIED

|            |  |
|------------|--|
| <b>(a)</b> | <b>Name of the review</b>  |
|            | Review of the Management of Incidents and Complaints, including Civil and Military Jurisdiction  |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>   |
|            | The Inspector General of the Australian Defence Force, Mr Geoff Earley.  |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>  |
|            | This review was conducted by Defence personnel.  |
| <b>(d)</b> | <b>Terms of reference</b>  |
|            | Terms of Reference are publicly available on the Department of Defence website at <a href="http://www.defence.gov.au/culturereviews/index.htm">www.defence.gov.au/culturereviews/index.htm</a> |
| <b>(e)</b> | <b>Timeline</b>  |
|            | The review commenced on 12 April 2011 and a report was submitted to the Minister for Defence on 2 November 2011.   |
| <b>(f)</b> | <b>Cost per stage</b>  |
|            | \$0.019  |
| <b>(g)</b> | <b>Anticipated final cost</b>  |
|            | \$0.019  |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>   |
|            | Report submitted to the Minister for Defence on 2 November 2011. Defence will respond to all of the reviews in a single, comprehensive response.   |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>  |
|            | This work was conducted by Department of Defence personnel.  |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>  |
|            | Chief of the Defence Force   |

Review No. 12

UNCLASSIFIED

|            |  |
|------------|--|
| <b>(a)</b> | <b>Name of the review</b>  |
|            | Review of Social Media and Defence   |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>   |
|            | George Patterson Y & R, led by Mr Rob Hudson.  |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>  |
|            | George Patterson Y & R   |
| <b>(d)</b> | <b>Terms of reference</b>  |
|            | Terms of Reference are publicly available on the Department of Defence website at <a href="http://www.defence.gov.au/culturereviews/index.htm">www.defence.gov.au/culturereviews/index.htm</a>   |
| <b>(e)</b> | <b>Timeline</b>  |
|            | The contract for this review commenced on 11 May 2011. The report was submitted to the Minister for Defence on 2 November 2011.  |
| <b>(f)</b> | <b>Cost per stage</b>  |
|            | \$0.296 million  |
| <b>(g)</b> | <b>Anticipated final cost</b>  |
|            | \$0.296 million  |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>   |
|            | Report submitted to the Minister for Defence on 2 November 2011. Defence will respond to all of the reviews in a single, comprehensive response.   |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>  |
|            | Due to the nature of the issues, the Minister for Defence directed an Independent Review, as announced on 11 April 2011. The nature of the review, including benchmarking and assessment of Defence against international best practice for overseas military forces and other relevant organisations. |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>  |
|            | Vice Chief of the Defence Force.   |

Review No. 13

UNCLASSIFIED

|            |  |
|------------|--|
| <b>(a)</b> | <b>Name of the review</b>  |
|            | Review of Employment Pathways for Australian Public Service Women in the Department of Defence   |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>   |
|            | Ms Carmel McGregor, Deputy Public Service Commissioner   |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>  |
|            | The review was funded by the Department of Defence, with funding costs for staffing transferred from Defence to the Australian Public Service Commission.                                      |
| <b>(d)</b> | <b>Terms of reference</b>  |
|            | Terms of Reference are publicly available on the Department of Defence website at <a href="http://www.defence.gov.au/culturereviews/index.htm">www.defence.gov.au/culturereviews/index.htm</a> |
| <b>(e)</b> | <b>Timeline</b>  |
|            | The review commenced on 9 May 2011 and a report was submitted to the Minister for Defence on 25 August 2011.   |
| <b>(f)</b> | <b>Cost per stage</b>  |
|            | \$0.228 million  |
| <b>(g)</b> | <b>Anticipated final cost</b>  |
|            | \$0.228 million  |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>   |
|            | Report submitted to the Minister for Defence on 25 August 2011. Defence will respond to all of the reviews in a single, comprehensive response.  |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>  |
|            | This work was conducted by personnel from the Australian Public Service Commission and the Department of Defence.  |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>  |
|            | Secretary of the Department of Defence   |

Review No. 14

UNCLASSIFIED

|            |  |
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| <b>(a)</b> | <b>Name of the review</b>  |
|            | Review of Personal Conduct   |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>   |
|            | Major General Craig Orme   |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>  |
|            | Major General Craig Orme and other Defence personnel   |
| <b>(d)</b> | <b>Terms of reference</b>  |
|            | Terms of Reference are publicly available on the Department of Defence website at <a href="http://www.defence.gov.au/culturereviews/index.htm">www.defence.gov.au/culturereviews/index.htm</a> |
| <b>(e)</b> | <b>Timeline</b>  |
|            | The review commenced on 12 April 2011 and a report was submitted to the Minister for Defence on 2 November 2011.   |
| <b>(f)</b> | <b>Cost per stage</b>  |
|            | Staffing costs for the personnel on this review were funded by Defence.  |
| <b>(g)</b> | <b>Anticipated final cost</b>  |
|            | No additional costs other than internal staffing costs.  |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>   |
|            | Report submitted to the Minister for Defence on 2 November 2011. Defence will respond to all of the reviews in a single, comprehensive response.   |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>  |
|            | This work was conducted by Departmental personnel.   |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>  |
|            | Vice Chief of the Defence Force.   |

Review No. 15

UNCLASSIFIED

|            |  |
|------------|--|
| <b>(a)</b> | <b>Name of the review</b>  |
|            | Defence Home Ownership Assistance Scheme Implementation (DHOAS) Review.  |
| <b>(b)</b> | <b>Individuals, groups and companies conducting the review</b>   |
|            | Ernst & Young have been contracted to provide a report on the implementation. A Defence Working Group has been raised to provide input to the review. Personnel Policy and Employment Conditions Branch is conducting the review and will produce the report for Government.   |
| <b>(c)</b> | <b>Individuals, groups and companies being paid</b>  |
|            | Ernst & Young  |
| <b>(d)</b> | <b>Terms of reference</b>  |
|            | In line with the R2 initiative of attraction and retention, the review will seek to determine the success of the DHOAS in terms of the number of members who have accessed the scheme and if access to the scheme has influenced members decision to continue to serve in the ADF.<br><br>From an administrative perspective the review will seek to examine the role of the Department of Veteran's Affairs (DVA) as the contracted scheme administrator, performance of the three loan providers and home loan provider panel arrangement. |
| <b>(e)</b> | <b>Timeline</b>  |
|            | A report will be presented to Government by mid 2012.  |
| <b>(f)</b> | <b>Cost per stage</b>  |
|            | \$49,800 (ex GST) at the commencement of the project.<br><br>\$66,400 (ex GST) on delivery of the draft report<br><br>\$49,800 (ex GST) on completion of the project   |
| <b>(g)</b> | <b>Anticipated final cost</b>  |
|            | \$166,000 (ex GST).  |
| <b>(h)</b> | <b>Scheduled reporting date, including any preliminary stages and the final report</b>   |
|            | Ernst & Young will report to Defence by 31 March 2012. A final report will be presented to Government by mid 2012.   |
| <b>(i)</b> | <b>Reasons why the work was not conducted by senior executive service members of the department</b>  |
|            | It is considered that an independent review of the implementation of the scheme will provide a balanced and impartial opinion of the operation of the scheme and the value of the benefit provided to members.   |
| <b>(j)</b> | <b>Departmental officer who commissioned the review</b>  |
|            | At the time of the implementation of the scheme, 1 July 2008, the Government directed that a review of the   |

implementation be conducted after four years.

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| <b>(a)</b>   | <b>Name of the review</b>                                      |
| Independent Review of the Potential for Enhanced Cruise Ship Access to Garden Island Sydney.   |  |
| <b>(b)</b>   | <b>Individuals, groups and companies conducting the review</b> |
| Dr Allan Hawke AC, supported by a secretariat of one APS EL2 and two Royal Australian Naval Reserve officers.  |  |
| <b>(c)</b>   | <b>Individuals, groups and companies being paid</b>            |
| <p>Dr Allan Hawke AC.</p> <p>Review Secretariat staff salaries (RAN Reserve daily rates).</p> <p>Power Initiatives consultancy for one cost analysis report.</p> <p>Adcorp for issue of Public Notices calling for submissions.</p>  |  |
| <b>(d)</b>   | <b>Terms of reference</b>                                      |
| <p><b>TERMS OF REFERENCE</b></p> <p><b>POTENTIAL FOR ENHANCED CRUISE SHIP ACCESS TO GARDEN ISLAND, SYDNEY</b></p> <p>1. A review is to be carried out into the capacity of Garden Island in Sydney to accommodate increased numbers of visiting cruise ships. The review will assess current and future Royal Australian Navy (RAN) requirements and whether there is scope to enhance cruise ship access to Garden Island, noting its primary role of support to the RAN's raise, train and sustain roles and functions and the timely delivery of maritime operational capability.</p> <p>2. The review is to examine:</p> <p>a. Outcomes from the New South Wales Government-sponsored Passenger Cruise Terminal Steering Committee Part B report on infrastructure requirements and locations for a Cruise Passenger Terminal east of Sydney Harbour Bridge;</p> <p>b. Current and future RAN requirements for facilities at Garden Island to meet the operational and maintenance needs of home-ported and visiting RAN and allied naval ships;</p> <p>c. Future Defence Materiel Organisation requirements and responsibilities for contracted RAN ship repair and maintenance, including the continuing need for Garden Island to be available for short notice emergency Navy dockings;</p> <p>d. The suitability of existing Garden Island facilities to support more regular cruise ship visits during peak periods and with the degree of advanced notice sought by the industry;</p> <p>e. The economic benefits of enhanced cruise ship access to Sydney Harbour, and the economic contribution of the ongoing Navy presence in Sydney;</p> <p>f. Options for alternative berthing, maintenance and support arrangements for naval vessels both within Sydney</p> |  |

and other ports which might be required to allow enhanced cruise ship access to Garden Island during peak periods, with estimates of feasibility, costs and timeframes involved;

g. The costs, benefits and impact of the cruise industry investing in purpose built facilities at Garden Island to enable enhanced use of the island by cruise ships;

h. Changes to Defence risk profile which would be caused by enhanced cruise ship access to Garden Island, in terms of:

i. Acquisition and maintenance of naval ships.

ii. Personnel support.

iii. Security.

iv. Operational readiness.

v. Commonwealth financial and legal liability.

3. The review will be guided by the following:

a. The Two Ocean Basing policy, which will remain a central tenet of Navy basing and disposition for Navy's larger ships, consistent with strategic guidance.

b. The strategic basing principles agreed by the Government as part of the 2009 Defence White Paper *Defending Australia in the Asia Pacific Century: Force 2030*.

c. An understanding of the technical complexity of major naval vessels, and how this might determine the need for operational bases having ready access to a broad industry base with specialised dockyard facilities and a large labour force possessing trades and skills peculiar to naval requirements.

d. The impact of basing Navy ships in major ports such as Sydney on Navy skilled workforce retention.

4. The review will seek wide input from Commonwealth and State Governments, Sydney and other Port Corporations, defence contractors in the ship repair sector, cruise industry representatives, ports and shipping industry representative bodies, the transport and tourism sectors, and the team appointed by Government to undertake the broader Force Posture Review.

5. The review is to commence as soon as possible with a final report tabled to the Minister for Defence by the end of December 2011.

|            |  |
|------------|--|
| <b>(e)</b> | <b>Timeline</b>  |
|            | <ul style="list-style-type: none"> <li>• The review was announced by the Minister for Defence on 16 June 2011.</li> <li>• In December, the Minister for Defence agreed to extend the submission deadline to 1 February 2012.</li> <li>• Dr Hawke submitted the review to the Minister for Defence on 1 February 2012.</li> </ul> |
| <b>(f)</b> | <b>Cost per stage</b>  |

|   |   |
|---|---|
| The review did not feature discrete stages.                                   |   |
| <b>(g)</b>  | <b>Anticipated final cost</b>   |
| Approximately \$200,000.  |   |
| <b>(h)</b>  | <b>Scheduled reporting date, including any preliminary stages and the final report</b>              |
| Dr Hawke submitted the review to the Minister for Defence on 1 February 2012. |   |
| <b>(i)</b>  | <b>Reasons why the work was not conducted by senior executive service members of the department</b> |
| The Minister for Defence determined the need for an independent review.       |   |
| <b>(j)</b>  | <b>Departmental officer who commissioned the review</b>   |
| The review was commissioned by the Minister for Defence.                      |   |

|   |  |
|---|--|
| <b>(a)</b>  | <b>Name of the review</b>                                      |
| Collins Class Submarine Sustainment Business Benchmarking Study (Coles Review)  |  |
| <b>(b)</b>  | <b>Individuals, groups and companies conducting the review</b> |
| Review Team:<br>Team Leader - Dr John Coles.<br>Team members - Rear Admiral Fred Scourse RN (Rtd), Mr Arthur Fisher, Commodore Paul Greenfield, RAN (Rtd).  |  |
| <b>(c)</b>  | <b>Individuals, groups and companies being paid</b>            |
| BMT Design and Technology Pty. Ltd.<br><br>First Marine International   |  |
| <b>(d)</b>  | <b>Terms of reference</b>                                      |
| <p><b>STUDY INTO THE BUSINESS OF SUSTAINING AUSTRALIA'S STRATEGIC COLLINS CLASS SUBMARINE CAPABILITY</b></p> <p><b>TERMS OF REFERENCE</b></p> <p><b>1 AUTHORISATION</b></p> <p>1.1 The Secretary of Defence, Chief of the Defence Force and Secretary of Finance and Deregulation have commissioned this benchmarking study as part of the work program of the Government - ASC Steering Committee overseeing issues relating to Collins Class Submarine (CCSM) sustainment requiring whole-of-government consideration.</p> <p><b>2 PURPOSE</b></p> <p>2.1 The purpose of these Terms of Reference is to specify the scope of the benchmarking study into the optimal arrangements for CCSM sustainment.</p> <p><b>3 CONTEXT</b></p> <p>3.1 Established in 1985, ASC Pty Ltd (ASC) was chosen in 1987 to design and build the six CCSMs and contracted in 2003 to deliver submarine through life support, and in 2005 a subsidiary of ASC was awarded the shipbuilder role for the Hobart Class Air Warfare Destroyer (AWD). ASC is therefore a nationally strategic industry asset for Australia, providing critical capability in support of the Royal Australian Navy (RAN).</p> <p>3.2 ASC, as a Government Business Enterprise (GBE), is both owned by the Australian Government, and for CCSMs, is a sole Industry Partner/Supplier to Defence in a monopsonist relationship. These circumstances are unique in comparison to Defence's other dealings with commercial entities. This uniqueness needs to be recognised and brings significant challenges.</p> <p>3.3 ASC is a proprietary company, incorporated under the Corporations Act 2001, and is prescribed as a GBE under the Commonwealth Authorities and Companies Act 1997. Under this commercial framework ASC is required to operate and price efficiently, earn a commercial rate of return and comply with the Commonwealth's Competitive Neutrality Policy.</p> <p>3.4 In 2003 Defence established a long term Through Life Support Agreement (TLSA) with ASC for the sustainment of the CCSM. TLSA is essentially a cost-reimbursable, limited performance-incentive contract with annual negotiation of budget and work scope. Defence engages mission system contractors separately and provides materials as Government Furnished Equipment for in-service CCSMs.</p> |  |

- 3.5 In 2008, in response to an indication by the then Government that ASC would be privatised, Defence sought to renegotiate the TLSA to reflect industry best practice arrangements, including recognition of the need for ASC to undertake incremental improvement and, with increasing levels of maturity, risk transfer and accountability for outcomes.
- 3.6 Since 2009 a range of Collins program reform initiatives have been ongoing including the establishment of the Australian Submarine Program Office, collaboration between the RAN, DMO and ASC, agreement on the Integrated Master Schedule (IMS) and negotiation of a performance-based In-Service Support Contract (ISSC) with ASC. A critical aspect of the ISSC is the establishment of appropriate business arrangements and performance parameters to benchmark CCSM sustainment to ensure the whole-of-government objectives are met.
- 3.7 ASC wishes to identify world best practice goals in order to establish objective benchmarks against which it can demonstrate its improvements and compliance.
- 3.8 Defence wishes to ensure that the required availability of reliable submarines is delivered to the RAN through the CCSM Integrated Master Schedule at an affordable price and represents value for money.
- 3.9 A joint aim of Defence and ASC under the ISSC is to enhance the national submarine sustainment industry through stronger engagement and utilisation of a wider industry base with a best of breed 'Make – Buy' approach which aims to provide long term efficiencies and value for money. The key principles aligned to these outcomes and arrangements are captured in an ISSC Heads of Agreement between Defence and ASC now used to guide the detailed contract negotiations.

#### **4 OBJECTIVES AND SCOPE**

- 4.1 The broad objectives for this review are to determine:
- the optimal commercial arrangements between Defence and ASC to support the delivery of efficient and effective CCSM sustainment, which will be used to guide the ongoing development of the ISSC commercial framework;
  - the appropriate performance goals for sustainment activity, based on world best practice efficiency and effectiveness benchmarks;
  - options for demonstrating value for money in sustainment activity and the supply chain arrangements;
  - opportunities for improvements in management arrangements between ASC, DMO and the RAN to achieve an efficient submarine sustainment business;
  - future infrastructure needs to support the submarine sustainment activity;
  - measures to be implemented by DMO and the RAN to ensure that ASC is able to operate under a performance-based contract; and
  - the subsequent priorities for ASC, DMO and the RAN reform to effect greatest improvement, given time, budget and system constraints.
- 4.2 It is not intended that this review examine or make recommendations regarding ASC's overall governance framework, but rather the commercial and contractual arrangements for submarine sustainment between ASC and DMO.

#### **5 METHOD OF CONDUCT**

- 5.1 This study will be conducted in four phases:
- Phase 1 Mobilisation, scoping analysis and planning – It is proposed to engage the review team on a not to exceed time and materials contract arrangement to undertake the development of the detailed statement of work, deliverables, schedule and planning arrangements through initial consultation between the proposed review team, Defence, Finance and Deregulation and ASC. The outcome of this phase will be a detailed and structured scope of work, to be reviewed by the Government - ASC Steering Committee, with an accurate cost and schedule for its execution. This will form the basis of a contract amendment to complete the main body of the review.

- Phase 2 Data collection, analysis, option and implementation strategy development and interim recommendations – This phase will be based upon the detailed statement of work, deliverables and schedule developed during Phase 1. A key outcome of this phase will be a framework and industry best practice benchmarks against which DMO, the RAN and ASC performance in delivering CCSM sustainment can be assessed.
- Phase 3 Final Report and recommendations – This phase will enable the review team to take feedback and incorporate further clarification to the findings and recommendations based upon the review of the Interim Report by Defence, Finance and Deregulation and ASC.
- Phase 4 Follow Up Review, Analysis and Recommendations – This phase will enable the review team to undertake a progress review of the transition to the new ISSC and assessment of performance against the recommended framework and industry best practice benchmarks.

## 6 TIMING

- 6.1 The initial phase of the study will commence early in the third quarter 2011 to establish and agree the detailed scope of the tasking, establish the planning framework, team administration and support arrangements.
- 6.2 The main body of work is expected to be conducted during the third and fourth quarter of 2011 with an interim report for consideration by the Government - ASC Steering Committee to be received by December 2011 and final Report for consideration by the Government - ASC Steering Committee by March 2012.
- 6.3 A follow up review will be scheduled for the second and third quarter 2012 to coincide with preparations to transition the ISSC into a more mature and robust performance based arrangement.

## 7 SPECIFIC DELIVERABLES

- 7.1 The deliverables from Phase 1 of the review will be a detailed statement of work, outline of proposed deliverables, review schedule, administrative framework and a supporting cost estimate for the conduct of Phase 2, 3 and 4.
- 7.2 Other deliverables will be specified as a result of the contract amendment to incorporate the outcomes from Phase 1 of the review.

### (e) Timeline

Phase 1 report released by Minister for Defence and Minister for Defence Materiel on 13 December 2012.

Phase 2 Draft Report will be provided by the Review Team in April 2012.

### (f) Cost per stage

Phase 1 - \$480,000.

Phase 2 - \$2,717,000 (cost contracted to date; Phase 2 is not fully contracted)

### (g) Anticipated final cost

Under departmental review

### (h) Scheduled reporting date, including any preliminary stages and the final report

Refer to (e) above.

### (i) Reasons why the work was not conducted by senior executive service members of the department

The review, commissioned by Secretary of Department of Finance & Deregulation, Secretary of Department of Defence & Chief Defence Force, is intended to be an independent review, which necessitated the engagement of an external expert.

The review is being led by Dr John Coles, an independent expert from BMT Defence Services in the United Kingdom. Dr Coles has more than 30 years experience in the design, acquisition and sustainment of ships and submarines, principally in the United Kingdom. Between 1997 and 2005 he was the Chief Executive of the United Kingdom's Warship Support Agency (previously the Ships Support Agency), which is responsible for the maintenance and repair of all Royal Navy submarines, ships, and auxiliaries. Between 2005 and 2007 Dr Coles was head of the British Future Aircraft Carrier Project.

**(j) Departmental officer who commissioned the review**

The review was commissioned by Government- ASC Steering Committee, comprising Secretary of Department of Finance & Deregulation, Secretary of Department of Defence & Chief Defence Force.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q70: Consultancies**

**Senator Eggleston provided in writing.**

- (a) How many consultancies have been undertaken this financial year to date?
- (b) 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). Also include total value for all consultancies.
- (c) How many consultancies are planned for this calendar year?
- (d) Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not?
- (e) 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) From July 2011 to April 2012, Defence entered into 394 new consultancy contracts with a total contract value of \$34,463,516 (254 contracts were above \$10,000 with a total value of \$33,745,886).
- (b) For consultancy contracts let between July 2011 and April 2012 greater than \$10,000, the details of consultant's name, the subject matter, the duration and cost of the arrangement and the method of procurement are provided in Table 1.
- (c) Defence systems do not plan for individual consulting contracts as many contracts are a response to current operational and business requirements.
- (d, e) The Defence Annual Procurement Plan (APP) 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 APP will not be shown on AusTender. The consultant's name, duration, costs, method of procurement is not known when financial plans are collated, these details are published on AusTender when the contract is let.



Table 1

**Consultancy reported YTD FY 2011/12  
July 11 to Apr 12 (of value \$10,000 and Above)**

| Count | Consultant Name                     | Start Date | End Date  | AusTender Description   | Procurement Method | Justification | AusTender Contract Value as at 30/04/12 |
|-------|-------------------------------------|------------|-----------|---|--------------------|---------------|---|
|       | <b>JOC</b>                          |            |           |   |                    |               |   |
| 1     | CUBIC APPLICATIONS INC.             | 7-Mar-12   | 31-Jan-13 | Services Of United States Liaison Officer   | Direct             | A             | 270,511                                 |
| 2     | DYNAMIC BUSINESS SYSTEMS PTY LTD    | 4-Dec-11   | 4-Dec-11  | Training Of Unit Staff  | Open               | B             | 17,377                                  |
| 3     | OTEK AUSTRALIA PTY LTD              | 23-Aug-11  | 31-Aug-11 | Provision Of Environment Services   | Direct             | B             | 22,583                                  |
| 4     | PS MANAGEMENT CONSULTANTS           | 7-Jul-11   | 28-Oct-11 | Consultancy - Simulation Procurement  | Select             | A             | 66,000                                  |
| 5     | ROLANDS & ASSOCIATES CORPORATION DB | 27-Feb-12  | 30-Jun-12 | JLTS Training   | Direct             | B             | 12,400                                  |
| 6     | UNMANNED SYSTEMS AUSTRALIA PTY LTD  | 22-Sep-11  | 31-Oct-11 | ADF Joint Combined Training Study   | Direct             | A             | 33,000                                  |
| 6     | <b>JOC Total</b>                    |            |           |   |                    |               | <b>421,870</b>                          |
|       | <b>NAVY</b>                         |            |           |   |                    |               |   |
| 1     | DR ALLAN HAWKE                      | 17-Nov-11  | 31-Dec-11 | Review Of The Future Use Of Royal Australian Navy Base By Visiting Cruise Ships.                  | Direct             | C             | 132,000                                 |
| 2     | NORTON ROSE                         | 8-Nov-11   | 31-Jan-12 | DL0155/2011 - Legal Services  | Open               | B             | 208,948                                 |
| 2     | <b>NAVY Total</b>                   |            |           |   |                    |               | <b>340,948</b>                          |
|       | <b>ARMY</b>                         |            |           |   |                    |               |   |
| 1     | BMD CONSULTING PTY LTD              | 19-Jan-12  | 30-Nov-12 | Civil Works Design Package Army Aboriginal Community Assistance Program 2012                      | Open               | B             | 550,000                                 |
| 1     | <b>ARMY Total</b>                   |            |           |   |                    |               | <b>550,000</b>                          |
|       | <b>Air Force</b>                    |            |           |   |                    |               |   |
| 1     | Australian Government Solicitor     | 1-Jul-11   | 31-Aug-12 | Legal Services  | Open               | B             | 14,048                                  |
| 2     | Capgemini Australia Pty Ltd         | 1-Jul-11   | 31-Jul-12 | Strategic Support   | Open               | C             | 860,630                                 |
| 3     | CIT Solutions Pty Ltd               | 11-Jul-11  | 31-Aug-11 | Scoping study - Air Force aeroskills  | Open               | C             | 40,458                                  |
| 3     | <b>Air Force Total</b>              |            |           |   |                    |               | <b>915,136</b>                          |
|       | <b>CFOG</b>                         |            |           |   |                    |               |   |
| 1     | DELOITTE TOUCHE TOHMATSU            | 18-Jul-11  | 31-Jul-11 | Task 2.4 Foreign Exchange   | Open               | B             | 129,888                                 |
| 2     | DELOITTE TOUCHE TOHMATSU            | 19-Jul-11  | 30-Sep-11 | Review And Analysis Of Budget Management Processes Within Defence                                 | Open               | B             | 61,860                                  |
| 3     | DELOITTE TOUCHE TOHMATSU            | 19-Jul-11  | 31-Oct-11 | Funds For Additional Support Of Internal Funding Requirements, Budget Lines, Cost Assurance Items | Open               | B             | 85,029                                  |

Table 1

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|-----------|------------------------------------|------------|-----------|---|--------------------|---------------|---|
| 4         | DELOITTE TOUCHE TOHMATSU           | 4-Oct-11   | 20-Oct-11 | Budget Analysis Services  | Open               | B             | 132,696                                 |
| 5         | DELOITTE TOUCHE TOHMATSU           | 8-Nov-11   | 18-Nov-11 | Review And Update Of Standardised Financial Management Reports                                | Open               | B             | 126,892                                 |
| 6         | DELOITTE TOUCHE TOHMATSU           | 8-Nov-11   | 18-Nov-11 | Budget Analysis ( Support To Budget Review)   | Open               | B             | 161,354                                 |
| 7         | DELOITTE TOUCHE TOHMATSU           | 9-Nov-11   | 30-Nov-13 | Development Of Standardised Financial Management Reports                                      | Open               | B             | 47,530                                  |
| 8         | DELOITTE TOUCHE TOHMATSU           | 5-Dec-11   | 13-Jan-13 | Task 2.12 Budget Analysis ( Support To Budget Review)   | Open               | B             | 294,293                                 |
| 9         | DELOITTE TOUCHE TOHMATSU           | 27-Feb-12  | 30-Jun-12 | Independent Review Of Resource, Output Management And Accounting Network Indemnities Register | Open               | B             | 224,228                                 |
| 10        | DELOITTE TOUCHE TOHMATSU           | 4-Apr-12   | 5-Apr-12  | Task 2.2 Finrep - To Support Defence's Ongoing Review Of Year End Journals                    | Open               | B             | 21,644                                  |
| 11        | DELOITTE TOUCHE TOHMATSU           | 4-Apr-12   | 30-Jun-12 | Task 2.1 Finrep - To Support Defence's Ongoing Accounting Policy                              | Open               | B             | 67,020                                  |
| 12        | ERNST & YOUNG CONSULTING           | 28-Feb-12  | 30-Jun-12 | Draft Submission To The AASB  | Open               | B             | 80,000                                  |
| 13        | F1 SOLUTIONS                       | 17-Jan-12  | 30-Jun-12 | Access Database Programming Services  | Direct             | B             | 19,800                                  |
| 14        | INNOGENCE LIMITED                  | 15-Mar-12  | 30-Jun-12 | Specialist Advice And Support Services  | Open               | B             | 59,400                                  |
| 15        | JOHN SYMONS AND ASSOCIATES PTY LTD | 7-Dec-11   | 30-Jun-12 | Management Advisory Services  | Direct             | B             | 80,000                                  |
| 16        | KPMG AUSTRALIA                     | 8-Feb-12   | 31-Dec-12 | Financial Statements 10-11  | Select             | A             | 275,000                                 |
| 17        | PRICEWATERHOUSECOOPERS LEGAL       | 7-Mar-12   | 30-Jun-12 | Benchmarking Assessment Of The Finance Shared Services Implementation Plan                    | Open               | C             | 85,000                                  |
| <b>17</b> | <b>CFOG</b>                        |            |           |   |                    |               | <b>1,951,633</b>                        |
|           |                                    |            |           |   |                    |               |   |
|           | <b>CIOG</b>                        |            |           |   |                    |               |   |
| 1         | AQUITAINE CONSULTING PTY LTD       | 22-Dec-11  | 29-Feb-12 | CIOG 412/11 Review Of Defences' Disaster Recovery Readiness                                   | Direct             | C             | 261,855                                 |
| 2         | DLA PIPER AUSTRALIA                | 8-Sep-11   | 31-Dec-11 | DI0134/2011 - Legal Services  | Open               | B             | 75,999                                  |
| 3         | MICROSOFT SERVICES PTY LTD         | 2-Apr-12   | 28-Mar-13 | Software Support And Assistance Services  | Direct             | B             | 5,727,934                               |
| 4         | PRICEWATERHOUSECOOPERS LEGAL       | 19-Jan-12  | 30-Apr-13 | Project And Technical Support Services  | Open               | B             | 32,252                                  |
| 5         | THE NOUS GROUP                     | 14-Dec-11  | 31-May-12 | Management Consultancy Services   | Open               | B             | 143,000                                 |
| <b>5</b>  | <b>CIOG Total</b>                  |            |           |   |                    |               | <b>6,241,040</b>                        |
|           |                                    |            |           |   |                    |               |   |
|           | <b>Defence Support Group</b>       |            |           |   |                    |               |   |
| 1         | AECOM                              | 25-Aug-11  | 29-Feb-12 | Analysis, Contract, Report & Presentation Services  | Open               | B             | 28,600                                  |
| 2         | AECOM                              | 28-Mar-12  | 30-Jun-12 | Undertake Asbestos Surveys  | Select             | B             | 17,357                                  |
| 3         | ASHURST AUSTRALIA                  | 8-Mar-12   | 30-Jun-16 | ID1071/2011 - Legal Services  | Open               | B             | 208,333                                 |
| 4         | ASHURST AUSTRALIA                  | 27-Feb-12  | 30-Apr-12 | DL0020/2012 - Legal Services  | Open               | B             | 15,550                                  |

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|-------|---------------------------------|------------|-----------|--|--------------------|---------------|---|
| 5     | ASHURST AUSTRALIA               | 21-Mar-12  | 30-Jun-12 | DL0118E01/2010 - Legal Services  | Open               | B             | 32,097                                  |
| 6     | ASHURST AUSTRALIA               | 7-Mar-12   | 30-Jun-12 | DL0028/2012 - Legal Services   | Open               | B             | 225,562                                 |
| 7     | ASHURST AUSTRALIA               | 16-Mar-12  | 30-Jun-14 | Probity Advisor  | Direct             | B             | 71,567                                  |
| 8     | AUSTRALIAN GOVERNMENT ACTUARY   | 26-Aug-11  | 30-Jun-12 | Actuarial Services   | Direct             | B             | 91,000                                  |
| 9     | AUSTRALIAN GOVERNMENT SOLICITOR | 17-Jan-12  | 30-Jun-12 | Single Leap - Probity Advice & Services For Phase 2 Project                                      | Select             | B             | 36,300                                  |
| 10    | AUSTRALIAN GOVERNMENT SOLICITOR | 8-Jul-11   | 31-Aug-11 | DL0104/2011-Legal Services   | Open               | B             | 14,511                                  |
| 11    | AUSTRALIAN GOVERNMENT SOLICITOR | 15-Jul-11  | 31-Dec-11 | DL0102011- Legal Services  | Open               | B             | 23,920                                  |
| 12    | AUSTRALIAN GOVERNMENT SOLICITOR | 18-Jul-11  | 31-Aug-11 | DL0113/2011-Legal Services   | Open               | B             | 10,820                                  |
| 13    | AUSTRALIAN GOVERNMENT SOLICITOR | 28-Jul-11  | 31-Aug-11 | DP0105/2011-Legal Services   | Direct             | B             | 14,834                                  |
| 14    | AUSTRALIAN GOVERNMENT SOLICITOR | 5-Aug-11   | 31-Oct-11 | DL0122/2011- Legal Services  | Open               | B             | 11,184                                  |
| 15    | AUSTRALIAN GOVERNMENT SOLICITOR | 5-Aug-11   | 31-Dec-11 | DL0103/2011- Legal Services  | Open               | B             | 27,720                                  |
| 16    | AUSTRALIAN GOVERNMENT SOLICITOR | 17-Aug-11  | 30-Nov-11 | DL0128/2011- Legal Services  | Open               | B             | 25,674                                  |
| 17    | AUSTRALIAN GOVERNMENT SOLICITOR | 17-Aug-11  | 30-Mar-12 | DL0127/2011- Legal Services  | Open               | B             | 11,017                                  |
| 18    | AUSTRALIAN GOVERNMENT SOLICITOR | 25-Aug-11  | 30-Jun-12 | DPE2019/2011 - Legal Services  | Open               | B             | 13,000                                  |
| 19    | AUSTRALIAN GOVERNMENT SOLICITOR | 7-Sep-11   | 30-Nov-11 | DL0137/2011 - Legal Services   | Open               | B             | 20,087                                  |
| 20    | AUSTRALIAN GOVERNMENT SOLICITOR | 7-Sep-11   | 30-Nov-11 | DL0125/2011 - Tied Legal Services  | Direct             | B             | 12,606                                  |
| 21    | AUSTRALIAN GOVERNMENT SOLICITOR | 8-Sep-11   | 31-Jan-12 | DL0135E01/2010 - Tied Legal Services   | Direct             | B             | 104,500                                 |
| 22    | AUSTRALIAN GOVERNMENT SOLICITOR | 8-Sep-11   | 31-Mar-12 | DL0132/2011 - Legal Services   | Open               | B             | 11,637                                  |
| 23    | AUSTRALIAN GOVERNMENT SOLICITOR | 8-Sep-11   | 31-Dec-11 | ID1091/2011 - Legal Services   | Open               | B             | 17,820                                  |
| 24    | AUSTRALIAN GOVERNMENT SOLICITOR | 8-Sep-11   | 31-Dec-11 | DL0133/2011 - Legal Services   | Open               | B             | 11,637                                  |
| 25    | AUSTRALIAN GOVERNMENT SOLICITOR | 27-Sep-11  | 31-Oct-11 | DL0139/2010 - Legal Services   | Open               | B             | 22,100                                  |
| 26    | AUSTRALIAN GOVERNMENT SOLICITOR | 28-Sep-11  | 30-Sep-11 | DL0146/2011 - Legal Services - Tied  | Direct             | B             | 20,092                                  |
| 27    | AUSTRALIAN GOVERNMENT SOLICITOR | 28-Sep-11  | 29-Feb-12 | DL0147/2011 - Legal Services   | Open               | B             | 13,624                                  |
| 28    | AUSTRALIAN GOVERNMENT SOLICITOR | 28-Sep-11  | 31-Dec-11 | DL0145/2011 - Legal Services   | Open               | B             | 12,760                                  |
| 29    | AUSTRALIAN GOVERNMENT SOLICITOR | 29-Sep-11  | 31-Dec-11 | ID1095/2011 - Legal Services   | Open               | B             | 10,428                                  |
| 30    | AUSTRALIAN GOVERNMENT SOLICITOR | 5-Oct-11   | 1-Oct-12  | AZ5160 To A8989 Probity Services For 17 Const. SQN Relocation And Water & Sewerage Treatment Pro | Select             | B             | 32,340                                  |
| 31    | AUSTRALIAN GOVERNMENT SOLICITOR | 7-Oct-11   | 31-Mar-12 | DL0148/2011 - Legal Services   | Open               | B             | 29,568                                  |
| 32    | AUSTRALIAN GOVERNMENT SOLICITOR | 7-Oct-11   | 31-Dec-11 | DL0140/2011 - Tied Legal Services  | Direct             | B             | 37,318                                  |
| 33    | AUSTRALIAN GOVERNMENT SOLICITOR | 1-Dec-11   | 29-Feb-12 | DL0179/2011- Tied Legal Services   | Direct             | B             | 10,230                                  |
| 34    | AUSTRALIAN GOVERNMENT SOLICITOR | 6-Dec-11   | 31-Jan-12 | DL0181/2011- Legal Services - Tied Work  | Open               | B             | 33,605                                  |
| 35    | AUSTRALIAN GOVERNMENT SOLICITOR | 14-Dec-11  | 30-Apr-12 | DL0185/2011 - Tied Work  | Direct             | B             | 10,778                                  |
| 36    | AUSTRALIAN GOVERNMENT SOLICITOR | 23-Dec-11  | 29-Feb-12 | DL0190/2011- Tied Legal Services   | Direct             | B             | 11,017                                  |

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|-------|-----------------------------------|------------|-----------|--|--------------------|---------------|---|
| 37    | AUSTRALIAN GOVERNMENT SOLICITOR   | 23-Dec-11  | 30-Jun-12 | DL0191/2011 - Legal Services   | Open               | B             | 15,081                                  |
| 38    | AUSTRALIAN GOVERNMENT SOLICITOR   | 30-Jan-12  | 28-Feb-12 | DL0003/2012 - Legal Services   | Open               | B             | 11,628                                  |
| 39    | AUSTRALIAN GOVERNMENT SOLICITOR   | 21-Feb-12  | 31-May-12 | DL0012/2012 - Legal Services   | Open               | B             | 10,230                                  |
| 40    | AUSTRALIAN GOVERNMENT SOLICITOR   | 21-Feb-12  | 31-Mar-12 | DL0015/2012 - Tied Work  | Direct             | B             | 11,875                                  |
| 41    | AUSTRALIAN GOVERNMENT SOLICITOR   | 27-Feb-12  | 30-Jun-12 | DPE2000/2012 - Legal Services  | Open               | B             | 11,413                                  |
| 42    | AUSTRALIAN GOVERNMENT SOLICITOR   | 8-Mar-12   | 30-May-12 | DL0032/2012 - Legal Services   | Open               | B             | 15,345                                  |
| 43    | AUSTRALIAN GOVERNMENT SOLICITOR   | 14-Mar-12  | 30-Apr-12 | DL0029/2012 - Legal Services   | Open               | B             | 47,514                                  |
| 44    | AUSTRALIAN GOVERNMENT SOLICITOR   | 15-Mar-12  | 30-Apr-12 | DL0034/2012 - Legal Services   | Open               | B             | 10,808                                  |
| 45    | AUSTRALIAN GOVERNMENT SOLICITOR   | 11-Apr-12  | 30-May-12 | DL0046/2012 - Legal Services   | Open               | B             | 10,450                                  |
| 46    | AUSTRALIAN MEDICO-LEGAL GROUP PTY | 20-Sep-11  | 30-Jun-12 | Injury Management Services   | Open               | B             | 110,000                                 |
| 47    | BLAKE DAWSON WALDRON              | 14-Sep-11  | 30-Jun-12 | DPE2002/2011 - Legal Services  | Open               | B             | 23,047                                  |
| 48    | BLAKE DAWSON WALDRON              | 18-Jul-11  | 31-Oct-11 | DL0119E02/2008 - Legal Services  | Open               | B             | 13,850                                  |
| 49    | BLAKE DAWSON WALDRON              | 19-Jul-11  | 31-Dec-11 | DL0100/2011- Legal Services  | Open               | B             | 16,064                                  |
| 50    | BLAKE DAWSON WALDRON              | 27-Jul-11  | 31-Oct-11 | DPE2011/2011 - Legal Services  | Open               | B             | 12,785                                  |
| 51    | BLAKE DAWSON WALDRON              | 2-Aug-11   | 30-Jun-12 | DL0100E01/2009 - Legal Services  | Open               | B             | 41,580                                  |
| 52    | BLAKE DAWSON WALDRON              | 14-Sep-11  | 30-Dec-11 | ID1076/2011- Legal Services  | Open               | B             | 393,105                                 |
| 53    | BLAKE DAWSON WALDRON              | 14-Sep-11  | 15-Dec-11 | ID1076E01/2011 - Legal Services  | Open               | B             | 12,440                                  |
| 54    | BLAKE DAWSON WALDRON              | 28-Sep-11  | 31-Oct-11 | DL0111/2011 - Legal Services   | Open               | B             | 19,035                                  |
| 55    | BLAKE DAWSON WALDRON              | 9-Dec-11   | 30-Jun-12 | ID1097/2011 Legal Services   | Open               | B             | 94,807                                  |
| 56    | BLAKE DAWSON WALDRON              | 14-Nov-11  | 30-Apr-12 | DL0164/2011- Legal Services  | Open               | B             | 49,421                                  |
| 57    | BLAKE DAWSON WALDRON              | 23-Nov-11  | 30-Jun-12 | DPE2011EO1/2011 - Legal Services   | Open               | B             | 48,306                                  |
| 58    | BLAKE DAWSON WALDRON              | 6-Dec-11   | 31-Jan-12 | ID1112/2011 Legal Services   | Open               | B             | 15,261                                  |
| 59    | BLAKE DAWSON WALDRON              | 10-Jan-12  | 29-Feb-12 | Provision Of Probity Services For DSTO Reinvestment In ADF Specific Facilities | Direct             | C             | 25,090                                  |
| 60    | BLAKE DAWSON WALDRON              | 7-Feb-12   | 30-Mar-13 | ID1000/2012 - Legal Services   | Open               | B             | 51,651                                  |
| 61    | BLAKE DAWSON WALDRON              | 9-Feb-12   | 30-Jun-12 | ID1066E01/2009 - Legal Services  | Open               | B             | 16,804                                  |
| 62    | CHG                               | 20-Sep-11  | 30-Jun-12 | Injury Management Services   | Open               | C             | 110,001                                 |
| 63    | CLAYTON UTZ                       | 26-Aug-11  | 30-Sep-11 | DL0099/2011-Legal Services   | Open               | B             | 76,536                                  |
| 64    | CLAYTON UTZ                       | 27-Oct-11  | 30-May-12 | ID1047/2011-Legal Services   | Open               | B             | 40,468                                  |
| 65    | CLAYTON UTZ                       | 14-Jul-11  | 30-Jun-13 | ID1068/2011 - Legal Services   | Open               | B             | 21,130                                  |
| 66    | CLAYTON UTZ                       | 9-Feb-12   | 30-Jun-12 | DL0107/2011-Legal Services   | Open               | B             | 31,680                                  |
| 67    | CLAYTON UTZ                       | 28-Jul-11  | 31-Dec-11 | ID1072/2011 - Legal Services   | Open               | B             | 69,025                                  |

Table 1

**Consultancy reported YTD FY 2011/12  
July 11 to Apr 12 (of value \$10,000 and Above)**

| Count | Consultant Name                   | Start Date | End Date  | AusTender Description   | Procurement Method | Justification | AusTender Contract Value as at 30/04/12 |
|-------|-----------------------------------|------------|-----------|---|--------------------|---------------|---|
| 68    | CLAYTON UTZ                       | 6-Oct-11   | 31-Dec-11 | ID10772011- Legal Services  | Open               | B             | 70,840                                  |
| 69    | CLAYTON UTZ                       | 6-Dec-11   | 30-Jun-12 | ID1080/2011 - Legal Services  | Open               | B             | 108,376                                 |
| 70    | CLAYTON UTZ                       | 8-Sep-11   | 30-Dec-11 | ID1082/2011 - Legal Services  | Open               | B             | 59,550                                  |
| 71    | CLAYTON UTZ                       | 8-Sep-11   | 30-Sep-11 | DL0126/2011 - Legal Services  | Open               | B             | 19,547                                  |
| 72    | CLAYTON UTZ                       | 14-Sep-11  | 31-Oct-11 | DL0089/2011 - Legal Services  | Open               | B             | 41,338                                  |
| 73    | CLAYTON UTZ                       | 17-Jan-12  | 30-Jun-12 | DL0015E02/2010 - Legal Services   | Open               | B             | 139,810                                 |
| 74    | CLAYTON UTZ                       | 25-Oct-11  | 31-Jan-12 | ID11114E01/2011 - Legal Services  | Open               | B             | 38,095                                  |
| 75    | CLAYTON UTZ                       | 18-Oct-11  | 30-Jun-12 | DL0142/2011 - Legal Services  | Open               | B             | 279,840                                 |
| 76    | CLAYTON UTZ                       | 10-Nov-11  | 31-Mar-12 | DL0165/2011 - Legal Services  | Open               | B             | 41,540                                  |
| 77    | CLAYTON UTZ                       | 18-Nov-11  | 30-Jun-13 | ID1102/2011 Legal Services  | Open               | B             | 120,000                                 |
| 78    | CLAYTON UTZ                       | 18-Nov-11  | 30-Jan-15 | ID1051/2011 Legal Services  | Open               | B             | 265,962                                 |
| 79    | CLAYTON UTZ                       | 6-Dec-11   | 30-Jun-12 | ID1108/2011 Legal Services  | Open               | B             | 37,840                                  |
| 80    | CLAYTON UTZ                       | 6-Dec-11   | 30-Jun-12 | ID1032E03/2009 Legal Services   | Open               | B             | 38,250                                  |
| 81    | CLAYTON UTZ                       | 2-Feb-12   | 30-Jun-12 | DL0184/2011- Legal Services   | Open               | B             | 195,250                                 |
| 82    | CLAYTON UTZ                       | 30-Jan-12  | 29-Feb-12 | DL0183/2011 - Legal Services  | Open               | B             | 13,520                                  |
| 83    | CLAYTON UTZ                       | 3-Feb-12   | 30-Jun-12 | ID1001/2012 - Legal Services  | Open               | B             | 189,470                                 |
| 84    | CLAYTON UTZ                       | 7-Feb-12   | 30-Jun-12 | ID1057E03/2010 - Legal Services   | Open               | B             | 89,115                                  |
| 85    | CLAYTON UTZ                       | 9-Feb-12   | 30-Apr-12 | ID1006/2012 - Legal Services  | Open               | B             | 15,070                                  |
| 86    | CLAYTON UTZ                       | 20-Feb-12  | 30-Jun-13 | DL0013/2012 - Legal Services  | Open               | B             | 60,451                                  |
| 87    | CLAYTON UTZ                       | 21-Feb-12  | 30-Jun-12 | ID1004/2012 - Legal Services  | Open               | B             | 16,478                                  |
| 88    | CLAYTON UTZ                       | 29-Feb-12  | 30-Jun-12 | DL0018/2012 - Legal Services  | Open               | B             | 35,530                                  |
| 89    | CLAYTON UTZ                       | 10-Apr-12  | 30-Jun-12 | DL0017/2012 - Legal Services  | Open               | B             | 45,006                                  |
| 90    | CLAYTON UTZ                       | 16-Mar-12  | 30-Dec-12 | ID1013/2012 - Legal Services  | Open               | B             | 25,080                                  |
| 91    | CLAYTON UTZ                       | 29-Mar-12  | 31-May-12 | DL0038/2011 - Legal Services  | Open               | B             | 33,292                                  |
| 92    | COFFEY ENVIROMENTS AUSTRALIA      | 28-Feb-12  | 30-Jun-12 | Fire Safety Surveys   | Open               | B             | 404,023                                 |
| 93    | COFFEY ENVIROMENTS AUSTRALIA      | 3-Apr-12   | 3-Apr-12  | Review Of Risk Assessment Report  | Direct             | B             | 27,280                                  |
| 94    | COGENT BUSINESS SOLUTIONS PTY LTD | 21-Dec-11  | 12-Mar-12 | Management Advisory Services For Independent Chairperson For Negotiations | Open               | A             | 27,500                                  |
| 95    | COGENT BUSINESS SOLUTIONS PTY LTD | 23-Jan-12  | 30-Jun-12 | Base Support Operations   | Open               | B             | 75,880                                  |
| 96    | COGENT BUSINESS SOLUTIONS PTY LTD | 10-Apr-12  | 31-May-12 | Review Of Management Of Canberra Offices Space                            | Open               | B             | 40,460                                  |
| 97    | DELOITTE                          | 21-Oct-11  | 16-Dec-11 | Financial Reform Review   | Open               | B             | 233,000                                 |
| 98    | DEPT OF FINANCE & ADMINISTRATION  | 20-Mar-12  | 30-Jun-12 | Actuarial Services  | Direct             | B             | 19,500                                  |
| 99    | DLA PIPER AUSTRALIA               | 20-Sep-11  | 30-Apr-12 | DL01162011- Legal Services  | Open               | B             | 40,888                                  |

Table 1

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| Count | Consultant Name                   | Start Date | End Date  | AusTender Description   | Procurement Method | Justification | AusTender Contract Value as at 30/04/12 |
|-------|-----------------------------------|------------|-----------|---|--------------------|---------------|---|
| 100   | DLA PIPER AUSTRALIA               | 5-Aug-11   | 30-Sep-11 | DL0123/2011- Legal Services   | Open               | B             | 11,330                                  |
| 101   | DLA PIPER AUSTRALIA               | 27-Feb-12  | 30-Jun-12 | ID1078/2011 - Legal Services  | Open               | B             | 82,474                                  |
| 102   | DLA PIPER AUSTRALIA               | 16-Sep-11  | 30-Jun-12 | DPE2020/2011 - Legal Services   | Open               | B             | 15,005                                  |
| 103   | DLA PIPER AUSTRALIA               | 18-Oct-11  | 30-Dec-11 | DL0151/2011 - Legal Services  | Open               | B             | 12,111                                  |
| 104   | DLA PIPER AUSTRALIA               | 20-Oct-11  | 31-Mar-12 | DL0161/2011 - Legal Services  | Open               | B             | 73,508                                  |
| 105   | DLA PIPER AUSTRALIA               | 28-Oct-11  | 30-Jun-12 | DL0162/2011 - Legal Services  | Open               | B             | 13,640                                  |
| 106   | DLA PIPER AUSTRALIA               | 17-Jan-12  | 30-Jun-12 | DL0195/2011- Legal Services   | Open               | B             | 17,369                                  |
| 107   | DLA PIPER AUSTRALIA               | 27-Feb-12  | 30-Apr-12 | DL0019/2012 - Legal Services  | Open               | B             | 20,592                                  |
| 108   | ESRI-AUSTRALIA PTY LTD            | 21-Sep-11  | 28-Feb-12 | Specialist Act Practitioner   | Direct             | B             | 22,000                                  |
| 109   | I & S K PAUZA                     | 21-Sep-11  | 31-Jan-12 | Competency Profile Workshop And Report  | Direct             | B             | 21,120                                  |
| 110   | JAMES CANNON                      | 6-Dec-11   | 30-Jun-12 | Public Relation Services  | Direct             | B             | 31,116                                  |
| 111   | KPMG                              | 12-Sep-11  | 26-Sep-11 | Conduct Desktop Forensic Audits   | Open               | B             | 43,000                                  |
| 112   | KPMG                              | 12-Sep-11  | 12-Sep-11 | Conduct Spend Analysis & Categorisation For Non Equipment Procurement Professional Services         | Open               | B             | 90,910                                  |
| 113   | KPMG AUSTRALIA                    | 4-Aug-11   | 30-Nov-11 | Support To Pay And Entitlement Calculators, Data Analysis Activities And Maintenance Of Excel Tools | Direct             | B             | 329,760                                 |
| 114   | MALLESONS STEPHEN JAQUES          | 31-Oct-11  | 31-Dec-11 | DL0087/2010 - Legal Services  | Direct             | B             | 93,000                                  |
| 115   | MCKINSEY PACIFIC RIM INC          | 21-Mar-12  | 15-Apr-12 | Strategic Planning Consultation Services  | Open               | B             | 1,200,001                               |
| 116   | MEDIBANK HEALTH SOLUTIONS PTY LTD | 28-Oct-11  | 30-Jun-12 | Injury Management Services.   | Open               | C             | 110,001                                 |
| 117   | MINTER ELLISON                    | 12-Jul-11  | 30-Jun-13 | ID1064/2011 - Legal Services  | Open               | B             | 28,945                                  |
| 118   | MINTER ELLISON                    | 2-Aug-11   | 30-Nov-11 | DL0118/2011- Legal Services   | Open               | B             | 14,739                                  |
| 119   | MINTER ELLISON                    | 17-Aug-11  | 31-Dec-14 | ID1074/11- Legal Services   | Open               | B             | 77,484                                  |
| 120   | MINTER ELLISON                    | 26-Aug-11  | 21-Oct-11 | ID1086/20011- -Legal Services   | Open               | B             | 12,738                                  |
| 121   | MINTER ELLISON                    | 7-Sep-11   | 30-Jun-12 | DPE2022/2011 - Legal Services   | Open               | B             | 15,928                                  |
| 122   | MINTER ELLISON                    | 22-Nov-11  | 30-Mar-12 | ID1092/2011 - Legal Services  | Open               | B             | 60,268                                  |
| 123   | MINTER ELLISON                    | 2-Feb-12   | 30-Apr-12 | ID1089/2011 - Legal Services  | Open               | B             | 55,267                                  |
| 124   | MINTER ELLISON                    | 29-Sep-11  | 31-Dec-11 | ID1094/2008 - Legal Services  | Open               | B             | 25,850                                  |
| 125   | MINTER ELLISON                    | 31-Oct-11  | 31-Jan-12 | DL0153/2011 - Legal Services  | Open               | B             | 226,603                                 |
| 126   | MINTER ELLISON                    | 4-Nov-11   | 30-Jun-12 | DL0159/2011 - Legal Services  | Open               | B             | 154,484                                 |
| 127   | MINTER ELLISON                    | 7-Feb-12   | 30-Apr-12 | DL0171/2011 - Legal Services  | Open               | B             | 32,694                                  |
| 128   | MINTER ELLISON                    | 24-Nov-11  | 30-Apr-12 | DL0170/2011- Legal Services   | Open               | B             | 88,239                                  |
| 129   | MINTER ELLISON                    | 1-Dec-11   | 30-Jun-12 | DL0166/2011- Legal Services   | Open               | B             | 56,584                                  |
| 130   | MINTER ELLISON                    | 19-Dec-11  | 31-Mar-12 | DL0188/2011- Legal Services   | Open               | B             | 36,379                                  |

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| Count | Consultant Name                  | Start Date | End Date  | AusTender Description  | Procurement Method | Justification | AusTender Contract Value as at 30/04/12 |
|-------|----------------------------------|------------|-----------|--|--------------------|---------------|---|
| 131   | MINTER ELLISON                   | 30-Jan-12  | 30-Jun-12 | DL0001/2012 - Legal Services   | Open               | B             | 171,998                                 |
| 132   | MINTER ELLISON                   | 9-Feb-12   | 30-Apr-12 | DL0008/2012 - Legal Services   | Open               | B             | 11,163                                  |
| 133   | MINTER ELLISON                   | 27-Feb-12  | 31-May-12 | ID1008/2012 - Legal Services   | Open               | B             | 11,921                                  |
| 134   | MINTER ELLISON                   | 27-Feb-12  | 1-May-12  | DL0021/2012 - Legal Services   | Open               | B             | 11,000                                  |
| 135   | MINTER ELLISON                   | 29-Mar-12  | 31-May-12 | DL0043/2012 - Legal Services   | Open               | B             | 72,545                                  |
| 136   | MLCOA                            | 1-Feb-12   | 30-Jun-12 | Injury Management Services   | Open               | B             | 330,000                                 |
| 137   | NORTON ROSE                      | 12-Oct-11  | 31-Dec-11 | ID1096/2011 - Legal Services   | Open               | B             | 12,370                                  |
| 138   | NORTON ROSE                      | 18-Oct-11  | 30-Dec-11 | ID1097E04/2010 - Legal Services  | Open               | B             | 15,280                                  |
| 139   | NORTON ROSE                      | 27-Oct-11  | 30-Jun-12 | ID109892011 - Legal Services   | Open               | B             | 11,212                                  |
| 140   | NORTON ROSE                      | 8-Nov-11   | 30-Jun-12 | DL0169/2011 - Legal Services   | Open               | B             | 129,700                                 |
| 141   | NORTON ROSE                      | 17-Jan-12  | 30-Jun-12 | ID1113/2011 Legal Services   | Open               | B             | 18,790                                  |
| 142   | NORTON ROSE                      | 17-Jan-12  | 31-Mar-12 | DL0177/2011- Legal Services  | Open               | B             | 48,804                                  |
| 143   | NORTON ROSE                      | 28-Mar-12  | 30-Jun-12 | DL0039/2012 - Legal Services   | Open               | B             | 69,400                                  |
| 144   | PAXUS AUSTRALIA PTY LTD          | 10-Feb-12  | 28-Sep-12 | Support For Future Acquisition Strategy For Delivery Of Base Services. | Open               | B             | 228,690                                 |
| 145   | PROVIDENCE CONSULTING GROUP PL   | 15-Feb-12  | 30-Jun-12 | Base Security Improvement Program                                      | Select             | B             | 129,800                                 |
| 146   | RECOVRE                          | 21-Sep-11  | 30-Jun-12 | Injury Management Services   | Open               | C             | 110,001                                 |
| 147   | SAP AUSTRALIA PTY LTD            | 19-Sep-11  | 31-May-12 | Garrison Estate Management System                                      | Direct             | B             | 31,287                                  |
| 148   | SINCLAIR KNIGHT MERZ DEFENCE P/L | 20-Feb-12  | 30-Jun-13 | Estate Data Validation And Development Program.                        | Select             | B             | 550,000                                 |
| 149   | SKM                              | 20-Mar-12  | 30-Jun-12 | Training Area Sustainability Education                                 | Select             | B             | 33,659                                  |
| 150   | SPARKE HELMORE                   | 4-Oct-11   | 1-Sep-12  | Probity Services   | Select             | B             | 66,334                                  |
| 151   | SPARKE HELMORE                   | 12-Aug-11  | 31-Dec-11 | ID1079/2011- Legal Services  | Open               | B             | 17,905                                  |
| 152   | SPARKE HELMORE                   | 8-Sep-11   | 30-Nov-11 | ID1090/2011 - Legal Services   | Open               | B             | 79,745                                  |
| 153   | SPARKE HELMORE                   | 8-Sep-11   | 31-Dec-11 | DL0131/2011 - Legal Services   | Open               | B             | 41,000                                  |
| 154   | SPARKE HELMORE                   | 13-Sep-11  | 28-Feb-13 | DL0115/2011 - Legal Services   | Open               | B             | 181,275                                 |
| 155   | SPARKE HELMORE                   | 13-Oct-11  | 31-Dec-11 | DL0157/2011 - Legal Services   | Open               | B             | 18,210                                  |
| 156   | SPARKE HELMORE                   | 18-Oct-11  | 30-Dec-11 | DL0160/2011 - Legal Services   | Open               | B             | 19,460                                  |
| 157   | SPARKE HELMORE                   | 25-Nov-11  | 28-Feb-12 | DL0174/2011- Legal Services  | Open               | B             | 79,500                                  |
| 158   | SPARKE HELMORE                   | 7-Dec-11   | 28-Feb-12 | DL0182/2011- Legal Services  | Open               | B             | 40,125                                  |
| 159   | SPARKE HELMORE                   | 9-Dec-11   | 30-Jun-13 | ID1109/2011 Legal Services   | Open               | B             | 79,090                                  |
| 160   | SPARKE HELMORE                   | 22-Dec-11  | 1-Mar-12  | DL0189/2011- Legal Services  | Open               | B             | 37,000                                  |
| 161   | SPARKE HELMORE                   | 9-Jan-12   | 1-Nov-13  | Planning Phase - Probity Services                                      | Open               | B             | 54,024                                  |
| 162   | SPARKE HELMORE                   | 27-Feb-12  | 30-Jun-12 | ID1005/2012 - Legal Services   | Open               | B             | 32,520                                  |

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|------------|------------------------------------|------------|-----------|---|--------------------|---------------|---|
| 163        | SPARKE HELMORE                     | 16-Mar-12  | 30-Dec-12 | Probity Services  | Select             | B             | 113,520                                 |
| 164        | SPARKE HELMORE                     | 12-Apr-12  | 30-Jun-12 | DL0051/2012 - Legal Services  | Open               | B             | 39,850                                  |
| 165        | URS AUSTRALIA PTY LTD              | 11-Oct-11  | 30-Jun-12 | Environmental Consultancy Services For N2232 Hams Watson Redevelopment                        | Select             | B             | 63,382                                  |
| <b>165</b> | <b>Defence Support Group Total</b> |            |           |   |                    |               | <b>11,619,094</b>                       |
|            |                                    |            |           |   |                    |               |   |
|            | <b>INT-SEC</b>                     |            |           |   |                    |               |   |
| 1          | ARCHITED PTY LIMITED               | 15-Feb-12  | 30-Jun-12 | Design Specification  | Direct             | B             | 12,953                                  |
| 2          | AUSTRALIAN VALUATION OFFICE        | 25-Jan-12  | 30-Jun-12 | Annual Revaluation Assessment   | Direct             | B             | 50,000                                  |
| 3          | BECA CONSULTANTS PTY LTD           | 1-Aug-11   | 31-Aug-11 | Organisational Structure & Business Process Review For The Australian Security Vetting Agency | Open               | B             | 75,000                                  |
| 4          | DAY & HODGE ASSOCIATES             | 1-Aug-11   | 16-Dec-11 | Security Awards Project Plan And Communications Material                                      | Direct             | B             | 27,126                                  |
| 5          | ERNST & YOUNG CONSULTING           | 29-Mar-12  | 30-Jun-12 | Assess Organisational Restructure Requirement Of Its Group Branch Operating Models            | Open               | B             | 252,177                                 |
| 6          | IAN CARNELL PTY LTD                | 14-Dec-11  | 1-Feb-12  | Independent Review  | Direct             | C             | 25,300                                  |
| 7          | ICON RECRUITMENT                   | 22-Jul-11  | 30-Jun-12 | Independent Advise To Capability Assurance On It Infrastructure Library Framework             | Direct             | C             | 305,653                                 |
| 8          | INTEGRAL CONSULTING SERVICES       | 12-Apr-12  | 30-Oct-12 | Business Requirement Identification   | Open               | B             | 205,920                                 |
| 9          | LOCKHEED MARTIN AUSTRALIA PTY LTD  | 16-Dec-11  | 31-Jan-12 | Review Of Corporate Governance Processes  | Open               | B             | 142,554                                 |
| 10         | MARTIN BRADY                       | 13-Jan-12  | 10-Apr-12 | Review Services   | Direct             | C             | 88,000                                  |
| 11         | MERCER                             | 10-Feb-12  | 30-Jul-12 | Organisational Structure Review   | Direct             | B             | 510,300                                 |
| 12         | NEW INTELLIGENCE                   | 14-Mar-12  | 30-Apr-12 | Psycholinguistics Training  | Direct             | B             | 16,509                                  |
| 13         | REMOTE PTY LTD                     | 22-Feb-12  | 30-Apr-12 | Project Planning Services   | Open               | B             | 21,606                                  |
| 14         | RUDDS CONSULTING ENGINEERS         | 15-Feb-12  | 30-Jun-12 | Design Specification  | Direct             | B             | 17,248                                  |
| 15         | STANCERT PTY LTD                   | 2-Dec-11   | 31-Mar-12 | Audit Of Compliance With Protective Security Policy Framework                                 | Open               | C             | 91,000                                  |
| <b>15</b>  | <b>INT-SEC Total</b>               |            |           |   |                    |               | <b>1,841,345</b>                        |
|            |                                    |            |           |   |                    |               |   |
|            | <b>PSPG</b>                        |            |           |   |                    |               |   |
| 1          | AERIAL CONSULTANCY                 | 22-Mar-12  | 8-Jun-12  | Quality Assurance   | Direct             | B             | 27,500                                  |
| 2          | CENTRAL DESERT TRAINING            | 9-Feb-12   | 30-Dec-12 | Provision Of Mentor Services To The Defence Indigenous Development Program                    | Direct             | B             | 550,000                                 |
| 3          | CLAYTON UTZ                        | 2-Feb-12   | 30-Apr-12 | ID1052E01/2011 - Legal Services   | Open               | B             | 112,284                                 |
| 4          | DELOITTE TOUCHE TOHMATSU           | 20-Jul-11  | 14-Oct-11 | Development Of Operating Model To Conduct Business Process And Workforce Analysis             | Open               | B             | 303,050                                 |

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|------------|-----------------------------------|------------|-----------|--|--------------------|---------------|---|
| 5          | DELOITTE TOUCHE TOHMATSU          | 14-Mar-12  | 30-Jun-12 | APS Medical Officer Work Classification Review   | Select             | B             | 107,282                                 |
| 6          | ERNST & YOUNG CONSULTING          | 1-Nov-11   | 30-Jun-12 | Review Of Defence Assistance Scheme  | Select             | B             | 182,600                                 |
| 7          | FUTURETRAIN                       | 2-Mar-12   | 30-Jun-12 | Development Of A Diversity Awareness Training Package For Defence.                         | Select             | B             | 52,723                                  |
| 8          | I & S K PAUZA                     | 5-Apr-12   | 8-Jun-12  | Education And Training Services  | Direct             | B             | 36,300                                  |
| 9          | KPMG                              | 13-Mar-12  | 31-May-12 | Delivery Of HR Shared Services Program   | Open               | B             | 5,472,300                               |
| 10         | MERCER                            | 6-Feb-12   | 24-Apr-12 | Industrial Relations Benchmarking Of Australian Defence Force Legal Officers               | Direct             | C             | 35,857                                  |
| 11         | MULGA GIDGEE                      | 16-Feb-12  | 30-Jun-12 | Development Of Indigenous Employment Strategy  | Direct             | B             | 77,000                                  |
| 12         | NORTHCOTT PARTNERS PTY LTD        | 30-Jan-12  | 30-Jun-12 | Develop And Provide User Documentation And Internal Workflow Processes For Tracking System | Open               | B             | 124,146                                 |
| 13         | PEOPLEBANK                        | 27-Mar-12  | 30-Jun-12 | Development Of System Enhancements To Learning Management System                           | Select             | B             | 81,139                                  |
| 14         | TALENT2                           | 20-Feb-12  | 30-Jun-12 | Supplying The Technology To Develop E-Learning Course.                                     | Select             | B             | 44,550                                  |
| 15         | THE NOUS GROUP                    | 29-Feb-12  | 6-Mar-12  | Facilitation Of Divisional Planning Day  | Open               | B             | 14,505                                  |
| 16         | TRAINING SYSTEMS SERVICES PTY LTD | 17-Feb-12  | 29-Feb-12 | Updates Of Campus Courses  | Open               | C             | 17,765                                  |
| 17         | YOUNG & RUBICAM BRANDS            | 7-Jul-11   | 30-Sep-12 | Review Of Social Media & Defence   | Open               | C             | 233,989                                 |
| <b>17</b>  | <b>PSPG Total</b>                 |            |           |  |                    |               | <b>7,472,989</b>                        |
| <b>254</b> | <b>Total</b>                      |            |           |  |                    |               | <b>33,745,886</b>                       |

|     |   |
|-----|---|
| A - | Skills currently unavailable within agency  |
| B - | Need for specialised or professional skills |
| C - | Need for independent research or assessment |

|                          |            | Value             |
|--------------------------|------------|-------------------|
| <b>Total Contracts =</b> | <b>394</b> | <b>34,463,516</b> |
| Above \$10k =            | 254        | 33,745,886        |
| Below \$10k =            | 140        | 717,630           |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q71: Media Monitoring**

**Senator Eggleston provided in writing.**

- (a) What was the total cost of media monitoring services, including press clippings, electronic media transcripts etcetera, provided to the Minister's office for this financial year to date?
- (b) Which agency or agencies provided these services?
- (c) What is the estimated budget to provide these same services for the year 2011-12?
- (d) What has been spent providing these services this financial year to date?
- (e) What was the total cost of media monitoring services, including press clippings, electronic media transcripts etcetera, provided to the department/agency for this financial year to date?
- (f) Which agency or agencies provided these services?
- (g) What is the estimated budget to provide these same services for the year 2011-12?
- (h) What has been spent providing these services this financial year to date?

**Response:**

- (a) The table below provides details against each office for expenditure on media monitoring, exclusive of GST for the financial year 2011-12 as at 31 May 2012.

| <b>Office of the</b>                                    | <b>Expenditure FY<br/>2011-12 to 31 May<br/>2012</b> |
|---|--|
| Minister for Defence (Smith)                            | \$47,140   |
| Minister for Defence Materiel (Clare)                   | \$8,493  |
| Minister for Defence Science and Personnel<br>(Snowdon) | \$594  |
| Parliamentary Secretary for Defence (Feeney)            | \$3,778  |
| Parliamentary Secretary for Defence (Kelly)             | \$262  |

|  |                 |
|--|-----------------|
| Former Minister for Defence Materiel (Carr ) | Nil             |
| <b>Total</b>                                 | <b>\$60,267</b> |

- (b) These services are provided by Sentia Media (formerly known as Media Monitors).
- (c) There is not a specific amount budgeted for each ministerial office's use of media monitoring.
- (d) The total year to date expenditure for the provision of these services up to 31 May 2012 for all Ministerial offices is \$60,267.
- (e) The department's expenditure on media monitoring services in 2011-12 to 31 May 2012 is \$699,310.
- (f) These services are provided by Sentia Media (formerly known as Media Monitors), with occasional service provided by Stratfor – Global Intelligence and AAP.
- (g) The estimated departmental budget for media monitoring in 2011-12 is \$505,250.
- (h) The total to date expenditure for the provision services to the department up to 31 May 2012 is \$699,310.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q72: Social Media

Senator Eggleston provided in writing.

Has there been any changes to department and agency social media or protocols about staff access and usage of YouTube; online social media, such as Facebook, MySpace and Twitter; and access to online discussions forums and blogs since publication of the Australian Public Service Commission's Circular 2012/1: *Revisions to the Commission's guidance on making public comment and participating online*? If yes, please explain and provide copies of any advice that has been issued. If no, please explain why not.

#### Response:

On 7 March 2012, the Minister for Defence, Secretary of the Department of Defence and Chief of the Defence Force released the *Reviews into Defence Culture* and the Defence response to the *Reviews: Pathway to Change: Evolving Defence Culture*.

The *Review of Social Media in Defence* was released as one of these reviews. The *Review of Social Media in Defence* examined the impact of the use of social media in Defence, with the aim of developing measures to ensure that the use of new technologies is consistent with ADF and Defence values.

The Government agreed the seven recommendations of the *Review of Social Media in Defence*. Immediate and specific initiatives include:

- All policies relating to the use of social media are to be reviewed, including guidelines, to ensure they are consistent with the overall social media policy and engagement principles
- Defence should consider reviewing social media training and the way it is prioritised and delivered in order to ensure consistency, including relevant resources, guidelines and support mechanisms
- Resources will be provided to support the understanding and management of social media in Defence.

In progressing the recommendations of the *Review of Social Media in Defence*, Defence will be conscious of, and give due consideration to, the Australian Public Service Commission's Circular 2012/1: *Revisions to the Commission's guidance on making public comment and participating online*. No advice has been issued subsequent to the review.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTION ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### **Q73: Contractors**

**Senator Eggleston provided in writing.**

For this financial year to date:

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

- (j) What contractors have been employed by the department/agency? If yes, provide details (including the work undertaken and the cost).

**Response:**

- (a) Hawker Britton – No.
- (b) Shannon’s Way – No.
- (c) John Utting & UMR Research Group – No.
- (d) McCann-Erickson – No.
- (e) Cutting Edge – No.
- (f) Ikon Communications – No.
- (g) CMAX Communications – No.
- (h) Boston Consulting Group – Yes. Payments totalling \$13,928,855 were made to Boston Consulting Group for the financial year 2011-12 for services relating to the review of the Defence Capability Plan as well as project management and contract services for the Chief Information Officer Group.
- (i) McKinsey & Company – Yes. Payments totalling \$3,641,999 were made to McKinsey & Company for the financial year 2011-12 relating to advice on the implementing of shared services across Defence as well as providing strategic planning consultation services.
- (j) During 2011-12 Defence entered into contracts with 4053 contractors totalling \$10.5b. Details of contracts are published on the Austender website <http://www.tenders.gov.au>. Due to the breadth and complexity of the question, information on the work undertaken by each contractor is not readily available, and an unreasonable amount of departmental resources would be required to develop a response.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q74: Discretionary Grants**

**Senator Eggleston provided in writing.**

- (a) Could the Department provide a list of all discretionary grants, including ad hoc and one-off grants for this financial year to date? Please provide details of the recipients, the intended use of the grants and what locations have benefited from the grants.
- (b) Has the Department complied with interim requirements relating to the publication of discretionary grants?

**Response:**

- (a) For the period 1 July 2011 to 30 June 2012, Defence (excluding Defence Materiel Organisation) approved a total of 80 grants to various groups and individuals (Annex A refers). Total funds approved in this period were \$67.677 million (GST inclusive) which includes multi-year grants.

For the period 1 July 2011 to 30 June 2012, Defence Materiel Organisation approved a total of 156 grants to various groups and individuals (Annex B refers). Total funds approved in this period were \$32.309 million (GST inclusive) which includes multi-year grants.

A full list of recipients for grants provided by the Department, the intended use and locations for the grants is provided at Annex A. Further information can be found at the Department's website: [www.defence.gov.au/header/publications.htm#D](http://www.defence.gov.au/header/publications.htm#D) and at:

Skilling Australia's Defence Industry (SADI) Program;  
<http://www.defence.gov.au/dmo/id/sadi/index.cfm>

Industry Skilling Program Enhancement (ISPE) package;  
[http://www.defence.gov.au/dmo/id/industry\\_skilling](http://www.defence.gov.au/dmo/id/industry_skilling)

NACC- ISP Grants; and at  
[http://www.defence.gov.au/dmo/jsf/NACC\\_ISP\\_Grant\\_Recipients\\_15Jun12.pdf](http://www.defence.gov.au/dmo/jsf/NACC_ISP_Grant_Recipients_15Jun12.pdf)

Priority Industry Capability Innovation Program  
<http://www.defence.gov.au/dmo/id/picip>

- (b) The Commonwealth Grant Guidelines of July 2009 requires Defence to publish details of all grants within seven days of date of effect.

The Department (including Defence Materiel Organisation) previously reported its compliance with the Commonwealth Grant Guidelines for the period 11 November 2011 to 2 March 2012. For the period 3 March 2012 to 30 June 2012 the Department has complied with this requirement.

All grants provided have been reported on the Department's website in accordance with Commonwealth Grant Guidelines.

**Annex:**

- A. Table showing all grants provided by Defence.
- B. Table showing all grants provided by Defence Materiel Organisation.

**Attachment B - Grants provided by DMO as at 30 June 2012**

| <b>Program Title</b>                         | <b>Recipient</b>                          | <b>Purpose</b>  | <b>Total Grant Value (GST Inc.)</b> | <b>Approval date</b> | <b>Grant Funding Location</b> | <b>Electorate</b> |
|--|---|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Defence Industry Innovation Centre           | Sentient Vision Systems                   | Sales and Marketing process and review and advice.  | \$19,250.00                         | 1-Jul-11             | Port Melbourne VIC 3207       | Melbourne Ports   |
| Skilling Australia's Defence Industry (SADI) | Heat Treatment (QLD) Pty Ltd              | Vacuum Brazing, Program Manager, NADCAP Welding & Heat treatment, Pyrometry.  | \$50,389.69                         | 19-Jul-11            | Acacia Ridge QLD 4110         | Moreton           |
| Skilling Australia's Defence Industry (SADI) | Tactical Research Pty Ltd                 | Image Processing with MATLAB, Signal Processing with Simulink.  | \$33,360.54                         | 19-Jul-11            | Ainslie ACT 2602              | Fraser            |
| Skilling Australia's Defence Industry (SADI) | Frontline Australasia Pty Ltd             | Project Management  | \$8,306.14                          | 19-Jul-11            | Bangholme VIC 3175            | Isaacs            |
| Skilling Australia's Defence Industry (SADI) | Medical Device Research Australia Pty Ltd | Masters of Policing, Intelligence & Counter Terrorism.  | \$10,248.70                         | 19-Jul-11            | Crows Nest NSW 2065           | North Sydney      |
| Skilling Australia's Defence Industry (SADI) | Beak Rast Engineering Pty Ltd             | MRO Manager and Technician training.  | \$171,596.34                        | 19-Jul-11            | Dandenong VIC 3175            | Bruce             |
| Skilling Australia's Defence Industry (SADI) | Aerospace Concepts Pty Ltd                | Defence Engineering Management Systems, Cognitive systems Engineering, Complex Project Management, Technical Risk Management. | \$173,460.10                        | 19-Jul-11            | Fyshwick ACT 2609             | Canberra          |

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|--|---|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Codarra Advanced Systems Pty Ltd              | Materiel Logistics, Integrated Logistics, ITIL V3 foundation Certificate.  | \$59,610.51                         | 19-Jul-11            | Jamison ACT 2614              | Fraser            |
| Skilling Australia's Defence Industry (SADI) | Tactical Systems Pty Ltd                      | ARC Geographic Information System.   | \$13,821.50                         | 19-Jul-11            | Kensington NSW 2033           | Kingsford Smith   |
| Skilling Australia's Defence Industry (SADI) | SAAB Group                                    | Master of Systems Support Engineering (Cohort 1-6).  | \$109,730.50                        | 19-Jul-11            | Mawson Lakes SA 5095          | Makin             |
| Skilling Australia's Defence Industry (SADI) | BMT Design & Technology Pty Ltd               | Systems Engineering, Structural Analysis, Project Risk Management Prince2, Apprenticeship supervision , Hull inspection, Phino 3d modelling. | \$176,760.74                        | 19-Jul-11            | Melbourne VIC 3000            | Melbourne         |
| Skilling Australia's Defence Industry (SADI) | Burness Corlett Three Quays Australia Pty Ltd | Apprenticeship supervision, Submarine Design & Engineering, Ship Constructor, Hull inspection.   | \$26,079.49                         | 19-Jul-11            | North Ryde NSW 2113           | Bennelong         |
| Skilling Australia's Defence Industry (SADI) | Bellinger Instruments Pty Ltd                 | Diploma of Engineering.  | \$4,732.04                          | 19-Jul-11            | Parramatta NSW 2118           | Parramatta        |

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|--|------------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Birdon Pty Ltd               | Apprenticeship supervision.   | \$22,181.50                         | 19-Jul-11            | Port Macquarie NSW 2444       | Lyne              |
| Skilling Australia's Defence Industry (SADI) | Marine Technicians Australia | Advanced Shipboard MIL-SPEC fiber course.   | \$40,514.01                         | 19-Jul-11            | Tennyson Point NSW 2110       | Bennelong         |
| Skilling Australia's Defence Industry (SADI) | Electromold Pty Ltd          | NADCAP Chemical Processing.   | \$11,515.45                         | 19-Jul-11            | Thomastown VIC 3074           | Batman            |
| Skilling Australia's Defence Industry (SADI) | Rosebank engineering Pty Ltd | Apprenticeship supervision, Cold Spray, Non-destructive testing techniques, AGIE Hyperspark, CATIA V5, Project Management, PCDMIS Pro training, Dimensional Metrology Equipment Operation & Service training. | \$156,332.84                        | 21-Jul-11            | Bayswater VIC 3153            | Aston             |
| Skilling Australia's Defence Industry (SADI) | Forgacs Engineering Pty Ltd  | Apprenticeship supervision, Nace Coating Inspection, AutoCAD, Project Management, Deltek Cobra training, Thermographic Inspection Training, Vibration Inspection training, Bachelor of Engineering.           | \$536,011.19                        | 21-Jul-11            | Carrington NSW 2294           | Newcastle         |

**Attachment B - Grants provided by DMO as at 30 June 2012**

| <b>Program Title</b>                         | <b>Recipient</b>           | <b>Purpose</b>   | <b>Total Grant Value (GST Inc.)</b> | <b>Approval date</b> | <b>Grant Funding Location</b> | <b>Electorate</b> |
|--|----------------------------|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Micreo Limited             | Labview Core 1&2.  | \$7,991.50                          | 21-Jul-11            | Eight Mile Plains QLD 4113    | Moreton           |
| Skilling Australia's Defence Industry (SADI) | Static Engineering Pty Ltd | AS/NZS 1554.1 &1665:2004 Welding, PowerMill Training, Solid Modelling Training, Apprenticeship supervision.                | \$338,541.50                        | 21-Jul-11            | Elizabeth South SA 5112       | Wakefield         |
| Skilling Australia's Defence Industry (SADI) | Watpac Pty Ltd             | Executive Masters of Complex Project Management.   | \$33,743.60                         | 21-Jul-11            | Fortitude Valley QLD 4006     | Brisbane          |
| Skilling Australia's Defence Industry (SADI) | S.T.A.C.E. Pty Ltd         | Apprenticeship supervision, Oxygen Clean workers course, Bauer compressor Advanced Technical training.                     | \$40,715.43                         | 21-Jul-11            | Henderson WA 6166             | Fremantle         |
| Skilling Australia's Defence Industry (SADI) | Broens Industries          | NX Manufacturing Master class, AS/NZS 1554.1 & 1665:2004 welding, PoweMill Training, CATIA V5, Apprenticeship supervision. | \$350,773.50                        | 21-Jul-11            | Ingleburn NSW 1890            | Werriwa           |

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|--|--------------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | H.I.Fraser Pty Ltd             | Oxygen System Design, Analysis & Hazard Mitigation, IMTECH-FATfor NBC Valves & filter Units for AWD 02.                                   | \$61,995.52                         | 21-Jul-11            | Mona Vale NSW 1660            | Mackellar         |
| Skilling Australia's Defence Industry (SADI) | Kellogg Brown & Root Pty Ltd   | F-35 Familiarisation Training.  | \$12,351.37                         | 21-Jul-11            | Parkside SA 5063              | Adelaide          |
| Skilling Australia's Defence Industry (SADI) | Australian Aerospace           | Complex Project Management, Systems Engineering, Systems Theory Accident Model & Processes.   | \$223,362.54                        | 21-Jul-11            | Pinkenba 4007                 | Lilley            |
| Skilling Australia's Defence Industry (SADI) | Aquila Engineering Pty Ltd     | Damage Tolerance Analysis & Applications, Repair of Advanced Composite Structures, Fatigue & Damage Tolerance Calculation for the PC-9/A. | \$86,005.70                         | 21-Jul-11            | Sale VIC 3850                 | Gippsland         |
| Skilling Australia's Defence Industry (SADI) | Daronmont Technologies Pty Ltd | Logistics Engineering, Systems Engineering Project Management, Solid Modelling Optical fibre and Coaxial Cabling.                         | \$82,633.70                         | 21-Jul-11            | Salisbury South SA 5106       | Makin             |
| Skilling Australia's Defence Industry (SADI) | RFD                            | Project Management.   | \$8,530.50                          | 21-Jul-11            | Silverwater NSW 2128          | Reid              |

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|--|---|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Berkeley Information Technology Pty Ltd | MS SharePoint 2010 training, Microsoft SQL Server 2008 training, VMWare vSphere training for Vsphere 4.1, Project Management.   | \$98,219.00                         | 21-Jul-11            | Sydney NSW 2000               | Sydney            |
| Defence Industry Innovation Centre           | Green Family Trust                      | Defence Business Development Plan.  | \$21,780.00                         | 25-Jul-11            | Midvale WA 6056               | Hasluck           |
| Skilling Australia's Defence Industry (SADI) | Ausbright Electrical Solutions          | Cert III Electrotechnology, Fibre Optic Splicing & Djoint Enclosure   | \$10,796.50                         | 27-Jul-11            | Banksmeadow NSW 2019          | Kingsford Smith   |
| Skilling Australia's Defence Industry (SADI) | CSC Australia Pty Ltd                   | Executive Masters of Complex Project Management, Prince 2 Practitioner, CSTP Foundation, Advanced C++, Developing Eclipse Plugins & RCP applications.   | \$147,449.17                        | 27-Jul-11            | Barton ACT 2600               | Canberra          |
| Skilling Australia's Defence Industry (SADI) | Boeing Defence Australia Ltd            | Executive Masters of Business (Complex Project Management), Aircraft Life support & furnishings, Aircraft Maintenance Engineering, Apprenticeship Supervision, Systems Thinking & Complex Project Management. | \$334,803.70                        | 27-Jul-11            | Brisbane QLD 4001             | Brisbane          |

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|--|---|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | YTEK Pty Ltd                              | Project Management, Systems Engineering Numerical Propulsion System Simulation, Tactical data Information Links.   | \$17,150.65                         | 27-Jul-11            | Camberwell VIC 3124           | Higgins           |
| Skilling Australia's Defence Industry (SADI) | Defence Communications Industry Pty Ltd   | Solidworks Essentials, Hybrid Symmetric Digital subscriber Loop Transmission Technology Integration Training.  | \$8,888.46                          | 27-Jul-11            | Elsternwick VIC 3185          | Melbourne Ports   |
| Skilling Australia's Defence Industry (SADI) | Aviation & Industrial Inspection Services | Non Destructive Technician.  | \$20,146.50                         | 27-Jul-11            | Forest Lake QLD 4078          | Oxley             |
| Skilling Australia's Defence Industry (SADI) | John Holland Group Pty Ltd                | Executive Masters of Complex Project Management.   | \$33,743.60                         | 27-Jul-11            | Fortitude Valley 4006         | Brisbane          |
| Skilling Australia's Defence Industry (SADI) | Austal Ships Pty Ltd                      | Apprenticeship supervision, Cert IV & Diploma Project Management, System Integration training, System Engineering, Vibration Fundamental & measurement, Intro to ANSYS Workbench Simulation, Configuration Management. | \$587,490.53                        | 27-Jul-11            | Henderson WA 6166             | Fremantle         |
| Skilling Australia's Defence Industry (SADI) | Marathon Targets Pty Ltd                  | Post Grad Master of Engineering, SolidWorks Various training.  | \$11,182.60                         | 27-Jul-11            | Marrickville NSW 2204         | Grayndler         |

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|--|--|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Ultra Electronics Avalon Systems Pty Ltd | Simulink for System & Algorithm Modelling.  | \$3,261.50                          | 27-Jul-11            | Mawson Lakes SA 5095          | Makin             |
| Skilling Australia's Defence Industry (SADI) | Lockheed Martin Australia Pty Ltd        | Acoustic Warfare training, Combat systems Architecture, ILS training, VmWare Vsphere various training, Microsoft Share Point 2010 various training, Planning & Implementing a Storage Area Network. | \$201,549.37                        | 27-Jul-11            | Mawson Lakes SA 5095          | Makin             |
| Skilling Australia's Defence Industry (SADI) | Air Affairs Australia Pty Ltd            | SolidWorks various training, Apprenticeship supervision.  | \$97,113.65                         | 27-Jul-11            | North Nowra NSW 2541          | Gilmore           |
| Skilling Australia's Defence Industry (SADI) | Calytrix Pty Ltd                         | Cisco various Training, OCD & CONOPS Course, RH200 RHCSA Rapid track, Terra Tools Standard training.  | \$97,414.88                         | 27-Jul-11            | Perth WA 6000                 | Perth             |
| Skilling Australia's Defence Industry (SADI) | General Dynamics Land Systems-Australia  | Abrams Tank Maintenance Courses, Apprenticeship Supervision, Bushmaster M242 Deeper level maintenance.  | \$989,516.58                        | 27-Jul-11            | Pooraka SA 5095               | Makin             |

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|--|----------------------------------|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | C4i                              | ISTQB various training, Specification Writing, Systems Engineering for technology-based projects Y product development, Prince2.   | \$97,912.28                         | 27-Jul-11            | South Melbourne 3205          | Melbourne Ports   |
| Skilling Australia's Defence Industry (SADI) | SEM Fire & Rescue Pty Ltd        | Prince 2 Training.   | \$10,103.50                         | 27-Jul-11            | Wendouree VIC 3355            | Ballarat          |
| Skilling Australia's Defence Industry (SADI) | Milspec Manufacturing Pty Ltd    | Inter Process Communication Training, Diploma of Logistics, Complex Project Management and Systems Thinking, Configuration Management, Calibration Training, Advanced Diploma in Electrics Technology. | \$99,626.34                         | 29-Jul-11            | Albury NSW 2640               | Farrer            |
| Skilling Australia's Defence Industry (SADI) | Audio Visual Imagenation Pty Ltd | Interconnectins CISCO Network Devices, Wireless Mesh Training, Apprenticeship Supervision.   | \$140,957.01                        | 29-Jul-11            | Applecross WA 6953            | Tangney           |
| Skilling Australia's Defence Industry (SADI) | Seco Tools Australia Pty Ltd     | Metallurgy for Machinists.   | \$26,834.50                         | 29-Jul-11            | Blacktown NSW 2148            | Chifley           |

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|--|-------------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | QinetiQ Pty Ltd               | Advanced Siploma of Project Management, Executive Masters in Complex Project Management, Systems Engineering Qorkshop, Requirements Analysis and Specification Writing, Repair of Advanced Composite Structures for Engineers, Fundamentals of Chemical Engineer. | \$425,451.68                        | 29-Jul-11            | Brisbane QLD 4000             | Brisbane          |
| Skilling Australia's Defence Industry (SADI) | Tropical Reef Shipyard        | Microsoft Project and NACE Coating Inspector.   | \$14,771.90                         | 29-Jul-11            | Cairns QLD 4870               | Leichardt         |
| Skilling Australia's Defence Industry (SADI) | Cairns Slipways (QLD) Pty Ltd | Diploma of Project Management.  | \$6,869.50                          | 29-Jul-11            | Cairns QLD 4870               | Leichardt         |
| Skilling Australia's Defence Industry (SADI) | Austindo (WA) Pty Ltd         | Fibre Optic Splicing and Joint Enclosure Course, Diploma of Project Management, AutoCAD and AutoCAD Advanced, Project Planning and Control using Primavera.   | \$44,902.00                         | 29-Jul-11            | Cottesloe WA 6011             | Curtin            |
| Skilling Australia's Defence Industry (SADI) | Pel-Air Aviation Pty Ltd      | Apprenticeship Supervision Support.   | \$13,381.50                         | 29-Jul-11            | Mascot NSW 2020               | Kingsford Smith   |

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|--|---|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Hawker Pacific Pty Ltd                                | Apprenticeship supervision, Airfram Maintenance, Acionics System Maintenance, Engine System Maintenance, Structural Repair and Inspection.   | \$200,280.31                        | 29-Jul-11            | Milperra NSW 2214             | Blaxland          |
| Skilling Australia's Defence Industry (SADI) | Australian Marine Technologies Pty Ltd                | Introduction to Combat Systems Engineering, Project Management Professional, Submarine Design and Engineering, Practical Shock Analysis and Design, Finite Element Analysis, Systems Safety Engineering. | \$189,003.94                        | 29-Jul-11            | Port Melbourne VIC 3207       | Melbourne Ports   |
| Skilling Australia's Defence Industry (SADI) | Aerospace and Mechanical Consulting Engineers Pty Ltd | Repair of Advanced Composite Structures, Aircraft Structural Repair for Engineers.   | \$15,526.50                         | 29-Jul-11            | Sutherland NSW 2232           | Cook              |
| Skilling Australia's Defence Industry (SADI) | ATSA Defence Services Pty Ltd                         | Apprenticeship Supervision and Electrotechnology Electrician Certificate III.  | \$6,785.90                          | 29-Jul-11            | Thornton NSW 2322             | Hunter            |

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| <b>Program Title</b>                         | <b>Recipient</b>              | <b>Purpose</b>   | <b>Total Grant Value (GST Inc.)</b> | <b>Approval date</b> | <b>Grant Funding Location</b> | <b>Electorate</b> |
|--|-------------------------------|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Tectonica Australia Pty Ltd   | C++ for Programmers, Altium Designer Training, Requirements Analysis and Specification Writing, Advanced Surface Modelling, Introduction to Systems Engineering.                               | \$62,876.54                         | 29-Jul-11            | West Melbourne VIC 3003       | Melbourne         |
| Skilling Australia's Defence Industry (SADI) | ASC Pty Ltd                   | Master of Systems Support Engineering, Masters in Marine Engineering, Intro to Naval Test & Evaluation, Executive Masters of Business (Complex Project Management) Apprenticeship Supervision. | \$741,182.20                        | 3-Aug-11             | Adelaide SA 5111              | Adelaide          |
| Skilling Australia's Defence Industry (SADI) | Unitronix Pty Ltd             | Prince 2 Training.   | \$7,221.50                          | 3-Aug-11             | Canning Vale WA 6155          | Tangney           |
| Skilling Australia's Defence Industry (SADI) | Turbomeca Australasia Pty Ltd | SAPHIR, ARRIUS and ARREIL trainings and apprenticeship supervision.  | \$65,003.65                         | 3-Aug-11             | Condell Park NSW 2200         | Blaxland          |

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|--|--------------------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Nova Aerospace Pty Ltd               | UAS, Various System Engineering training, Submarine Design & Engineering, Radar electronic warfare, Project Management, Combat systems engineering, Aviation software Design Assurance, Submarine Acoustic Warfare, Tactical Data Information Linkds, Aircraft. | \$383,585.79                        | 3-Aug-11             | Edinburgh SA 5111             | Wakefield         |
| Skilling Australia's Defence Industry (SADI) | Cockram Construction                 | Project Management in primavera P6 Rel.1.   | \$23,248.50                         | 3-Aug-11             | Hawthorn VIC 3122             | Kooyong           |
| Skilling Australia's Defence Industry (SADI) | Orontide Group Ltd                   | NACE, corrosion technology, coatings selection and specification, cathodic protection, protective coatings, hydroblasting, dye penetrant.   | \$182,961.46                        | 3-Aug-11             | Henderson WA 6166             | Fremantle         |
| Skilling Australia's Defence Industry (SADI) | Hydraulink NT Pty Ltd                | Vest Davit Certified Technician Course.   | \$34,424.50                         | 3-Aug-11             | Nightcliff NT 0814            | Solomon           |
| Skilling Australia's Defence Industry (SADI) | Marshall Aerospace Australia Pty Ltd | Structures metallic repair, fundamentals of oxygen system design, MSG-3 advanced training, fundamentals of damage tolerance analysis and applications.  | \$43,311.31                         | 3-Aug-11             | Richmond NSW 2755             | Macquarie         |

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|--|------------------------------------|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | CAE Australia Pty Ltd              | Phased array radar, tactical data, advanced electronic warfare, introduction to variable message format, STRIVE weather server, visual integration, classic radar system, launchpad 2, MRTT IPT Simfinity, MRH 90 integration specialist and flight simulator. | \$469,082.58                        | 3-Aug-11             | Silverwater NSW 2128          | Reid              |
| Skilling Australia's Defence Industry (SADI) | DMS Maritime Pty Ltd               | SEATEL, Steyr diesel ILM, ILR servicing and repair, AMPS, PRINCE 2.  | \$218,615.69                        | 3-Aug-11             | Sydney NSW 2000               | Sydney            |
| Skilling Australia's Defence Industry (SADI) | Ocean Technix Pty Ltd              | Australian submarine rescue suite, rescue chamber operator, apprenticeship supervision.  | \$75,031.83                         | 3-Aug-11             | Waikiki WA 6169               | Brand             |
| Defence Industry Innovation Centre           | Becker Helicopter Services         | Undertake strategic business activities.   | \$22,000.00                         | 5-Aug-11             | Marcoola QLD 4564             | Fairfax           |
| Skilling Australia's Defence Industry (SADI) | Booz & Company (Australia) Pty Ltd | SANS Security Essentials.  | \$18,595.50                         | 9-Aug-11             | Canberra ACT 2615             | Canberra          |
| Skilling Australia's Defence Industry (SADI) | Metal Storm Limited                | LabVIEW Core 1-3, Xilinx FPGA Academy, System Safety Engineering.  | \$22,731.50                         | 9-Aug-11             | Darra QLD 4076                | Oxley             |

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|--|---------------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Sikorsky Aircraft Australia     | Executive Master of Business (Complex Project Management), Apprenticeship Supervision.  | \$80,505.70                         | 9-Aug-11             | Eagle Farm QLD 4009           | Brisbane          |
| Skilling Australia's Defence Industry (SADI) | Cablex Pty Ltd                  | Eurocopter NH90 & Tiger Wiring Training, Airbus Military Electrical Wiring Harness, Moog Flap A/B Electrical Wire Harness, Martin Baker ejection Seat harness.  | \$344,525.50                        | 9-Aug-11             | East Bentleigh VIC 3165       | Hotham            |
| Skilling Australia's Defence Industry (SADI) | Qantas Defence Services Pty Ltd | Special Purpose training in: paint; fillet sealant; tank sealant; crimping &stipping , Aircraft Conversion courses, Project Management various, Apprenticeship supervision, Dip Eng Technical (Mech). | \$178,371.33                        | 9-Aug-11             | Mascot NSW 2020               | Kingsford Smith   |
| Skilling Australia's Defence Industry (SADI) | Innovasys Pty Ltd               | Master of Engineering System Support Engineering.   | \$16,626.50                         | 9-Aug-11             | Newcastle West NSW 2610       | Newcastle         |

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|--|----------------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Quickstep Technologies Pty Ltd   | Executive Master of Business (Complex Project Management), Precision Mechanical Measurements, Labview Core 1&2 and Real time, Advance Aircraft finishing.   | \$54,144.07                         | 9-Aug-11             | North Coogee WA 6163          | Fremantle         |
| Skilling Australia's Defence Industry (SADI) | Microsoft Pty Limited            | Prince 2 Training, ITIL V3 Foundation Course.   | \$39,825.50                         | 9-Aug-11             | North Ryde NSW 2113           | Bennelong         |
| Skilling Australia's Defence Industry (SADI) | Aerosonde Pty Ltd                | MATLAB Training.  | \$27,241.50                         | 9-Aug-11             | Notting Hill VIC 3168         | Bruce             |
| Skilling Australia's Defence Industry (SADI) | Unique Solution Partners Pty Ltd | Condition Based Maintenance, Project Management, Composite Analysis, PRINCE 2, Motion View.   | \$77,203.50                         | 9-Aug-11             | Port Melbourne VIC 3207       | Melbourne Ports   |
| Skilling Australia's Defence Industry (SADI) | Thales Australia Pty Ltd         | Executive Master of complex Business Management, Apprenticeship Supervision, ProEngineer Wildfire, Auto CAD, Polyspace, Simulink, CM training, Primavera core Module, SW Development Architecture & Technologies, various Safety Engineering courses. | \$564,361.96                        | 9-Aug-11             | Potts Point NSW 2001          | Wentworth         |

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|--|--|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | E&A Contractors Pty Ltd                    | Masters in project management, Graduate diploma in project management, Diploma in engineering, WTIA Certified Welding Inspector & IIW International Welding Inspector Basic Level, NDT Magnetic Particle Level 2 and apprenticeship supervision. | \$252,635.63                        | 9-Aug-11             | Regency Park SA 5942          | Port Adelaide     |
| Skilling Australia's Defence Industry (SADI) | Liquip International Pty Ltd               | Project Management, Perform Welding Supervision, Training, Perform pipe welds to code standards, Perform welding/fabrication inspection, SoldiWorks Essentials & Routing.  | \$41,877.22                         | 9-Aug-11             | Sunshine West VIC 3020        | Gellibrand        |
| Skilling Australia's Defence Industry (SADI) | EPTEC Pty Ltd                              | NACE Coatings Inspection Program Level 1 & 2 , Cert III Surface Preparation and Coating Application.   | \$105,661.50                        | 9-Aug-11             | Ultimo NSW 2007               | Sydney            |
| Skilling Australia's Defence Industry (SADI) | Airflite Pty Ltd                           | Apprenticeship Supervision.  | \$37,581.50                         | 10-Aug-11            | Bullsbrook WA 6084            | Pearce            |
| Skilling Australia's Defence Industry (SADI) | Australian Industry & Defence Network -NSW | Prince2 Foundation & Practitioner.   | \$232,727.07                        | 10-Aug-11            | Concord NSW 2137              | Reid              |

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|--|----------------------------|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Redline Engineering        | Mastercam In-House, Mori Seiki, Mazak Nexus 250MSY MK11.   | \$59,449.50                         | 10-Aug-11            | Mordialloc VIC 3195           | Isaacs            |
| Skilling Australia's Defence Industry (SADI) | Babcock Pty Ltd            | Project Management.  | \$33,951.50                         | 10-Aug-11            | North Haven SA 5018           | Port Adelaide     |
| Skilling Australia's Defence Industry (SADI) | EADS CASA                  | KC30A Aircraft Systems, Project Management Professional.   | \$61,494.71                         | 10-Aug-11            | Pinkeba QLD 4008              | Lilley            |
| Skilling Australia's Defence Industry (SADI) | Fire Control Systems       | Altium Designer 10, ANSYS Advanced Training.   | \$48,361.50                         | 10-Aug-11            | Weston Creek ACT 2611         | Canberra          |
| Skilling Australia's Defence Industry (SADI) | Mincom Pty Ltd             | Executive Maser of Business (Complex Project Management).  | \$33,743.60                         | 17-Aug-11            | Brisbane QLD 4011             | Brisbane          |
| Skilling Australia's Defence Industry (SADI) | Raytheon Australia Pty Ltd | Masters In Project Management, Airworthiness & type, Evaluation Of Synthetic Devices, Lear jet 35/36 Airframe course, Masters of Science Y Technology (Aviation), various TM Arriel 1 training, Masters in Engineering (Military systems Integration). | \$194,766.84                        | 17-Aug-11            | Canberra ACT 2609             | Canberra          |

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|--|---|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Smart Engineering & Logistics solutions Pty Ltd | Project Earned Value Management, Practical finite element analysis (FEA), Requirements Analysis & Specification Writing, Satellite Communications, Intro to RADAR systems, Optical Surveillance Systems, welding course, Intro to guided weapons. | \$41,519.50                         | 17-Aug-11            | Mt Waverley VIC 3149          | Chisholm          |
| Skilling Australia's Defence Industry (SADI) | Mincham Aviation Pty Ltd                        | Apprenticeship Supervision.   | \$17,781.50                         | 17-Aug-11            | Parafield SA 5106             | Makin             |
| Skilling Australia's Defence Industry (SADI) | Ferra Engineering Limited                       | Executive Master of Business Complex Project Management), Advanced Defence Component Manufacturing, Electron Beam Direct.   | \$498,675.49                        | 17-Aug-11            | Tingalpa QLD 4173             | Bonner            |
| Skilling Australia's Defence Industry (SADI) | Hofmann Engineering Pty Ltd                     | Teamcenter various courses, NX various courses, Solid Modelling Techniques, CNC Machine Centers.  | \$187,219.34                        | 22-Aug-11            | Bassendean WA 6054            | Perth             |

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|--|--------------------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | Aero & Military Products Pty Ltd     | OEM Training - Carleton Life support.   | \$20,795.50                         | 22-Aug-11            | Hallam VIC 3803               | Holt              |
| Skilling Australia's Defence Industry (SADI) | Chemring Australia Pty Ltd           | Explosive Ordnance & Weapons Exec Master of Business Strategic Procurement, Project Management.   | \$51,302.90                         | 22-Aug-11            | Lara VIC 3212                 | Corio             |
| Skilling Australia's Defence Industry (SADI) | Marand Precision Engineering Pty Ltd | Master Complex Project Management, Apprenticeship supervision, Introduction to aircraft techniques and processes and M & P and ME training/development. | \$640,687.30                        | 24-Aug-11            | Moorabbin VIC 3189            | Hotham            |
| Skilling Australia's Defence Industry (SADI) | Rhino Linings Australasia Pty Ltd    | BattleJacket Application Training.  | \$21,828.33                         | 26-Aug-11            | Molendinar QLD 4212           | Fadden            |
| Skilling Australia's Defence Industry (SADI) | Daintree Systems Pty Ltd             | Simulink for system & algorithm modelling, Labview core 1, 2 & 3 and LabView real-time application development.   | \$22,324.50                         | 13-Sep-11            | Mawson Lakes SA 5095          | Makin             |
| Skilling Australia's Defence Industry (SADI) | DAKTA Pty Ltd                        | Cert IV Sheet Metal Fabrication Trades.   | \$27,681.50                         | 13-Sep-11            | Melrose Park SA 5039          | Boothby           |
| Skilling Australia's Defence Industry (SADI) | Pall Australia Pty Ltd               | Apprenticeship supervision.   | \$2,381.50                          | 13-Sep-11            | Moorabbin VIC 3189            | Hotham            |

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|--|--------------------------------------|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | BAE Systems Australia                | Apprenticeship Supervision, Master systems support Engineering, Master Engineering in Military Systems Integration, Engineering of Optical systems, Advanced Timing Analysis, MidIR Lasers for Defence applications. | \$772,512.40                        | 13-Sep-11            | Salisbury SA 5108             | Port Adelaide     |
| Skilling Australia's Defence Industry (SADI) | Turner and Townsend Pty Ltd          | Master Complex Project Management.   | \$67,964.60                         | 13-Sep-11            | Sydney NSW 2000               | Sydney            |
| Skilling Australia's Defence Industry (SADI) | Pacific Aerospace Consulting Pty Ltd | Interoperable systems management and requirements transformation (SMART).  | \$3,921.50                          | 22-Sep-11            | Duffy ACT 2611                | Canberra          |
| Skilling Australia's Defence Industry (SADI) | Aerostaff Australia Pty Ltd          | PRINCE2, Certificate IV Aeroskills, Certificate III in transport and logistics and Certificate III in process manufacturing.   | \$79,473.51                         | 22-Sep-11            | Port Melbourne VIC 3207       | Melbourne Ports   |
| Skilling Australia's Defence Industry (SADI) | Archer Enterprises                   | Project management, TopSolid Pro CAD and apprenticeship supervision.   | \$47,157.00                         | 22-Sep-11            | Somersby NSW 2250             | Robertson         |

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|------------------------------------|---------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Defence Industry Innovation Centre | Beak Engineering          | Undertake strategic business activities including implementation of quality and business systems.           | \$18,150.00                         | 4-Oct-11             | Keyborough VIC 3173           | Hotham            |
| Defence Industry Innovation Centre | Frontline Safety          | Undertake strategic business activities including quality management system implementation.                 | \$12,540.00                         | 13-Oct-11            | Belmont North NSW 2280        | Shortland         |
| Defence Industry Innovation Centre | Sentient Vision Systems   | Undertake strategic business activities including relationship building and global supply chain management. | \$2,887.50                          | 28-Oct-11            | Port Melbourne VIC 3207       | Melbourne Ports   |
| Defence Industry Innovation Centre | Crystalaid Manufacture    | Development of a Strategic Plan.  | \$3,300.00                          | 28-Oct-11            | Newstead QLD 4006             | Brisbane          |
| NACC-ISP                           | Ferra Engineering Pty Ltd | Alternate Mission Equipment - Weapons Adaptors Product Process Improvement.                                 | \$275,000.00                        | 18-Nov-11            | Tingalpa, Qld 4173            | Bonner            |

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|--|---------------------------------------|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Skilling Australia's Defence Industry (SADI) | BAE Systems Australia                 | ASLAV PH3 Control Systems, ASLAV PH3 Vehicle Maintenance.  | \$87,303.65                         | 23-Nov-11            | Wodonga VIC 3690              | Indi              |
| Defence Industry Innovation Centre           | Leadership Resources Consulting Group | ½ day workshops on Sustainable Business Strategies in Sydney, Canberra and Melbourne.                      | \$55,000.00                         | 12-Dec-11            | Sydney NSW 2000               | Sydney            |
| Defence Industry Innovation Centre           | Logistic Engineering                  | Provide training on ILS in the Defence Environment through workshops.                                      | \$50,816.10                         | 12-Dec-11            | Port Melbourne VIC 3207       | Melbourne Ports   |
| Defence Industry Innovation Centre           | A S Consulting                        | Branding and Communications Skills workshops and mentoring sessions in TAS.                                | \$48,180.00                         | 12-Dec-11            | Sandy Bay TAS 7005            | Denison           |
| Defence Industry Innovation Centre           | The Key Logic Family Trust            | Workshops, site visits and practical exercises for the delivery of LEAN training to Defence Industry SMEs. | \$55,000.00                         | 12-Dec-11            | Cranbourne North VIC 3977     | Holt              |

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|------------------------------------|--|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Defence Industry Innovation Centre | The Trustee for Miletic Family Trust                       | 1 day workshops on Emerging Defence Technologies in Melbourne, Sydney and Adelaide.   | \$54,714.00                         | 13-Dec-11            | Melbourne VIC 3000            | Melbourne         |
| Defence Industry Innovation Centre | Cariblue Pty Ltd   | 2 day workshops and one on one consultations on Sustainable Business Strategies in Brisbane, Sydney and Melbourne.                              | \$55,000.00                         | 13-Dec-11            | Robina QLD 4230               | McPherson         |
| Defence Industry Innovation Centre | Australian Industry & Defence Network – Northern Territory | Deliver seminar, workshop and webinar activities with the aim of delivering LEAN training for members.  | \$54,722.25                         | 13-Dec-11            | Darwin NT 0800                | Solomon           |
| Defence Industry Innovation Centre | Australian Industry Group                                  | To deliver an intensive, practical program of group and individual workshops on LEAN activities comprised on workshops and one on one sessions. | \$54,890.00                         | 15-Dec-11            | Melbourne VIC 3004            | Melbourne         |
| Defence Industry Innovation Centre | Carix Pty Ltd  | 4 hour workshops on Sustainable Business Strategies in Sydney, Shoalhaven and The Hunter.   | \$38,940.00                         | 15-Dec-11            | Pymont NSW 2009               | Sydney            |

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|------------------------------------|------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Defence Industry Innovation Centre | Defence Teaming Centre | One day training course to be held in selected capital cities on Branding and Communication Skills. | \$49,170.00                         | 22-Dec-11            | Mawson Lakes SA 5095          | Makin             |
| Defence Industry Innovation Centre | Defence Teaming Centre | Provision of ILS for Defence SMEs Workshop.   | \$8,107.00                          | 22-Dec-11            | Mawson Lakes SA 5095          | Makin             |
| Defence Industry Innovation Centre | Defence Teaming Centre | Provision of LEAN training through a workshop, industry visits and one on one in house session.     | \$13,640.00                         | 22-Dec-11            | Mawson Lakes SA 5095          | Makin             |
| Defence Industry Innovation Centre | Hunternet Co-operative | Provision of 3 x 2 day LEAN workshops to Hunter and Central Coast SMEs.                             | \$45,100.00                         | 3-Jan-12             | Newcastle NSW 2300            | Newcastle         |
| Defence Industry Innovation Centre | Hunternet Co-operative | Provision of 4 x 1 day LEAN workshops to Hunter and Central Coast SMEs.                             | \$21,725.00                         | 3-Jan-12             | Newcastle NSW 2300            | Newcastle         |

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|------------------------------------|--|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Defence Industry Innovation Centre | QMI Solutions Ltd                        | 1 day workshop on Emerging Defence Related Technologies to be held in Melbourne, Brisbane and Adelaide.                        | \$49,500.00                         | 3-Jan-12             | Eight Mile Plains QLD 4113    | Moreton           |
| NACC-ISP                           | Electromold Australia Pty Ltd            | JSF Airframe and related component non-destructive testing, surface treatment and finishing capability expansion.              | \$907,977.40                        | 7-Jan-12             | Thomastown, Vic 3074          | Batman            |
| NACC-ISP                           | CSIRO                                    | Thermally Assisted Machining of Metals.  | \$1,100,000.00                      | 9-Jan-12             | Clayton Vic 3168              | Chis olm          |
| NACC-ISP                           | United Surface Technology Pty Ltd        | Hydrogen Based High Velocity Oxygen Fuel capability for JSF components and expand metal surface treatment research facilities. | \$235,200.90                        | 9-Jan-12             | Altona, Vic 3018              | Gellibrand        |
| Defence Industry Innovation Centre | Kristyn Ann Haywood (People for Success) | Two day Branding and Communications Skills workshops Melbourne, Brisbane Sydney, Adelaide and Perth.                           | \$54,780.00                         | 10-Jan-12            | Gordon NSW 2072               | Bradfield         |

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|--|---|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Defence Industry Innovation Centre           | Electromold Aust                                      | The development and implementation of supply chain workflow process improvements and associated essential workforce training programs. | \$275,000.00                        | 17-Jan-12            | Thomastown VIC 3074           | Batman            |
| Defence Industry Innovation Centre           | AW Bell   | Undertake strategic business activities.   | \$22,000.00                         | 23-Jan-12            | Dandenong South VIC 3175      | Isaacs            |
| Defence Industry Innovation Centre           | CPE Systems   | Undertake strategic business activities.   | \$5,280.00                          | 25-Jan-12            | Abbotsford VIC 3067           | Melbourne         |
| NACC-ISP                                     | Brenco Aerospace Pty Ltd                              | Establishment of Hydrogen Based High Velocity Oxygen Fuel (HVOF) Aerospace Capability.   | \$248,570                           | 2-Feb-12             | Sunshine Vic 3020             | Gellibrand        |
| NACC-ISP                                     | VIPAC Engineering and Scientists Ltd                  | Acoustic Monitoring of Aircraft Jet Engines.   | \$275,000.00                        | 2-Feb-12             | Kent Town, SA 5067            | Adelaide          |
| Defence Industry Innovation Centre           | Australian Industry Defence Network – New South Wales | One day workshop in Newcastle and Sydney on ILS in a Defence Environment.  | \$24,772.00                         | 3-Feb-12             | Breakfast Point NSW 2137      | Reid              |
| Skilling Australia's Defence Industry (SADI) | Micreo Limited  | Operation, programming & maintenance of GloveBox with 3-Axis motion.   | \$13,946.80                         | 7-Feb-12             | Eight Mile Plains 4113        | Bonner            |

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|---|------------------------------------|--|-------------------------------------|----------------------|-------------------------------|-------------------|
| Defence Industry Innovation Centre              | Static Engineering                 | Undertake strategic business activities.   | \$17,600.00                         | 5-Mar-12             | Elizabeth South SA 5112       | Wakefield         |
| Skilling Australia's Defence Industry (SADI)    | Forgacs Engineering Pty Ltd        | Marine craft, boiler-maker and sheet metal apprenticeship supervision.   | \$101,200.00                        | 6-Mar-12             | Carrington NSW 2294           | Newcastle         |
| Defence Industry Innovation Centre              | Micreo Ltd                         | Undertake strategic business activities including the identification & implementation of market opportunities.                     | \$1,100.00                          | 20-Mar-12            | Eight Mile Plains QLD 4113    | Moreton           |
| Skilling Australia's Defence Industry (SADI)    | Thales Australia Pty Ltd           | Systems Engineering, Diploma Project Management, Fitter Armament techniques, Tracking & Data Fusion.                               | \$176,133.94                        | 23-Mar-12            | Potts Point NSW 2011          | Wentworth         |
| NACC-ISP  | AW Bell Pty Ltd                    | Supply of Electro-Optic Distributed Aperture System Chassis Castings for the Joint Strike Fighter to Northrop Grumman Corporation. | \$275,000.00                        | 4-Apr-12             | Dandenong South Vic 3175      | Isaacs            |
| Priority Industry Capability Innovation Program | Australian Defence Apparel Pty Ltd | Funding for the 'Armour Technologies Commercialisation and Expansion' project.   | \$4,400,000                         | 24-May-12            | Bendigo VIC 3550              | Bendigo           |

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|---|--------------------------|---|-------------------------------------|----------------------|--|-----------------------|
| Priority Industry Capability Innovation Program | C4i Pty Ltd              | Funding for the 'SwitchplusNG – integrated network centric Command and Control (C2) Communications' project.    | \$2,406,225                         | 24-May-12            | South Melbourne VIC 3205               | Melbourne Ports       |
| Priority Industry Capability Innovation Program | CEA Technologies Pty Ltd | Funding for the 'CEAFAR Phased Array Radar Land Environment Transition' project.                                | \$2,821,434                         | 24-May-12            | Fyshwick ACT 2609 and Adelaide SA 5000 | Canberra and Adelaide |
| Priority Industry Capability Innovation Program | Cirrus RTPS Pty Ltd      | Funding for the 'Sensor Association and Fusion Engine (SAFE)' project.  | \$516,563                           | 24-May-12            | Surry Hills NSW 2010                   | Sydney                |
| Priority Industry Capability Innovation Program | Micreo Limited           | Funding for the 'Fast-turning Wideband Synthesiser' project.  | \$167,977                           | 24-May-12            | Eight Mile Plains QLD 4113             | Moreton               |
| Priority Industry Capability Innovation Program | QuintessenceLabs Pty Ltd | Funding for the 'Virtual Zeroisation Storage and Management System for Military Information Platforms' project. | \$1,160,840                         | 24-May-12            | Acton ACT 0200                         | Fraser                |
| Priority Industry Capability Innovation Program | Secure Systems Pty Ltd   | Funding for the 'Secure Portable Anti-Tamper Data Storage Solutions' project.                                   | \$465,428                           | 24-May-12            | Balcatta WA 6021                       | Stirling              |

**Attachment B - Grants provided by DMO as at 30 June 2012**

| <b>Program Title</b>                            | <b>Recipient</b>               | <b>Purpose</b>  | <b>Total Grant Value (GST Inc.)</b> | <b>Approval date</b> | <b>Grant Funding Location</b> | <b>Electorate</b> |
|---|--------------------------------|---|-------------------------------------|----------------------|-------------------------------|-------------------|
| Priority Industry Capability Innovation Program | Sentient Vision System Pty Ltd | Funding for the 'Automated Target Detection and Cueing System for Remote Weapons Stations' project. | \$582,316                           | 24-May-12            | Port Melbourne VIC 3207       | Melbourne Ports   |
| Priority Industry Capability Innovation Program | Sonartech Atlas Pty Ltd        | Funding for the 'Sonix Sonobuoy Architecture and Acoustic Processing Modernisation' project.        | \$799,652                           | 24-May-12            | Macquarie Park NSW 2113       | Bennelong         |
| <b>Total provided</b>                           |                                |   | <b>\$32,309,296.28</b>              |                      |                               |                   |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q75: Commissioned Reports**

**Senator Eggleston provided in writing.**

**Commissioned Reports**

- (a) How many Reports have been commissioned by the Government in your portfolio this financial year to date? Please provide details of each report including date commissioned, date report handed to Government, date of public release, Terms of Reference and Committee members.
- (b) How much did each report cost/or is estimated to cost? How many departmental staff were involved in each report and at what level?
- (c) What is the current status of each report? When is the Government intending to respond to these reports?

**Response:**

Please refer to the responses to Senate Question on Notice No 1500 and Question on Notice No. 69 taken from the Senate Budget Estimates from 28/29 May 2012 relating to reviews, which details reports recently produced by Defence.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q76 – Government Payments of Accounts**

**Senator Eggleston provided in writing.**

For this financial year to date, has the department/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)?

- (a) If not, why not? Provide details, including 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)
- (b) For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?
- (c) Where interest is being paid, what rate of interest is being paid and how is this rate determined?

**Response:**

- (a) Defence monitors on time payments to suppliers at an aggregate level. The data used for this response includes all payments to suppliers, with the exclusion of employee payments. This data includes payments to consultants and contractors. In the current financial year to 31 May 2012, Defence has made 1,865,601 payments to suppliers and 98.5% of these payments were made on time which exceeds the 90% on time payment performance expectation contained in the Department of Innovation, Industry, Science and Research Survey of Australian Government Payments to Small Business.
- (b) Defence was not requested to pay interest on overdue payments and has paid no interest to May 2012 in this current Financial Year.
- (c) Interest is to be paid in accordance with the rate and methodology advised in the Department of Finance and deregulation Finance Circular No 2008/10.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q77: Stationery Requirements**

**Senator Eggleston provided in writing.**

- (a) How much was spent by each department and agency on the government (Ministers/Parliamentary Secretaries) stationery requirements in your portfolio (i.e. paper, envelopes, with compliments slips) this financial year to date?
- (b) What is the department/agency's stationery cost for the financial year to date?
- (c) What was the department/agency's stationery cost for 2009-10 and 2010-11?

**Response:**

- (a) Defence has spent \$15,645.15 GST inclusive stationery on behalf of the Ministers and Parliamentary Secretaries for this financial year (up to 31 May 2012).
- (b) The Department's expenditure on stationery from 1 July 2011 to 31 May 2012 is \$10,550,901.00.
- (c) The Department's expenditure on stationery from 1 July 2009 to 30 June 2010 is \$16,393,979.00.

The Department's expenditure on stationery from 1 July 2010 to 30 June 2011 is \$14,606,083.00.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q78: Government Payments of Accounts – Media Subscriptions**

**Senator Eggleston provided in writing.**

- (a) Has there been any change to your pay TV subscription since the 2011-12 Additional Estimates (February 2012)?
- i. If yes, please provide the reason why, the cost and what channels.
  - ii. What is the cost for this financial year to date?
- (b) Has there been any change to your newspaper subscriptions since the 2011-12 Additional Estimates (February 2012)?
- iii. If yes, please provide the reason why, the cost and what newspapers.
  - iv. What is the cost for this financial year to date?
- (c) Has there been any change to your magazine subscriptions since the 2011-12 Additional Estimates (February 2012)?
- v. If yes, please provide the reason why, the cost and what magazines.
  - vi. What is the cost for this financial year to date?

**Response:**

- (a) Yes.
- i. Pay TV subscriptions were provided for ADF members deployed as part of Op ASLAN, which is the Deployment of Australian Defence Force Personnel to the United Nations Mission in South Sudan. The Operation formally started on 23 September 2011. Pay TV accessed by ADF members deployed on this Mission provides news and current affairs.
  - ii. \$1,140
- (b) Yes.
- iii. Minor adjustments have been made to Defence's existing newspaper subscriptions. These include:
    - Rationalising subscriptions (to achieve efficiencies),
    - Branches cancelling subscriptions,
    - Reduction of hardcopy subscriptions thus providing savings
  - iv. \$29,292
- (c) Yes.
- v. To provide up to date information to which assists with providing a greater understanding of the range of issues that impact on Defence.

- Harvard Business Review (Online). This is a new subscription.

vi. \$159.00

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### **Q79: Travel Costs**

**Senator Eggleston provided in writing.**

- (a) For the financial year to date, please detail all travel for Departmental officers that accompanied the Minister and/or Parliamentary Secretary on their travel. Please include a total cost plus a breakdown that include airfares (and type of airfare), accommodation, meals and other travel expenses (such as incidentals).
- (b) For the financial year to date, please detail all travel for Departmental officers. Please include a total cost plus a breakdown that include airfares (and type of airfare), accommodation, meals and other travel expenses (such as incidentals).
- (c) Are the Government's Lowest Practical Fare travel policy for Domestic Air Travel?
- (d) (Finance Circular No. 2009/10) and Best Fare of the Day for International Air Travel?
- (e) (Finance Circular No. 2009/11) guidelines being followed? How is this monitored? If the guidelines are not being followed, please explain why.
- (f) Are lounge memberships provided to any employees? If yes, what lounge memberships, to how many employees and their classification, the reason for the provision of lounge membership and the total costs of the lounge memberships.
- (g) When SES employees travel, do any support or administrative staff (such as an Executive Assistant) travel with them? If yes, provide details of why such a staff member is needed and the costs of the support staff travel.

#### **Response:**

**Annex 1** provides details of costs (GST exclusive) that have been expensed for the financial year to date by the Department for official overseas travel undertaken in support of the Ministers and Parliamentary Secretaries. This information is correct as at 29 June 2012.

The cost of all other travel undertaken by the Minister's 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.

**Annex 2** provides details of costs (GST exclusive) that have been expensed for the financial year to date, for domestic travel undertaken by the Aides-de-Camp and Departmental Liaison Officers in support of the Ministers and Parliamentary Secretaries. This information is correct as 30 May 2012.

## Annex 1

| Minister /<br>Parliamentary<br>Secretary   | Travel undertaken<br><br>Destination, duration and purpose  | Departmental<br>ministerial costs<br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to<br>Defence<br><br>(iv) Entertainment  | Official Defence delegation  | Defence personnel<br>costs<br><br>(i) Travel<br><br>(ii) Accomm.<br><br>(iii) Other |
|--|---|---|--|---|
| <p><i>Minister for Defence,<br/>Mr Smith</i></p> <p><i>Parliamentary<br/>Secretary for Defence,<br/>Senator Feeney</i></p> | <p><b>Solomon Islands</b> from 12 to 13 July 2011.</p> <p>In Honiara the Minister met with national leaders and Australian soldiers serving as part of the Australia-led Regional Assistance Mission to Solomon Islands (RAMSI). The Minister was accompanied by the Parliamentary Secretary for Defence, Senator Feeney.</p>   | <p>(i) Nil</p> <p>(ii) Nil</p> <p>(iii) \$77.48 (wreaths)</p> <p>(iv) 182.30 (Official lunch)</p>   | <ol style="list-style-type: none"> <li>1. Chief of Army (Special Purpose Aircraft)</li> <li>2. Director PNG and Solomon Islands, International Policy Division (business class to pre-position)</li> <li>3. Aide de Camp to Minister (Special Purpose Aircraft)</li> </ol>   | <p>(i) 5,443.60</p> <p>(ii) \$972.01</p> <p>(iii) 254.84</p>                        |
| <p><i>Minister for Defence,<br/>Mr Smith</i></p>   | <p><b>United States</b> from 23 to 29 July 2011 visiting New York and Washington.</p> <p>In New York from 24 to 25 July the Minister met with United Nations officials to discuss Australia's involvement in UN missions.</p> <p>In Washington from 25 to 27 July the Minister met with US government officials to discuss progress in Afghanistan, the transition to Afghan-led security responsibility and prospects for reconciliation. The Minister also held discussions</p> | <p>(i) \$180.91</p> <p>(ii) Nil</p> <p>(iii) Nil</p> <p>(iv) \$707.35 (official breakfast and lunch, including alcohol, hosted by MINDEF)</p> | <ol style="list-style-type: none"> <li>1. Secretary (first class)</li> <li>2. Chief of Defence Force (first class – Washington only)</li> <li>3. Aide de Camp to CDF– (business class – Washington only)</li> <li>4. Chief Capability Development Group – (business class - conducted a general visit to the United States and participated in calls with Minister and CDF)</li> <li>5. Aide de Camp to Minister (business class)</li> </ol> | <p>(i) \$77,649.44</p> <p>(ii) \$7,754.38</p> <p>(iii) \$3,640.79</p>               |

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|--|--|--|--|--|
|  | with key US government and industry representatives on defence capabilities. |  |  |  |
|--|--|--|--|--|

| <b>Minister / Parliamentary Secretary</b> | <b>Travel undertaken<br/>Destination, duration and purpose</b>  | <b>Departmental ministerial costs</b><br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to Defence<br><br>(iv) Entertainment | <b>Defence delegation</b>   | <b>Defence personnel costs</b><br><br>(i) Travel<br><br>(ii) Accomm.<br><br>(iii) Other |
|---|---|---|---|---|
| <i>Minister for Defence, Mr Smith</i>     | <p><b>United States</b> from 14 to 17 September 2011 visiting Los Angeles and San Francisco.</p> <p>The Minister visited the United States to attend the annual Australia-United States Ministerial Consultations (AUSMIN) in San Francisco. Prior to attending AUSMIN on 14 September the Minister took delivery of the Royal Australian Air Force's fifth C-17A Globemaster III aircraft at Boeing's Long Beach C-17 production facility.</p> | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil  | 1. Secretary. Costs incurred were one way only (first class)<br>2. Chief of Defence Force (first class)<br>3. Aide de Camp to CDF (business class)<br>4. Aide de Camp to Minister (business class)<br>5. Signaller (business class) | (i) \$64,472.21<br>(ii) \$4,809.15<br>(iii) \$1,588.04                                  |
| <i>Minister for Defence, Mr Smith</i>     | <p><b>Afghanistan, United Kingdom and Belgium</b> from 2 to 7 October 2011.</p> <p><b>Afghanistan:</b> The Minister met with ADF, NATO and US commanders and Afghan officials.</p> <p><b>United Kingdom:</b> The Minister met with defence and government officials and representatives from Defence Industry.</p>  | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil  | 1. Chief of Defence Force (first class)<br>2. Chief of Staff to CDF (business class)<br>3. Aide de Camp to CDF (business class)<br>4. Aide de Camp to Minister (business class)<br>5. Signaller (business class)                    | (i) \$68,978.11<br>(ii) \$3,577.77<br>(iii) \$2,713.15                                  |

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|  | <b>Belgium:</b> The Minister attended the NATO/ISAF Defence Ministers' Meeting in Brussels. |  |  |  |
|--|---|--|--|--|

| <b>Minister / Parliamentary Secretary</b> | <b>Travel undertaken<br/>Destination, duration and purpose</b>  | <b>Departmental ministerial costs</b><br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to Defence<br><br>(iv) Entertainment | <b>Defence delegation</b>  | <b>Defence personnel costs</b><br><br>(i) Travel<br><br>(ii) Accom.<br><br>(iii) Other |
|---|---|---|--|--|
| <i>Minister for Defence,<br/>Mr Smith</i> | <p><b>Singapore and Malaysia</b> from 31 October to 3 November 2011.</p> <p>The Minister visited Singapore to attend the Five Power Defence Arrangements (FPDA) Defence Ministers meeting. In addition, the Minister held bilateral discussions with FPDA counterparts from Malaysia, New Zealand, Singapore and the United Kingdom and joined them in a call on Singaporean Prime Minister Lee Hsien Loong.</p> <p>While in Malaysia, the Minister visited ADF personnel participating in Exercise BERSAMA LIMA and attached to the Headquarters Integrated Area Defence System at Royal Malaysian Air Force Base Butterworth.</p> | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil  | 1. Secretary (first class)<br>2. Chief of Defence Force (first class)<br>3. Aide de Camp to CDF (business class)<br>4. Aide de Camp to Minister (business class)<br>5. Signaller (business class)<br>6. Assistant Director Singapore and FPDA International Policy Division (business class) | (i) \$40,841.40<br>(ii) \$4,751.31<br>(iii) \$2,376.27                                 |

|                                       |   |   |  |   |
|---------------------------------------|---|---|--|---|
|                                       | The Minister travelled to Kuala Lumpur to attend a joint call on FPDA Ministerial counterparts with Malaysian Deputy Prime Minister Yang Amat Berhormat Tan Sri Dato Hj Muhyiddin Yassin.   |   |  |   |
| <i>Minister for Defence, Mr Smith</i> | <p><b>India</b> from 6 to 11 December 2011.</p> <p>The Minister visited India to conduct the Defence Ministers' Dialogue with India's Defence Minister A K Antony. The dialogue involved discussions on shared strategic and security interests, including maritime security, cooperation in the Indian ocean, and regional security.</p> <p>In Mumbai, the Minister visited the Western Naval Command and the Victoria Dockyard.</p> | <p>(i) 194.55 (Gift: pen and map of Australia)</p> <p>(ii) Nil</p> <p>(iii) Nil</p> <p>(iv) Nil</p> | <ol style="list-style-type: none"> <li>1. Secretary (first class)</li> <li>2. Aide de Camp to Minister (business class)</li> <li>3. Assistant Director North and South Asia, International Policy Division (business class)</li> </ol> | <p>(i) 27,237.91</p> <p>(ii) \$4,335.26</p> <p>(iii) \$1,306.17</p> |

| <b>Minister / Parliamentary Secretary</b> | <b>Travel undertaken<br/>Destination, duration and purpose</b> | <b>Departmental ministerial costs</b><br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to Defence<br><br>(iv) Entertainment | <b>Defence delegation</b>  | <b>Defence personnel costs</b><br><br>(i) Travel<br><br>(ii) Accommodation<br><br>(iii) Other |
|---|--|---|--|---|
| <i>Minister for Defence, Mr Smith</i>     | <b>United Kingdom</b> from 22 to 24 January 2012.              | <p>(i) Nil</p> <p>(ii) Nil</p>  | <ol style="list-style-type: none"> <li>1. Secretary (first class)</li> <li>2. Chief of Defence Force (first class)</li> <li>3. Mrs Hurley (first class)</li> </ol> | <p>(i) \$90,386.36</p> <p>(ii) \$9,408.74</p>   |

|  |  |  |  |   |
|--|--|--|--|---|
|  | <p>The Minister visited the United Kingdom to attend the annual Australia-United Kingdom Ministerial Consultations (AUKMIN) in London. Following AUKMIN the Minister completed a bilateral program with his UK counterpart in London and Portsmouth.</p> <p>Prior to the UK visit CDF, Mrs Hurley, SO-P, ADC to CDF, Signaller travelled to UAE and France. Prior to the UK visit Assistant Director Europe travelled to Germany and France.</p>   | <p>(iii) Nil<br/>(iv) Nil</p>  | <p>4. Aide de Camp to CDF (business class)<br/>5. Staff Officer (Policy) to CDF (business class)<br/>6. Aide de Camp to Minister (business class)<br/>7. Signaller (business class)<br/>8. Assistant Director Europe, International Policy Division (business class)</p>                       | <p>(iii) \$2,062.42</p>   |
| <p><i>Minister for Defence, Mr Smith</i></p> | <p><b>Belgium</b> from 2 to 3 February 2012.</p> <p>The Minister visited Belgium to attend the NATO/ISAF Defence Ministers' Meeting in Brussels.</p> <p>Following the visit to the UK, CDF, Mrs Hurley, ADC to CDF, Signaller and Assistant Director Europe remained in Europe, as this was assessed as being more cost effective than returning to Australia between the two meetings. Annual leave was approved for the nominal working days, with one weekend and a public holiday also falling within the period 25 January to 1 February. This arrangement saved Defence approximately \$23,362. All leave was approved by the appropriate authority. CDG spouses' travel was approved by the Minister for Defence.</p> | <p>(i) 194.55 (Gift of pen and map of Australia)<br/>(ii) Nil<br/>(iii) Nil<br/>(iv) Nil</p> | <p>1. Chief of Defence Force (first class)<br/>2. Mrs Hurley (first class)<br/>3. Aide de Camp to CDF (business class)<br/>4. Aide de Camp to Minister (business class)<br/>5. Signaller (business class)<br/>6. Assistant Director Europe, International Policy Division (business class)</p> | <p>(i) \$14,247.32<br/>(ii) \$4,521.33<br/>(iii) \$1,852.35</p> |

| Minister / Parliamentary Secretary    | Travel undertaken<br>Destination, duration and purpose  | Departmental ministerial costs<br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to Defence<br><br>(iv) Entertainment | Defence delegation   | Defence personnel costs<br><br>(i) Travel<br><br>(ii) Accommodation<br><br>(iii) Other |
|---------------------------------------|---|--|--|--|
| <i>Minister for Defence, Mr Smith</i> | <p><b>United Arab Emirates and Afghanistan</b> from 9 to 12 April 2012.</p> <p><b>United Arab Emirates:</b> In Abu Dhabi the Minister met with key UAE interlocutors including the Crown Prince of Abu Dhabi, the UAE Foreign Minister and the Chief of Staff of the UAE Armed Forces.</p> <p><b>Afghanistan:</b> The Minister met with ADF, NATO and US commanders and Afghan officials.</p> | <p>(i) \$796.47<br/>(ii) Nil<br/>(iii) Nil<br/>(iv) Nil</p>  | <ol style="list-style-type: none"> <li>1. Chief of Defence Force (first class)</li> <li>2. Aide de Camp to CDF (business class)</li> <li>3. Aide de Camp to Minister (business class)</li> <li>4. Secretary (first class)</li> </ol>   | <p>(i) \$39,469.02<br/>(ii) \$3,311.86<br/>(iii) 931.02</p>                            |
| <i>Minister for Defence, Mr Smith</i> | <p><b>Belgium</b> from 18 to 19 April 2012.</p> <p>The Minister visited Belgium to attend the NATO/ISAF Defence and Foreign Ministers' Meeting in Brussels.</p> <p>Following the visit to Brussels, CDF and party visited Sweden 20-24 April, and returned to</p>   | <p>(i) \$402.98<br/>(ii) Nil<br/>(iii) \$2,243.77 (courier charges and meeting room hire)<br/>(iv) Nil</p>                             | <ol style="list-style-type: none"> <li>1. Chief of Defence Force (first class)</li> <li>2. Staff Officer to CDF (business class)</li> <li>3. Aide de Camp to CDF (business class)</li> <li>4. Aide de Camp to Minister (business class)</li> <li>5. Signaller (business class)</li> <li>6. Policy Officer Afghanistan, International Policy Division (business class)</li> </ol> | <p>(i) \$73,892.37<br/>(ii) \$8,834.65<br/>(iii) \$5,102.70</p>                        |

|  |  |  |  |  |
|--|--|--|--|--|
|  | Brussels 25-26 April for NATO CHODS meeting. Policy Officer Afghanistan remained in Brussels for NATO CHODS meeting. |  |  |  |
|--|--|--|--|--|

| <b>Minister / Parliamentary Secretary</b> | <b>Travel undertaken<br/>Destination, duration and purpose</b>  | <b>Departmental ministerial costs</b><br><br><b>(i) Gifts</b><br><br><b>(ii) Security</b><br><br><b>(iii) Portfolio costs to Defence</b><br><br><b>(iv) Entertainment</b> | <b>Defence delegation</b>  | <b>Defence personnel costs</b><br><br><b>(i) Travel</b><br><br><b>(ii) Accommod.</b><br><br><b>(iii) Other</b> |
|---|---|---|--|--|
| <i>Minister for Defence, Mr Smith</i>     | <p><b>Papua New Guinea and Solomon Islands</b> from 24 to 26 April 2012.</p> <p>In PNG the Minister participated in ANZAC Day commemorations, and held meetings with key interlocutors including the PNG Prime Minister, Commander PNG Defence Force and Secretary of Defence.</p> <p>In Honiara the Minister met with national leaders</p> | <p>(i) Nil</p> <p>(ii) Nil</p> <p>(iii) Nil</p> <p>(iv) Nil</p>   | <ol style="list-style-type: none"> <li>1. Secretary (SPA and business class)</li> <li>2. Chief of Army (SPA and business class)</li> <li>3. Aide de Camp to Chief of Army (SPA and business class)</li> <li>4. Director PNG and Solomon Islands, International Policy Division (SPA and business class)</li> <li>5. Aide de Camp to Minister (SPA and business class)</li> </ol> | <p>(i) \$12,045.26</p> <p>(ii) \$3,433.85</p> <p>(iii) \$1,504.51</p>  |

|                                       |   |  |  |   |
|---------------------------------------|---|--|--|---|
|                                       | and Australian soldiers serving as part of the Australia-led Regional Assistance Mission to Solomon Islands (RAMSI).  |  |  |   |
| <i>Minister for Defence, Mr Smith</i> | <p><b>Chicago, USA</b> from 20 to 21 May 2012.</p> <p>The Minister visited Belgium to attend the NATO/ISAF Prime Ministers' Summit in Chicago.</p> <p>CDF and party visited Washington DC from 15-19 May prior to NATO Summit in Chicago. The costs included are the complete airfare costs but only accommodation and meals and incidentals for the period the party accompanied Minister Smith.</p> | <p>(i) \$437.46</p> <p>(ii) Nil</p> <p>(iii) Nil</p> <p>(iv) Nil</p> | <ol style="list-style-type: none"> <li>1. Chief of Defence Force (first class)</li> <li>2. Mrs Hurley</li> <li>3. Staff Officer to CDF (business class)</li> <li>4. Aide de Camp to CDF (business class)</li> <li>5. Aide de Camp to Minister (business class)</li> <li>6. Signaller (business class)</li> </ol> | <p>(i) \$66,739.55</p> <p>(ii) \$8,014.36</p> <p>(iii) \$2,801.34</p> |

| <b>Minister / Parliamentary Secretary</b>                     | <b>Travel undertaken<br/>Destination, duration and purpose</b>                  | <b>Departmental ministerial costs</b><br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to Defence<br><br>(iv) Entertainment | <b>Defence delegation</b>  | <b>Defence personnel costs</b><br><br>(i) Travel<br><br>(ii) Accommm.<br><br>(iii) Other |
|---|---|---|--|--|
| <i>Minister for Defence Science and Personnel, Mr Snowdon</i> | <b>France, Belgium, Germany and the United Kingdom</b> from 16 to 24 July 2011. | <p>(i) Nil</p> <p>(ii) Nil</p> <p>(iii) Nil</p>   | <ol style="list-style-type: none"> <li>1. Aide de Camp to Minister (business class). These costs represent a portion of the visit for Defence.</li> <li>2. A Veterans' Affairs (DVA) departmental staff accompanied the Minister and costs are borne by the</li> </ol> | <p>(i) \$5,767.50</p> <p>(ii) \$910.67</p> <p>(iii) \$25.95</p>                          |

|  |   |          |      |  |
|--|---|----------|------|--|
|  | <p><b>France and Belgium 17 to 19 July:</b> In France the Minister attended a headstone dedication ceremony in Fromelles and marked the 95<sup>th</sup> anniversary of the Battle of Fromelles. On 18 July, the Minister visited Ieper, Belgium (Menin Gate) for the Last Post Ceremony and other Western Front sites and returned to France on 19 July.</p> <p><b>Germany 20 July:</b> The Minister visited the Landstuhl Regional Medical Centre (LRMC) operated by the US Army.</p> <p><b>United Kingdom 21-22 July:</b> The Minister met with counterparts and officials. A Memorandum of Understanding was signed between DSTO and the UK Defence Science and Technology Laboratory (Dstl) for reciprocal access to each other's facilities and equipment.</p> | (iv) Nil | DVA. |  |
|--|---|----------|------|--|

| <b>Minister / Parliamentary Secretary</b>          | <b>Travel undertaken<br/>Destination, duration and purpose</b>  | <b>Departmental ministerial costs</b><br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to Defence<br><br>(iv) Entertainment | <b>Defence delegation</b>   | <b>Defence personnel costs</b><br><br>(i) Travel<br><br>(ii) Accom.<br><br>(iii) Other |
|--|---|---|---|--|
| <i>Minister for Defence Science and Personnel,</i> | <b>Canada</b> from 25 August to 2 September 2011 in his capacity as Minister for Veterans' Affairs to | (i) \$359.42  | 1. Aide de Camp to Minister (business class). These costs represent a portion of the visit for Defence. 55% | (i) \$9,877.30   |

|   |  |   |  |  |
|---|--|---|--|--|
| <i>Mr Snowdon</i>   | attend a Veterans' Affairs Conference.<br><br>A portion (45%) of the visit was defence-related calls and activities.<br><br>Travel by the Minister was first class. The Chief of Staff travelled business class.   | (ii) Nil<br>(iii) Nil<br>(iv) Nil                 | will be reimbursed by DVA.<br>2. Veterans' Affairs departmental staff accompanied the Minister, and these costs are borne by DVA.  | (ii) \$936.93<br>(iii) \$815.03                  |
| <i>Minister for Defence Science and Personnel, Mr Snowdon</i> | <b>Afghanistan, UAE, Oman</b> from 25 to 29 January 2012.<br><br>In UAE, the Minister met with Australian troops at Al-Minhad Air Base. In Afghanistan, the Minister participated in Australia Day celebrations, and met with ADF, NATO and US commanders and Afghan officials.<br><br>In Oman, the Minister met with the Chief of Staff of the Sultan's Armed Forces and visited HMAS Parramatta which was visiting Muscat. | (i) \$261.78<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil | 1. Deputy Chief of Joint Operations (business class).<br>2. Aide de Camp to Minister (business class).<br>3. Assistant Director Afghanistan, International Policy Division (business class). | (i) 21,301.66<br>(ii) 1,871.09<br>(iii) 1,965.05 |

| <b>Minister / Parliamentary Secretary</b> | <b>Travel undertaken<br/>Destination, duration and purpose</b> | <b>Departmental ministerial costs<br/><br/>(i) Gifts<br/><br/>(ii) Security<br/><br/>(iii) Portfolio costs to</b> | <b>Defence delegation</b> | <b>Defence personnel costs<br/><br/>(i) Travel<br/><br/>(ii) Accommod.</b> |
|---|--|---|---------------------------|--|
|---|--|---|---------------------------|--|

|   |   | <b>Defence</b><br><b>(iv) Entertainment</b>         |   | <b>(iii) Other</b>                                     |
|---|---|---|---|--|
| <i>Minister for Defence<br/>Science and Personnel,<br/>Mr Snowdon</i> | <b>Belgium, France and the United Kingdom</b><br>from 19 to 28 April.<br><br>The Minister visited Belgium and France from ANZAC Day commemorations and to conduct Veterans' Affairs calls and activities.<br><br>In addition to his Veteran's program, the Minister met with senior Defence science and technology officials to discuss bilateral cooperation in the UK and France. | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil        | 1. Aide de Camp to Minister (business class). | (i) \$16,613.88<br>(ii) \$1,581.10<br>(iii) \$2,313.69 |
| <i>Minister for Defence<br/>Science and Personnel,<br/>Mr Snowdon</i> | <b>East Timor</b> from 19 to 20 May.<br><br>The Minister visited East Timor to attend the inauguration of the President and represent Defence at the 10 <sup>th</sup> anniversary of independence commemorations. The Minister also met with the Prime Minister and United Nations representatives to discuss the International Stabilisation Force.                                | (i) \$1,145.46<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil | 1. Aide de Camp to Minister (business class). | (i) \$567.55<br>(ii) \$336.36<br>(iii) \$304.34        |

| <b>Minister / Parliamentary</b> | <b>Travel undertaken</b> | <b>Departmental</b> | <b>Defence delegation</b> | <b>Defence personnel</b> |
|---------------------------------|--------------------------|---------------------|---------------------------|--------------------------|
|---------------------------------|--------------------------|---------------------|---------------------------|--------------------------|

| Secretary                                      | Destination, duration and purpose  | ministerial costs<br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to Defence<br><br>(iv) Entertainment |  | costs<br><br>(i) Travel<br><br>(ii) Accommodation<br><br>(iii) Other |
|--|--|---|--|--|
| <i>Minister for Defence Materiel, Mr Clare</i> | <p><b>Afghanistan, Spain and the United Kingdom</b> from 28 July to 6 August 2011.</p> <p><b>Afghanistan:</b> The Minister met with ADF and US commanders and Afghan officials.</p> <p><b>United Kingdom:</b> The Minister met with defence and government officials; counterparts and representatives from Defence Industry. The ministerial part also inspected the recently acquired Largs Bay amphibious ship at HMNB Devonport.</p> <p><b>Spain:</b> In Ferrol the Minister inspected work on the hulls of the two new Landing Helicopter Dock Ships under construction and met with Defence Industry officials and the Spanish State Secretary of Defence.</p> | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil  | <ol style="list-style-type: none"> <li>1. Chief of Navy (business class and economy within Europe)</li> <li>2. Aide de Camp to Chief of Navy (business class and economy within Europe)</li> </ol> | (i) \$23,206.50<br>(ii) \$3,829.70<br>(iii) \$1,450.92               |

| Minister / Parliamentary Secretary | Travel undertaken<br><br>Destination, duration and purpose | Departmental ministerial costs<br><br>(i) Gifts | Defence delegation | Defence personnel costs<br><br>(i) Travel |
|------------------------------------|--|---|--------------------|---|
|------------------------------------|--|---|--------------------|---|

|   |   | (ii) Security<br>(iii) Portfolio costs to Defence<br>(iv) Entertainment |   | (ii) Accom.<br>(iii) Other                         |
|---|---|---|---|--|
| <i>Minister for Defence Materiel, Mr Clare</i>  | <p><b>Solomon Islands</b> from 10 to 12 November 2011.</p> <p>The Minister spent Remembrance Day with Australian troops in the Solomon Islands, and was briefed on the progress of the Regional Assistance Mission to the Solomon Islands by commanders.</p>  | <p>(i) Nil<br/>(ii) Nil<br/>(iii) Nil<br/>(iv) Nil</p>                  | <p>1. Director General Military Strategic Commitments (business class)<br/>2. Director PNG and Solomon Islands (business class)</p> | <p>(i) \$1,738.43<br/>(ii) Nil<br/>(iii) \$251</p> |
| <p><i>Minister for Defence Materiel, Mr Clare</i></p> <p><i>Parliamentary Secretary for Defence, Senator Feeney</i></p> | <p><b>United States</b> from 2 to 8 October 2011.</p> <p>The Minister and Senator Feeney attended the American Australian Leadership Dialogue at the East-West Center for discussions on key regional and Defence issues. The Minister and Senator Feeney also held discussions with officials from the Asia Pacific Centre for Security Studies and Pacific Forum Centre for Strategic and International Studies.</p> <p>The Minister and Senator Feeney visited US Pacific Command to meet with senior US Defence officials and regional analysts to discuss Alliance cooperation and capability matters.</p> | <p>(i) Nil<br/>(ii) Nil<br/>(iii) Nil<br/>(iv) Nil</p>                  | <p>No Defence personnel joined the visit.</p>   | <p>(i) Nil<br/>(ii) Nil<br/>(iii) Nil</p>          |

| Minister / Parliamentary Secretary             | Travel undertaken<br>Destination, duration and purpose   | Departmental ministerial costs<br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to Defence<br><br>(iv) Entertainment | Defence delegation   | Defence personnel costs<br><br>(i) Travel<br><br>(ii) Accomm.<br><br>(iii) Other |
|--|--|--|--|--|
| <i>Minister for Defence Materiel, Mr Clare</i> | <p><b>East Timor</b> from 24 to 26 October 2011.</p> <p>The Minister visited East Timor accompanied by Chief of Army Lieutenant General David Morrison. They visited Australian and New Zealand troops serving with the International Stabilisation Force, and members of Australia's Defence Cooperation Program.</p> <p>The Minister also met with representatives from the East Timorese Government and the United Nations.</p> | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil   | 1. Chief of Army (business and economy class)<br>2. Military Adviser to Chief of Army (economy class)<br>3. Regimental Sergeant Major – Army (economy class) | (i) \$10,835.34<br>(ii) Nil<br>(iii) \$450                                       |

| Minister / Parliamentary Secretary | Travel undertaken<br>Destination, duration and purpose | Departmental ministerial costs<br><br>(i) Gifts<br><br>(ii) Security<br><br>(iii) Portfolio costs to | Defence delegation | Defence personnel costs<br><br>(i) Travel<br><br>(ii) Accomm. |
|------------------------------------|--|--|--------------------|---|
|------------------------------------|--|--|--------------------|---|

|  |  | <b>Defence</b><br><b>(iv) Entertainment</b>  |   | <b>(iii) Other</b>                                  |
|--|--|--|---|---|
| <i>Parliamentary Secretary for Defence,<br/>Senator Feeney</i> | <b>Solomon Islands</b> from 28 June to 1 July 2011.<br><br>The Senator visited the Solomon Islands with the Hon Richard Marles MP (Parliamentary Secretary for the Pacific Island Affairs) for the Forum Ministerial Standing Committee on Regional Assistance Mission to Solomon Islands.   | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil | No Departmental staff joined the visit  | (i) Nil<br>(ii) Nil<br>(iii) Nil                    |
| <i>Parliamentary Secretary for Defence,<br/>Senator Feeney</i> | <b>Papua New Guinea</b> from 21 to 24 July 2011.<br><br>The Senator travelled to Papua New Guinea to review the progress being made under Australia's Defence Cooperation Program with PNG.<br><br>The Senator also represented the Minister for Defence Science and Personnel and Veterans' Affairs to honour the Fuzzy Wuzzy Angels' contribution to supporting Australians in Papua New Guinea during the Second World War. Commemorative medallions were presented to 13 recipients. | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil | 1. Deputy Secretary Strategy (business class)<br>2. Policy Officer PNG Section, International Policy Division (business class)<br>3. Veterans' Affairs departmental staff accompanied the Minister, and these costs are borne by DVA. | (i) \$7,024.55<br>(ii) \$1,723.87<br>(iii) \$484.28 |
| <i>Parliamentary Secretary for Defence, Senator</i>            | <b>Papua New Guinea</b> from 8 October to 9  | (i) Nil                                      | 1. Director PNG and Solomon Islands, International Policy Division (business class)   | (i) \$3,583.01                                      |

|               |  |                                   |  |                                 |
|---------------|--|-----------------------------------|--|---------------------------------|
| <i>Feeney</i> | October 2011.<br><br>The Senator travelled to Papua New Guinea to visit approximately 300 ADF personnel participating in exercise OLGETA WARRIOR. The Senator also met with Government Ministers and agency heads. | (ii) Nil<br>(iii) Nil<br>(iv) Nil |  | (ii) \$839.91<br>(iii) \$205.50 |
|---------------|--|-----------------------------------|--|---------------------------------|

| <b>Minister / Parliamentary Secretary</b>                           | <b>Travel undertaken<br/>Destination, duration and purpose</b>   | <b>Departmental ministerial costs<br/><br/>(i) Gifts<br/><br/>(ii) Security<br/><br/>(iii) Portfolio costs to Defence<br/><br/>(iv) Entertainment</b> | <b>Defence delegation</b>   | <b>Defence personnel costs<br/><br/>(i) Travel<br/><br/>(ii) Accomm.<br/><br/>(iii) Other</b> |
|---|--|---|---|---|
| <i>Parliamentary Secretary for Defence,<br/><br/>Senator Feeney</i> | <b>Afghanistan</b> from 21 to 24 February 2012.<br><br>The Senator and Vice Chief of Defence Force visited ADF personnel deployed to the Middle East Area of Operations (MEAO). The Senator and AIRMSHL Binskin visited the Multi National Base – Tarin Kot and Kandahar Air Field in Afghanistan, and Al Minhad Air Base in the United Arab Emirates. | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil  | 1. Vice Chief of the Defence Force (first class)<br>2. Aide de Camp to VCDF (first class) | (i) \$24,049.90<br>(ii) \$1,699.51<br>(iii) \$1,319.17  |

|  |   |  |   |   |
|--|---|--|---|---|
| <i>Parliamentary Secretary for Defence, Senator Feeney</i> | <b>Papua New Guinea</b> from 8 to 10 March 2012.<br><br>The Senator conducted a program of calls including meeting with the Minister for Defence, the Commander of the PNG Defence Forces and the Police and Electoral Commissioners. | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil | 1. Assistant Secretary Pacific and East Timor, International Policy Division (business class) | (i) \$3,393.00<br>(ii) \$653.52<br>(iii) \$805.21 |
|--|---|--|---|---|

| <b>Minister / Parliamentary Secretary</b>            | <b>Travel undertaken<br/>Destination, duration and purpose</b>  | <b>Departmental ministerial costs<br/><br/>(i) Gifts<br/><br/>(ii) Security<br/><br/>(iii) Portfolio costs to Defence<br/><br/>(iv) Entertainment</b> | <b>Defence delegation</b>   | <b>Defence personnel costs<br/><br/>(i) Travel<br/><br/>(ii) Accomm.<br/><br/>(iii) Other</b> |
|--|---|---|---|---|
| <i>Parliamentary Secretary for Defence, Dr Kelly</i> | <b>Afghanistan</b> from 3 to 10 March 2012.<br><br>The Parliamentary Secretary met with ADF, NATO and US commanders and Afghan officials. | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil  | 1. Chief of Air Force (first class)<br>2. Aide de Camp to Chief of Air Force (business class) | (i) 22063.80<br>(ii) \$770.32<br>(iii) \$1,388.62   |
| <i>Parliamentary Secretary for Defence, Dr Kelly</i> | <b>USA</b> from 3 to 10 June 2012.<br><br>The Parliamentary Secretary visited the United Nations in New York for calls on senior          | (i) Nil<br>(ii) Nil<br>(iii) Nil<br>(iv) Nil  | No Departmental staff joined the visit  | (i) Nil<br>(ii) Nil<br>(iii) Nil  |

|  |   |  |  |  |
|--|---|--|--|--|
|  | <p>officials.</p> <p>The Parliamentary Secretary visited Washington DC for calls with senior Pentagon officials and calls on think tanks and the National Defence University.</p> |  |  |  |
|--|---|--|--|--|

## Annex 2

### Minister for Defence

| Position     | Start      | Finish     | Reason            | Accommodation | Airfares including taxes | Ground Transportation | Meals & Incidentals | Miscellaneous travel costs | Total    |
|--------------|------------|------------|-------------------|---------------|--------------------------|-----------------------|---------------------|----------------------------|----------|
| Aide-de-Camp | 15/07/2011 | 15/07/2011 | Sydney            |               | 140.87                   | 24.63                 |                     |                            | 165.50   |
|              | 18/07/2011 | 18/07/2011 | Sydney            |               | 212.04                   | 54.41                 |                     | 23.60                      | 290.05   |
|              | 19/07/2011 | 20/07/2011 | Bendigo           | 194.68        | 453.02                   | 41.38                 | 110.00              | 25.53                      | 824.61   |
|              | 6/09/2011  | 7/09/2011  | Perth             | 450.00        | 1,036.15                 | 136.88                | 170.00              | 26.58                      | 1,819.61 |
|              | 23/10/2011 | 31/10/2011 | Perth             | 3,063.45      | 343.93                   | 82.95                 | 870.00              | 389.81                     | 4,750.14 |
|              | 7/11/2011  | 11/11/2011 | Melbourne & Perth | 733.64        | 2,190.86                 | 27.75                 | 540.00              | 34.55                      | 3,526.80 |
|              | 14/11/2011 | 14/11/2011 | Townsville        |               | 274.83                   | 31.41                 |                     | 23.60                      | 329.84   |
|              | 17/11/2011 | 18/11/2011 | Darwin            |               | 706.39                   | 49.85                 | 110.00              | 25.53                      | 891.77   |
|              | 19/11/2011 | 20/11/2011 | Perth             |               | 419.87                   |                       | 110.00              | 25.53                      | 555.40   |
|              | 28/11/2011 | 28/11/2011 | Sydney            |               | 159.71                   | 94.26                 |                     | 23.60                      | 277.57   |
|              | 30/11/2011 | 1/12/2011  | Holsworthy        | 299.58        | 624.84                   |                       | 186.55              | 432.70                     | 1,543.67 |
|              | 11/12/2011 | 13/12/2011 | HMAS Choules      | 887.27        | 1,114.98                 | 148.46                | 410.00              | 54.70                      | 2,615.41 |
|              | 31/01/2012 | 1/02/2012  | Leeuwin Barracks  | 570.91        | 704.07                   | 110.52                | 230.00              | 28.20                      | 1,643.70 |

|                         |            |            |                    |                 |                  |                 |                 |                 |                  |
|-------------------------|------------|------------|--------------------|-----------------|------------------|-----------------|-----------------|-----------------|------------------|
|                         | 1/03/2012  | 3/03/2012  | Perth <sup>1</sup> |                 |                  |                 |                 | 23.60           | 23.60            |
|                         | 22/03/2012 | 23/03/2012 | Perth              | 308.18          | 1,394.50         | 77.61           | 40.00           | 47.20           | 1,867.49         |
|                         | 28/03/2012 | 29/03/2012 | Sydney             | 147.27          | 472.14           | 42.48           | 150.00          | 49.22           | 861.11           |
|                         | 3/04/2012  | 4/04/2012  | Darwin             | 175.32          | 499.43           | 99.65           | 130.00          | 26.20           | 930.60           |
|                         | 25/02/2012 | 26/02/2012 | Perth              | 159.09          |                  |                 |                 | 23.60           | 182.69           |
| Aide-de-Camp            |            | Total      |                    | 6,989.39        | 10,747.63        | 1,022.24        | 3,056.55        | 1,283.75        | 23,099.56        |
| Defence Liaison Officer | 16/02/2012 | 17/02/2012 | Perth              | 324.55          | 1,337.92         | 55.20           | 170.00          | 28.58           | 1,916.25         |
| Defence Liaison Officer |            | Total      |                    | 324.55          | 1,337.92         | 55.20           | 170.00          | 28.58           | 1,916.25         |
| <b>Total</b>            |            |            |                    | <b>7,313.94</b> | <b>12,085.55</b> | <b>1,077.44</b> | <b>3,226.55</b> | <b>1,312.33</b> | <b>25,015.81</b> |

*Minister for Defence Science and Personnel*

| Position     | Start      | Finish     | Reason    | Accommodation | Airfares including taxes | Ground Transportation | Meals & Incidentals | Miscellaneous travel costs | Official Gift | Total    |
|--------------|------------|------------|-----------|---------------|--------------------------|-----------------------|---------------------|----------------------------|---------------|----------|
| Aide-de-Camp | 13/07/2011 | 14/07/2011 | Brisbane  |               | 622.97                   | 271.97                | 142.75              | 26.81                      |               | 1,064.50 |
|              | 1/08/2011  | 1/08/2011  | Melbourne |               | 651.36                   | 207.46                |                     | 27.56                      |               | 886.38   |

<sup>1</sup> Trip was cancelled. Reported costs relate to administration costs and or other un-refundable charges by either accommodation or airlines providers.

|              |            |            |                        |          |           |          |          |        |        |           |
|--------------|------------|------------|------------------------|----------|-----------|----------|----------|--------|--------|-----------|
|              | 10/08/2011 | 10/08/2011 | Melbourne              |          | 359.77    | 19.09    |          | 13.96  |        | 392.82    |
|              | 18/08/2011 | 18/08/2011 | Brisbane               |          | 196.71    |          |          | 13.60  |        | 210.31    |
|              | 2/09/2011  | 3/09/2011  | Darwin                 | 168.18   | 1,613.01  | 23.92    | 130.40   | 39.80  |        | 1,975.31  |
|              | 20/09/2011 | 30/09/2011 | Melbourne              |          | 609.96    | 20.91    |          | 13.60  |        | 644.47    |
|              | 28/09/2011 | 28/09/2011 | Sydney                 |          | 262.23    | 108.56   |          | 13.60  | 687.27 | 1,071.66  |
|              | 6/10/2011  | 7/10/2011  | Sydney & Melbourne     | 154.55   | 417.08    | 24.02    | 84.80    | 15.29  | 113.59 | 809.33    |
|              | 21/10/2011 | 21/10/2011 | Brisbane               |          | 733.38    | 20.91    |          | 13.60  |        | 767.89    |
|              | 3/11/2011  | 4/11/2011  | Holsworthy             | 173.64   | 193.68    | 25.45    | 101.00   | 25.62  |        | 519.39    |
|              | 7/11/2011  | 8/11/2011  | Melbourne              | 144.55   | 385.04    | 23.36    | 113.10   | 15.86  |        | 681.91    |
|              | 4/12/2011  | 5/12/2011  | Darwin                 | 177.27   | 576.28    | 47.74    | 190.00   | 26.93  |        | 1,018.22  |
|              | 20/12/2011 | 22/12/2011 | Melbourne              | 252.73   |           | 44.90    | 260.00   | 13.71  |        | 571.34    |
|              | 18/01/2012 | 18/01/2012 | Melbourne              |          | 337.20    |          |          | 13.60  |        | 350.80    |
|              | 31/01/2012 | 1/02/2012  | Sydney                 |          | 684.10    | 112.08   |          | 13.60  |        | 809.78    |
|              | 21/02/2012 | 24/02/2012 | Adelaide & Sydney      | 524.11   | 1,747.86  | 101.73   | 390.00   | 20.43  |        | 2,784.13  |
|              | 4/03/2012  | 12/03/2012 | Sydney & Christmas Isl | 685.51   | 1,714.94  | 339.61   | 690.00   | 31.50  |        | 3,461.56  |
|              | 27/03/2012 | 1/04/2012  | Sydney & Melbourne     | 527.28   | 403.77    | 165.48   | 460.00   | 23.15  |        | 1,579.68  |
|              | 3/04/2012  | 5/04/2012  | Darwin                 | 313.42   | 1,293.77  | 140.94   | 300.00   | 18.85  |        | 2,066.98  |
|              | 28/04/2012 | 30/04/2012 | Sydney                 |          | 239.73    | 75.58    | 280.00   | 44.90  |        | 640.21    |
|              | 2/05/2012  | 5/05/2012  | Darwin                 | 836.32   | 714.67    | 69.38    | 370.00   | 72.83  |        | 2,063.20  |
|              | 11/05/2012 | 12/05/2012 | Melbourne              | 162.73   | 571.39    | 139.84   | 170.00   | 16.58  |        | 1,060.54  |
| Aide-de-Camp |            |            | Total                  | 4,120.29 | 14,328.90 | 1,982.93 | 3,682.05 | 515.38 | 800.86 | 25,430.41 |

|                 |            |            |                |                 |                  |                 |                 |               |               |                  |
|-----------------|------------|------------|----------------|-----------------|------------------|-----------------|-----------------|---------------|---------------|------------------|
| Defence Liaison | 23/02/2012 | 23/02/2012 | RAAF Edinburgh |                 | 56.99            |                 |                 | 29.05         |               | 86.04            |
| Officer         | 7/03/2012  | 8/03/2012  | Sydney         |                 | 316.18           |                 |                 | 49.60         |               | 365.78           |
|                 | 11/03/2012 | 12/03/2012 | HMAS Cairns    | 165.17          | 934.92           |                 | 150.00          | 61.15         |               | 1,311.24         |
| Defence Liaison |            |            | Total          | 165.17          | 1,308.09         |                 | 150.00          | 139.80        |               | 1,763.06         |
| <b>Total</b>    |            |            |                | <b>4,285.46</b> | <b>15,636.99</b> | <b>1,982.93</b> | <b>3,832.05</b> | <b>655.18</b> | <b>800.86</b> | <b>27,193.47</b> |

*Minister for Defence Materiel*

| Position     | Start      | Finish     | Reason                  | Accommodation | Airfares including taxes | Ground Transportation | Meals & Incidentals | Miscellaneous travel costs | Total           |
|--------------|------------|------------|-------------------------|---------------|--------------------------|-----------------------|---------------------|----------------------------|-----------------|
| Aide-de-Camp | 10/11/2011 | 11/11/2011 | Wide Bay/Solomon Island |               |                          | 88.80                 | 160.00              | 4.80                       | 253.60          |
|              | 11/12/2011 | 13/12/2011 | Perth                   | 336.36        | 748.72                   | 91.73                 | 530.00              | 26.20                      | 1,733.01        |
| <b>Total</b> |            |            |                         | <b>336.36</b> | <b>748.72</b>            | <b>180.53</b>         | <b>690.00</b>       | <b>31.00</b>               | <b>1,986.61</b> |

*Former Minister for Defence Materiel – Mr Carr*

| Position     | Start      | Finish    | Reason | Accommodation | Airfares including taxes | Ground Transportation | Meals & Incidentals | Miscellaneous travel costs | Total         |
|--------------|------------|-----------|--------|---------------|--------------------------|-----------------------|---------------------|----------------------------|---------------|
| Aide-de-Camp | 31/01/2012 | 1/02/2012 | Sydney | 70.64         | 327.27                   | 78.42                 |                     | 23.60                      | 499.93        |
| <b>Total</b> |            |           |        | <b>70.64</b>  | <b>327.27</b>            | <b>78.42</b>          |                     | <b>23.60</b>               | <b>499.93</b> |

*Parliamentary Secretary for Defence – Mr Feeney*

| <b>Position</b>         | <b>Start</b> | <b>Finish</b> | <b>Reason</b> | <b>Accommodation</b> | <b>Airfares<br/>Including<br/>taxes</b> | <b>Ground<br/>Transportation</b> | <b>Meals<br/>&amp;<br/>Incidentals</b> | <b>Miscellaneous<br/>travel costs</b> | <b>Total</b>    |
|-------------------------|--------------|---------------|---------------|----------------------|---|----------------------------------|--|---------------------------------------|-----------------|
| Aide-de-Camp            | 14/03/2012   | 16/03/2012    | Townsville    |                      | 521.82                                  | 56.37                            |  | 23.60                                 | 601.79          |
|                         | 1/06/2012    | 1/06/2012     | Sydney        |                      | 211.55                                  | 195.86                           |  | 40.63                                 | 448.04          |
| Aide-de-Camp            |              | Total         |               |                      | 733.37                                  | 252.23                           |  | 64.23                                 | 1,049.83        |
| Defence Liaison Officer | 12/08/2011   | 12/08/2011    | Melbourne     |                      | 453.99                                  | 94.25                            |  | 23.60                                 | 571.84          |
|                         | 7/12/2011    | 8/12/2012     | Melbourne     | 147.27               | 298.02                                  | 226.27                           | 176.00                                 | 27.12                                 | 874.68          |
| Defence Liaison Officer |              | Total         |               | 147.27               | 752.01                                  | 320.52                           | 176.00                                 | 50.72                                 | 1,446.52        |
| <b>Total</b>            |              |               |               | <b>147.27</b>        | <b>1,485.38</b>                         | <b>572.75</b>                    | <b>176.00</b>                          | <b>114.95</b>                         | <b>2,496.35</b> |

- (b) For financial year 2011-12, as at end of May 2012, Defence, including Defence Materiel Organisation (DMO), has spent approximately \$399 million (exclusive of GST) on travel related expenses. This figure covers the entire Department of Defence workforce; APS employees, full time ADF members and ADF Reservists. The figure does not include charter aircraft used for deployments and exercises.

The Defence travel program is very large and complex and it is not possible to provide data broken down at the level requested as it is not captured or maintained at this level. Defence undertakes in excess of 200,000 domestic trips each year. Trips may be made using commercial means (air, car hire, rail etc), service vehicles or in some cases private vehicles and Defence does not have a single data source that identifies each trip undertaken for central reporting.

- (c-e) Defence complies with Government's Lowest Practical Fare policy for domestic air travel and Best Fare of the Day policy for International Air Travel. To assist agencies monitor compliance to these government policies, the Department of Finance and Deregulation established Whole-of-Australian Government Reason codes that each traveller must select when making a domestic and international airline booking with their travel management company. The Reason codes are:

- Lowest Practical Fare/International Best Fare taken
- Unsuitable due to time routing or connections
- Approval / Entitlement to travel at higher fare class
- Health and Safety issues/Personal responsibilities
- Require flexibility to change booking

Defence's travel management company, QBT, provides Defence with a consolidated Reason code report as part of its quarterly suite of reports.

- (f) Some Defence employees have airline lounge membership funded by Defence where it provides value for money outcomes to Defence. Approval must be given by an authorised financial delegate who considers a number of factors including: the business benefits of having access to lounges (e.g. ability to work whilst travelling), frequency of travel by the individual, free availability of some lounges, travel destinations and the traveller's personal circumstances. Members of the SES and Star ranked officers retain an entitlement to lounge membership through their workplace agreement.

It is not possible to provide accurate data on the number of Defence employees who have lounge membership funded by Defence. Payment is by various means (Defence Travel Card, Defence Purchasing Card or on a reimbursement basis) to one or more airlines and these transactions are not itemised separately in Defence's financial management system or enterprise management system.

Under the Whole-of-Australian Government travel arrangements, some airlines do offer discounted rates to government employees. Qantas and Virgin Australia fees are as follows:

|                  | <b>Joining Fee</b> | <b>1 Year Membership</b> | <b>2 Year Membership</b> | <b>4 Year Membership</b> |
|------------------|--------------------|--------------------------|--------------------------|--------------------------|
| Qantas           | \$210 inc GST      | \$275 inc GST            | \$455 inc GST            | \$860 inc GST            |
| Virgin Australia | \$199 inc GST      | \$249 inc GST            | Not offered              | Not offered              |

- (g) There may be instances where support staff will travel with SES employees when there is a demonstrated business need and it represents efficient, effective, economical and ethical use of Commonwealth resources.

As Defence does not have a single data source that identifies each trip undertaken and an associated relationship with a Senior Executive Service or Star Ranked Officer, it is not possible to identify and breakdown travel by support staff to SES employees. To provide the level of detail requested would represent an unreasonable diversion of resources and time.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q80: Legal Costs**

**Senator Eggleston provided in writing.**

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

**Response:**

- (a) The Department of Defence's approximate legal expenditure (GST inclusive) for the financial year (FY) 2011-12 as at 30 June 2012 is \$72,631,125.67. This figure is broken down as follows:

- Internal Expenditure \$39,275,470.08
- External Expenditure \$33,355,655.59

The Defence Materiel Organisation's legal expenditure (GST exclusive) for the FY 2011-2012 as at 31 May 2012 is \$12,481,788.33. This figure is broken down as follows:

- Internal Expenditure \$2,869,851.00
- External Expenditure \$9,611,937.00
  - consisting of:
    - Professional Fees \$9,382,434.17
    - Disbursements \$ 229,503.16

- (b) Defence has spent approximately \$4,449,265.93 on legal services from the Australian Government Solicitor in FY 2011-12 as at 30 June 2012. These services were:

- Advice in relation to litigation \$3,362,598.58
- Advice on other legal matters \$1,075,724.67

Tied legal work accounted for 41% of this expenditure.

In the FY 2011-12, as at 31 May 2012, the Defence Materiel Organisation purchased \$929,121.95 in legal services from the Australian Government Solicitor.

- (c) The Department has spent approximately \$28,906,389.66 on legal services from private firms in FY 2011-12 as at 30 June 2012. 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 matters, and then further refined by the panel the work was assigned to.

**Advice in relation to litigation** **\$ 2,825,861.44**

|  |  |               |
|--|--|---------------|
| Commercial, including contract, acquisitions and PPP     | Clayton Utz                                | \$ 788,368.40 |
|  | Norton Rose                                | \$ 199,101.99 |
|  | DLA Piper                                  | \$ 5,308.50   |
| Dispute Resolution                                       | DLA Piper                                  | \$ 736,135.11 |
|  | Minter Ellison                             | \$ 26,844.84  |
| Employment and Industrial Relations                      | Ashurst (previously known as Blake Dawson) | \$ 104,677.30 |
|  | DLA Piper                                  | \$ 16,028.33  |
|  | Maddocks                                   | \$ 146,254.78 |
|  | Minter Ellison                             | \$ 86,487.58  |
|  | Sparke Helmore                             | \$ 165,046.12 |
| Finance including Private Finance                        | Minter Ellison                             | \$ 774.29     |
| Government and Administrative, including Privacy and FOI | Clayton Utz                                | \$ 89,523.53  |
|  | DLA Piper                                  | \$ 1,041.15   |
|  | Minter Ellison                             | \$ 48,226.97  |
|  | Sparke Helmore                             | \$ 5,828.38   |
| Intellectual Property                                    | Minter Ellison                             | \$ 10,476.40  |

|  |                          |              |
|--|--------------------------|--------------|
| Negligence and other common law claims | Clayton Utz              | \$ 11,483.77 |
|  | DLA Piper                | \$ 68,209.52 |
|  | Minter Ellison           | \$ 31,437.37 |
|  | HWL Ebsworth             | \$ 372.24    |
| Technology and Communications          | Clayton Utz              | \$ 96,956.76 |
| Non-Panel                              | Mallesons Stephen Jaques | \$ 77,200.00 |
|  | Attorney Generals        | \$ 6,182.24  |
| Non Panel – DFDAT                      | John Harris SC           | \$ 12,353.21 |
| Non Panel – CIVCAS                     | Kennedys                 | \$ 11,583.39 |
|  | Middletons Lawyers       | \$ 59,986.52 |
|  | David Mclure             | \$ 11,550.00 |
|  | K Wolahan                | \$ 14,000.00 |
| LACE                                   | Kamy Saeedi Lawyers      | \$ -5,577.25 |

**Advice on other legal matters**

**\$26,080,528.22**

|  |  |                 |
|--|--|-----------------|
| Commercial, including contract, acquisitions and PPP | Ashurst (previously known as Blake Dawson) | \$ 1,888,897.22 |
|  | Clayton Utz                                | \$6,376,313.85  |
|  | DLA Piper                                  | \$ 258,898.50   |
|  | Minter Ellison                             | \$1,405,549.77  |
|  | Norton Rose                                | \$ 250,963.89   |
|  | Sparke Helmore                             | \$ 467,230.35   |
| Construction Engineering and Infrastructure          | Allens Arthur Robinson                     | \$ 12,695.64    |
|  | Clayton Utz                                | \$ 46,032.25    |

|  |  |                |
|--|--|----------------|
|  | Minter Ellison                             | \$ 22,133.32   |
| Corporate Law and Governance                             | DLA Piper                                  | \$ 40,888.10   |
| Employment and Industrial Relations                      | Ashurst (previously known as Blake Dawson) | \$ 116,571.48  |
|  | Clayton Utz                                | \$ 157,506.17  |
|  | DLA Piper                                  | \$ 40,267.21   |
|  | Maddocks                                   | \$ 3,916.44    |
|  | Minter Ellison                             | \$ 48,462.87   |
|  | Sparke Helmore                             | \$ 4,991.89    |
| Environment, Heritage and Indigenous                     | Clayton Utz                                | \$ 66,411.29   |
|  | Allens Arthur Robinson                     | \$ -1,368.00   |
|  | DLA Piper                                  | \$ 69,744.46   |
|  | Minter Ellison                             | \$ 40,448.04   |
|  | Norton Rose                                | \$ 4,645.67    |
| Finance, including Private Finance                       | Minter Ellison                             | \$ 2,340.36    |
| Government and Administrative, including Privacy and FOI | Ashurst (previously known as Blake Dawson) | \$ 18,506.90   |
|  | Clayton Utz                                | \$ 654,554.11  |
|  | DLA Piper                                  | \$9,456,419.58 |
|  | Minter Ellison                             | \$ 442,778.16  |
|  | Sparke Helmore                             | \$ 361,040.31  |
| Intellectual Property                                    | Allens Arthur Robinson                     | \$ 13,984.30   |
|  | Clayton Utz                                | \$ 149.60      |
|  | Minter Ellison                             | \$ 51,916.77   |
| Negligence and other common law claims                   | DLA Piper                                  | \$ 21,348.90   |

|  |  |                 |
|--|--|-----------------|
|  | HWL Ebsworth                               | \$ 2,173.05     |
| Defence Force Advocate                         | R Kenzie QC                                | \$ 117,580.25   |
| Non- Panel                                     | Mallesons Stephen Jaques                   | \$ 89,629.27    |
|  | Attorney Generals Department               | \$ 42,835.42    |
|  | Insolvency & Trustee Service Australia     | \$ 6,098.75     |
| LACE   | Paul Smith                                 | \$ 3,500.00     |
|  | Tony Hargreaves Lawyers                    | \$ 34,313.98    |
|  | Corrina Jane Porter                        | \$ 2,654.90     |
|  | Guides & Elliott Solicitors and Notary     | \$ 11,098.73    |
|  | Maddocks                                   | \$ 2,766.28     |
|  | Margaret Allars                            | \$ 3,255.51     |
|  | Paul W Kerr Barrister                      | \$ 1,826.00     |
| Property, Leasing, Land Planning and Disposals | Clayton Utz                                | \$ 236,112.13   |
|  | Minter Ellison                             | \$ 183,367.76   |
|  | Ashurst (previously known as Blake Dawson) | \$ 679,492.41   |
|  | DLA Piper                                  | \$ 86,772.64    |
|  | Norton Rose                                | \$ 91,632.60    |
|  | Sparke Helmore                             | \$ 63,820.50    |
| Technology and Communications                  | Ashurst (previously known as Blake Dawson) | \$ 74,992.41    |
|  | Clayton Utz                                | \$ 1,240,471.42 |
|  | Sparke Helmore                             | \$ 408,958.57   |
|  | DLA Piper                                  | \$ 289,438.23   |
|  | Minter Ellison                             | \$ 3,498.00     |

In the FY 2011-12 as at 31 May 2012, the Defence Materiel Organisation purchased legal services from the following firms:

|  |                |
|--|----------------|
| • Allens Arthur Robinson                   | \$ 332,937.62  |
| • Ashurst (formerly known as Blake Dawson) | \$3,094,678.81 |
| • Clayton Utz                              | \$1,370,375.95 |
| • DLA Piper (previously DLA Phillips Fox)  | \$1,246,341.47 |
| • Minter Ellison                           | \$1,196,423.35 |
| • Norton Rose                              | \$ 375,880.08  |
| • Sparke Helmore                           | \$1,060,303.15 |

- (d) In the FY 2011-12, as at 31 May 2012, Defence has not purchased any legal service from other sources.

In the FY 2011-12, as at 31 May 2012, the Defence Materiel Organisation purchased the following legal services from other sources:

- Thomas Cooper Law (UK) – In-Country Assistance with ‘Largs Bay’ Procurement - \$5,874.95

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q81 – Educational Expenses**

**Senator Eggleston provided in writing.**

- (a) What are the department/agency's guidelines on study? Please provide details.
- (b) For this financial year to date, detail all education expenses (i.e. in house courses and tertiary studies) for each portfolio department and agency. Include what type of course, the total cost, cost per participant, the employment classification of each participant, how many participants and the amount of study leave granted to each participant (provide a breakdown for each employment classification). Also include the reason for the study and how it is beneficial for the department/agency.

**Response:**

- (a) The purpose of all studies managed or funded by Defence is to ensure that employees have the skills and knowledge to do their jobs. In order to meet the diverse skill requirements of its large workforce, Defence manages many types of education and training programs for large numbers of students. There is a large body of published policy and guidance on the management of this education and training. Common principles embedded throughout policy and guidelines are that all education and training must:
  - contribute to meeting Defence capability requirements or other essential outcomes required by legislation or government direction;
  - be quality-assured; and
  - be efficient and accountable in the use of resources.
- (b) 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). To 31 May, in Financial Year 2011-12, this amounted to \$328.1m.

Major cost components of Defence Education and Training activities were:

- Related training travel \$83.2m;
- 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 \$108.1m of expenditure;
- Spend on non-military training came to \$55.3m, 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 \$5.5m in expenditure;
- Information and technology training and development \$2.9m;
- Overseas Training \$8m.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE – COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q82: Executive Coaching and Leadership Training**

**Senator Eggleston provided in writing:**

- (a) In relation to executive coaching and/or other leadership training services purchased by each department/agency, please provide the following information for this 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, their employment classification and how much study leave each employee was granted (provide a breakdown for each employment classification)
  - iv. The names of all service providers engaged
  
- (b) For each service purchased from a provider listed under (iv), please provide:
  - v. The name and nature of the service purchased
  - vi. Whether the service is one-on-one or group based
  - vii. The number of employees who received the service and their employment classification
  - viii. The total number of hours involved for all employees (provide a breakdown for each employment classification)
  - ix. The total amount spent on the service
  - x. A description of the fees charged (i.e. per hour, complete package)
  
- c Where a service was provided at any location other than the department or agency's own premises, please provide:
  - xi. The location used
  - xii. The number of employees who took part on each occasion (provide a breakdown for each employment classification)
  - xiii. The total number of hours involved for all employees who took part (provide a breakdown for each employment classification)
  - xiv. Any costs the department or agency's incurred to use the location

**Response:**

(a)- (c) Defence's information management systems do not permit the cost attribution specifically for executive coaching and training expenses categorised as leadership. These systems do not record each separate coaching session or leadership course attended by a Defence member / employee nor the number of participants or other attributes such as hours involved, training venue or any applicable study leave.

Some senior executive and executive level coaching is provided at a corporate level, however the majority of other leadership training externally purchased, including executive coaching is managed at group, divisional and branch level.

Within the time given, Defence can provide a limited response to the questions. During financial year 2011-12 Defence developed and started delivering a corporate level *New Supervisors Program* for all Defence employees, irrespective of level, who commenced in a supervisory position of Australian Public Service staff for the first time. This program is delivered by a number of external training providers on Defence premises.

Defence has spent approximately \$4.447 million on procured executive coaching and other leadership training, with over 1730 employees from APS2 to SES Band 2 using these programs. The number of hours for each employee varies according to the type of coaching or leadership activity and totals over 35,780 hours from available information. With the exception of one, year-long professional management program no training or coaching required any study leave from participants.

In excess of 53 different training providers were engaged and include the Australian Public Service Commission, The Nous Group, Yellow Edge, ChangeDrivers, Lee Hecht Harrison, Saville Holdsworth Pty Ltd, Strategic Pathways, Human Synergistics, Workplace Training & Advisory Australia Pty Ltd, TAFE NSW, University of New England and Major Training Services are some of the providers used across the Department to provide coaching and leadership training. This list is not comprehensive.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q83: Media Training**

**Senator Eggleston provided in writing.**

- (a) In relation to media training services purchased by each department/agency, please provide the following information for this 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, their employment classification and how much study leave each employee was granted (provide a breakdown for each employment classification)
  - iv. The names of all service providers engaged
- (b) For each service purchased from a provider listed under (iv), please provide:
- v. The name and nature of the service purchased
  - vi. Whether the service is one-on-one or group based
  - vii. The number of employees who received the service and their employment classification (provide a breakdown for each employment classification)
  - viii. The total number of hours involved for all employees (provide a breakdown for each employment classification)
  - ix. The total amount spent on the service
  - x. A description of the fees charged (i.e. per hour, complete package)
- (c) Where a service was provided at any location other than the department or agency's own premises, please provide:
- xi. The location used
  - xii. The number of employees who took part on each occasion
  - xiii. The total number of hours involved for all employees who took part (provide a breakdown for each employment classification)

xiv. Any costs the department or agency's incurred to use the location

**Response:**

(a)

- i. In 2011-12 media training services were purchased to the value of \$180,548 GST exclusive (as at 25 June 2012).
- ii. There were two contracted media awareness and skills training arrangements. Training delivered for the Australian Command and Staff College course allowed up to 180 course members to undergo training. Course members are of the rank Major (equivalent). Defence training was available to ADF members and APS employees likely to engage with the media. Information about their employment classification is not readily available.
- iii. 171 Australian Command and Staff College course members took part in the media training. Course members are of the rank Major (equivalent). No study leave was granted as the training is part of the course curriculum.

71 people (12 Navy, 21 Army, 5 Air Force and 33 APS) attended one of the ten courses conducted on behalf of Defence. Course attendance was classified as duty and study leave was not required.

iv. Media Gurus and Media Manoeuvres.

(b)

- v. Media Gurus was contracted by the Australian Defence College to deliver the media awareness training for the Australian Command and Staff College course as part of its curriculum.

Media Manoeuvres was contracted by Defence to deliver three types of courses: a series of one-day duration media awareness and interview skills courses, a series of one-day duration media awareness and writing skills courses; and a half-day course for senior Defence staff conducted when required.

- vi. Both one-on-one and group based training was delivered.
- vii. 171 course members received training at the Australian Defence College. Course members are of the rank Major (equivalent).

71 people completed the Defence training. Information about their employment classification is not readily available.

- viii. 171 course members at the Australian Defence College undertook four days of training, which is the equivalent of 5130 hours.

69 people completed the one-day Defence training courses, which is the equivalent of 483 hours. Two people completed the half-day course which is the equivalent of 8 hours.

ix. \$84,000 GST exclusive in 2011-12 for the training contracted by the Australian Defence College.

\$99,804 GST exclusive in 2011-12 for the training contracted by Defence.

x. Media Gurus was contracted to provide media studies training in 2011-12 for \$84,000 GST exclusive.

Media Manoeuvres was contracted to provide media awareness and skills training in 2011-12 for \$99,804 GST exclusive.

(c)

xi – xiv.

All contracted media training was conducted at Defence establishments.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q84: Paid Parental Leave**

**Senator Eggleston provided in writing.**

- (a) Please list how many staff in each portfolio department and agency are eligible to receive payments under the Government's Paid Parental Leave scheme?
- (b) For this financial year to date list which department/agency is providing its employees with payments under the Government's Paid Parental Leave scheme? Please list how many staff and their classification are in receipt of these payments.

**Response:**

(a) and (b)

The Department of Defence is unable to provide a list of how many staff are eligible. All Australian Defence Force (ADF) members and Defence Australian Public Service (APS) employees that meet the eligibility criteria in the *Paid Parental Leave Act 2010* are eligible to receive payments under the Australian Government's Paid Parental Leave scheme. The Family Assistance Office (FAO) is responsible for determining the eligibility of each claimant and whether the employer, or the FAO, will administer payments.

Defence provides these payments to ADF members and Defence APS employees who are new claimants where the FAO has requested Defence take on the paymaster role for the claimant. The total cannot be provided by Defence as it only deals with payments for new claimants where the FAO has requested Defence take on the paymaster role for the claimant. From 1 July 2011 to payday 21 June 2012, Defence has accepted the paymaster role for 372 Defence personnel. Of these, Defence has provided, or is providing, payments to 92 ADF Regular members, three ADF Reserve members and 140 APS employees. The Paid Parental Leave payment periods for the remaining 137 accepted claims have not yet commenced.

The number of Defence APS employees who have received, or are in receipt of Paid Parental Leave payments by classification as at 21 June 2012 are as follows:

| <b>Classification</b> | <b>Total Employees</b> |
|-----------------------|------------------------|
| APS 1                 | 0                      |
| APS 2                 | 4                      |
| APS 3                 | 18                     |
| APS 4                 | 13                     |

|                          |     |
|--------------------------|-----|
| APS 5                    | 25  |
| APS 6                    | 41  |
| Executive Level 1        | 33  |
| Executive Level 2        | 6   |
| Senior Executive Service | 0   |
| Total                    | 140 |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q85: Training for Portfolio Ministers and Parliamentary Secretaries**

**Senator Eggleston provided in writing.**

- (a) For this financial year to date, how much has been spent on training for Ministers and Parliamentary Secretaries in your portfolio? Itemise each training, cost and for which Minister and/or Parliamentary Secretary the training was for.
- (b) For this financial year to date, how much has been spent on training for staff of Ministers and Parliamentary Secretaries in your portfolio? Itemise each training, cost and for which Minister and/or Parliamentary Secretary the training was for.
- (c) For this financial year to date, how much has been spent on training for designed to better suit the needs of Ministers and Parliamentary Secretaries in your portfolio? Itemise each training, cost and for which Minister and/or Parliamentary Secretary the training was for, and how many employees attended and their classification.

**Response:**

- (a) The Department of Defence has not funded or paid for any training for the Ministers or Parliamentary Secretaries during the financial year to date (1 July 2011 to 31 May 2012).
- (b) The Department of Defence has not funded or paid for any training for the staff of the Ministers or Parliamentary Secretaries during the financial year to date (1 July 2011 to 31 May 2012).
- (c) The Department offers four training workshops designed to assist Defence personnel in better understand the machinery of government, their role in supporting parliamentary processes, and providing quality, accurate and timely advice. The costs and participation rates for each workshop for this financial year (up to 31 May 2012) are provided in the table below:

| <b>Course Title</b>                        | <b>Participant Levels</b>         | <b>Approx. Cost (Ex GST) <sup>[1]</sup></b> | <b>No. of Participants</b> |
|--|-----------------------------------|---|----------------------------|
| Ministerial Awareness and Writing          | APS5-EL1 and military equivalents | \$83,423.35                                 | 710                        |
| Advising Government and Ministers          | EL1-EL2 and military equivalents  | \$99,713.76                                 | 166                        |
| Working With Government                    | SES and Star Ranked Officers      | \$73,513.93                                 | 67                         |
| Parliamentary Privilege and Accountability | SES and Star Ranked Officers      | \$4,545.45                                  | 110                        |
| <b>TOTAL</b>                               |                                   | <b>\$261,196.49</b>                         | <b>1,053</b>               |

Note 1: Includes travel, venue hire, catering, courier charges and contract facilitation charges, where appropriate.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q86 – Corporate Cars**

**Senator Eggleston provided in writing.**

Please update if there have been any changes since Additional Estimates 2011-12 (February 2012):

- (a) How many cars are owned by each department and agency in your portfolio?
- (b) Where is the car/s located?
- (c) What is the car/s used for?
- (d) What is the cost of each car for this financial year to date?
- (e) How far did each car travel this financial year to date?

**Response:**

- (a) As at 1 June 2012, Defence owned 2,460 passenger vehicles, or cars, including sedans, station wagons and multi-purpose vehicles (excluding four wheel drive vehicles, buses and trucks).
- (b) These passenger vehicles are located throughout Australia and overseas (Singapore and Malaysia) as follows:
  - Australian Capital Territory 243
  - New South Wales 756
  - Northern Territory 170
  - Queensland 499
  - South Australia 142
  - Tasmania 35
  - Victoria 420
  - Western Australia 158
  - Singapore 6
  - Malaysia 31
- (c) These passenger vehicles are used to meet Departmental administrative requirements, support training activities and base operations.
- (d) As at 1 June 2012, the cost of owning the 2,460 passenger vehicles during financial year 2011-12 was approximately \$10.514m or \$4,274 per vehicle,

comprising net acquisition (capital cost less revenue received), operating, maintenance and domestic fuel costs.

- (e) A complete data set of the distance travelled for individual Defence-owned vehicles during financial year 2011-12 is not available and would not be able to be confirmed within the time available to respond to this Question on Notice. Over the past three financial years, average whole-of-life utilisation across a sample of 1,945 cars at disposal was 15,102km per annum per vehicle.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q87: Taxi Costs**

**Senator Eggleston provided in writing:**

- (a) How much did each department/agency spend on taxis this financial year to date? Provide a breakdown of each business group in each department/agency.
- (b) What are the reasons for taxi costs?

**Response:**

- (a) The table below represents the Department of Defence, including the Defence Materiel Organisation, approximate spend on taxis domestically and overseas for the current financial year up to and including 31 May 2012.

The Defence travel program is very large and complex. To provide the level of detail as requested would represent an unreasonable diversion of resources as taxi travel data is not captured or maintained at such a level in Defence's financial system.

| <b>Financial Year 2011-12 (up to 31 May 2012)</b> |              |
|---|--------------|
| <b>Department/Agency</b>                          | <b>Spend</b> |
| Department of Defence                             | \$12.5m      |

- (b) Defence travel policy and procedural framework provides Defence staff and their manager's flexibility to determine the most suitable and cost effective means of transport when undertaking official travel. This may include use of taxis, public transport, hire cars and private vehicles.

Taxis are commonly used when:

- it represents the most efficient and effective means of transport;
- no other reasonable alternate transport is available; and/or
- shared use represents more cost effective outcomes.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q88: Credit Cards**

**Senator Eggleston provided in writing.**

- (a) Provide a breakdown for each employment classification that has a corporate credit card.
- (b) Please update if there have been any changes since Additional Estimates 2011-12 (February 2012):
  - ii. What action is taken if the corporate credit card is misused?
  - iii. How is corporate credit card use monitored?
  - iv. What happens if misuse of a corporate credit card is discovered?
  - v. Have any instances of corporate credit card misuse have been discovered? List staff classification and what the misuse was, and the action taken.
  - vi. What action is taken to prevent corporate credit card misuse?

**Response:**

- (a) The Defence Travel Card (DTC) and Defence Purchasing Card (DPC) are issued to Australian Public Servants and Military personnel who are required to either undertake travel or procure items on behalf of the Commonwealth. Entitlement is therefore not based on classification.
- (b) There have been no changes to the response on question (a) since the February 2012 Additional Estimates.

ii - iv.

This question has been previously answered under Question on Notice No. 156 taken at the 19 October 2011 Senate Supplementary Budget Estimates hearing. This response has been provided to you and remains extant.

v.

In Financial Year 2011-12, there were 20 Defence Travel Card (DTC) and 4 Defence Purchasing Card (DPC) investigations finalised with an assessed loss of just over \$82,000. This equates to less than 0.013% of fraud on a total spend of \$639.7 million comprising 2.06 million individual transactions. See **Annex A** for specific details.

vi.

Defence has a number of other mechanisms in place to guard against credit card misuse. Defence places a strong emphasis on fostering and maintaining the highest standards of ethical behaviour, which plays an important role in preventing fraud and helping to detect it once it occurs. Within this context, Defence has a comprehensive fraud control framework that is underpinned by:

- the Defence Values;
- intelligence driven internal audits, systematic analysis of corporate information and communications technology systems;
- the Defence Whistleblower Scheme;
- the investigation and prosecution of reported frauds;
- the recovery of defrauded moneys (where possible);
- Education programs consisting of either face-to-face ethics and fraud awareness presentations or completion of an on-line eLearning ethics and fraud training module;
- the provision of quarterly fraud statistics to Groups to facilitate the ongoing fraud risk assessment process;
- specialist workshops in fraud risk assessment, the evaluation and treatment of fraud risks, and the development of fraud control plans;
- the provision of a central point of contact by the Inspector General for policy, guidance and advice on ethics and fraud related issues; and
- Defence Audit and Risk Committee (DARC) oversight of the development and implementation of the fraud control plan.
- A comprehensive suite of policies aimed at ensuring that Defence personnel behave in a proper manner, which in turn mitigates the risk of fraudulent conduct.

Other mechanisms in place to guard against credit card misuse:

- delegate approval and funds availability sign off prior to the commitment of Commonwealth monies;
- set credit card limits; and
- a two step process (involving both the card-holder and supervisor) for acquittal of expenditure that includes the provision of expenditure documentation to the supervisor.

## Annex A

| <b>Rank/Level</b> | <b>Allegation</b> | <b>Value</b>   | <b>Outcome</b>  |
|-------------------|-------------------|----------------|---|
| APS 2             | Misuse of DTC     | \$<br>5,596.25 | Charged under FMA Act 1997. Found guilty but no offence recorded. Recognisance to be of good behaviour for a period of three years.                                   |
| APS 3             | Misuse of DTC     | \$<br>4,080.00 | Employment terminated under the Public Service Act 1999.  |
| APS 3             | Misuse of DTC     | \$<br>2,903.19 | Employment terminated under the Public Service Act 1999.  |
| APS 4             |                   |                | Charged under FMA Act 1997. 18 months imprisonment released forthwith to be of good behaviour for 24 months. Employment terminated under the Public Service Act 1999. |
| APS 4             | Misuse of DPC     | \$<br>130.00   | Administrative action. Resigned before disciplinary action could be taken.  |
| APS 6             | Misuse of DTC     | \$<br>57.60    | Found to have breached the Public Service Act 1999. Received formal reprimand and a fine of \$500.  |
| EL1               | Misuse of DTC     | \$<br>779.02   | Administrative action. Resigned before disciplinary action could be taken. Debt repaid in full.   |
| EL1               | Misuse of DTC     | \$<br>1,047.65 | Administrative action. Employee counselled. Debt repaid in full.  |
| Private           | Misuse of DTC     | \$<br>3,052.50 | Administrative action. Member counselled by unit.   |
| Private           | Misuse of DTC     | \$<br>1,400.00 | Administrative action. Member formally counselled.  |
| Private           | Misuse of DPC     | \$<br>3,326.04 | Administrative action. Member educated on processes to secure DPC and made financial reparation.  |

|                           |                      |              |   |
|---------------------------|----------------------|--------------|---|
| Private                   | Misuse of DTC        | \$ 900.00    | Found guilty under the DFDA 1982. Dismissed from ADF and fined \$1500.  |
| Private                   | Misuse of DTC        | \$ 1,560.00  | Administrative action. Member counselled.   |
| Private                   | Alleged theft of DTC | \$ 1,500.00  | Found guilty under DFDA 1982. Member reprimanded and counselled.  |
| Able Seaman               | Misuse of DTC        | \$ 186.40    | Charged and convicted under DFDA.   |
| Leading Aircraftman/Woman | Misuse of DTC        | \$ 14,488.76 | Reduction in rank from SGT to LAC/W and 28 days detention.  |
| Corporal (Army)           | Misuse of DTC        | \$ 77.70     | Administrative Action.  |
| Corporal (Army)           | Theft of DTC         | \$ 28,658.27 | Relates to former Corporal. Found guilty under FMA Act 1997. 4 month prison sentence - to be served by way of Intensive Community correctional order. Reparation order for \$18,458.27. |
| Leading Seaman            | Misuse of DTC        | \$ 613.75    | Found guilty under the DFDA 1982 relating to FMA Act 1997. Member reprimanded.  |
| Sergeant                  | Misuse of DPC        | \$ 260.00    | Administrative Action. Received counselling and ordered to pay financial reparation.  |
| Sergeant                  | Misuse of DTC        | \$ 2,323.59  | DFDA Charges not pursued due to medical discharge on 27 Nov 2011. Debt repaid in full.  |
| Sergeant                  | Misuse of DTC        | \$ 852.00    | Administrative action. Member was given 14 days extra guard duty.   |
| Lieutenant Commander      | Misuse of DTC        | \$ 1,792.62  | Administrative action. Member issued with Notice to Show Cause. Member censured.  |
| Squadron Leader           | Misuse of DPC        | \$ 7,121.25  | Relates to former Squadron Leader. Charged under FMA Act 1997. Recognisance to be of Good behaviour for a period of two years.  |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q89: Printing of Documents**

**Senator Eggleston provided in writing.**

Does the department/agency print any hard copies of reports/statements/papers they produce? If yes, please list how many copies, where they are delivered and the cost.

**Response:**

This question has been previously answered under Question on Notice No. 75 taken from the Senate Additional Estimates hearing on 15 February 2012.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q90 – Provision of Equipment

Senator Eggleston provided in writing.

- (a) For departments/agencies that provide mobile phones to Ministers and/or Parliamentary Secretaries and/or their offices, what type of mobile phone is provided and the costs.
- (b) For departments/agencies that provide electronic equipment to Ministers and/or Parliamentary Secretaries and/or their offices, what are the ongoing costs for this financial year to date? What were the running costs for 2009-10 and 2010-11?
- (c) Is electronic equipment (such as ipad, laptop, wireless card, Vasco token, blackberry, mobile phone (list type if relevant), thumb drive (not an inclusive list)) provided to department/agency staff? If yes provide details of what is provided, the purchase cost, the ongoing cost and a breakdown of what staff and staff classification receives it.
- (d) Please update if there have been any changes since Additional Estimates 2011-12 (February 2012):
  - i. Does the department/agency provide their Ministers and/or Parliamentary Secretaries and/or their offices with any electronic equipment? If yes, provide details of what is provided, the cost and to who it is provided.

#### Response:

- (a) Defence Portfolio Ministers, Parliamentary Secretaries and their staff may be provided with a BlackBerry handset and/or a Nokia C5 mobile phone in accordance with the Whole of Government panel arrangements for the procurement for telecommunications carriers, commodities and other associated services. The type of equipment that is provided is based on the individual requirements of the user. Equipment costs are approximately \$178.00 (GST exclusive) per unit for the Nokia C5 and \$715.00 (GST inclusive) per unit for the BlackBerry.
- (b) The ongoing costs (GST exclusive) for the provision of electronic equipment to the offices of the Defence portfolio Ministers and Parliamentary Secretaries for financial years 2009/10, 2010/11 and 2011/12 (up to 31 May 2012) are included in **Table A**.

**Table A**

| Office of the  | 2009/10 <sup>1</sup> | Office of the  | 2010/11 <sup>1</sup> | Office of the   | 2011/12             |
|--|----------------------|--|----------------------|---|---------------------|
| Former Minister for Defence (Sen. Faulkner)                    | \$39,472.15          | Minister for Defence (Mr Smith)                              | \$44,344.85          | Minister for Defence (Mr Smith)                         | \$75,852.42         |
| Former Minister for Defence Materiel and Science (Mr Combet)   | \$54,336.60          | Minister for Defence Materiel (Mr Clare)                     | \$40,752.93          | Minister for Defence Materiel (Mr Clare)                | \$41,488.34         |
| Former Minister for Defence Personnel (Mr Griffin)             | Nil                  | Minister for Defence Science and Personnel (Mr Snowdon)      | \$3,920.10           | Minister for Defence Science and Personnel (Mr Snowdon) | \$10,726.38         |
| Parliamentary Secretary for Defence Support (Dr Kelly)         | \$12,874.79          | Parliamentary Secretary for Defence (Sen. Feeney)            | \$6,701.29           | Parliamentary Secretary for Defence (Sen. Feeney)       | \$4,102.39          |
| Former Minister for Defence (Mr Fitzgibbon)                    | \$6,575.37           | former Minister for Defence (Sen. Faulkner)                  | \$26,775.57          | Parliamentary Secretary for Defence (Dr Kelly)          | \$13,769.96         |
| Former Minister for Defence Science and Personnel (Mr Snowdon) | \$1,616.30           | former Minister for Defence Materiel and Science (Mr Combet) | \$26,824.38          | former Minister for Defence Materiel (Sen. Carr)        | \$1,719.96          |
|  |                      | former Minister for Defence Personnel (Mr Griffin)           | \$3,237.62           |   |                     |
|  |                      | former Minister for Defence Support (Dr Kelly)               | \$7,456.12           |   |                     |
| <b>Total</b>   | <b>\$114,875.21</b>  |  | <b>\$160,012.86</b>  |   | <b>\$147,659.45</b> |

- (c) Departmental staff may be provided with electronic equipment, such as, BlackBerry, Telstra Next G data cards, mobile phones, laptops, Vasco tokens, and iPads. A detailed breakdown of purchase costs, ongoing costs and a breakdown of departmental staff and classification that received the electronic equipment is not readily available. To gather this information would require an unreasonable use of Defence resources and as such is considered an unjustified diversion of resources.
- (d) Since Additional Estimates 2001-12 (February 2012) there has been one change with the re-appointment of Mr Clare as the Minister for Defence Materiel in March 2012. It was at this time the Department issued mobile equipment to certain staff in Mr Clare's office. A list of equipment that has been provided to Mr Clare's staff is detailed in **Table B**. Mr Clare has not been issued with any mobile electronic equipment.

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<sup>1</sup> For financial year 2009/10 and 2010/11 the amounts include costs for mobile data usage and fixed line usage. These costs are unable to be separated due to the reporting mechanisms that were in place at the time. For financial year 2011/12 the Department has implemented a revised reporting format and expenditure for mobile data usage is now reported separately to other telecommunication usage costs. Information for this financial year is current as at 31 May 2012.

- (e) i) **Table B** also provides details of all mobile electronic equipment that is currently issued to the Ministers, Parliamentary Secretaries and their staff as at 31 May 2012. **Table C** provides details of the mobile equipment costs (GST exclusive) per unit.

**Table B**

| Office of the                                     | Staff Classification    | Laptop    | Datacard  | BlackBerry | Mobile Phone | Dreams Token | iPad     |
|---|-------------------------|-----------|-----------|------------|--------------|--------------|----------|
| Minister for Defence                              | Minister                |           |           | 1          | 2            | 1            | 1        |
|   | DLO                     | 1         | 1         | 2          |              | 1            |          |
|   | Ministerial Staff       | 10        | 14        | 14         |              | 10           | 1        |
|   | ADC                     | 1         | 1         | 1          |              | 1            |          |
|   | <b>Total</b>            | <b>12</b> | <b>16</b> | <b>18</b>  | <b>2</b>     | <b>13</b>    | <b>2</b> |
| Minister for Defence Materiel                     | Minister                |           |           |            |              |              |          |
|   | DLO                     | 1         | 1         | 1          |              | 1            |          |
|   | Ministerial Staff       | 1         | 1         | 2          |              | 4            |          |
|   | <b>Total</b>            | <b>2</b>  | <b>2</b>  | <b>3</b>   |              | <b>5</b>     |          |
| Minister for Defence Science and Personnel        | Minister                | 1         | 1         | 1          |              | 1            |          |
|   | DLO                     | 1         | 1         | 1          |              |              |          |
|   | Ministerial Staff       | 1         | 1         | 2          |              | 2            | 1        |
|   | ADC                     | 1         | 1         | 1          |              | 1            |          |
|   | <b>Total</b>            | <b>4</b>  | <b>4</b>  | <b>5</b>   |              | <b>4</b>     | <b>1</b> |
| Parliamentary Secretary for Defence (Sen. Feeney) | Parliamentary Secretary | 2         | 1         | 1          |              | 1            |          |
|   | DLO                     | 1         | 1         | 1          |              | 1            |          |
|   | Ministerial Staff       | 3         | 3         | 3          |              | 4            |          |
|   | <b>Total</b>            | <b>6</b>  | <b>5</b>  | <b>5</b>   |              | <b>6</b>     |          |
| Parliamentary Secretary for Defence (Dr Kelly)    | Parliamentary Secretary | 1         | 1         | 1          | 1            | 1            |          |
|   | DLO                     | 1         | 1         | 1          |              | 1            |          |
|   | Ministerial Staff       | 2         | 2         | 2          |              | 3            | 1        |
|   | <b>Total</b>            | <b>4</b>  | <b>4</b>  | <b>4</b>   | <b>1</b>     | <b>5</b>     | <b>1</b> |

**Table C**

| Equipment            | Cost per unit |
|----------------------|---------------|
| Laptop               | \$966.50      |
| Blackberry           | \$715.00      |
| Nokia C5             | \$178.00      |
| DREAMS (Vasco) Token | \$22.00       |
| Data card            | \$180.00      |
| iPad                 | \$961.37      |
| iPhone 4S            | \$816.36      |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q91: Electricity Purchasing**

**Senator Eggleston provided in writing:**

- (a) Provide an update of the department/agency electricity purchasing agreement. Provide details of when this was entered into and the length of the agreement.
- (b) What were the department/agency electricity costs for 2009-10 and 2010-11?
- (c) What are the department/agency electricity costs for this financial year to date?

**Response:**

- (a) Defence procures electricity for its large sites on a State by State basis using an open market tender approach advertised on AusTender. Defence has eight electricity contracts with licensed retailers that account for eighty percent of Defence's consumption. The details of Defence's electricity contracts are:
  - South Australia – Contracted from 1 October 2010 for three years;
  - Western Australia – Contracted from 1 December 2010 for three years;
  - Queensland – Contracted from 1 May 2010 for four years;
  - New South Wales – Contracted from 1 July 2011 for four years;
  - Australian Capital Territory – Contracted from 1 July 2011 for four years;
  - Northern Territory – Contracted from 1 September 2011 for one year;
  - Victoria – Contracted from 1 July 2012 for four years; and
  - Tasmania – Contracted from 1 July 2012 for two years.

Defence has entered into arrangements in Victoria, New South Wales and the Australian Capital Territory with one retailer to supply electricity to small Defence sites in these jurisdictions. The arrangement delivers a discount to the standard tariff and savings to Defence. Other small Defence sites across Australia are supplied by local or default retailers at standard or regulated tariffs.

- (b) The total expenditure (exclusive of GST) for Defence on electricity in financial year 2009-10 was \$107.2 million and in 2010-11 \$115.0 million.

- (c) Expenditure on electricity by Defence to 31 May 12 in this financial year is \$106.2 million (GST exclusive).

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q92: Information for the Australian Greens and Independents**

**Senator Eggleston provided in writing**

- (a) Does the department/agency provide any information and/or undertake any requests for the Australian Greens? If yes, please provide the following information:
- i. How is such work and/or information requests commissioned?
  - ii. What work/information requests have been undertaken? Provide details and a copy of each work produced.
  - iii. Has any such work and/or information requests been unable to proceed? If yes, provide details including what the work and/or information requests were and why it could not be undertaken.
  - iv. How long is spent undertaking work and/or information requests for the Australian Greens? How many staff are involved and how many hours? Provide a breakdown for each employment classification.
- (b) Does the department/agency provide any information and/or undertake any requests for the Independents? If yes, please provide the following information:
- i. How is such work and/or information requests commissioned?
  - ii. What work/information requests have been undertaken? Provide details, including who the work/information was for and a copy of each work produced.
  - iii. Has any such work and/or information requests been unable to proceed? If yes, provide details including what the work and/or information requests were, who they were from, who they were for and why it could not be undertaken.
  - iv. How long is spent undertaken work and/or information requests for the Independents? How many staff are involved and how many hours? Provide a breakdown for each employment classification.

**Response:**

Defence provides information and undertakes requests from the Australian Greens, Independents and other political parties on matters relating to Defence in the usual course of Parliamentary and Ministerial business, including in the course of responding to Parliamentary Committees and Questions on Notice.

The specific detail sought in the question, such as the detail of each representation and the amount of time taken to prepare a response, is not readily available. To provide the information would be an unreasonable diversion of departmental resources.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q93 - Shredders**

**Senator Eggleston provided in writing.**

Has the department/agencies purchased any shredders in the last 12 months? If yes, provide details of how many shredders were purchased, the cost of each shredder, why each new shredder was needed and the purpose for which the shredder is to be used.

**Response:**

Yes. As part of its standard office fit out Defence purchases shredders that have been endorsed by the Security Construction and Equipment Committee to shred paper material classified up to and including Top Secret. In 2011/2012 through its central contracts area Defence purchased the numbers of shredders listed below.

| Type of Shredder    | Number | Cost                       |
|---------------------|--------|----------------------------|
| Small (Navy ships)  | 3      | \$2,997.50 (GST inclusive) |
| Small (Other)       | 3      | \$2,227.50 (GST inclusive) |
| Medium (Navy ships) | 2      | \$3,446.58 (GST inclusive) |
| Medium (Other)      | 278    | \$2,832.50 (GST inclusive) |
| Large               | 41     | \$6,022.50 (GST inclusive) |

The shredders were purchased to replace machines that had failed and to fit out new offices under major projects.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q94: RAAF Williamtown Sewage**

**Senator Macdonald provided in writing.**

We draw your attention to answers to written question (QON 09) from Additional Estimates, February, 2012. The department has provided advice in the stated answer to the effect that the RAAF Williamtown sewerage treatment plant is not connected to the Hunter water system. The department also advised that it will decommission the Commonwealth-owned sewerage treatment works at Williamtown as part of the RAAF Base Williamtown Redevelopment Stage 2 project. The department also detailed that the terms of agreement will be presented to Government for approval by end-2012. In the answer to QON 09, and in recent media reports, Defence has indicated that no contamination threat to Hunter Water is posed by the sewage works at RAAF Williamtown.

- (a) Does the department continue to engage with Hunter Water to monitor contamination levels in the Tomago Aquifer?
- (b) Are concerns about (catastrophic) failure of the RAAF Williamtown sewage treatment facility behind the apparent urgency in decommissioning the site?
- (c) Has planning for the RAAF Williamtown Redevelopment Stage 2 been completed? If so has the department engaged with Hunter Water, and local government, to ensure effective transitional measures are in place?
- (d) Has work commenced on the RAAF Williamtown Redevelopment Stage 2?
- (e) What is the estimated total cost of the RAAF Williamtown Redevelopment Stage 2?

**Response:**

This question is related to Question on Notice No. 9 taken at the Senate Additional Estimates hearing on 15 February 2012. Updated information is provided in the below responses:

- (a) Defence has had a groundwater monitoring program at RAAF Base Williamtown since 1999. The Sewage Treatment Plant site is included in the monitoring program. The results of the groundwater monitoring are provided to Hunter Water Corporation. Defence continues to regularly engage with Hunter Water Corporation regarding the water quality of the Tomago aquifer.

- (b) Defence has no concerns about failure of the RAAF Base Williamtown sewage treatment facility. The facility is operating in accordance with its operational performance specification. The connection of the base to Hunter Water Corporation Williamtown Wastewater Transfer Scheme has been the long-term economic solution for the base's sewage disposal that meets Defence and local objectives in regards to sewage treatment and disposal.
- (c) The RAAF Base Williamtown Redevelopment Stage 2 project reached schematic design milestone in March 2012. Government and Parliamentary approvals of the project have been rescheduled for 2013 as the project has been delayed by two years as part of the realigned Defence Major Capital Facilities Program. Defence has engaged with Hunter Water Corporation and Port Stephens Council on the project and will continue to engage with both organisations to ensure that effective transition measures are in place for the base's sewage disposal.
- (d) Work has not yet commenced on the RAAF Base Williamtown Stage 2 project. Connection of the base to the Hunter Water Corporation Williamtown Wastewater Transfer Scheme and decommissioning of the base sewage treatment facility will depend on completion of the scheme, which is currently scheduled for late 2013. Connection of the base to the scheme is currently programmed for 2014.
- (e) The estimated total cost of the RAAF Base Williamtown Redevelopment Stage 2 project is \$275 million (excluding GST, out-turned).

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q95 – Defence Climate Change Programs**

**Senator Macdonald provided in writing.**

We draw your attention to the 2008 Defence Community Consultation Program review titled 'Looking Over the Horizon: Australians Consider Defence - December 2008'. The review considered strategic challenges, and made a substantial investigation of the impact of climate change on Defence operations and planning. An additional study of defence and climate change has been commissioned at a cost of \$2 million. This study has included assessments at HMAS Cairns, RAAF Townsville and HMAS Stirling.

- (a) Can the Department clarify the objectives that have been satisfied by the study being commissioned at a cost of \$2m? What quantifiable outcomes has the study yielded?
- (b) Have specific environmental impacts and challenges have been identified at RAAF Townsville, HMAS Cairns and HMAS Stirling? Have these challenges warranted a \$2m study?
- (c) Can the department detail the rationale for this course of action where key climate scientists are repudiating their previous alarmist assessments of climate change and global warming? Is this course of action indicative of Government, Departmental or Service policy?
- (d) What additional expenditure has been budgeted/allocated in anticipation of climate change responses at bases in Townsville, Cairns and Perth?

**Response:**

- (a) The Objective of the *Adaption and Planning Strategies to Mitigate the Impact of Climate Change Induced Sea Level Rise, Flooding and Erosion at Selected Sites* project is to identify possible threats to Defence bases and infrastructure from climate change and the impact of these threats on Defence capability. The Study will be completed by mid 2013. The Study is aimed at determining risks to Defence capability at selected Defence bases deemed to be at risk by 2040, 2070 and 2100. It will study 14 bases and identify remediation and mitigation techniques. This project has been conducted in two phases; phase one was completed mid 2011 and phase two will be completed by mid 2013.
- (b) The amount of \$2 million has been allocated to undertake a detailed risk assessment of 14 bases including RAAF Base Townsville, HMAS *Cairns* and HMAS *Stirling*. The initial study indicated that these three bases may be subject

to inundation by storm surges occurring within the context of rising sea levels from climate change. These impacts will adversely affect the delivery of Defence capability within the timeframe mentioned above.

- (c) Defence is a member of an Inter Departmental Committee on climate change and has been involved with the Department of Climate Change and Energy Efficiency, local councils and other interested parties. The goal of these discussions is to instigate a coordinated approach to the effect of climate change on relevant Defence bases and surrounding localities. The projections used in this work are consistent with Government endorsed forecasts of the effects of climate change. Further, with the clean technology industry gathering pace globally, it's important that Defence prepares for projects that will create cost effective energy solutions.
- (d) No additional funding has been budgeted/allocated in anticipation of climate change responses at RAAF Base Townsville, HMAS *Cairns* and HMAS *Stirling*. The possible impacts of climate change will be considered when planning future developments at these bases.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q96: Exercise Squadex & Exercise Sea Lion**

**Senator Macdonald provided in writing.**

We draw your attention to recent exercises off the Queensland coast that have tested the amphibious capabilities provided to Army by HMAS *Choules*. Exercise 'SQUADDEX' tested the capabilities of the 35 Water Transport Squadron. This was followed by the annual exercise 'Sea Lion' where the Ready Battle Group trained alongside New Zealand forces.

- (a) Do cost acquittal arrangements apply to joint/international exercises – such as the ACSA arrangement – apply in this case for the New Zealand Navy?
- (b) What was the cost to the Australian taxpayer of the exercises?
- (c) Was any measurable economic benefit to the local community derived from the exercises? Were local goods and services suppliers provided the opportunity to tender for garrison-support and exercise-related supply?
- (d) Did these exercises reveal deficiencies in the re-fuelling at sea and supply capabilities of the amphibious fleet?

**Response:**

- (a) Exercises SQUADDEX and SEALION are basic level, Navy-led, joint-enabled amphibious training exercises and form part of the standard raise, train and sustain continuum. In this case there were no specific cost acquittal arrangements put in place for the Royal New Zealand Navy, who funded their own involvement.
- (b) The estimated cost of exercises SQUADDEX and SEALION conducted from late February to mid March 2012 is \$4,000,000 including;
  - Operating (\$1,660,000)
  - Personnel salaries, superannuation and allowances (\$2,340,000)

Platform exercise involvement consisted of :

- 1 X LSD - HMAS *Choules* for the period 27 Feb to 23 Mar 12.
- 4 X LCH – HMA Ships *Wewak*, *Labuan*, *Tarakan* and *Betano* for the period 27 Feb to 23 Mar 12.

- (c) There would have been some local community economic benefit from the Exercises, however this is not measured. Provision of services for ship port visits is supplied through a national tender and the Standing Offer Naval Port Agency Services (SONPAS) agreement. Local service providers are sub contracted through the national agent. Fuel is also provided by contract through the Joint Fuels and Lubricants Agency.
- (d) No.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q97: Talisman Sabre

Senator Macdonald provided in writing.

We draw your attention to answers to written question (QON 33) from Additional Estimates, February, 2012. The department has provided advice in the stated answer to the effect that the department has identified \$4,543,014.00 in spending on goods and service through local suppliers in Rockhampton, Townsville and Darwin across the Talisman Sabre exercise in 2011.

- (a) What does this figure represent as a percentage of the total defence spend on Talisman Sabre?
- (b) Does the ADF intend to continue to maintain this level of purchasing through local suppliers for exercise Talisman Sabre in the future?
- (c) Does defence have any plans to increase this level of spending and engagement with local suppliers?

#### Response:

- (a) The response to this QON utilises data previously provided in responses to Question on Notice No.6 taken from the Senate Supplementary Estimates on 19 October 2011 in which the total expenditure on Exercise Talisman Sabre 2011 (TS11) across the Defence was reported as \$32.555m. The expenditure by Location data in column (b) of the table below was reported in response to Question on Notice No. 28 taken from the Senate Supplementary Estimates on 19 October 2011

The table below details the expenditure by each location as a percentage of the total cost of TS11.

| Ser | Location    | Expenditure | % of total TS 11 spend |
|-----|-------------|-------------|------------------------|
|     | (a)         | (b)         | (c)                    |
| 1   | Rockhampton | \$4,099,114 | 12%                    |
| 2   | Townsville  | \$205,311   | <1%                    |
| 3   | Darwin      | \$238,589   | <1%                    |
| 4   | Total       | \$4,543,014 | 14%                    |

- (b) TS13 is in the early stages of the exercise planning cycle and it is anticipated that Townsville and Rockhampton will continue to be focal points of activity during TS13. The level of purchasing through local suppliers in these locations is dependant upon the exercise objectives, force posture and the number of both US and ADF troops within these regions. This information is yet to be determined at this stage of the planning, and is unlikely to be finalised until the TS13 Final Planning Conference in April 13. Defence will continue to seek support from local suppliers in exercise locations where it meets the requirements of and supports the exercise objectives.
  
- (c) Defence does not have specific plans to increase the level of expenditure or engagement with local suppliers in these locations. The level of local expenditure and engagement with suppliers will be determined by the final exercise plan which articulates the activities, force posture and location of US and ADF troops participating in the exercise. This information is not expected to be finalised until the TS13 Final Planning Conference in April 2013.

**Senate Standing Committee on Foreign Affairs, Defence and Trade****QUESTIONS ON NOTICE - COMMITTEES****Senate Budget Estimates – 28/29 May 2012****Q98: Talisman Sabre****Senator Macdonald provided in writing:**

We draw your attention to answers to written question (QON 32) from Additional Estimates, February, 2012. The department has provided advice in the stated answer to the effect that following the tragic death of RAAF Sgt Michael Dunn during Talisman Sabre, RAAF have established a 'Control of Petrol, Oils & Lubricant (POL) Hazards Follow-up plan' which is due for completion in December 2012.

- (a) Does RAAF still anticipate that compilation of the POL plan will be completed by December 2012?
- (b) Can the Department provide an estimated cost for compiling the POL plan?
- (c) What personnel will be subject to and trained under the auspices of the POL plan?
- (d) Will POL briefing form part of personnel induction for future exercises and operations at Rockhampton?
- (e) Will the POL be implemented at other Defence aviation facilities?

**Response:**

- (a) By December 2012, the original POL Plan tasks will be complete and in the process of being implemented.
- (b) Cost estimates for POL Plan development and implementation are difficult to assess due to the large number of organisations involved and the integrated nature of safety management.
- (c) Personnel who operate specific machinery with a POL hazard and those who handle or manage POL such as technical and logistics personnel will undergo annual POL awareness training.
- (d) Yes. Information on POL hazards is now incorporated into pre-deployments briefs for all Exercises and Operations.
- (e) Yes.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q99: F/A-18 and F-35**

**Senator Madigan provided in writing.**

- (a) What is the cruising altitude and service ceiling of the F/A-18A/B, F/A-18F and the F-35A?
- (b) Are they comparable with other aircraft which are widely considered “air superiority” fighters, such as the F-22, F-15 and the F-16 (which is operated in our region)?

**Response:**

- (a) Depending on the configuration and other associated factors, the cruising altitude of the F/A-18A/B, F/A-18F and F-35A is between 30,000 - 40,000 feet. The service ceiling for F/A-18F and F/A-18 is over 50,000 feet. The F-35 will be comparable.
- (b) Yes. They are comparable to F-15 and F-16 aircraft. The F-22 can operate higher and faster than any other fighter aircraft currently in service. However, the F-22 aircraft is only operated by the United States Air Force.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q100: AGM-158 JASSM**

**Senator Madigan provided in writing.**

- (a) Can the AGM-158 JASSM be launched from the internal weapon bays of the F-35A or must it be carried externally?
- (b) If it is carried externally, is the stealth signature of the aircraft then comparable to that of a 4.5 generation fighter?

**Response:**

- (a) The JASSM will be approved for external carriage on the F-35A.
- (b) The information requested is classified and consequently cannot be provided.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q101: F/A-18A/B**

**Senator Madigan provided in writing.**

What is the current planned withdrawal date of the FA-18A/B?

**Response:**

The planned withdrawal date of the F/A-18A/B aircraft is December 2020.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q102: Aircraft Equipped with JASSM**

**Senator Madigan provided in writing on 12 June 2012.**

Once the Classic Hornets are retired, what aircraft in Australian service will be equipped with the JASSM, should current expected force capability continue?

**Response:**

Under current plans, the Air Force is not planning to employ the JASSM on other aircraft but will consider a new weapon in due course.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q103: Stealth of an Aircraft**

**Senator Madigan provided in writing:**

How beneficial is stealth for an aircraft once it has been detected and identified by an adversary?

**Response:**

Stealth provides significant benefits to a fighter aircraft beyond detection and identification. Even if a stealthy aircraft is detected, stealth can negate the ability of a threat to track and engage that aircraft with weapons. Therefore air combat engagements will favour the more stealthy aircraft even if it has been detected.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q104: Defence of Australian Airspace**

**Senator Madigan provided in writing.**

Is stealth or manoeuvrability more important in Defence of Australian airspace from an opposing force?

**Response:**

The most important characteristic for success in air combat is situational awareness. Stealth in combination with advanced sensor systems helps our fighter pilots to achieve better situational awareness than an opposing force. Such advantages in situational awareness together with weapon capabilities confer comparative advantages in beyond visual range engagements. Manoeuvrability in conjunction with other attributes is important in the case of a Within Visual Range engagement.

Accordingly, both stealth and manoeuvrability are important, as are their combination with other characteristics. The Joint Strike Fighter meets Australia's future air combat capability needs through its mix of attributes including stealth and manoeuvrability.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q105: F-35A**

**Senator Madigan provided in writing:**

Is it true that the manoeuvrability of the F-35A is comparable to that of a number of 4th generation fighters including the F-16?

**Response:**

The F-35A's manoeuvrability is comparable to a number of 4th generation fighters including the F-16, when in a representative combat configuration at similar fuel states.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q106: F-35A**

**Senator Madigan provided in writing:**

- (a) When is Full Operational Capability anticipated to be achieved by the 14 F-35As?
- (b) What is the anticipated full cost per aircraft if Australia purchased 100 aircraft according to current schedule?

**Response:**

- (a) Achievement of Full Operational Capability is dependent on Government approval of Project AIR Phase 2A/B Stage 2 - the delivery of up to 58 additional F-35As.
- (b) In 2012 prices and at an exchange rate of 1.03, 100 F-35As (aircraft only) will cost an average of AUD\$83 million each.

## **Senate Standing Committee on Foreign Affairs, Defence and Trade**

### **QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

#### **Q107: P-8 Poseidon**

**Senator Madigan provided in writing.**

It was reported in the Australian Aviation Magazine in April 2012 that the P-8 Poseidon is a “less capable platform” for anti submarine warfare than the AP-3C Orion. Is this the case and if so, are there not other aircraft (such as the CASA C-295 Persuader) that could be more effective in this crucial role?

#### **Response:**

Like the AP-3C Orion, the P-8A Poseidon is a long range anti-submarine warfare, anti-surface warfare, intelligence, surveillance and reconnaissance aircraft. While the AP-3C has served the Australian Defence Force well, it will have been in-service for over 40 years upon the planned withdrawal date around 2019.

AP-3C life-of-type is dependent on airframe fatigue and corrosion, aircraft system supportability and mission system obsolescence. Specifically, the aircraft’s engines, hydraulics, electrical, oxygen and fuel systems are increasingly costly to support as the platform ages.

The ability to sustain a fleet of aircraft is an important aspect of military capability, as is the performance characteristics of the platform. The P-8A Poseidon is a new aircraft based on the commercially proven Boeing 737 aircraft, so will not have the supportability and obsolescence issues that are presently endured by the AP-3C fleet. In addition, the United States Navy plans to acquire 117 P-8A aircraft, which will allow the Australian Defence Force to leverage off of a much larger fleet for supportability purposes. Through an established cooperative arrangement with the United States Navy, the Commonwealth will ensure ongoing access to future upgrades, ongoing spares and engineering data that will ensure the supportability of the proposed fleet.

The P-8A Poseidon is the only maritime patrol aircraft that is able to meet or exceed all of Air Force’s requirements to replace the AP-3C Orion. Its sensors are an improvement both in performance and sustainability. Its speed exceeds that of the AP-3C, while maintaining a similar range, altitude and payload profile. Like the AP-3C, the P-8A can carry out the full range of maritime patrol and response missions, including anti-submarine and anti-surface warfare. Notably, it is able to employ air-launched torpedoes and maritime strike missiles.

The recent Anti-Submarine Warfare performance of a P-8 Poseidon aircraft in Exercise Tamex off WA would indicate it is superior in capability to the AP-3C Orion which also took part in the exercise.

The EADS CASA C-295 Persuader is a very capable medium range Maritime Patrol aircraft, which can be fitted with an anti-submarine warfare capability. The C-295 has been procured by several countries (eg Algeria, Chile, Czech Republic, Oman, Portugal and Spain) whose maritime patrol requirements are far smaller than Australia's. The C-295 Persuader does not possess the speed or range to operate at distances from the Australian mainland that the AP-3C currently provides or is required by the AP-3C replacement.

The National Search and Rescue Manual states "*The Australian search and rescue region covers the Australian continent and large areas of the Indian, Pacific and Southern Oceans as well the Australian Antarctic territories. This is an area of about 52.8 million square kilometres, or about one tenth of the earth's surface.*" In order to effectively patrol this area Australia requires a Long Range Maritime Patrol Aircraft. The C-295 does not provide a capability which meets AIR 7000 Phase 2B requirements – the P-8A Poseidon meets these requirements.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q108: M1 Abrams Tank**

**Senator Madigan provided in writing.**

- (a) Of the 59 M1 Abrams Tank in Australian possession, how many of them will be put into storage as a result of budget cuts, and how much money will be saved as a consequence?
- (b) How will this solution effect the overall service life of the M1 Abrams Tank?
- (c) How will this solution affect the operational readiness and training of the tank crew?

**Response:**

- (a) A post-budget analysis has enabled Army to retain the full M1A1 Abrams Tank capability, while still achieving directed budget savings.
- (b) There will be no impact on the overall service life of the M1A1 Abrams Tanks as the full capability will now be retained.
- (c) The M1A1 Abrams Tanks operational readiness and training of tank crew will not be affected following the decision to retain the full tank capability.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q109 – Defence Assets**

**Senator McKenzie provided in writing.**

- (a) What were the circumstances of the rejection of the Victorian State Government's offer to purchase Fortuna and what are the circumstances of the current sale proposal?
- (b) What does Defence define as 'private sale'? The Bendigo Weekly claims this is renegeing on an earlier Defence promise of offering it to state or local government at a concessional rate. How do you respond to such claims?
- (c) Fortuna was entered in the Commonwealth Heritage List in 2004 for its historic heritage values and I understand Defence's vision is that it "will be a leader in the management of its properties with heritage values. Defence will seek to provide a sound balance between capability and the conservation of heritage values".
- (d) How has Defence demonstrated its leadership in the management of Fortuna?
- (e) Has Defence prepared a Heritage Management Plans for Fortuna? Is this document publicly available?

**Response:**

- (a) In accordance with the Commonwealth Property Disposals Policy, the Australian Government considered a proposal from the Victorian Government for a concessional priority sale of Fortuna. The proposal sought the Australian Government to provide the property at no cost and contribute \$10 million towards its redevelopment, and for the State and the City of Greater Bendigo to also contribute \$10 million. The Commonwealth Property Disposals Policy (CPDP) provides that surplus Commonwealth property is to be sold on the open market at full market value. The cost to the Commonwealth of the proposal from the Victorian Government was \$13 million. Under Budget rules, the cost would need to be offset within the Defence Budget or the broader Commonwealth Budget. Therefore in August 2011, the Australian Government rejected the request. In February 2012, the Australian Government determined it would sell the property on the open market and in March 2012 it advised the Victorian Government, the City of Greater Bendigo and the relevant state and federal members of its decision.
- (b) Defence will engage a marketing agent to assist in determining the appropriate method of selling the property on the open market. Defence has previously used tenders, auctions and agency listings to sell surplus property.

In July 2009, Defence wrote to the City of Greater Bendigo and the Victorian Government, advising that Fortuna was surplus to requirements and requesting priority sale submissions.

In January 2010, the City of Greater Bendigo announced on its website that it would not submit a priority sale proposal for Fortuna. The Victorian Government's submission was received in July 2010.

- (c) N/A.
- (d) Defence has complied with the *Environment Protection and Biodiversity Conservation Act 1999*. Defence will include a heritage covenant in the contract of sale and a Heritage Management Plan will guide how a new owner maintains the property's heritage values. To protect the heritage values of the property under state law once sold, Defence has nominated it for inclusion in the Victorian Heritage Register and has consulted with Heritage Victoria to protect the property's heritage values during the transition from Commonwealth to State jurisdiction via an Interim Protection Order.
- (e) Yes, the Heritage Management Plan for Fortuna is publically available from Defence's Fortuna website [www.fortunavilla.net.au](http://www.fortunavilla.net.au).

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q110: Tenders**

**Senator McKenzie provided in writing:**

Bandiana: “BAE Systems’ long-term contract for warehousing and vehicle and weapons maintenance expires in the middle of next year.” Joint Logistics Command have advertised for prospective tenderers for the two new national contracts ahead of the formal request for tenders expected in June.

- (a) How is the tender process going?
- (b) In an already unstable economic climate and given Defence budget cuts, is there any reason for workers in Bandiana to be concerned about their jobs?

**Response:**

- (a) The services re-tender is proceeding according to plan, and the Requests for Tender (RFT) for Warehousing and Distribution (W&D) and Land Material Maintenance (LMM) were released to the market on 29 June 2012. The RFTs are currently scheduled to close in September 2012 for LMM and October 2012 for W&D, at which point Defence will commence evaluation of the responses. The new contracts are intended to be in place by 1 July 2013.
- (b) Defence is investing substantial effort in workforce design, to ensure that the workforce of the future is optimized to take advantage of the introduction of modern facilities, processes and technology. Defence employees at Bandiana, and the trade unions who represent them, have been consulted throughout the workforce design.

When the new services contracts are awarded in early 2013, it will be up to the incoming contractors to raise and manage their own workforces. Defence will certainly encourage the new incumbents to retain workers who are skilled on Defence equipment and understand the Defence environment; however the contractors will make their own commercial decisions.

There is no change to the Joint Logistics Unit – Victoria national and regional roles. The Unit will continue to be one of the principal logistic hubs with an emphasis remaining on the national storage of Land principal items, rotables and General Stores Inventory and the national maintenance unit for Land equipment.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q111: Carbon Tax**

**Senator McKenzie provided in writing.**

- (a) Has the department modelled the impact of the carbon tax on their running costs?
- (b) If so, what was the outcome? If not, why, not?
- (c) How much electricity does the department use? What is the department's total electricity spend?

**Response:**

- (a) Yes. From a financial perspective and using the *Department of Treasury Modelling a Carbon Price*, Defence has forecast the impact on its cost base by using the following method:
  - Total** Defence Operating Funding of \$24.8b (PBS 2012-13, Page 99, Table 60)
  - Less** Employees of \$9.8b (PBS 2013, Page 99, Table 60)
  - Less** Budget spent overseas of \$3.5b (FOREX volume in AUD used for PBS 2012-13)
  - Times** 0.7% (As per Treasury Model)
  - Equals** Tax effect of \$80.4m
- (b) Using the abovementioned methodology, the estimated effect of a carbon price on the cash budget in 2012-13 is in the order of \$80.4m in 2012-13. This represents 0.32% of the Defence total budget.
- (c) In financial year 2011-12 Defence consumed 917,338 MWh of electricity. In financial year 2011-12, the total cost of electricity was \$121.4m (inclusive of GST).

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q112 - DSTO Scottsdale**

**Senator Fawcett asked the following question in writing.**

Following the May Estimates Hearing:

- (a) I understand DSTO staffing at Scottsdale is currently sub-optimal. Are you able to comment on staffing levels/current deficiencies?
- (b) What impact (if any) could result at Scottsdale from \$5.4 billion defence cuts?

**Response:**

- (a) The 12 DSTO scientists and 4 scientists on contract are sufficient to effectively and efficiently deliver Defence's Nutrition and Food Science research program and production of freeze dried meals for two out of three types of ration packs.
- (b) The production of freeze dried meals is driven by Defence's need for ration packs. There will be no direct impact on Scottsdale from the recent Defence budget reductions.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q113: Ration-Pack Contract**

**Senator Parry provided in writing.**

- (a) Why is the focus on new buildings and not returning the ration-pack contract from NZ to Australia - preferably to Scottsdale to leverage local agricultural production, and address unemployment?
- (b) Is it possible to consider using AusAID funding to produce emergency rations at Scottsdale for increasingly frequent Humanitarian Assistance/Disaster Relief contingencies?

**Response:**

(a) & (b) Please see response to Question on Notice No. 26 taken from Senate Budget Estimates hearing on 28/29 May 2012.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q114: Medical Services**

**Senator Xenophon provided in writing:**

How much is spent by the ADF on medical services, in particular medical staff on military bases and ships, and training programs for those medical staff?

**Response:**

Defence spends approximately \$300m on the provision of medical services annually. This equates to 50% for contracted health practitioners working in our regional health facilities and 50% for services accessed externally on a Fee for Service (FFS) basis.

Defence does not contract health providers on ships but rather utilises the existing ADF medical officer pool to provide medical treatment whilst at sea.

ADF members posted on ships access medical treatment as per the following:

- **At Sea** – Medical treatment is provided by ADF medical officers.
- **Overseas** – Medical treatment is provided by the ADF medical officer in the first instance and any further specialised treatment is sourced on a FFS basis.
- **Australia** – Access to on base contracted health workforce and referred out for specialist treatment on a FFS basis if required.

Defence does not provide standard training for contracted health practitioners as current terms set out in the contract identifies minimum qualifications expected for each position.

In rare occasions where it would be difficult for the contracted organisation to source a health practitioner with unique qualifications i.e. Aviation Medicine, Defence may then facilitate training to enable them to provide the necessary services requested.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q115: Superannuation for Spouses of Deceased Former Defence Force Personnel**

**Senator Wright provided in writing.**

When a former member of the Defence Force passes away, their spouse or nominated recipient is entitled to 62.5% of the deceased's retirement pay under the Defence Force Retirement & Death Benefits Scheme (DFRDB) or 67% through Military Super. Can you confirm these figures are correct? Does the department have information of how this compares to other industries, in particular those with a comparable service element such as emergency services? If not, what data are these figures based on? Can you explain why recipients under the DFRDB and the Military Super schemes are entitled to receive differing percentages in relation to the deceased's retirement pay under each respective scheme?

**Response:**

***DFRDB scheme***

*On the death of a contributor*, an eligible spouse (there is no provision for the member to nominate a benefit recipient) is paid an indexed pension for life of 62.5% of retirement pay (the retirement pay of a contributor who dies is based on a notional Class A invalidity pension which is 76.5% of salary at the date of death – effectively, the reversionary pension is 47.8125% of the member's salary at the date of death). The spouse can elect to commute the pension to receive a lump sum of up to two times the member's salary. (If this election is made, the reversionary pension is reduced by 4% of the commuted amount.)

Each eligible child is paid an indexed pension at the rate of \$604.07 plus 7.9688% of the contributor's salary per annum, until they reach age 16 or age 25 if in full time study.

Where there is no eligible spouse, eligible orphans will receive an indexed pension until they reach age 16 or age 25 if in full time study commencing at the rate of \$9,680.61 plus 5.9766% of the contributor's salary per annum, at the time of death. The total benefit for all orphans cannot exceed 76.5% of the contributor's salary.

*On death after retirement*, an eligible spouse's benefit is 62.5% of the retirement pay being paid at the time of death ignoring any previous commutation reduction. (There is no provision for the member to nominate a benefit recipient.) Over 99% of DFRDB retirement pay recipients commute part of their retirement pay to obtain a lump sum in exchange for lesser retirement pay.

The reversionary benefit is paid for life. For the first seven paydays following the death of the member, the spouse is paid the same retirement pay the member would have received had he/she not died.

Each eligible child will receive an indexed pension commencing at the rate of \$604.07 plus 7.9688% of the retirement pay at the date of death (ignoring any commutation reduction) per annum, until they reach age 16 or age 25 if in full time study.

Eligible orphans will receive an indexed pension until they reach age 16 or age 25 if in full time study commencing at the rate of \$9,680.61 plus 5.9766% of the rate of retirement pay at the date of death (had the member not commuted) per annum. The total benefit for all orphans cannot exceed the uncommuted rate of the member's retirement pay.

### ***Military Superannuation and Benefits (MSB) scheme***

*On the death of a contributor*, the member benefit (that is, contributions and earnings) is paid as a lump sum to an eligible spouse (there is no provision for the member to nominate a benefit recipient). An employer benefit, calculated as if the member had retired on invalidity grounds and had been classified as Class A (the effect is that the employer benefit is calculated as if the member had served to compulsory retiring age of 60), is payable as a lump sum. At least 50% of the employer benefit can be converted to pension payable for life. The rate of pension is 67% of the notional Class A invalidity pension (the employer benefit calculated to age 60, divided by 11).

The pension benefit increases by 11% for each eligible child (up to a maximum of three children – that is, the pension is 100% of the employer benefit). The pension for eligible children is paid until they reach age 16 or age 25 if in full time study.

Where the contributor is not survived by an eligible spouse but is survived by an eligible orphan/orphans, they will receive the member benefit as a lump sum, and the employer benefit as a pension until they reach age 16 or age 25 if in full time study. The rate of pension is 45% of the notional Class A invalidity pension for one orphan, 80% for two, 90% for three and 100% for four or more eligible orphans.

*On the death of a pensioner*, an eligible spouse (there is no provision for the member to nominate a benefit recipient) will receive a pension for life equal to 67% of the pension being paid when the member died. The pension benefit increases by 11% for each eligible child (up to a maximum of three children – that is, the pension is 100% of the pension being paid at the date of death). The pension for eligible children is paid until they reach age 16 or age 25 if in full time study. Where the member has on retirement taken all of his/her benefit as a lump sum, there is no reversionary benefit paid to a spouse on the death of the retired member.

If the member is survived by children but not by an eligible spouse, the pension entitlement would be a percentage of the pension the member was receiving at the time of death. For one child the pension rate is 45% of the member's pension, for two it is 80%, for three it is 90%, and for four or more it is 100% until they reach age 16 or age 25 if in full time study.

In respect of reversionary superannuation benefits for members of comparable services such as emergency services, there are many superannuation schemes that provide different benefits in different forms and values which generally reflect the underlying scheme membership. The benefit structures and design for these schemes may differ significantly from scheme to scheme and it is not instructive to compare single elements within each scheme. In the main, it is only

public sector schemes that provide indexed superannuation pension benefits with a reversion of part of the pension to a surviving spouse. Most of these are now closed to new members.

In the wider superannuation industry, superannuation income stream arrangements are generally account based and only last for as long as there is an amount in the account from which a pension can be paid. Members in these schemes can use their superannuation savings to purchase an income stream that might provide a reversionary benefit on the death of a member. The reversionary benefit will only continue to be paid until the account balance used to purchase the income stream is exhausted.

The account balance is generally determined by the amount invested, the investment returns earned on the member's investment choice options (including any negative returns), the fees charged, any tax payable and the amount of any pension already paid.

The DFRDB reversionary benefit was the same as the reversionary benefit paid under the predecessor 1948 scheme, the Defence Forces Retirement Benefits (DFRB) scheme, that is, five-eighths or 62.5% of the normal retirement benefit.

The June 1990 Report of the Defence Force Retirement and Death Benefit Scheme Review Committee (the Cole Review), recommended that MSB reversionary pensions for those who die while still contributing should be 67% of the maximum invalidity pensions *because payment of two-thirds of pension entitlement is widely regarded as an appropriate amount for spouse's benefit.*

The Jess Committee appointed to enquire into the operation of the DFRB laws recommended in its May 1972 report that the DFRB scheme close and that the DFRDB scheme be established.

The Committee considered a number of submissions in relation to death benefits, including submissions to change the quantum of pension paid as a reversionary benefit and concluded that the proportion of the benefit payable to the widow for both death in service and death after retirement should remain at five-eighths of the member's entitlement. The Committee said the method of determining the entitlement should not be changed.

The Cole Review Committee also considered changes to the DFRDB scheme, including a change to the DFRDB reversionary benefit to bring it in line with the reversionary benefit paid under the Commonwealth Superannuation Scheme (CSS) which provided for a 67% reversionary pension. In the Report on this aspect of the Review, it said:

*5.11 Concern has often been expressed about the lower pension payable to DFRDB spouses (62.5% of contributor's pension entitlement) than to CSS spouses (67% of contributor's pension entitlement). The provision in the MSBS of a 67% spouse pension would no doubt add to the perceived inequity.*

*5.12 The case for making a change in the DFRDB scheme was considered but not accepted. The inequity is apparent, not real. Essentially that is because, in comparing the DFRDB and CSS Schemes, there are three elements in the equation determining a spouse's pension and two of those favour the DFRDB Scheme spouse:*

- *maximum amount of member's pension – higher in DFRDB;*

- *proportion of member's pension indexed – 100% in DFRDB, about 70% in CSS;*
- *spouse's pension as a proportion of member's pension – 62.5% DFRDB, 67% CSS.*

*5.13 As things stand, the benefits paid to DFRDB spouses are greater than the benefits paid to CSS spouses in similar circumstances...*

*5.14 Because the CSS pension is calculated on actual and prospective service, CSS spouses receive a variable percentage, the highest level being 48.6% (only applicable for those few members who have actually served 40 years or more) of the member's salary, of which part only is indexed. This contrasts with the DFRDB spouse who receives benefits based on 40 years service in all circumstances. The most favourable CSS spouse's pension, at the equivalent of 41.9% fully indexed, is directly comparable to the standard DFRDB spouse's pension of 47.8%. Overall, the DFRDB spouse receives at least 14% higher pension than the CSS spouse where the salaries of the deceased contributors were the same. For these reasons there is no case for change to the present arrangement.*

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q116: Suicides in Relation to Current Serving members**

**Senator Wright asked on Tuesday, 12 June 2012, Hansard page 105:**

What is the rate of suicides in relation to current serving members?

**Response:**

This question has been answered under Question on Notice No.117 taken from the Senate Budget Estimates hearing on 28/29 May 2012.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q117: Suicide Statistics**

**Senator Wright asked on Tuesday, 12 June 2012, Hansard page 105.**

Could you provide the number of deaths on an annual basis over the past five years of service personnel for which the cause of death was suicide?

**Response:**

The issue of suicidal behaviour and completed suicide is one of major concern to command in the ADF and arouses considerable public concern. The ADF monitors the rate of suspected and confirmed suicides of full-time personnel. The ADF does not monitor suicide rates amongst reserve personnel, with the exception of those rendering full time service at the time of their death. In addition the ADF does not monitor suicide rates amongst discharged personnel, referred to as “veterans in the civilian community”.

Over the period 2008 to 2012 there have been 26 suicides in the ADF:

- four in 2008;
- six in 2009;
- six in 2010;
- nine in 2011; and
- three to date for 2012.

It should be noted that a number of cases from recent years are suspected suicides that require coronial confirmation of cause of death, and as such these figures are subject to change. The figures presented above are correct as at 02 July 2012. When matched for age and sex, the actual rate of suicide in the ADF is lower than in the general population.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q118: Request for Tender for On-Base ADF Health Services**

**Senator Xenophon provided in writing:**

Referring to the announcement of 16 September 2011 by the Hon Warren Snowdon regarding a request for tender for on-base ADF Health Services:

- (a) How many on-base ADF Health Services have been outsourced to date?
- (b) How many on-base ADF Health Services is the Department planning to outsource?

**Response:**

- (a) Joint Health Command provides Primary Healthcare services on-base. This includes Medical Officers, Nurses, Dentists, Physiotherapists, Pharmacists and Mental Health Professionals.

On-base healthcare services have historically been provided by a mix of APS, ADF and contracted staff. The new tender for on base services continues this practice.

A small number of specialist services have been provided on base by contracted personnel at select locations. However, the majority of specialist services are provided off-base in specialist rooms.

- (b) It is anticipated that the majority of specialist services will be provided off base under the new tender arrangements.

The new contract arrangements with Medibank Health Solutions require the provision of:

- On base health workforce (similar to past arrangements);
- Off base access to specialist services and hospitals (similar to past arrangements which were accessed under a fee for service rather than a national contract);
- Off base radiology and imaging services (similar to past arrangements which were accessed under a fee for service rather than a national contract);
- Off base pathology services (similar to past arrangements which were accessed under a fee for service rather than a national contract); and
- Contracted 24hr health support hotline.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q119: JeHDI Program**

**Senator Wright asked on Tuesday, 12 June 2012, Hansard page 105.**

Is it the case that a new electronic records system for records of military personnel who have moved into civilian life is being introduced, and, if so, what is that system and when is that system likely to be introduced.

**Response:**

The Joint eHealth Data and Information (JeHDI) Project will facilitate the provision of one electronic health record for ADF personnel, from recruitment to discharge, then through to management in other agencies. JeHDI is required to deliver functionality that supports health care delivery enablement, health records management, healthcare delivery management and healthcare capability governance.

JeHDI is building the capability to interact with the National Personal Controlled Electronic Health Record (PCEHR) for the interchange of health information across private and public health systems. Members will be able to consent to participation in the PCEHR system while in Defence or when they discharge.

The deployment of JeHDI is scheduled to commence in November 2012 with completion in all regions planned for mid 2013. As JeHDI is implemented it will commence the enterprise-wide capture of the health data and information for clinical/business management, reporting and analysis. As JeHDI is used the data will become more comprehensive over time. Past history will be contained in legacy systems and the current hardcopy record.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q120 – Early Childhood Education**

**Senator Wright provided in writing.**

- (a) Has a new company been appointed to run the 21 Defence Child Care facilities?
- (b) Was this the result of a competitive tender?
- (c) What was the cost of this tender?
- (d) How many children are currently cared for in Defence facilities?

**Response:**

- (a) Yes. Mission Australia Early Learning Services has been contracted to manage the Defence Childcare Centres from 1 July 2012.
- (b) Yes.
- (c) The cost of the Defence Childcare program is commercial-in-confidence.
- (d) There are currently 6,200 childcare places available in Defence Childcare Centres each week.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q121 – Recreational Leave**

**Senator Johnston provided in writing.**

Can Defence confirm how many members are single and aged over 21?

- (a) Of those, how many, each year, utilise part or all of their rec-leave entitlement?
- (b) What is the cost of this rec-leave travel per annum?
- (c) Does Defence keep a record of the reasons why personnel take this leave?
- (d) Please provide a statistical list of the reasons for the past four years.
- (e) Has Defence cut any other types of leave/travel entitlements for ADF personnel?
- (f) Is Defence aware that the online version of PACMAN, under section 9.5 – Recreational Leave Travel, still states that members are entitled to recreation leave travel?
- (g) If yes, why is it still listed as an entitlement on this site?
- (h) When will this budget measure to change enlisted personnel's entitlements come into force?
- (i) How many rec-leave (type) trips are married members entitled to each year?
- (j) How many rec-leave (type) trips are under 21 year old ADF personnel entitled to each year?
- (k) Why is it that single members, aged over 21, are having their leave cut?
- (l) Please explain why this change in entitlement does not discriminate against ADF members based on age?
- (m) I take the example of a 32 year old divorced parent with three children – how is he/she expected to be able to afford the time and money to visit his/her children?

- (n) What assistance will Defence provide for such parents so as to maintain the necessary contact with their children?

**Response:**

There were 22,150 members without dependants aged 21 and over as at 17 June 2012.

- (a) 11,314 members used their recreation leave travel entitlement between 1 July 2011 and 30 June 2012.
- (b) Recreation leave travel cost Defence \$26,901,500 inclusive of Fringe Benefits Tax (FBT) in the 2011-12 FBT year (1 April 2011 – 30 March 2012).
- (c) No. Members simply request travel to the location of their nominated family. They are not required to provide a reason for the travel.
- (d) Statistics are not available as members are not required to provide a reason for the travel.
- (e) No.
- (f) On 13 September, the Government removed the age restriction that had applied to recreation leave travel since 1 July 2012. The online version of PACMAN has been updated accordingly. The result is that ADF members without dependents will be eligible for recreation leave travel regardless of their age.
- (g) See response to (f).
- (h) See response to (f).
- (i) Members with dependants who are accompanied at their posting location by their dependants are not entitled to any rec-leave (type) travel.
- (j) See response to (f).
- (k) See response to (f).
- (l) See response to (f).
- (m) See response to (f).
- (n) Members with children from previous relationships may apply to have them recognised as dependants. If a member is recognised as a member with dependants, they are able to access enhanced housing assistance to accommodate their children. Members with dependants are ineligible for recreation leave travel.

Divorced or separated members who do not choose to have their children from previous relationships recognised as dependants or who do not meet the

eligibility criteria are categorised as members without dependants. These members are eligible for recreation leave travel.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q122 – Pre and Post-Deployment Leave**

**Senator Johnston provided in writing.**

- (a) Has Defence cut pre-deployment leave travel, if yes provide the details?
- (b) Has Defence cut post deployment leave travel, if yes, provide the details?

**Response:**

- (a) No.
- (b) No.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q123 – Remote Location Leave**

**Senator Johnston provided in writing.**

- (a) Has Defence cut remote location leave travel, if yes, provide the details?
- (b) Has Defence cut remote reunion travel for those personnel engaged on long term postings, if yes, provide the details?
- (c) Has Defence cut compassionate grounds travel for those personnel engaged on long term postings, if yes, provide the details?
- (d) Has Defence cut travel for those personnel engaged on long term postings on extension of posting or second overseas posting, if yes, provide the details?
- (e) Has Defence cut travel for assisted leave travel for those working in a ‘hardship’ location, if yes, provide the details?
- (f) Has Defence cut any other travel designed to provide personnel with respite and/or the ability to meet their family who they are otherwise working away from, if yes, provide the details?
- (g) What happens to those personnel who have already booked a trip – will they be required to cancel their family reunions and what if any assistance will be provided to compensate them?
- (h) Will they be required to pay back Defence for the cost of the trip?
- (i) How will personnel, who will suffer from these cuts, be expected to reunite with their families?
- (j) Will Defence still provide leave (as opposed to leave and flights) so that personnel can reunite with their families?
- (k) How much leave will Defence provide personnel operating in distant and remote localities?
- (l) Has Defence done any modelling or conducted any investigations as to the effect this cut will have on personnel in terms of recruitment and retention?

- (m) Can Defence state that it will not suffer losses in both potential recruits and the retention of existing personnel because of this Ministerial decision?

**Response:**

- (a) No, Defence has not cut Remote Location Leave Travel (RLLT). This travel remains available for all Defence defined remote localities, which includes Cairns, Darwin, Karratha, Katherine, Tindal and Townsville.
- (b) No.
- (c) No.
- (d) No.
- (e) No.
- (f) Changes were made to recreation leave travel (RLT) which is provided to Australian Defence Force (ADF) members categorised as member without dependants. It is Commonwealth funded return travel from the member's place of duty to their nominated family location.

From 1 July 2012, a number of changes took effect regarding RLT policy. In summary these were:

- Eligibility was limited to those members under the age of 21. That is, on the member's 21st birthday they were not eligible for RLT. Previously there was no age limit. This age limit was applied to all members who were not trainees.
- The age limit did not apply to trainees. These members remained eligible to travel up to three times a year regardless of age.
- Removal of the second RLT benefit provided to Navy members. This brought them into line with their Army and Air Force counterparts.
- Limiting the assistance to travel within Australia. Previously trainees and members undergoing training were provided with travel to overseas destinations.
- Reducing the number of times per year that members undergoing training (not trainees) could access the benefit from three to one.

On 13 September 2012, the Government removed the age limit that had applied to RLT since 1 July 2012.

Since 13 September 2012, members without dependants serving in Australia have been eligible for return travel to where their nominated family lives in Australia. No age limit applies.

In summary, the following RLT benefits apply from 13 September 2012:

- Members without dependants who are trainees are eligible for up to three return trips in a leave year. Members undergoing training are not trainees.
  - Any other eligible members without dependants, including members undergoing training, are eligible for one return trip in a leave year.
  - Travel assistance is for travel within Australia only.
- (g) For the 1 July 2012 changes, transitional arrangements were put in place to assist members who had already made travel plans:
- If before 9 May 2012, the date the changes were announced, a member without dependants was granted a RLT benefit to travel on or after 1 July 2012, the member would continue to be eligible for that benefit. The travel must have been undertaken by 30 June 2013. The leave year for ADF members runs from 1 July to 30 June each year.
  - A member without dependants may retain a benefit that had been deferred from the current leave year into the leave year commencing on 1 July 2012.
  - If before 25 June 2012, a member without dependants was approved an advance of RLT from leave year 2012/13 to travel in leave year 2011/12, the member continued to be eligible for that benefit.

Travel that had been approved for a member without dependants who would have been no longer eligible for RLT (unless the member's circumstances were included in the transitional arrangements) was to be cancelled.

- (h) The RLT benefit is a return economy class airfare from the member's duty location to the location of their nominated family. This travel should be booked by Defence in order for Defence to be able to claim back the value of the GST. So in most cases cancellation of the benefit would simply involve cancellation of the travel booking. If members were covered by the transitional arrangements, they would not have their travel cancelled nor be required to pay back the cost of the trip. A discretionary provision exists in the ADF Pay and Conditions Manual which enables approving authorities to approve payment of the reasonable costs of travel and related expenses for certain persons who would not otherwise be eligible for those benefits.

For the changes made on 13 September 2012, the removal of the age limit is not applied retrospectively; therefore no transitional arrangements were required.

- (i) The totality of the ADF employment offer was considered sufficient for ADF members to fund their own travel to visit their nominated family.

Since 13 September 2012, members without dependants serving in Australia have been eligible for return travel to where their nominated family lives in Australia. No age limit applies.

- (j) There have been no changes to the ADF leave provisions.
- (k) ADF members accrue 20 days of basic recreation leave per annum. As well as this, members who undertake flying duties or duties in the field or at sea accrue an additional leave benefit of up to 10 days per annum. Members serving in remote locations accrue additional leave of between two and five days per annum. Members may also be granted up to five days extra recreation leave if they perform arduous or prolonged duty. There are also other forms of leave which ADF members can accrue if they meet the qualifying criteria.
- (l) An assessment was undertaken on the potential impact of proposed Strategic Reform Program Non-Equipment Procurement (NEP) Stream Personnel Policy Initiatives on the commitment and retention of ADF personnel. Recreation leave travel was included in this assessment. The assessment did not consider the impact on recruitment.
- (m) Defence's employment offer contains a range of benefits that assist in attracting potential recruits, and retaining serving personnel. When considering the totality of that offer, Defence is confident that it will continue to attract and retain ADF members.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q124 – Contact with Dependants**

**Senator Johnston provided in writing.**

- (a) As you are no doubt aware children are not recognised as dependants if they do not stay more than 90 nights per year with the ADF member. This is difficult to achieve if the member is deployed, on training or posted interstate. Was this factor taken into consideration before this directive was issued?
- (b) If it was, what were these considerations?
- (c) Are there any other avenues for support for divorced/separated, or similar, ADF members to enable them to keep in contact with their children?
- (d) What modelling did Defence undertake prior to making this decision with the understanding that ADFA members are skilled, hardworking and above all else loyal, and will place family ahead of their job and with the result Defence would lose highly skilled and high quality personnel over this budget measure?
- (e) Will ADF personnel receive a pay increase to account for the removal of this entitlement
- (f) Will the savings from this cut be reinvested in Defence, or will it go back into consolidated revenue?
- (g) Is this cut a part of the SRP, or is it simply an additional budget cut?

**Response:**

- (a) The definition of a child being taken to normally live with a member was amended in 1998 to include an expectation of the child being provided with overnight care in the member's home for a total period of 90 or more nights a year. Members may also apply to have children under the age of 21 recognised as dependants if the child is expected to live with the member on a frequent and regular basis.

The recognition of a child as a dependant on the basis of overnight residence with the member for at least 90 nights is used to gain the member a housing entitlement commensurate with the number of dependants who will be living in the residence. If the member is absent from the residence on deployment or training, the child would not be residing in the member's home unsupervised. They would be residing with the other parent or a guardian.

- (b) Two major reviews were undertaken in 1992 and 1996 that led to the 1998 amendments requiring 90 nights of care in a member's home. Issues such as deployment, absences due to training and interstate postings, were taken into account in these reviews.
- (c) Members with children from previous relationships may apply to have them recognised as dependants. If a member is recognised as a member with dependants, they are able to access enhanced housing assistance to accommodate their children. Members with dependants are ineligible for recreation leave travel.

Divorced or separated members who do not choose to have their children from previous relationships recognised as dependants or who do not meet the eligibility criteria are categorised as members without dependants. From 1 July 2012 these members will still be able to access recreation leave travel provided they are under 21 years of age or a trainee of any age.

- (d) Defence fully appreciates the importance of family to Defence members. The decision to require 90 nights of care in a member's home was introduced almost 15 years ago and details of any modelling conducted are not available.
- (e) There has been significant change to Defence's remuneration offer for ADF members since 1998.
- (f) and (g)  
The decision to require 90 nights of care in a member's home was introduced almost 15 years ago. There is no connection to this amendment to current budgetary measures or the Strategic Reform Program.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q125: Gap Year Program

##### Senator Johnston provided in writing:

- (a) The 2012-13 Budget confirms the Navy and Army Gap Year programs will be cut, saving \$91m over the forward estimates. However, the RAAF Gap Year program has already been cut, with no participants in 2011 or 2012. How much of the \$90m saving over the Forward Estimates is attributed to RAAF?
- (b) How much will be spent over the forward estimates on the Gap Year Program?
- (c) How much was spent in each of the services on the Gap Year program over the past four years?
- (d) How many participants were there in each service in the Gap Year program over the past four years?
- (e) What was the total cost per year for each service?
- (f) Has the Gap Year program been totally cut, or has it been deferred?
- (g) How many ADF gap year participants, each year, transferred into the regular or Reserve forces?
- (h) What impact will this cut have on recruiting?
- (i) What additional costs will be involved in meeting this recruiting shortfall?
- (j) Prospective Gap Year recruits have paid thousands of dollars in travel costs in order to be assessed for the program. Some have postponed other job or study opportunities for the program, only to be told they can no longer participate. Immediately prior to the announcement to cut the program, how many applicants had applied?
- (k) Immediately prior to the announcement to cut the program, how many applicants had been accepted by Defence?
- (l) Immediately prior to the announcement to cut the program, how many participants were currently undertaking the gap year program?
- (m) What support will Defence be giving all those who have just found out they will now either not participate on the gap year program, or the program will be cut short?
- (n) Noting the costs incurred by those participants applying for the program, can Defence guarantee they will not be left out of pocket – that they will be no worse off?
- (o) Noting there is also an opportunity cost for many of these young, bright hopeful participants, will Defence be offering them any other type of financial or other support, such as guaranteed entry into the ADF (pending health assessments etc)

##### Response:

- (a) Air Force has no savings to report in respect to the latest cuts to Gap Year planned for 2012-13. Air Force contributed \$45.444m in savings across the Forward Estimates by ceasing its Gap Year program in Financial Year (FY) 10-11.
- (b) Defence is expected to spend \$10.4m over the Forward Estimates on the Gap Year program (to complete the 2012 calendar year program).

(c) and (e)

The following table summarises expenditure incurred over the past four years on the Gap Year program:

| <b>Financial Year</b> | <b>Army</b>    | <b>Navy</b>    | <b>Air Force</b> | <b>Total</b>    |
|-----------------------|----------------|----------------|------------------|-----------------|
| 2008-2009             | \$18.1m        | \$6.0m         | \$5.8m           | <b>\$29.9m</b>  |
| 2009-2010             | \$13.3m        | \$11.9m        | \$7.0m           | <b>\$32.2m</b>  |
| 2010-2011             | \$17.9m        | \$10.3m        | \$3.8m           | <b>\$32.0m</b>  |
| 2011-2012             | \$13.6m        | \$6.4m         | -                | <b>\$20.0m</b>  |
| <b>Total</b>          | <b>\$62.9m</b> | <b>\$34.6m</b> | <b>\$16.6m</b>   | <b>\$114.1m</b> |

- (d) The following table shows the number of Gap Year personnel in each service type for the last four financial years.

|              | <b>ADF</b>                  |                           |                | <b>NAVY</b>                 |                           |                | <b>ARMY</b>                 |                           |                | <b>RAAF</b>                 |                           |                |
|--------------|-----------------------------|---------------------------|----------------|-----------------------------|---------------------------|----------------|-----------------------------|---------------------------|----------------|-----------------------------|---------------------------|----------------|
|              | <b>Serving in Permanent</b> | <b>Serving in Reserve</b> |                | <b>Serving in Permanent</b> | <b>Serving in Reserve</b> |                | <b>Serving in Permanent</b> | <b>Serving in Reserve</b> |                | <b>Serving in Permanent</b> | <b>Serving in Reserve</b> |                |
|              |                             | <b>Active</b>             | <b>Standby</b> |
| 2007/08      | 222                         | 126                       | 129            | 39                          | 9                         | 0              | 153                         | 108                       | 108            | 30                          | 9                         | 21             |
| 2008/09      | 214                         | 87                        | 78             | 59                          | 28                        | 5              | 132                         | 58                        | 67             | 23                          | 1                         | 6              |
| 2009/10      | 152                         | 146                       | 102            | 62                          | 52                        | 19             | 78                          | 94                        | 81             | 12                          | 0                         | 2              |
| 2010/11      | 114                         | 106                       | 63             | 10                          | 0                         | 13             | 104                         | 106                       | 50             | 0                           | 0                         | 0              |
| <b>Total</b> | <b>702</b>                  | <b>465</b>                | <b>372</b>     | <b>170</b>                  | <b>89</b>                 | <b>37</b>      | <b>467</b>                  | <b>366</b>                | <b>306</b>     | <b>65</b>                   | <b>10</b>                 | <b>29</b>      |

- (f) The program has ceased.

- (g) Defence does not have information available by year. On 1 May 2012 there were 700 former Gap Year participants serving in the permanent Australian Defence Force.

(h) and (i)

The program has been popular amongst Australian youth, but its benefits are indirect and do not contribute to Defence core capabilities. The Gap Year program provided an opportunity for young Australians, who finished Year 12 (or equivalent) within the previous two years, to experience continuous military training and lifestyle before going onto study or a selected career. As such, the Gap Year program was not a recruiting campaign designed to contribute to ADF capability. Defence Force Recruiting (DFR) believes that the cessation of the program will not adversely impact on ADF recruiting outcomes. As such there are no additional recruiting costs associated with the cessation of the Gap Year program.

- (j) As at 8 May 12, 1947 Gap Year program applicants were in the processing pipeline (which includes initial inquiries which had not yet translated to applications). DFR reimburses candidates for travel costs if they are unable to access public transport to attend an assessment session.
- (k) None had been enlisted as the FY 2012-13 program was yet to be commenced. One Navy candidate had been provided with an alternative offer of employment but decided not to proceed with selecting another avenue of entry when the Gap Year program was cancelled.
- (l) As at 1 May 2012 there are 202 members undertaking the Gap Year program.
- (m) DFR contacted applicants who were in the selection process for the Gap Year program to discuss with them other options for joining the ADF. This included roles in Army that have an Initial Minimum Period of Service of 12 months, that is, a service commitment the same as the Gap Year program. As at 16 May 12, 420 candidates had converted their application to other roles.
- (n) Refer to the response to part (j). Defence cannot guarantee that all Gap Year program candidates may not feel they have been left out of pocket. DFR will consider requests for reimbursement on a case by case basis.
- (o) No dedicated financial support program has been offered, however applicants have been advised of alternative avenues of entry that may meet their needs. DFR will deal with any requests for reimbursement on a case by case basis.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q126: ADF Health Care Program**

**Senator Johnston provided in writing.**

- (a) The 2012-13 Budget confirms the ADF Family Health Care Program has been delayed by one year, saving \$50m. Why was this budget measure applied?
- (b) The government has argued this is due to a low take up rate of the limited trial program. Was the program so poorly structured in deliberately trialling in geographic areas that this factor would contribute significantly to a limited take-up by virtue of the low numbers living in those areas? If not, what was the rationale?
- (c) What are the exact geographic areas (and boundaries) associated with the trial program?
- (d) How many ADF dependants are located in each of these areas?
- (e) What percentage of ADF dependants have taken up the program in each area?
- (f) How many ADF dependants (in total) are currently registered for this program?
- (g) What is this figure as a percentage of total ADF dependants?
- (h) How many ADF dependants currently reside in areas not covered by the scheme?
- (i) What are these geographic areas (and boundaries)?
- (j) Has Defence asked ADF families not currently living in areas covered by the trial if they would like to participate in such a program? If not, why not?
- (k) How can Defence say there is not enough interest when they have not engaged with ADF families?
- (l) Will the current trial program be wound back?
- (m) Are any current ADF dependants of the trial program going to be worse off under this budget cut?
- (n) When will the full program be rolled out?
- (o) How many years is the full program funded for?
- (p) What geographic areas (and boundaries) will the full program cover?
- (q) What percentage of ADF dependants will the full program cover?

- (r) What is the cost, per annum, of the trial program?
- (s) What is the cost, per annum, of the full program?
- (t) Will the \$50m saved be returned to Defence or to consolidated revenue?
- (u) Will Defence be required to fund the full program out of 'existing resources' when initiated?

**Response:**

- (a) A savings measure of \$50m was identified by deferring the national rollout of the ADF Family Health Program due to the low take up rate.
- (b) The trial areas were identified by Government as being either regional or remote locations. Responses to the Defence Attitude Survey (since 2008) and to additional online surveys indicate that a number of members, whilst indicating very positive support for the trial, are waiting for a national roll out prior to participation. To date there have been approximately 1,700 or 10 per cent of dependants previously participating in the Trial who have left Trial locations and have been deregistered.
- (c) The ADF Family Health Trial is available to ADF Dependants who are posted to and reside in the following locations:
  - Singleton (NSW);
  - Pilbara Region, including Karratha, Port Hedland, Tom Price, Newman, Derby, Exmouth and Carnarvon (WA);
  - Sale (VIC);
  - Cairns, including Weipa, Mt Isa and Thursday Island (QLD);
  - Katherine (NT);
  - Townsville, including Tully (QLD);
  - Darwin, including Alice Springs, Nhulunbuy (NT) and Kununurra and Broome (WA); and
  - Puckapunyal (VIC).
- (d) Based on 2007 Defence Census data there is approximately 16,000 dependants living in Trial regions as follows:
  - Singleton = 297 Dependants;
  - Pilbara Region = 55 Dependants;
  - Sale = 551 Dependants;
  - Cairns (including Weipa, Mt Isa and Thursday Island) = 719 Dependants;
  - Katherine = 1054 Dependants;
  - Townsville = 6044 Dependants;
  - Darwin (including Alice Springs, Nhulunbuy, and Kununurra and Broome) = 5554 Dependants; and
  - Puckapunyal = 1537 Dependants.
- (e) The percentage of registered dependants in each region (as at 20 June 2012) is:

- Singleton = 47 per cent
  - Pilbara Region = 73 per cent
  - Sale = 74 per cent
  - Cairns (including Weipa, Mt Isa and Thursday Island) = 61 per cent
  - Katherine = 40 per cent
  - Townsville = 34 per cent
  - Darwin (including Alice Springs, Nhulunbuy, and Kununurra and Broome = 31 per cent
  - Puckapunyal = 29 per cent.
- (g) 22 per cent of total ADF dependants are eligible to participate in the trial. Of those eligible, 36 per cent are registered.
- (h) Based on the 2007 Defence Census there are 54,189 dependants residing in areas not covered by the trial.
- (i) All areas within Australia that are not included in the trial regions detailed above at the response to part (c).
- (j) Yes, the views of Defence families not residing in trial regions have been represented in every Defence Attitude Surveys since 2008 which contains specific questions relating to the ADF Family Health Trial. Additionally, feedback from families not residing in trial regions has been sought and included in various trial evaluation activities such as online surveys as well as anecdotal feedback collected throughout the trial period.
- (k) ADF families have been regularly engaged throughout the trial.
- (l) No, the current trial is continuing until 30 June 2013.
- (m) No, ADF dependants participating in the trial will not be worse off as the current trial is continuing until 30 June 2013.
- (n) Subject to Government approval it is planned for the rollout of a National ADF Family Health Program on 01 July 2013.
- (o) The ongoing funding for the program is in the Defence budget.
- (p) The National ADF Family Health Program will enable all ADF dependants from throughout Australia to participate.
- (q) The National ADF Family Health Program will cover 100 per cent of ADF dependants residing in Australia.
- (r) The budget for ADF Family Health for Financial Year 2012-13 is \$10m.
- (s) Funding for the full program will be provided from within the Defence budget.
- (t) The \$50m budget measure will be returned to consolidated revenue.

(u) Yes.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q127: Bagpipes**

**Senator Johnston provided in writing:**

- (a) AusTender has listed a tender let by the DMO for bagpipes. What is the total value of the contract?
- (b) How much is a set of bagpipes worth?
- (c) How many sets of bagpipes has the DMO acquired in the past?
- (d) Is it usual for the DMO to acquire bagpipes?
- (e) Can the DMO confirm that the contract is for a single set of bagpipes?
- (f) Who is the DMO expert on procuring bagpipes?
- (g) If this is the case, it would seem to be an outrageous waste of money at a time when the government is cancelling capabilities such as SPH artillery and cutting back Reserve training days.
- (h) Are these the most expensive bagpipes in Australia/the world being sent directly to Defence's storage facility?
- (i) Why are they being stored?
- (j) If no new instruments are to be acquired, why is it that the DMO has tendered (in May 2012) for a set of bagpipes?

**Response:**

- (a) The total value of the contract was \$24,600.40.
- (b) At the time of the contract a set of bagpipes, based on an open approach to the market, cost \$3,075.05.
- (c) The DMO acquired eight sets of bagpipes in May 2012 and five sets in November 2002.
- (d) The DMO is responsible for the acquisition of all musical instruments, including bagpipes, for Army.
- (e) The contract was for the purchase of eight sets of bagpipes.

- (f) The DMO procures bagpipes in accordance with the specifications provided by the Directorate of Music – Army, who also provide the subject matter expertise.
- (g) Australian Army Bands play an important part in Army's morale and esprit-de-corps and supports Army's operations and Army's domestic and international engagement activities.  
Army's Pipes and Drums reflect Army's heritage and are utilised to promote and maintain Unit and Corps traditions. Further, the Pipes and Drums are charged with ceremonial protocol that can not be nested elsewhere, specifically those ceremonies associated with the repatriation of members killed in action.

Army's Pipes and Drums capability resides as a reserve capability within the Australian Army Band Corps, Army's principal provider of music capability.

The Australian Army Band Corps is funded by the Commonwealth and is tasked by Army in support of its extensive military and community engagement effort both domestically and abroad.

- (h) The bagpipes are not the most expensive bagpipes. The price of the bagpipes acquired by the DMO in May 2012 is comparable with those acquired by other Pipes and Drums bands throughout Australia. Bagpipes range in price from about \$1,500 up to \$10,000 depending on the finish, quality and accessories.
- (i) Bagpipes are not held as stock in Defence storage facilities. The bagpipes acquired by the DMO in May 2012 were initially sent to a Defence storage facility as part of the normal acquisition receipt and financial reconciliation process. Once this process was completed, the bagpipes were then issued direct to the designated Army band as instructed by the Directorate of Music – Army.
- (j) In July 2011, Army handed back support of Regimental Bands, including the provision of new instruments, to individual Regimental Associations. Army support is now limited to Australian Army Band Corps bands under the control of the Directorate of Music – Army. The May 2012 acquisition of bagpipes by DMO was in accordance with Army's amended band support requirements.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q128: Army Bands**

**Senator Johnston provided in writing.**

Can Defence confirm that in the period Sep-Oct 2011, that Army advised that it would scrap 14 regimental bands?

**Response:**

Regimental Bands are part-time bands, traditionally raised by an Army Unit to support the Unit and / or the Unit's local community, rather than the community at large. Regimental bands are predominantly staffed by amateur musicians who are not part of the Australian Army Bands Corps (AABC) and do not meet the technical standards of Regular or Reserve AABC members; however, as a legacy there are some AABC members in Regimental Bands. Regimental Bands are not a formal part of Army's dedicated musical capability and they are not under the command of the Directorate of Music - Army.

There is no intention to disband Army's Regimental bands. They are an important part of the Service's traditions, esprit-de-corps, public image and recruiting. They also make a significant contribution towards community engagement.

In 2011, the Army undertook a review of the Australian Army Band Corps to ensure its long-term sustainability and continued provision of music services to Army and the wider community.

Army decided that the costs associated with the repair or replacement of Regimental Band musical instruments, uniforms and other equipment, should be the responsibility of the Regiment or association concerned rather than Army. This is based on the outcomes of a Review into the Army Band force structure as part of an Army-wide rebalance of its force.

Regimental Bands will retain their current stock holdings of musical instruments and uniforms. There will be no withdrawal or repossession of any current stock. Additionally, Army Reserve Training Salaries and associated allowances continue to be provided by the Commonwealth.

The review considered Army's entire musical capability. Existing hollowness in Army's musical structure and efficiencies through a reorganisation provided a platform to reduce the number of full-time and part-time musicians without a reduction in capability.

Army's decision reflects its desire to prioritise its limited resources and secure the long-term sustainability of the Army Bands. The Directorate of Music - Army consists of five full-time bands (Australian Regular Army) and six part-time bands (Australian Reserve).

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q129: C-27J Procurement

Senator Johnston provided in writing.

- (a) According to US government notifications, the previous quotation in December 2011 to supply Australia with 10 C-27Js through the FMS program was given as \$950 million. This quotation included the same support elements include in this \$1.4 billion acquisition (i.e. initial spares, training and other support). Can you explain why Australia is paying an additional \$450 million on top of that quotation for \$950 million?
- (b) The C-27J FMS price has been increased to the point which defies explanation. If the price of the C-295 as reported in the media was for ten aircraft for a total price of approximately \$400 million, including three years of spares, a full flight simulator, training, warranty, entry into service team and other support, how can this \$1 billion price differential be explained in providing value for money to the Australian government?
- (c) It has been reported in the US military press that the Australian purchase of the C-27J was as a result of discussions between the US Secretary of Defence and the Minister for Defence in order to assist the US after it cancelled its deal to purchase 38 of the aircraft. If this is the case, what was the nature of this agreement?
- (d) It has been widely reported that the aircraft manufacturer, Alenia had imposed heavy contract cancellation fees on Washington for terminating the Joint Cargo Aircraft program. If this is the case, is the 'extra' \$450 million Australia is paying for these aircraft a payment to the US to offset these financial penalties?

#### Response:

- (a) Government approved Project AIR8000 Ph2 at A\$1.4bn for the acquisition of C27J aircraft, support systems, training devices, intellectual property and technical data, initial spares, facilities, supplementary certification, test and evaluation, and an initial period of sustainment services (including training services). Not all of these elements are included in the FMS Case. Consistent with Defence acquisition practice, Government approval also includes contingency provisions for the project risk at time of approval. While the details of the Airbus Military proposal are Commercial-in-Confidence, the acquisition price for a comparable C295 package from Airbus Military was not significantly different to the price for the C27J via United States Foreign Military Sales (FMS). The C-27J acquired via FMS was assessed as more compliant with Australian capability requirements and lower risk than the C295.
- (b) The US Government Congressionally Notified price for Australia's FMS Case covers the price of the aircraft and related initial support, US Government administration of the case, training and logistics products required to operate the aircraft. The difference between the

US Government FMS Case and the total project price is the cost of Australian facilities, Australia-based contractor support, Intellectual Property not covered by the FMS Case and Australia-based training.

- (c) The Australian purchase of C-27J was not a result of discussions between the Minister and the US Secretary of Defence in order to assist the US. The US Government has not finalised a decision on the future of the C27J capability. There is no agreement between Defence and the US Government concerning its possible divestiture of the US C27J capability. The C295 costs reported in the media purporting \$400m for the aircraft, spares, simulator, warranty and entry into service are incorrect.
- (d) The C27J fleet price offered to Defence by the US (and accepted) is based on the last US Government production contract. The price does not include any cancellation fees. Defence understands that the US Government may allow production and sustainment contracts to lapse without renewal. Defence is not aware of any contract cancellations or cancellation fees.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q130: C-27J Procurement**

**Senator Johnston provided in writing:**

- (a) There is clearly a massive cost discrepancy between the C-295 package deal at \$400 million and the \$1.4 billion price the Government has agreed to pay for the C-27J package deal. As an RFI was only issued to the three interested parties it is just not possible to contend that a competition occurred to ensure that the Government is receiving the best value for money. Why did the Minister say that a competition had occurred when it was impossible for a competition to occur?
- (b) With regards to the C-27J, were the parties informed at any point that no formal contract negotiations or agreements could or would result based upon information provided by the parties as to price and availability? If so, how could it be contended that a competition had occurred?
- (c) Is it also the case that the Commonwealth did not regard the price and availability request as an invitation to treat or such as could be construed as an offer capable of acceptance? In these circumstances how did a competition occur?
- (d) The Government's own Defence procurement guidelines state that when a project's value exceeds several hundred million dollars it is a requirement that to ensure the nation is receiving the best possible return on investment an effective, transparent and open tender process must occur. Why, in the case of the \$1.4 billion C-27J purchase, was the DMO not required to hold a competition?
- (e) Unlike recent ADF acquisitions where there were no viable alternative platforms available in the timeline Australia wanted them – such as with the Super Hornet and C-17 it appears highly likely that the C-295 is a viable alternative to the C-27J. Each aircraft has its acknowledged strengths and weaknesses. For instance, for troop lift and pallet transport missions the C-295 is superior, and for carriage of selected light vehicles the C-27J was superior. The Government, therefore, was not forced to acquire the C-27J through a sole source purchase - 'direct acquisition'. Where in the Defence Procurement Guidelines does it specify that where two highly comparable products are available that an open and transparent competitive process is not required?
- (f) Can you explain why a statement was made that a competitive down select to the C-27J was made following an exhaustive assessment by Defence, the DMO and Air Force of information provided by the manufacturers of the aircraft when a RFT was never issued. Why wasn't it issued?

**Response:**

- (a) Government approved Project AIR8000 Ph2 at A\$1.4bn for the acquisition of C27J aircraft, support systems, training devices, intellectual property and technical data, initial spares, facilities, supplementary certification, test and evaluation, and an initial period of sustainment services (including training services). Consistent with Defence acquisition practice, Government approval also includes contingency provisions for the project risk at time of approval. While the details of the Airbus Military proposal are Commercial-in-Confidence, the acquisition price for a comparable C295 package from Airbus Military was not significantly different to the price for the C27J via United States Foreign Military Sales (FMS). The C295 package was not \$400m.
- (b)-(f) The Direct Source procurement method was adopted consistent with the Commonwealth Procurement Guidelines (CPG's) and the Defence Procurement Policy Manual. All suppliers that could potentially satisfy the Air 8000 Phase 2 requirements were identified through a series of comprehensive market reviews. The identified suppliers were invited to submit proposals against specific price and availability requests and their responses were assessed through a transparent and auditable process.

For procurements of military procurement covered by paragraph 2.7 of the CPG's, the CPG's do not require an open request for tender process as these procurements are exempt from the mandatory procurement procedures of the CPG's. Competing solutions were assessed through the comparison of data obtained through requests for information from potential commercial suppliers, and a letter of request to the US Government for the FMS option

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q131 – C-27J Procurement**

**Senator Johnston provided in writing.**

It was further stated that the decision to acquire the C-27J was made by the National Security Committee of Cabinet on the recommendation of the Department of Defence, the DMO and Air Force, together with advice from central line agencies including Treasury and Finance. In the interests of transparency and fairness will you provide copies of the advice provided by the relevant agencies that supported this secretive and flawed selection process?

**Response:**

No. The recommendations by Defence to the National Security Committee of Cabinet supporting the decision to acquire the C-27J contain commercial and national security classified information.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q132: C-27J Procurement**

**Senator Johnston provided in writing.**

- (a) Can you confirm that no questions were raised on any technical features such as missions, technical capability when you sought information under the RFI process for the C-27J?
- (b) The RFI process as initiated by you does not represent a competitive process of any description. Can you confirm that it was a desktop analysis and nothing more?
- (c) If it wasn't a desk top analysis, what was it?

**Response:**

- (a) The Direct Source procurement method was adopted consistent with the Commonwealth Procurement Guidelines and the Defence Procurement Policy Manual. All suppliers that could potentially satisfy the Air 8000 Phase 2 requirements were identified through a series of comprehensive market reviews. The identified suppliers were invited to submit proposals against specific price and availability requests and their responses were assessed through a transparent and auditable process.
- (b) Defence routinely conducts staged acquisitions that seek to shortlist only those proposals likely to be compliant with Defence's key requirements and likely to be commercially competitive. Defence is attentive to industry concerns on the cost of tendering, and seeks to avoid unnecessary tendering activity and cost for both industry and the Commonwealth.
- (c) All proposals were assessed and used to inform Defence's recommendation to Government. The proposals were sufficiently comprehensive and Defence did not need to seek additional information.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q133: C-27J Procurement

Senator Johnston provided in writing.

- (a) Numerous other countries have successfully conducted competitive tenders between the C-27J and C-295 to determine which aircraft, on balance, is the best overall solution in terms of risk, capability and cost. What is so unique about Australia's airlift needs that it did not call for a competition, as numerous other countries with very similar requirements have done?
- (b) The DMO is a large and highly capable organisation whose sole aim is to provide advice to Defence/Government on acquisition of defence equipment so that it provides the best overall outcome for the Commonwealth in terms capability, risk and cost. What, if any, advice was sought from DMO in this clearly flawed procurement process?
- (c) One of the foundation stones of the DMO way of determining which proposed equipment solution represents the best overall solution for the Commonwealth is to have a transparent, fair and equitable tender process. How is it possible to justify that the manner in which the Government has endorsed selection of the C-27J was transparent, fair and equitable?

#### Response:

- (a) The Direct Source procurement method was adopted consistent with the Commonwealth Procurement Guidelines and the Defence Procurement Policy Manual. All suppliers that could potentially satisfy the Air 8000 Phase 2 requirements were identified through a series of comprehensive market reviews. The identified suppliers were invited to submit proposals against specific price and availability requests and their responses were assessed through a transparent and auditable process.
- (b) Defence routinely conducts staged acquisitions that seek to shortlist only those proposals likely to be compliant with Defence's key requirements and likely to be commercially competitive. Defence is attentive to industry concerns on the cost of tendering, and seeks to avoid unnecessary tendering activity and cost for both industry and the Commonwealth.
- (c) All proposals were assessed and used to inform Defence's recommendation to Government. The proposals were sufficiently comprehensive and Defence did not need to seek additional information.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q134 – C-27J**

**Senator Johnston provided in writing.**

Defence has said that the C-27J flies higher, further, faster and can access more airfields in our area of interest. What is the differential in each of these performance variables in the information supplied to government?

**Response:**

Table 1 shows the public domain performance characteristics of the C-27J and C295 aircraft. Shaded cells indicate that public-domain data is not available or is not from regulated sources. Defence holds commercial-in-confidence information which reflects different absolute and comparative values but this cannot be disclosed.

**Table 1 C295 and C-27J performance characteristics**

| <b>Performance</b>             | <b>C295</b>           | <b>C-27J</b>          |
|--------------------------------|-----------------------|-----------------------|
| <b>Range</b>                   |                       |                       |
| Range with 9250 kg load        | 1300 km (800 nmile)   |                       |
| Range with 9000 kg load        |                       | 1852 km (1000 nmile)  |
| Range with 6000 kg load        | 3700 km (2000 nmile)  | 4260 km (2300 nmile)  |
| Maximum range                  | 5400 km (2900 nmile)  | 5741 km (3100 nmile)  |
| <b>Speed</b>                   |                       |                       |
| Maximum cruise true air speed  | 482 km/h (260 knots)  | 602 km/h (325 knots)  |
| Normal cruise true air speed   |                       |                       |
| <b>Payload</b>                 |                       |                       |
| Maximum take-off mass          | 23 200 kg (51 147 lb) | 31 800 kg (70 100 lb) |
| Normal take-off mass           | 21 000 kg (46 297 lb) | 30 500 kg (67 241 lb) |
| Maximum landing mass           | 23 200 kg (51 147 lb) | 30 000 kg (66 139 lb) |
| Normal landing mass            | 21 000 kg (46 297 lb) | 27 500 kg (60 627 lb) |
| Maximum load at maximum weight | 9250 kg               | 11 100 kg             |

| <b>Performance</b>   | <b>C295</b>        | <b>C-27J</b>       |
|--|--------------------|--------------------|
| <b>Altitude</b>  |                    |                    |
| All engines operating initial cruise altitude at maximum take-off weight         | 6614 m (21 700 ft) | 8382 m (27 500 ft) |
| One engine inoperative cruise ceiling at 95% maximum take-off weight (31 800 kg) |                    | 4420 m (14 500 ft) |
| One engine inoperative cruise ceiling at normal take-off weight (21 000 kg)      | 4125 m (13 540 ft) |                    |
| <b>Aerodrome length</b>  |                    |                    |
| Take-off ground run at maximum take-off mass                                     | 670 m (2200 ft)    | 580 m (1903 ft)    |
| Landing ground roll at maximum landing mass                                      | 320 m (1050 ft)    | 365 m (1200 ft)    |

The Battlefield Airlifter aircraft is required to meet a *cruise ceiling* climb performance (300 feet per minute [91 metres per minute] rate of climb potential at the normal climb power) with all engines operating, while providing the requisite mission payload and range capability. With the required payload and range, the C295 *cruise ceiling* is around 22 000 feet and the C-27J *cruise ceiling* is around 30 000 feet.

With the required payload and range, the C295 *cruise ceiling* with one engine inoperative is around 13 000 feet and that of the C-27J is around 16 000 feet pressure altitude.

After take-off from a medium altitude aerodrome in a tropical environment, while providing the requisite mission payload and range capability, it is important that the Battlefield Airlifter meet a minimum climb gradient performance with one engine inoperative. The climb gradient is a measure of altitude gained over the distance flown and this is a critical safety requirement. With the required range and payload, the C295 climb gradient is approximately zero and the C-27J climb gradient exceeds the minimum 0.8 per cent requirement.

As published by respective manufacturers, under international standard atmospheric conditions, the:

- Airbus Military C295 has a takeoff ground-roll of 670 metres at its maximum takeoff mass of 23 200 kilograms;
- C-27J has a takeoff ground-roll of 580 metres at its maximum takeoff mass of 31 800 kilograms.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q135 – C-27J**

**Senator Johnston provided in writing.**

- (a) What airfields can the C-27J access that can't be accessed by the C-295?
- (b) How often have these airfields been accessed by RAAF similar aircraft since 2007?

**Response:**

- (a) One of the key capabilities sought in a battlefield airlift capability is to operate from rudimentary landing sites as close to the forward edge of the battlefield as possible, independent of whether the landing strip has been previously formally designated an airfield or not. For instance, a strip of road or a paddock may be used if the prevailing conditions are determined suitable at that time. Since prevailing landing strip conditions constantly change (due for instance to the surface hardness, vegetation growth and surface smoothness conditions due to seasonal impacts) a comparison of an aircraft's ability to access an accredited airfield is not a valid discriminator.

There are many variables that must be taken into account when considering landing site access. These include aircraft performance (including performance of the aircraft on a single engine), aircraft mass, landing site characteristics (eg height above sea level, landing site length, strength and width), the nature of the terrain and vegetation around the landing site, ambient temperatures, and access to the landing site by reducing the opportunity engagement from the ground, amongst others.

As can be viewed from Table 1, the landing site access capabilities of the C-27J and the C295 are similar at maximum take-off mass, given identical environmental conditions. Due to this, airfield access was not a discriminator in the replacement battlefield airlifter decision to acquire the C-27J over the C295.

**Table 1 C295 and C-27J take-off and landing distances**

| <b>Aerodrome length</b>                      | <b>C295</b>                       | <b>C-27J</b>                      |
|--|-----------------------------------|-----------------------------------|
| Take-off ground run at maximum take-off mass | 670 m (2200 ft)<br>with 23 200 kg | 580 m (1903 ft)<br>with 31 800 kg |
| Landing ground roll at maximum landing mass  | 320 m (1050 ft)<br>with 23 200 kg | 365 m (1200 ft)<br>with 30 000 kg |

The C-27J has approximately 25% greater specific engine power—engine power per kilogram of aircraft mass—than the C295. As a result of this power-to-mass advantage, the C-27J climb performance in terms of rate of climb and cruise ceiling is superior to the C295.

After take-off from a medium altitude landing site in a tropical environment it is important that the battlefield airlifter meet a minimum climb gradient performance with one engine inoperative: this is a critical safety requirement. With the required range and payload at an aerodrome 6000 feet elevation, the climb gradient of a C295 is significantly less than the required climb gradient whereas a C-27J exceeds the minimum requirement. This means that vegetation and terrain around a landing site is a discriminator in site selection.

Another determinant for landing site access is being able to get to it safely by reducing the opportunity for engagement from the ground. In an area of operations where man portable air defence weapons are present, the ability to fly at higher cruise altitudes to a landing site are essential to minimise exposure to the threat. The C295 cruise ceiling was found to be less than the C-27J.

The airfield access capabilities of the C-27J and the C295 are similar in routine airfield conditions. The greater performance of the C-27J was found to have marked advantages in climb performance, cruise altitudes and single engine performance. These attributes are critical to reducing the risk exposure to Australian Defence Force personnel and capabilities when operating from challenging landing sites.

- (b) As a result of the description above of the complexity in describing ‘airfield’ access, the assessment of airfields is not conducted as a routine by the Australian Defence Force. Battlefield landing sites are assessed as their requirement becomes known by pilots and soldiers on the ground under the prevailing conditions (eg. height above sea level, landing site length, strength and width, the nature of the terrain and vegetation around the landing site, and ambient temperatures, etc.).

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q136 – C-27J**

**Senator Johnston provided in writing.**

- (a) Defence has further said that the C-295 is unable to carry some of the equipment that is vital to support ADF military and Humanitarian Assistance and Disaster Relief operations. Exactly what can the C-27J carry that can't be carried by the C-295?
- (b) What better capabilities does the C-295 have in comparison to the C-27J?

**Response:**

(a) and (b)

Table 1 is a capability comparison between the Airbus Military C295 and C-27J, measured against capacity to carry some of Defence's air-transportable inventory. Table 2 outlines the differences between performance, internal cabin dimensions and transport capacity.

**Table 1 C-27J and C295 capability to air transport a sample of Defence air-transportable loads**

| LOAD DESCRIPTION  | C-27J | C295 |
|---|-------|------|
| <b>Vehicles</b>   |       |      |
| Special Operations Vehicle  | Yes   | No   |
| LAND 121 General Service (GS) vehicles – five of eight G-Wagen variants, numerically approximately 75% of the fleet, other than communications, ambulance and surveillance variants | Yes   | No   |
| Land Rover Perentie GS variants (being withdrawn)   | Yes   | No   |
| Land Rover 4x4 Senior Commander (being withdrawn)   | Yes   | No   |
| Land Rover 6x6 Long Range Patrol Vehicle (being withdrawn)  | Yes   | No   |
| Truck, panel, light weight, survey  | Yes   | No   |
| Tractor, light duty, John Deere 450C  | Yes   | No   |
| Forklift, 2.5 tonne   | Yes   | No   |
| Bobcat, 943 series with or without support equipment  | Yes   | No   |
| <b>Weapons</b>  |       |      |
| Gun, light HAMMEL 105 mm  | Yes   | Yes  |
| Ammunition loader, 20 mm Hornet   | Yes   | Yes  |
| <b>Aircraft components</b>  |       |      |
| Engine, F/A-18 on stand   | Yes   | No   |
| Engine, C-130 on stand  | Yes   | No   |

| LOAD DESCRIPTION   | C-27J | C295 |
|--|-------|------|
| <b>Trailers and trailer-mounted equipment</b>                  |       |      |
| Trailer, air bag kit console unit                              | Yes   | Yes  |
| Trailer, Atlas Copco air compressor                            | Yes   | Yes  |
| Mobile explosive containment vessel – trailer mounted          | Yes   | No   |
| <b>Aeromedical evacuation (AME) equipment</b>                  |       |      |
| Deployable Aero-medical Retrieval and Transport System (DARTS) | Yes   | No   |
| <b>Ground support equipment</b>                                |       |      |
| Transportable Recompression Chamber System                     | Yes   | Yes  |
| Liquid Dry Breathing Oxygen – 50 gallon (190 litres)           | Yes   | Yes  |
| Liquid Dry Breathing Oxygen – 500 gallon (1895 litres)         | Yes   | No   |
| Rig, nitrogen, compressor and evaporator                       | Yes   | Yes  |

**Table 2 Comparison between C-27J and C295 including percentage of the C-27J capability advantage**

| Performance   | C295           | C-27J          | % Change |
|---|----------------|----------------|----------|
| Power to weight (shaft horsepower / max takeoff weight) | 0.228 shp / kg | 0.292 shp / kg | 28.1%    |
| 25 000 ft pressure altitude with designated payload     | No             | Yes            |          |

| Internal Cabin Dimensions | C295              | C-27J             | % Change |
|---------------------------|-------------------|-------------------|----------|
| Max width                 | 2.70 m            | 3.33 m            | 23.3%    |
| Centreline height         | 1.90 m            | 2.6 m             | 36.8%    |
| Unobstructed height       | 1.75m             | 2.25 m            | 28.6%    |
| Cargo compartment         | 57 m <sup>3</sup> | 58 m <sup>3</sup> | 1.8%     |

| Transport Capacity                                     | C295                | C-27J                       | % Change |
|--|---------------------|-----------------------------|----------|
| Troops 120 kg tactical                                 | 46 (load limit)     | 46 (capacity limit)         | 0.0%     |
| Paratroops 160 kg tactical                             | 34                  | 44                          | 29.4%    |
| Suspended aero-medical evacuation litters + attendants | 16 (+ 4)            | 26 (+ 6)                    | 62.5%    |
| ADF field vehicles (Specal Ops and G-Wagen)            | No                  | Yes                         |          |
| HMMMC  | Yes (soft top)      | Yes                         |          |
| 463L pallets   | 5                   | 3 + half pallet             |          |
| 463L pallets volumetric capacity                       | 33.4 m <sup>3</sup> | 34.4 (+ 4.2) m <sup>3</sup> | 15.6%    |

**Senate Standing Committee on Foreign Affairs, Defence and Trade****QUESTIONS ON NOTICE - COMMITTEES****Senate Budget Estimates – 28/29 May 2012****Q137: C-27J Procurement****Senator Johnston provided in writing:**

- (a) It is apparent that there is no urgency to acquire the new battlefield airlift capability, as the first C-27Js will not enter service until 2015-2016. What was the urgency to announce this procurement just days after the delivery of the 2012/2013 Defence Budget?
- (b) In the same three to four year timeline, a competitive tender could have been conducted, a preferred tender selected and the contract signed. Why didn't the Government attend to due process and take the time to go through a proper tender process?

**Response:**

- (a) Defence has been without a battlefield airlifter since withdrawal of the Caribou in 2009. Replacing this capability has been a priority for Defence.

While there was a need to confirm the affordability of the project in the context of the 2012 Federal Budget, the timing of the announcement of the C-27J procurement was primarily driven by the signing of the Foreign Military Sales Case Letter of Offer and Acceptance on 4 May 2012. Defence needed to sign the Letter of Offer and Acceptance by this date to access a very favourable aircraft acquisition price available from the US Government production contract which was to expire mid-Jun 2012.

The time from order to Initial Operational Capability is primarily limited by long lead-time equipment orders and aircraft production time. Establishment of the sustainment system, as well as aircrew and maintainer training, will be undertaken in parallel with production. This procurement will enable initial operating capability for the battlefield airlifter to be achieved in 2016, consistent with the Defence Capability Plan 2009.

The Direct Source procurement method was followed in accordance with the Commonwealth Procurement Guidelines and the Defence Procurement Policy Manual. All suppliers that could potentially satisfy the Air 8000 Phase 2 requirements were identified through a series of comprehensive market reviews. The identified suppliers were invited to submit proposals against specific price and availability requests and their responses assessed through a transparent and auditable process.

- (b) An open tender process could not have been completed in the three to four year period. An open tender process for a major capital acquisition of this type typically adds 2 to 3 years to the acquisition timeline.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q138: C-27J Procurement**

**Senator Johnston provided in writing.**

- (a) What would have been the delivery schedules for the C-295 and the DCS purchase of the C-27J in comparison to the FMS purchase of the C-27J?
- (b) When will full operational capability be achieved for the C-27J?
- (c) If purchased, when would the non FMS purchase of the C-27J achieve full operational capability?
- (d) If purchased, when would the C-295 achieve full operational capability?
- (e) What was the cost differential between the FMS and the DCS procurement of the C-27J?
- (f) With an FMS contract, the level and importance of an Australian industry content is diminished drastically and no commitment exists by the contracting party (L3) nor by the OEM (Alenia). How is the awarding of this contract going to benefit the Australian Defence industry which has already been decimated by \$25 billion of cuts in Defence since 2009?

**Response:**

- (a) Foreign Military Sales (FMS) procurement of the C-27J will enable initial operational capability for the battlefield airlifter to be achieved in 2016, earlier and at lower overall risk than either of the direct commercial sale options considered.
- (b) Full operational capability for the C-27J procured through Foreign Military Sales is expected to be achieved in 2017.
- (c-e) Details of the C-295 and C-27J direct commercial procurement proposals are Commercial-In-Confidence but both would have been to a similar schedule to the FMS option.
- (f) There was not significant difference in the acquisition price of each of the contenders. The C-27J via FMS procurement was assessed as more compliant with Australian capability requirements at a lower risk. Defence's sustainment concept is to de-risk the C27J introduction to service by seeking initial sustainment services via US Foreign Military Sales to leverage the experience of the US prime contractor, L-3 Integrated Systems, and subcontractor/aircraft original equipment manufacturer (OEM), Alenia Aermacchi. Defence anticipates that a large proportion of this initial sustainment will

be undertaken by an Australian commercial partner. Defence will use this initial sustainment period to garner the information necessary to run a local commercial competition for longer-term C27J sustainment.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q139: C-27J Procurement

Senator Johnston provided in writing.

It has been reported in Australian Aviation: *Just weeks after announcing that Alenia C-27J was selected for the Project AIR 8000 Phase 2 BFA requirement, Alenia AerMACchi has been awarded a contract to “allow for” the long-term operation, maintenance, modification and upgrade of the aircraft and its support systems. “The contract, which is worth around \$63 million, will also provide Defence with the ability to compete and sublicense third parties, including Australian industry, to provide the maintenance services, training services and the ability to modify the C-27J capability,” Defence Minister Stephen Smith and Defence Materiel Minister Jason Clare said in a June 3 statement. Meanwhile, late last month, US-based L-3 Communications Integrated Systems (L-3 Com) was awarded a US\$321.78 million firm-fixed-price contract from the USAF to purchase 10 C-27J aircraft for Australia’s Battlefield Airlifter requirement, under the US Foreign Military Sales (FMS) process. Although Alenia builds the airframes in Italy, the systems installation work for the government-to-government FMS contract is done by L-3 at Greenville, Texas.*

- (a) Can you explain what is being provided by Alenia under this \$63 million contract? Does this relate to IP belonging to Alenia? Other than IP what is being provided under this contract?
- (b) Why was this additional contract signed just weeks after the announcing of the \$1.4 billion contract to Alenia and in which financial year or years will monies be paid to Alenia under this contract.
- (c) How is the Australian defence industry going to be able to avail themselves of the opportunity to provide sustainment and through life support for these imported Italian aircraft?
- (d) How does the \$321.78 million fixed price contract that was awarded to Alenia under an FMS agreement equate to the announcement of \$1.4 billion as announced by the Minister on 3rd May 2012?
- (e) Isn't this just another mechanism to pay Alenia an additional \$6.3 million per aircraft? If it isn't what is it?
- (f) If Defence is interested in a robust and transparent process in examining this contract will it request the ANAO to conduct an inquiry into the process it undertook in procuring this aircraft? If not, why not?
- (g) During the Estimates hearing there was an attempt to account for the \$1.4 billion allocated to this project. The numbers provided did not total \$1.4 billion. In the interests of

completeness could a complete break down of the \$1.4 billion be provided together with an explanation of what is contained in each line item?

- (h) In the Estimates hearing it was stated that the Commonwealth Procurement Guidelines were not followed in this case due to “essential security reasons” allowed for under the Australia US free trade agreement. What specific “essential security reason” was used in this case?
- (i) If there was no specific essential security reason applying in this case could not this general reason be advanced so as to constantly avoid the Commonwealth Procurement Guidelines?
- (j) Could you outline in detail the financial years under which the \$1.4 billion is being expended under this project. Specifically, how much will be expended in the 2011-12 financial year and how much in each of the years of the forward estimates?

**Response:**

- (a) Defence’s sustainment concept is to de-risk the C27J introduction to service by seeking initial sustainment services via US Foreign Military Sales to leverage the experience of the US prime contractor, L-3 Integrated Systems, and subcontractor/aircraft original equipment manufacturer, Alenia Aermacchi. Defence anticipates that a large proportion of this initial sustainment will be undertaken by an Australian commercial partner. Defence will use this initial sustainment period to garner the information necessary to run a local commercial competition for longer-term C27J sustainment.
- (b) Defence has signed a contract with Alenia Aermacchi for access to Alenia technical data and intellectual property not available from any other source. This contract will assure Defence’s ability to independently certify the airworthiness of the aircraft, and assure the ability to compete the long-term sustainment and future upgrades of the aircraft. The details of the contract are Commercial-in-Confidence but the payments are spread to coincide with the delivery of the aircraft and the technical data.
- (c) Government approved Project AIR8000 Ph2 at A\$1.4bn for the acquisition of C27J aircraft, support systems, training devices, intellectual property and technical data, initial spares, facilities, supplementary certification, test and evaluation, and an initial period of sustainment services (including training services). Consistent with Defence acquisition practice, Government approval also includes contingency provisions for the project risk at time of approval. Defence’s contract with Alenia Aermacchi was foreshadowed at the time of project approval and is funded from the approved project provision.
- (d)-(j) Defence’s testimony to the Senate Estimate Hearings was that the procurement of the C-27J under Project Air 8000 Phase 2 has been conducted consistently with the Commonwealth Procurement Guidelines (CPGs) and the Defence Procurement Policy Manual. The process was transparent and is auditable. All suppliers that could potentially satisfy the Air 8000 Phase 2 requirements were identified through a series of comprehensive market reviews. The identified suppliers were invited to submit proposals against specific price and availability requests and their responses were assessed through a transparent and auditable process. Commonwealth Procurement Guidelines (CPG) were followed with this procurement process.

Paragraph 2.7 of the CPGs permits the Chief Executive Officer of an agency to apply a measure necessary for, among other things, the protection of essential security interests. This paragraph reflects the arrangement provided for in the Australia-United States Free Trade Agreement (AUSFTA). In the Annex to Chapter 15 of the AUSFTA, the United States agreed with Australia that, for essential security reasons, various categories of Defence procurements would not be subject to mandatory procurement procedures which generally require, among other things, an open tender process for procurements above a certain monetary threshold. The Defence Procurement Policy Manual includes the agreed list of Defence procurements as set out in the Annex to the AUSFTA. Hence, as with most Defence materiel procurements, Defence was not required to conduct an open tender process for the C27J acquisition.

An ANAO inquiry into the procurement process is not considered necessary, so Defence does not intend to request an inquiry.

A US\$321.78 million fixed price contract was awarded by the United States Government to L3-Integrated Systems as the US prime contractor (not Alenia) and represents a subset of the materiel and services to be provided by the US under the Foreign Military Sales Case.

The breakdown of the \$1.4B allocated to this project is detailed in the table below and accounts for price, currency exchange and contingency. Those costs not specifically broken down are Commercial-In-Confidence because they are potentially open to future competition/negotiation.

| <b>FMS Case</b>   | <b>A\$m</b> |
|---|-------------|
| Aircraft  | 400         |
| Spares<br>(Engines, Initial Spares, Fly Away Kits)  | 170         |
| Support Systems<br>(Support Equipment, Repair & Return, Contractor Logistics Support, EW Support) | 76          |
| Mission Systems<br>(Material Handling Equip, Alternate Mission Equip, Ferry)                      | 23          |
| Training  | 47          |
| Contractor Services<br>(Publications, USG Services, Program Management)                           | 82          |
| Training Devices  | 129         |
| Other<br>(FMS Service Fee, Transport)   | 44          |
| <b>TOTAL FMS case</b>   | <b>970</b>  |

| <b>Not Part of Initial FMS Case</b>  | <b>A\$m</b> |
|--|-------------|
| Facilities   |             |
| Intellectual Property & Technical Data Contract (Alenia)   |             |
| Mission System Development<br>(EW, IFF Upgrade)  |             |
| Australian contractor support to acquisition (eg<br>WHS Compliance, development of support system IT databases, Australian Military certification) |             |
| Non-LOA Mission System & Support System  |             |

|   |             |
|---|-------------|
| (Aircrew ensemble, Loadmaster crew trainer) |             |
| Travel and Resident Project Office          |             |
| Total non-LOA costs                         | 430         |
| <b>Total</b>                                | <b>1400</b> |

The breakdown of expected expenditure across the Forward Estimates is provided in the table below. The spend spread was accurate at the time of project approval, and is subject to annual review as elements of the project mature and contracts are established.

|                  | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|------------------|---------|---------|---------|---------|---------|
| Payment Schedule | 18.803  | 81.025  | 125.322 | 153.355 | 160.945 |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q140: Success**

**Senator Johnston provided in writing.**

Is the Chief of Navy aware of the recommendation from the Senate Foreign Affairs and Defence References Committee in its Report that said: Clearly the senior sailors and their families have undergone a truly unwarranted and dreadful ordeal. Some members of *Success*' company have also been exposed to unnecessary and in some cases distressing public scrutiny and comment. For a number of individuals, the damage caused to their reputation, personal relationships and career prospects, far outweighs any likely adverse action that could be taken against them. In this regard, the committee believes that the time for healing and making amends is well overdue. The committee believes that it is particularly important for Navy to put every effort into helping the sailors to resume their careers and to rise above the experiences of the last two years.

- (a) If this was part of the recommendations from the FADT References Committee can you please provide a coherent explanation of why Censures have been issued against two of the three senior sailors, the third has resigned from the RAN in disgust over his treatment?
- (b) Why has Navy disregarded the recommendations from the FADT References Committee and pursued punitive action, including the threat of dismissal against all three senior sailors?
- (c) Why do these Censures relate to issues of not performing their duties adequately as senior sailors when commissioned and more senior officers were well aware of the incidents that have been cited much earlier than the senior sailors?

**Response:**

Navy acknowledges its duty to ensure that all of its people affected by this process receive the support and assistance they need. Navy has devoted significant resources toward resolving these matters so that people can choose to move forward with their careers. The Navy Divisional support system continues to play an essential role in providing support to Navy's people.

- (a) A Censure is one type of administrative sanction that may be imposed for behaviour which falls below the standard expected of a serving member. Administrative sanctions were considered by initiating and imposing authorities

who had significant experience and understanding of the standards of behaviour expected of Navy members. Consideration of relevant factors was undertaken in each particular case, including the evidence available in relation to each particular individual, and the responses of individual members.

For reasons of privacy and because some matters are subject to redress of grievance processes it would not be appropriate to comment on individual matters or the particular facts of any case.

- (b) Navy agrees that every reasonable effort should be made to assist personnel involved in this HMAS *Success* COI to put this matter behind them. It was also imperative that individuals were held to account for their shortcomings. While the three sailors suffered injustice and serious personal consequences, it is also the case that, as Mr Gyles stated, their behaviour warranted them being called to account for their wrongdoing.

Individual accountability action has been administered throughout entirely in accordance with established due process and procedural fairness requirements. This has included independent legal assessment of individual accountability aspects at each stage from the identification of matters for which individual accountability action might be considered, through the gathering of evidence, development of notices to show cause and ultimately to the decisions made as to what, if any, action might be imposed.

In all cases, these steps and the resultant decisions have been based on the primary evidence gathered for consideration and provided to the individuals concerned so that they could make a proper response. There were no external influences outside these processes. Matters in relation to each individual were considered solely on their own merits in relation to that individual only.

- (c) To the extent that this question suggests Navy has failed to hold people accountable for their shortcomings in the context of the HMAS *Success* COI, Navy does not agree. As indicated in an earlier answer, adverse administrative action was considered for 55 individuals, and initiated against 18 individuals who ranged in rank from Able Seaman through to Star Ranked officers.

For some individuals directly affected by the matters in this question, their individual accountability is subject to current redress of grievance processes. It would not be appropriate to canvass details of matters currently under consideration. Moreover, disclosure of such details would be a breach of the normal rights to privacy of those concerned.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q141 – Success**

**Senator Johnston provided in writing.**

In the case of the CPO who has been censured for not performing his duties adequately in reporting the ‘sex act’ in a bar when he was not even present and did not hear about the issue until two to three days after the incident occurred. Why?

- (a) The issue was well known to the Supply Officer, Supply Officer, Coxswain, Leading Coxswain and many other Officers who all knew of the participants and the incident the day after the incident. Why has the CPO been singled out for not taking the appropriate action when each of these officers could have and should have taken appropriate action?
- (b) What disciplinary action has been taken against each of these officers for failing to act upon this issue?
- (c) If no action has been taken, why not?
- (d) What disciplinary action was taken against the two female sailors who were involved in the ‘sex act’?
- (e) What disciplinary action was taken against the male sailor who was involved in the ‘sex act’?
- (f) One of the senior sailors has been censured for socialising with junior sailors. Where in the Defence Act, or similar, is it formally declared that such action is not to take place?
- (g) Can you please provide a cogent explanation of how the CPO had undermined the authority of the CO when from my understanding his failure was that he didn't check with someone other than another PO as to the legitimacy of an order that was never given?

**Response:**

For some individuals directly affected by the matters in this question, their individual accountability is subject to current redress of grievance processes. It would not be appropriate to canvass details of matters currently under consideration. Moreover, Defence is reluctant to disclose details of specific accountability action in relation to identifiable individuals. To do so would be an unreasonable disclosure of their personal information.

Individual accountability action has been administered throughout entirely in accordance with established due process and procedural fairness requirements. This has included independent legal assessment of individual accountability aspects at each stage from the identification of matters for which individual accountability action might be considered, through the gathering of evidence, development of notices to show cause and ultimately to the decisions made as to what, if any, action might be imposed.

An administrative decision maker who decides to impose a censure is obliged to consider the relevant facts and assess whether the member's performance was below the standard expected of a person of their rank, training and experience.

In all cases, these steps and the resultant decisions have been based on the primary evidence gathered for consideration and provided to the individuals concerned so that they could make a proper response. There were no external influences outside these processes.

(a) Defence is reluctant to disclose details of specific accountability action in relation to identifiable individuals, as is sought by this question. To do so would be an unreasonable disclosure of their personal information. No person has been 'singled out'. Matters in relation to each individual were considered in accordance with due process and solely on their own merits in relation to that individual only.

(b), (c), (d) and (e)

Defence is reluctant to disclose details of specific accountability action in relation to identifiable individuals, as is sought by this question. To do so would be an unreasonable disclosure of their personal information.

(f) Defence is reluctant to disclose details of specific accountability action in relation to identifiable individuals, as is sought by this question. To do so would be an unreasonable disclosure of their personal information. On the general question, while there is no provision in the *Defence Act 1903* prohibiting senior sailors from socialising with junior sailors, it is however lawful to issue an order to that effect in circumstances where undue familiarity between ranks may undermine military effectiveness or discipline in a unit. There is evidence that the Commanding Officer HMAS *Success* provided direction and guidance in relation to this matter and that is sufficient authority to impose requirements on HMAS *Success* personnel to whom that direction was given.

(g) For some individuals directly affected by the matters in this question, their individual accountability is subject to current redress of grievance processes. It would not be appropriate to canvass details of matters currently under consideration. Moreover, Defence is reluctant to disclose details of specific accountability action in relation to identifiable individuals, as is sought by this question. To do so would be an unreasonable disclosure of their personal information.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q142: Success**

**Senator Johnston provided in writing.**

In regards to the incident between two sailors in a bar in Manila what disciplinary action was taken against the female sailor, the male sailor, the 3 witnesses, including the Officer that witnessed the entire alleged incident and had the details reported to him? If none, why not?

**Response:**

Defence is reluctant to disclose details of specific accountability action in relation to identifiable individuals. To do so would be an unreasonable disclosure of their personal information.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q143: Success**

**Senator Johnston provided in writing.**

Why can it be even remotely possible that the CPO was the only person that was required to respond, resulting in an adverse sanction against him?

**Response:**

Defence is reluctant to disclose details of specific accountability action in relation to identifiable individuals. To do so would be an unreasonable disclosure of their personal information.

Individual accountability action has been administered throughout entirely in accordance with established due process and procedural fairness requirements. This has included independent legal assessment of individual accountability aspects at each stage from the identification of matters for which individual accountability action might be considered, through the gathering of evidence, development of notices to show cause and ultimately to the decisions made as to what, if any, action might be imposed. In all cases, these steps and the resultant decisions have been based on the primary evidence gathered for consideration and provided to the individuals concerned so that they could make a proper response. There were no external influences outside these processes.

Action, including for termination of service, formal censure, reduction in rank, formal warnings and formal counselling, was considered for 55 individuals, and initiated against 18 individuals who ranged in rank from Able Seaman through to Star Ranked officers. This included people who were serving in higher Navy headquarters as well as in HMAS *Success*. No person has been 'singled out'. Matters in relation to each individual were considered in accordance with due process and solely on their own merits in relation to that individual only.

## **Senate Standing Committee on Foreign Affairs, Defence and Trade**

### **QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q144: Success**

**Senator Johnston provided in writing.**

In the FADT References Committee report: Thus, the committee agrees with Mr Gyles' recommendation that the senior sailors should be compensated for the hardships they have experienced. This compensation should also take account of Navy's failure of duty of care toward the senior sailors during the difficult months after they were removed from the ship especially as they were being pilloried in the media for something they did not do. The committee believes that it is particularly important for Navy to put every effort into helping the sailors to resume their careers and to rise above the experiences of the last two years. Why has the CN refused to reimburse the three senior sailors for their legal fees in having to pursue the RAN for some just compensation as directed by the COI?

**Response:**

Defence neither suggested nor encouraged the three senior sailors to engage private legal representation for the purposes of the COI recommendation regarding compensation. Piper Alderman had been retained by the senior sailors in October 2009 prior to the delivery of the Gyles Report and the FADT References Committee Report. Piper Alderman advised Defence by letter on 22 July 2011 that they acted for the senior sailors for the purposes of advancing and resolving the compensation recommendation.

As a general rule, legal costs are not included in payment of compensation under discretionary compensation schemes. However, Defence departed from this general rule in this particular case on the basis that Piper Alderman's involvement in the process assisted an expeditious resolution. The amounts offered as compensation by Defence and accepted by the senior sailors included reasonable legal costs for that legal representation. In addition, Defence separately paid the reasonable costs for the sailors and Piper Alderman to attend two meetings between the parties in Sydney (a 'without prejudice' discussion on 9 December 2011 and mediation on 21 March 2012). Further, as one of the senior sailors was unable to attend the mediation, he appointed a barrister to represent his interests at that mediation and the costs of that representation and attendance were also met by Defence.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q145: *Success***

**Senator Johnston provided in writing.**

Why did the RAN not pay the fair and appropriate compensation that was directed by the COI without resorting to what is seen to be the most minimal option and which resulted in the three senior sailors having to engage legal counsel to get what had been directed to be paid to them?

**Response:**

Defence has given effect to the COI recommendation that the three senior sailors be paid compensation. As outlined in the response to Question on Notice NO. 144 taken from the Senate Budget Estimates hearing on 28/29 May 2012, the senior sailors retained private legal representation by Piper Alderman in October 2009 prior to the COI recommendation being made.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q146: Success**

**Senator Johnston provided in writing.**

Will the CN now reimburse the three sailors the cost of their legal representation? If not, why not?

**Response:**

The costs of the senior sailors' legal representation were included in the compensation paid to the sailors. See response to Question on Notice No. 144 taken from the Senate Budget Estimates Hearing of 28/29 May 2012.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q147: Success**

**Senator Johnston provided in writing.**

The three senior sailors certainly have the perception that the COI Reports 1 and 2 contained bias and were damaging to their reputations. What independent review has been conducted of Parts 1 and 2 of the COI Report? If not, why not?

**Response:**

The HMAS *Success* COI was an independent inquiry undertaken by a former Judge of the Federal Court of Australia, who was assisted by a Senior Counsel as well as Junior Counsel. It is inevitable that in examining matters such as those considered by the HMAS *Success* COI, there will be individuals whose actions may be the subject of adverse comment, or who may disagree with the findings of the COI.

While not required by law, Defence practise is to conduct formal legal reviews of inquiry reports as a quality control measure. Such reviews can assist in the identification of important legal issues, particularly where inquiries are conducted by non-lawyers. However, it is Defence's practise not to conduct legal reviews of CDF COI, as they are undertaken by individuals with judicial experience.

Finalisation in CDF COI inquiry processes is a public policy consideration. Moreover, given the extensive legal experience and professional status of CDF COI presidents, it is not normally considered necessary or appropriate to expend considerable public funds to review their reports.

Defence intends to continue its current policy of not conducting formal legal reviews of CDF COI reports.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q148: Success**

**Senator Johnston provided in writing.**

In the interests of fairness and equity will you undertake a completely independent review of the COI findings?

**Response:**

The HMAS *Success* Commission of Inquiry (COI) was an independent review by a former Judge of the Federal Court of Australia of events onboard HMAS *Success* between March and May 2009, and issues associated with the subsequent management of allegations and of personnel allegedly involved.

While not required by law, Defence practise is to conduct formal legal reviews of inquiry reports as a control measure. Such reviews can assist in the identification of important legal issues, particularly where inquiries are conducted by non-lawyers. However, it is Defence's practise not to conduct legal reviews of CDF COI, as they are undertaken by individuals with judicial experience.

Finality in CDF COI inquiry is a public policy consideration. Moreover, given the extensive legal experience and professional status of CDF COI presidents, it is not normally considered necessary or appropriate to expend considerable public funds to review their reports.

Defence intends to continue its current policy of not conducting formal legal reviews of CDF COI reports.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q149 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Is it not the case that a self propelled artillery capability was set out very clearly in the 2009 White Paper? What has changed in three years to indicate that this is no longer a required capability for the ADF?

**Response:**

The 2009 Defence White Paper 2009 does outline the requirement for an artillery system comprising new 155mm artillery systems, both self-propelled and towed, and precision munitions.

There has been no change in the operational or strategic environment that has affected the requirement for the new 155mm artillery system and the capability requirement remains. The self propelled howitzer component was cancelled to achieve savings in the 2012 Budget Forward Estimates and will be replaced by additional towed howitzers. The future family of modern and precision ammunition component of the system remains within the Defence Capability Plan.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q150 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

The requirement for self propelled artillery was explicitly identified in the 2009 Defence White Paper at page 77. Fire Support 9.45 The Government has decided to further enhance the direct and indirect combat power available to the Army's combined-arms teams. The Government will proceed with the acquisition of new 155mm artillery systems, both self-propelled and towed type, able to fire precision munitions at very long ranges, and high rates of fire. These systems will comprise a deployable capability of two batteries of self-propelled guns and four batteries of towed guns. The towed guns will be able to be moved by helicopter and transport aircraft. Is it not the case that successive revisions of the Defence Capability Plan (DCP) affirmed the acquisition of self propelled howitzers under Land 17 Phase 1C?

**Response:**

Yes. The DCP 2009 update of February 2010, DCP 2009 update of December 2010 and DCP 2011 all have the specific inclusion of LAND 17 Phase 1C – Self Propelled Howitzer.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q151: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

- (a) What was the timeline in the decision making process to amend the DCP to not include the SPH as a required capability?
- (b) Who directed that the SPH be excluded from the DCP as a required capability?
- (c) When was this decision finally made?

**Response:**

- (a-c) The decision to cancel the Self Propelled Howitzer was made as part of the Defence's measures to provide savings for Government in the lead-up to the 2012 Budget.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q152: Self Propelled Howitzer**

**Senator Johnston provided in writing:**

At page 213 of the 2011 DCP it was stated: Phase 1C will acquire two batteries of 155mm, 52 Calibre Self Propelled Howitzers. The 1C solution will provide weight of fire, range and tactical manoeuvre to support the Mechanised Units of the 1st Brigade. The project is currently undergoing tender evaluation in order to inform the Government decision making process. Is it not the case that Plan Beersheba was conceived on the basis of the Commonwealth acquiring a self-propelled artillery capability?

**Response:**

Plan Beersheba was not conceived or predicated on a Self Propelled Howitzer as a required capability.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q153: Self Propelled Howitzer**

**Senator Johnston provided in Writing.**

Is it not the case that a Defence Department recommendation to proceed with the acquisition had been prepared for the Minister to take to NSC earlier this year? Can you provide that documentation?

**Response:**

Defence prepared advice for the Minister's consideration.

No, the documentation can not be provided as the advice is Cabinet in Confidence as per the usual practice.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q154 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

The decision to cancel self propelled artillery came under considerable criticism. What is your response to the Director of the Institute of International Security and Development at the University of NSW, Prof. Alan Dupont who wrote in “The Australian” on 7 May 2012:

An even more telling indictment of the government's perfunctory approach to defence is the apparent unwillingness, or inability, to match funding with declared strategic aims. Major changes to approved equipment and personnel changes, including the location of Australian Defence Force units and supporting infrastructure, should not be made without a considered evaluation of the strategic reasons for, and consequences of, these changes. But the government has ignored this logic with its decision to axe modern artillery and commission a major force posture review. Since the artillery was an approved purchase, what were the operational and strategic factors which justified its cancellation ahead of other capabilities that might equally have been eliminated? The suspicion is that there weren't any, and that Army was simply told to find savings of \$225 million.

**Response:**

The Chief of Army, in consultation with the Chief of the Defence Force, agreed to cancel the Self Propelled Howitzer in light of budget pressures and because he judged that the capability offered by the M777A2 Towed Howitzer was sufficient to meet the capability needs of Army.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q155 – Self Propelled Howitzer

**Senator Johnston provided in writing.**

What is your response to *The Australian's* report on 5 May that the former Chief of Army and now director of the Canberra University's National Security Institute, Lieutenant General Peter Leahy, that the decision to scrap self-propelled artillery was ill-conceived because there was higher likelihood of the self-propelled guns being used than the F-35 Joint Strike Fighters? He was reported as saying: 'I'm not sure they've picked the right capability to reduce. There is a clear potential we might need artillery in a future conflict, but I'm not convinced we need 100 JSFs. By scrapping two fighters, from the planned order of up to 100, the army could have its self-propelled guns.'

#### **Response:**

As noted by the Chief of the Defence Force, and the Chief of Army, at the 29 May 2012 Budget Estimates Hearing, "nothing is simple when you are talking about the management of a very large and complex budget". The decision to cancel the self-propelled howitzers (SPH) was made as a result of the requirement to bring the budget back into surplus, and in recognition of the fact that the capability provided by the SPH could be provided in another way through the procurement of additional M777 lightweight towed howitzers.

M777s are a proven system: they are currently in service with all of the artillery regiments in the Australian Army. The M777 is capable of operating within a digitised battlefield management system, and is considered an acceptable replacement to provide for the long term indirect fire requirement within a modern battle space as it can be envisaged over the next two decades.

Direct comparison of indirect fire artillery systems, such as the SPH and M777s, with the Joint Strike Fighter (JSF) program is flawed. The capabilities to be provided and the contexts in which they are to be used are different. The 2009 White Paper states that the ADF has to be able to control our air and sea approaches against credible adversaries in the defence of Australia, to the extent required to safeguard our territory, critical sea lanes, population and infrastructure. The potential acquisition of up to 100 F-35A was determined in the 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. At this stage, the Government has committed to purchase an initial tranche of 14 Joint Strike Fighters. A final decision on JSF numbers has not yet been made by Government, and this decision will be informed by further analysis in support of the current Force Structure Review and 2013 White Paper.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q156: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

What is your response the Foreign Editor of The Australian, Greg Sheridan who wrote in The Weekend Australian 12 May 2012: The army has suffered many cuts to capability. The decision not to acquire self-propelled artillery is a sign that the government will make the army weaker and of less weight.

**Response:**

The Chief of Army, in consultation with the Chief of the Defence Force, agreed to cancel the Self Propelled Howitzer in light of budget pressures and because he judged that the capability offered by the M777A2 Towed Howitzer was sufficient to meet the capability needs of Army.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q157 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Is it not the case that self propelled artillery would have provided Army with a marked lift in capability. For example, the range of a self-propelled gun is nearly double that of a towed gun. How does the Government intend to make up for this loss of potential capability?

**Response:**

Army has operated towed guns for considerable time and is familiar with tactically employing the system to optimise its capability. Subject to Government approval, it is anticipated that Army will be able to acquire longer range ammunition natures for the towed gun under LAND 17 Phase 1C.2 – Future Family of Ammunition.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q158 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Is it not the case that self propelled artillery offered a level of protection for troops that is simply not afforded by towed artillery? What alternative arrangements are being provided to afford such a level of protection?

**Response:**

Army has systems deployed around the towed guns that improve protection. These include systems that can locate indirect fire threats and enable them to be engaged. The guns can be moved quickly in and out of action before they can be fired upon.

All soldiers are provided with protective equipment, including helmets and body armour, that affords every member a level of protection. Under some circumstances, Army can also position the towed guns in prepared defensive positions that offer a higher level of protection.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q159: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

The Land 17 Invitation to Register (ITR) documents released by the Commonwealth included an assessment that stated: The current field artillery system is sufficiently protected in the light force environment. The mechanised forces artillery has insufficient physical protection and range to survive the threat of indirect fire and small arms fire likely to be encountered in mechanised operations. How will Army cover this clear gap in mobility, protection levels and range to support operations involving other protected, mobile platforms such as M1A1, M113 and ASLAV?

**Response:**

Army has operated a towed artillery capability for many years and towed guns are capable of a good level of mobility. It should also be understood that the use of artillery is but one means of providing offensive fires in support of our own forces.

It is common practice for the Army to employ a wide range of fire support from platforms such as armed helicopters, fast attack aircraft, other supporting artillery systems and naval gunfire support to ensure the provision of fire support for our own troops.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q160: Self Propelled Howitzer**

**Senator Johnston provided in writing:**

Isn't the issue in having SPH as a capability concerned with the indirect fire capability that the ADF needs to provide commensurate mobility and protection as the manoeuvre force?

**Response:**

The acquisition of additional M777A2 Lightweight Towed Howitzers combined with advanced ammunition natures, digitised fire control and enhanced targeting capabilities is supported by the Chief of Army in light of the requirement to revise the Defence Capability Plan. Additionally, Army has operated towed guns for considerable time and is familiar with employing them in support of mechanised operations.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q161 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Towed guns would not be able to support mechanised operations as they are reliant on vehicles (which have less mobility and may not be able to manoeuvre in such terrain) or dedicated airlift assets. This can only be achieved by self propelled guns that can move over the same terrain and with the same mobility as the mechanised/protected platforms. It seems that this decision is a step away from mechanised/protected forces and back towards light infantry operations. Is the case or was the cancellation of procuring the capability purely a budget consideration?

**Response:**

Both budget and Defence Capability Plan considerations were factors in cancelling the acquisition of the Self Propelled Howitzer but broader capability considerations were also assessed. While it is true that the Self Propelled Howitzer would have been capable of near commensurate mobility with supported mechanised forces, it is also true that Army has operated towed guns for considerable time and is familiar with tactically employing the system in support of mechanised operations.

In combination with the efficiencies of sustaining a common fleet, the Chief of Army was satisfied that Army can effectively support mechanised forces (or light forces in complex terrain) with a towed artillery capability.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q162: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

In light of all these facts, as well as the White Paper and DCP requirements for self propelled artillery what strategic guidance was received to justify the cancellation of the project?

**Response:**

The Defence Budget has been developed following a comprehensive review of the Department's budget to identify appropriate contributions Defence could make across the Budget and Forward Estimates to support the Government's broader fiscal strategy.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q163: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

On Sky News on 15 May the Minister said there were issues associated with an 80 tonne weight of the platform and issues associated with ammunition. He said: There were issues with the self-propelled howitzer, including the type of ammunition that we could use, but also it's 80 tonnes and it can't be moved other than by its own propulsion.

- (a) How did the Minister arrive at this figure when it is well documented that the weight of a SPH is not 80t but 50t?
- (b) Will the Minister now publicly admit he was wrong and acknowledge the correct weight of the SPH?

**Response:**

- (a) and (b)

The Self Propelled Howitzer weighs approximately 50 tonnes.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q164: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

The Minister also made the statement that the SPH : can't be moved other than by its own propulsion. Is it not the case that the SPH is a self propelled and can when required be transported by low loader vehicles, by C-17 and presumably by the LHD?

**Response:**

The Minister for Defence was contrasting the mobility of the towed artillery, which can be delivered by intra-theatre lift capabilities such as the Chinook, with the Self-Propelled Howitzer, which cannot be moved by Chinook or other rotary lift capability.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q165 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

The Minister further said: There were issues with the self-propelled howitzer, including the type of ammunition that we could use. On what basis did he make this claim as my understanding is that there is no ammunition issue with the AS-9?

**Response:**

Defence would have determined the type of ammunition requirements for this project through testing, but it was cancelled before such testing could occur.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q166 – Self Propelled Howitzer**

**Senator Johnston provided in writing:**

Isn't it the case that the AS-9 has a longer barrel than the M777 and M109 and that the increased length (52 Calibres versus 39 Calibres) allows longer range and needs ammunition capable of withstanding the higher launch pressures?

**Response:**

The Self Propelled Howitzer does have a longer barrel but it is anticipated that LAND 17 Phase 1C.2 – Future Family of Ammunition, will address the requirement for longer ranges.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q167 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

The RFT specified that long ranges had to be achieved using a projectile that is not designed for long range and has not been tested for long range. What has this to do with the capability of the SPH?

**Response:**

A range of current ammunition natures was required to be certified for use in the Self-Propelled Howitzer. These would not necessarily achieve the longer ranges required but would still be operationally deployable. In addition, new ammunition natures were to be selected and certified for use in the Self-Propelled Howitzer to achieve the capability effects of increased range, lethality; insensitive munitions, and lethal and non-lethal effects.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q168 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Couldn't this long range requirement be achieved using ammunition designed for long ranges, in the case of the SPH a Korean round in service with the ROK which has received all certifications required by the Korean Defence Acquisition Procurement Administration (DAPA) and their Agency for Defense Development (ADD)?

**Response:**

Yes. This ammunition was included as part of the business case to generate the required self propelled howitzer capability as defined.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q169 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Tenders for Land 17 Phase 1C first closed in April 2008. What have been the costs to the Commonwealth in relation to the solicitation and evaluation of the self propelled element Land 17?

**Response:**

The total cost to the Commonwealth in relation to the management of the self-propelled element of Land 17 is approximately \$11.2 million. This project total is comprised of the following approximate amounts:

| <b>Activity</b>                                 | <b>Cost</b>    |
|---|----------------|
| Solicitation and Evaluation pre-ODRP            | \$1.5m         |
| Offer Definition (incl live firing)             | \$2.6m         |
| Post Offer Definition risk reduction activities | \$0.7m         |
| Other project office expenses and travel        | \$0.6m         |
| Personnel (DMO/Defence)                         | \$5.8m         |
| <b>Total SPH cost</b>                           | <b>\$11.2m</b> |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q170: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

What have been the costs of the Offer Definition and Refinement process relating to this project (Land 17 Phase 1C)?

**Response:**

The total cost of the Offer Definition and Refinement process is \$2,640,556.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q171: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

How many separate trips have taken place by Commonwealth officials to the Republic of Korea in relation to this project (Land 17 Phase 1C) since April 2008, how many personnel have been involved, and what have been the associated costs?

**Response:**

There have been seven trips to the Republic of Korea by Commonwealth officials in relation to this project (Land 17 Phase 1C), with attendance of between one and seven officials per trip, at an approximate total cost of \$200,000.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q172 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Is it not the case that discussions between Australian Defence officials and Korea were even taking place in Korea in the weeks prior to the budget? What was the nature of these discussions?

**Response:**

The Deputy Chief of Army (DCA) visited the Republic of Korea (ROK) 22 - 26 April 2012 to participate in the inaugural Army-to-Army Staff Talks between the two countries. The Staff Talks were held on 23 April 2012 and DCA's program included a number of visits to ROK units and his attendance at Kapyong Day and ANZAC Day ceremonies on 24 April 2012 and 25 April 2012 respectively.

Defence officials attended the 8th Joint Committee Meeting between the Korean Defence Acquisition and Procurement Agency (DAPA) and the Defence Materiel Organisation (DMO) to discuss high level cooperation issues relating to common platforms, technical information exchange and opportunities for future collaboration during April 2012. Defence Officials also met with representatives from Korean industry in the margins of this bi-lateral cooperative program where intellectual property rights in relation to Defence procurement was the focus for discussion.

During visits by Capability Development Group staff to ROK, members of the integrated project team may have participated in discussions with ROK personnel, but these were organised by the lead contractor (Raytheon Australia) and were 'Project' type meetings rather than government-to-government level. In addition, on 19 April 2012, the Director Land Combat Development (DLCD) met with Colonel Dae-Hee Ahn, DA ROK at his request. The subject was the status of Land 17 Phase 1C Self Propelled Howitzer. Colonel Ahn had been asked by the ROK Ministry of National Defence and ROK Army Headquarters for an update. DLCD's response was based on the recently approved response to media enquiries which stated that the project was scheduled for consideration by Government in the coming months and that the impact, if any, of the Budget would be assessed once the Budget was released.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q173: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

What costs were borne by the Commonwealth in bringing a Korean K9 out to Australia in 2010 for a live fire activity?

**Response:**

The cost for the live fire activity was \$2,444,749.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q174 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

How did the Government arrive at its estimate for savings over the forward estimates of \$225 million?

**Response:**

Self Propelled Howitzer (LAND 17 Phase 1C) was originally scoped to provide two batteries of Self Propelled Howitzers in the 2011 Public DCP. The project had a tender based cost estimate anticipated to require \$511m in the Forward Estimates. In the context of the Budget 2012/13, Defence modelled a Towed Howitzer cost estimate based on the cost of M777 Howitzers and ancillary systems as acquired under Phase 1A, which showed a required \$286m in the Forward Estimates. Changing the capability option is the difference between the two estimates, or \$225m in the Forward Estimates.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q175: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

How many additional towed guns are now being sought by the Commonwealth?

**Response:**

An additional 19 M777A2 Lightweight Towed Howitzers are being sought by the Commonwealth.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q176: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

What whole of life assessments have been prepared relating to the costs of operating self propelled artillery as against towed guns? Can you provide such assessments?

**Response:**

A comprehensive whole of life assessment for self-propelled artillery was prepared as part of the Self Propelled Howitzer submission. A comprehensive whole of life assessment was prepared for the Land 17 Phase 1A procurement of 35 Lightweight Towed Howitzers in 2009.

No. Both these assessments were contained in Departmental advice to the Minister for Defence.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q177 – Self Propelled Howitzer**

**Senator Parry provided in writing.**

What briefs have been prepared for the Defence Ministers since the budget outlining any additional costs associated with cancelling the self propelled artillery? Can these be provided?

**Response:**

No additional briefs outlining any additional costs associated with cancelling the Self Propelled Howitzer have been prepared for the Defence Ministers since the budget was released.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q178 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

What provision has been made for the additional manpower associated with acquiring further towed guns to meet the level of capability anticipated to be achieved by the self-propelled guns?

**Response:**

Army is still considering how best to man the additional towed howitzers under Plan Beersheba.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q179 – Self Propelled Howitzer**

**Senator Parry provided in writing.**

What provision has been made for the additional trucks to tow the additional towed guns?

**Response:**

Army is still assessing this requirement.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q180 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Did the Commonwealth seek to engage with the manufacturer of the towed guns prior to the budget to obtain a price for additional guns?

**Response:**

The Commonwealth did not approach the manufacturer of the Towed Howitzer prior to the budget to obtain a price for the additional guns.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q181: Self Propelled Howitzer**

**Senator Johnston provided in writing:**

Is it the case that the unit costs of any additional towed guns will be higher than for those already acquired under Land 17?

**Response:**

The unit cost for additional towed guns will remain broadly consistent with those already acquired, in the event of an order being placed prior to the end of October 2012. Otherwise, the unit cost to the Commonwealth will likely be higher, due to the need for the company to restart production.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q182: Self Propelled Howitzer**

**Senator Johnston provided in writing:**

Is it the case that the production line is in ramp down and that the Commonwealth will be forced to bear additional costs associated with restarting the production including long lead item ordering and costs associated with a relatively small order size?

**Response:**

Yes, the production line has begun to ramp down and is planned to close by December 2012. However, the unit cost for the additional towed guns will remain broadly consistent with those already acquired in the event of an order being placed prior to the end of October 2012. Otherwise, unit cost to the Commonwealth will likely be higher due to the need for the company to restart production.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q183 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

What has been the level of Korean Government involvement in activities associated with Land 17 since April 2008 and up to May 3 2012?

**Response:**

Korean Government involvement with Land 17 has primarily been to provide information on a Government to Government basis during the tender evaluation, access to Korean Government facilities during visits to Korea, provision of a gun platform and personnel (through Raytheon Australia) for live fire testing in Australia and Korean Government information relating to ammunition certification.

Defence Policy Talks, while not an activity directly associated with Land 17, has been a venue where updates on the progress of the project have been provided. The issue of Land 17 was raised at Defence Policy Talks in June 2011, August 2010, and April 2009. Defence Policy Talks are attended by mid-level officials from the Republic of Korea Ministry of National Defense.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q184 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

What has been the level of Korean Government involvement in activities associated with Land 17 since May 3rd 2012?

**Response:**

The project office is not aware of any Korean Government involvement in activities associated with Land 17 since 3 May 2012.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q185: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Is it not the case that the Korean Government and their Embassy in Canberra has been supportive of promoting the Samsung Techwin capability for a number of years?

**Response:**

The Republic of Korea Government and its Embassy in Canberra had expressed an interest in the Australian acquisition of self-propelled howitzers and were supportive of Samsung Techwin's tender for the project.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q186 – Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Is it not true that the Korean Defence Acquisition Procurement Administration (DAPA) has been very active including being involved in the live fire activities both in Korea and when the gun was brought out in 2010?

**Response:**

DAPA has facilitated the arranging of capability demonstration live firings in Korea. DAPA has also supported the conduct of the 2010 live fire activity in Australia using a Korean gun and assisted in the provision of ammunition technical information for gun certification purposes.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q187: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Is it not true that the Deputy Chief of Army visited a Korean Army artillery unit one week prior to the cancellation of the project?

**Response:**

Yes. The Deputy Chief of Army visited Capital Mechanised Division on 24 April 2012 as part of his Counter Part visit to Korea. During the visit, the Deputy Chief of Army saw a Self Propelled Howitzer demonstration as part of the Division's capability display.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q188: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

During Question Time in the Senate I asked the Foreign Minister whether he anticipated any fallout from Korea to which he replied that he anticipated none. Has this proven to be the case?

**Response:**

The decision to cancel the acquisition of self-propelled howitzers has not negatively impacted our bilateral defence relationship with the Republic of Korea.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q189: Self Propelled Howitzer**

**Senator Johnston provided in writing:**

- (a) Can you confirm that the Korean Ambassador requested and was granted a meeting with Minister Clare in which he expressed the Korean Government's disappointment at the decision?
- (b) What was the Minister's response?

**Response:**

- (a) Yes, a meeting was held between the Minister and the Korean Ambassador.
- (b) The Minister outlined the rationale for the decision which was acknowledged by the Ambassador.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q190: Self Propelled Howitzer**

**Senator Johnston provided in writing.**

Are you aware that the Governments of Australia and the Republic of Korea signed a Memorandum of Understanding on Defence Co-operation on 14 December 2011? The MOU sought to enhance the Australia-Republic of Korea defence relationship in four key areas: strategic dialogue, information sharing, exercises and defence industry. How does this decision advance the cause of that Memorandum of Understanding?

**Response:**

The Memorandum of Understanding in the field of defence cooperation, signed by the Minister Stephen Smith for the Government of Australia and Minister Kim Kwan Jin for the Republic of Korea, is a document with a broad remit designed to support the continued development of the bilateral defence relationship between Australia and the Republic of Korea. It does not identify specific projects.

The decision to cancel the acquisition of self-propelled howitzers has not impacted the quality of the defence relationship between Australia and the Republic of Korea. Australia remains committed to continuing to deepen the bilateral defence relationship and to finding new opportunities for cooperation in the key areas agreed by Minister Smith and Minister Kim during their inaugural Defence Ministers' Dialogue in December 2011: strategic dialogue, information sharing, exercises and defence industry.

The self-propelled howitzers and the decision by the Government in the May 2012 Budget to cancel the project has not been raised by Korea with Australia at Ministerial level

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q191: Submarine Sustainment**

**Senator Johnston provided in writing.**

Which division/group/person/s in DOD is responsible for developing and generating the forward estimates for submarine sustainment?

**Response:**

The Program Manager Collins and Wedgetail within the DMO, is responsible for the development of the forward estimates for Collins sustainment and coordinating these funding requirements with Navy.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q192 – Submarine Sustainment**

**Senator Johnston provided in writing.**

From information that you have supplied in previous QON answers the forward estimates FY11/12 show that sustainment costs for Collins went up from \$349m to \$497m. Please provide a detailed explanation for the difference between the estimate in February 2011 and the actual spend for FY 11/12?

**Response:**

The funding supplementation reflected in changes to the Collins sustainment budget allocation in FY11/12 reflects the consideration being given by Defence to improving submarine availability through targeted injection of funding.

The reference to \$497m in this question is an error, this figure has never been a Collins Budget amount and it is assumed that the numbers have been incorrectly transposed, ie. the figure should read \$479m and not \$497m.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q193: Collins Class Submarine**

**Senator Johnston provided in writing.**

You provided an answer in a QON – February 2012 that the forward estimates FY12/13 sustainment costs for Collins would be \$402m. This answer was received immediately prior to the publication of the 2012/2013 Budget Papers. However, in the 2012/13 Budget Papers that were published only a few days later this figure had jumped to \$516m. Please provide a detailed explanation for the difference between the estimate in February 2012 and the budget papers?

**Response:**

The information provided in response to questions on notice following the February 2012 Estimates hearings reflected the approved Collins sustainment budget that was in place during early 2012. In the lead up to the Budget announcements in May 2012, Defence recommended to Government that the Collins sustainment budget should be supplemented to enable implementation of a remediation program aimed at improving submarine reliability and availability. This funding supplementation was not enacted until announced by Government in the May 2012 Budget and therefore could not be included in the question on notice responses.

Senate Standing Committee on Foreign Affairs, Defence and Trade

QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

**Q194: Collins Class Submarines**

**Senator Johnston provided in writing.**

In relation to Collins Class submarines, please provide forward estimates out to 2015/16 for the following:

- (a) Sustainment Costs;
- (b) Operating Costs;
- (c) Approved Major Capital Investment program and minor projects;
- (d) Anticipated depreciation costs.

**Response:**

(a – d)

Forward estimates for Collins Class submarines out to 2015/16, are as follows:

|  | <b>FY12/13</b> | <b>FY13/14</b> | <b>FY14/15</b> | <b>FY15/16</b> |
|--|----------------|----------------|----------------|----------------|
|  | \$'m           | \$'m           | \$'m           | \$'m           |
| Sustainment Costs  | 506.5          | 561.3          | 560.7          | 518.5          |
| Operating Costs  | 187.4          | 184.4          | 187.7          | 202.9          |
| Approved Major Capital Investment Program (AMCIP)                    | 40.427         | 39.862         | 31.211         | 23.512         |
| Minor Projects   | 0.062          | 0.000          | 0.000          | 0.000          |
| <b>Total of Sustainment Costs, Operating Costs, AMCIP and Minors</b> | <b>734.389</b> | <b>785.562</b> | <b>779.611</b> | <b>744.912</b> |
| Depreciation Estimates   | 140.0          | 140.0          | 140.0          | 140.0          |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q195: Collins Class Submarines**

**Senator Johnston provided in writing.**

You indicated in 2012 that approximately 31% of Navy's sustainment spend is spent on the Collins fleet. With the 2012/13 Budget Papers showing a significant increase in the budget allocation to submarines please provide the percentage of the Navy's sustainment budget that will be spent on the Collins fleet in 2012/13?

**Response:**

In response to Senate Committee Question on Notice Q46 in 2011, Navy advised that thirty one percent of Navy sustainment funding was allocated to sustainment of the Collins capability in financial year 2010-11, and thirty percent in financial year 2011-12. The response also explained that these allocations included provision for Submarine Escape and Rescue services, maintenance of the Submarine Escape Training Facility, and upkeep of combat systems support facilities and platform training facilities at the Submarine Training Systems Centre.

In financial year 2012-13, 31.6 percent of Navy's sustainment funding has been allocated to sustainment of the Collins capability. Again, this includes provision for Submarine Escape and Rescue services, maintenance of the Submarine Escape Training Facility, and upkeep of combat systems support facilities and platform training facilities at the Submarine Training Systems Centre.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q196: ASC**

**Senator Johnston provided in writing:**

How much has been paid to ASC by Defence in each of the past four years with respect to the submarine through life support contract?

**Response:**

Table 1 provides details of how much has been paid by Defence to ASC over the past four years under the Through Life Support Agreement (TLSA).

**Table 1 – TLSA Costs – 2007-2011**

| <b>Fiscal Year</b>        | <b>Sustainment Costs</b> | <b>Projects Costs</b>    | <b>TLSA Value</b>          |
|---------------------------|--------------------------|--------------------------|----------------------------|
| 2007-2008                 | \$ 190,338,104.00        | \$ 61,900,312.00         | \$ 252,238,416.00          |
| 2008-2009                 | \$ 196,912,637.00        | \$ 45,722,117.00         | \$ 242,634,754.00          |
| 2009-2010                 | \$ 180,212,968.00        | \$ 34,525,170.00         | \$ 214,738,138.00          |
| 2010-2011                 | \$ 288,268,302.00        | \$ 20,787,229.00         | \$ 309,055,531.00          |
| <b>Total Past 4 Years</b> | <b>\$ 855,732,011.00</b> | <b>\$ 162,934,828.00</b> | <b>\$ 1,018,666,839.00</b> |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q197: ISSC Budget**

**Senator Johnston provided in writing.**

Please provide the projected ISSC budget for the next four financial years.

**Response:**

Contracted costs for ISSC Transition:

FY2012/13 - ISSC Year 1 Transition - \$274m

FY2013/14 – ISSC Year 2 Transition - \$311m

Estimated costs under a mature ISSC:

FY2014/15 – ISSC Year 3 Mature - \$302m

FY2015/16 – ISSC Year 4 Mature - \$272m

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q198: In Services Support Contract (ISSC)**

**Senator Johnston provided in writing.**

In respect to the ISSC it was said by Defence officials at the Estimates hearing that as a transition mechanism the ASC would not be exposed to a performance based contract or significant risk in the first two years of the new contract and that it wouldn't be until the third year that ASC would have to fully accept a performance based contract. Can you explain how this equates to the government receiving value for money in this new contract regime?

**Response:**

Introduction of the new in service support contract (ISSC) from 1 July 2012 will mean a move from a 'Cost Plus' contract under the old Through Life Support Agreement (TLSA) to a 'Performance Based' contract (ISSC). The ISSC will improve value for money to the Commonwealth by:

- introducing a new budgeting and reporting process to deliver greater transparency and accountability for expenditure against specified outputs;
- directly linking ASC's fee and the achievement of specific capability-related performance indicators;
- introducing a target cost incentive model to deliver efficiency gains;
- ensuring better and more comprehensive long-range planning, coupled with disciplined baseline control;
- introducing significant improvements to the existing liability and indemnity regime; and
- transferring significant responsibility and accountability for sustainment outcomes to ASC against an agreed performance framework.

The prime objective of the ISSC is to meet Navy's operational requirement for available, reliable, supportable and safe Collins Class submarines by delivering affordable, efficient and effective sustainment services. Key features of the ISSC include:

- a five year rolling contract period, with options to be exercised until life-of-type of the Collins Class submarines, subject to satisfactory performance;
- an initial two year transition period, noting transition activity is already underway;
- a performance management framework with supporting Key Performance Indicators (KPI's) aligned to operational outcomes;
- a pain share/gain share framework to drive efficiencies;
- strengthened role for ASC as Platform System Integrator, including transition of supply chain and some engineering design responsibility from DMO to ASC;
- a "Make or Buy" framework to strengthen ASC core business and enhance flexibility and innovation within the Collins Class submarines industry base;
- commercial Authorised Engineering Organisation (AEO) status transitioning to ASC in the mature period of performance;

- an agreed regime for access to facilities and intellectual property rights to enable third parties to undertake work on the submarines should ASC not perform; and
- the ability to incorporate the recommendations flowing from the Coles Study.

The Commonwealth and ASC have agreed to transition to the new arrangements over the next two years to ensure both parties have adequately aligned business processes to the new operating environment. ASC's risk-share under the ISSC is increased in comparison to the TLSA from the outset and a proportion of target fee will be at against performance in year two.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q199: Collins Class Submarines**

**Senator Johnston provided in writing.**

Mr King stated at estimate hearings, The other pieces of investment that are also equally important, which never came home to us in the early days, relate to what it means to be the parent navy. I know we say it regularly, but to be a parent navy of any ship is quite a burden; to be the parent navy of one of the world's most advanced conventional submarines is a very serious matter. It was further stated, This parent navy issue is a huge issue for costs, but what we can say from all that is that, over the last little while we are finally seeing quite a significant up-tick in material-ready days. What is an estimate of the “burden” or “cost” penalty of being a parent navy with respect to sustainment, operating and/or Approved Major Capital Investment program and minor projects costs?

**Response:**

‘Parent navy’ burden relates to the additional responsibility and overhead that is associated with maintaining the technical integrity and certification of the Collins Class submarine, sustaining unique-to-type systems and related supply chains, as well as enhancing system capability throughout the life of the submarine. These responsibilities extend beyond the material elements of the submarine to include other fundamental inputs to capability such as training, support systems and infrastructure.

Defence does not separately identify activities that are performed as part of the ‘parent navy’ role. To collect and assemble such information manually would be a major task and an unreasonable diversion of departmental resources.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q200: Collins Class Submarines**

**Senator Johnston provided in writing.**

The Rizzo Review suggested that one thing that needed to happen with Material Sustainment Agreements was that consequences [be] defined for non delivery against measurable performance indicators. Please provide an update with respect to the re-writing of the Collins Material Sustainment Agreement between the Navy and the DMO.

**Response:**

The new FY2012-13 Materiel Sustainment Agreement for the Collins capability between Navy and the DMO has been written and was signed on 27 June 2012.

The new Materiel Sustainment Agreement incorporated recommendations arising from the Rizzo Review.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### **Q201: Collins Class Submarines**

**Senator Johnston provided in writing.**

Please provide examples of consequences defined for non delivery against measurable performance indicators in this agreement.

#### **Response:**

Both performance and health indicators have been incorporated into the FY2012-13 Materiel Sustainment Agreement between Navy and DMO for sustainment of the Collins capability. These have been developed to measure materiel availability, sustainment efficiency, and materiel confidence (that is, confidence that the Collins capability will continue to operate in accordance with specifications and affordably through life).

The consequences of non-delivery vary across these indicators and include the following:

- Investigation of unsatisfactory results against performance indicators – unsatisfactory performance will not simply be accepted but investigated and rectified as appropriate.
- Accountability for non-delivery and impact. For example, if Navy fails to deliver submarines into planned maintenance on time, it must accept any subsequent loss of materiel ready days and additional costs of readjusting maintenance contracts.
- Disciplinary or administrative action where negligence or poor performance on the part of Defence personnel leads to non-delivery. This would arise on occasions where negligence or poor performance on the part of individuals became apparent during the investigation of the reasons for non-delivery.
- Remedies under relevant contracts when negligent supplier performance leads to non-delivery. DMO would pursue avenues under contracts when suppliers fail to perform.
- Re-adjustment of allocations within the Collins budget to ensure funding is appropriately allocated to improvement initiatives. For example, it may prove necessary to re-distribute funding between reliability, obsolescence, and inventory remediation.
- A review of training and competencies where non-delivery is attributed to personnel deficiencies. This would arise when shortfalls stem from organisational deficiencies in preparing personnel to perform assigned tasks.

A number of Defence personnel in a range of positions are responsible for executing provisions of the Materiel Sustainment Agreement. Their performance appraisals will reflect the extent to which they have been successful in fulfilling their roles.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q202: Collins Class Submarines**

**Senator Johnston provided in writing.**

You have previously advised: that Defence (through DSTO) has recently increased the priority of the Advanced Processor Build (APB) program and is working closely with United States counterparts to improve the opportunity for Australian industry to participate in the program. What targets, milestones and timetables has (DSTO) set themselves?

**Response:**

The target is for Australian companies to be able to compete for inclusion in the joint development process on the same basis as United States (US) based companies. The next opportunity for Australian companies to make submissions will be for the APB 15 development cycle. This will start with APB15 Industry day briefings in early 2013 including sessions with the US working group chairs to facilitate improved understanding of what needs to be included in the industry submissions.

In approx June/July 2013, APB 15 Step1 candidates will be chosen. APB 15 Step 1 and Step 2 development activities are due to occur during 2014. DSTO will be supporting the conduct of Step 1 and 2 testing in Australia.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q203: Collins Class Submarine**

**Senator Johnston provided in writing.**

- (a) When does the current Technical Assistance Agreement expire?
- (b) In relation to the AN/BYG-1: What is the latest Technical Insertion (e.g. TI 06) fitted and accepted onto a Collins Class submarine?
- (c) When was IOC for the latest Technical Insertion?
- (d) How long did the actual physical installation take?
- (e) What was the time frame between the latest Technical Insertion being fitted to and accepted into a US submarine and the fitting to and accepted on an Australian submarine?
- (f) What has been the total cost of inserting the latest Technical Insertion into the Collins Class submarine?

**Response:**

- (a) There are seven Technical Assistance Agreements associated with the AN/BYG-1. One of these has expired and is being renewed. The remaining six are due to expire between 2016 and 2020.
- (b) The latest Technical Insertion fitted and accepted into a Collins Class submarine is TI-06.
- (c) The TI-06 was granted Initial Operational Release by Chief of Navy on 08 March 2011 as part of a wider combat system upgrade. Initial Operational Release is equivalent to Initial Operational Capability (IOC).
- (d) The first installation of TI-06 aboard an Australian submarine was conducted in conjunction with a wider combat system upgrade in HMAS *Dechaineaux* during that submarine's 2007-10 full cycle docking. As is the case for other complex Collins maintenance activities, the first-of-class installation for the combat system upgrade was conducted during a full cycle docking to enable the workscope to be refined prior to fleet-wide installation. The TI-06 installation consumed 27,200 hours of effort across the three year period of the HMAS *Dechaineaux* full cycle docking. TI-06 is being installed and tested in HMAS *Waller* and HMAS *Sheean* during current maintenance activities. The TI-06 installation and testing effort for each of these submarines is expected to be less than for HMAS *Dechaineaux*, but the final costs are not yet known.

- (e) Installation of TI-06 into the first US Navy submarine was completed and accepted in December 2007. Installation of TI-06 into the first Collins Class submarine was completed and accepted in September 2010. The delay in completing the installation and testing in the first Collins submarine was driven by the decision to conduct the first-of-class installation during a full cycle docking.
- (f) The total cost to date of inserting the TI-06 hardware and associated software upgrades into the Collins fleet will be known once final costs for HMAS *Waller* and HMAS *Sheean* are received. Estimates indicate that total cost to date will be in the order of \$13m.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q204: Collins Class Submarines**

**Senator Johnston provided in writing:**

You have responded to QON 131 of February saying you are seeking to obtain the NAVSEA presentation to Australian Defence industry that took place on 05 September 2003. Please provide an update on when this presentation is likely to be received, noting it is being actioned as a matter of priority?

**Response:**

The NAVSEA presentation to the Australian defence industry was provided to the Committee Secretariat on 30 May 2012.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q205: Collins Class Submarines**

**Senator Johnston provided in writing.**

- (a) What is the latest Advanced Processor Build (e.g. APB 07) integrated and accepted onto a Collins Class submarine?
- (b) Does the US deliver the Advanced Processor Build as source code or as executables?
- (c) When was IOC for the latest Advanced Processor Build?
- (d) How long did the integration take (e.g. initial receipt of software from the US to IOC onboard a Collins Class submarines)?
- (e) What was the time frame between the latest Advanced Processor Build being fitted to and accepted into a US submarine and the integration into and accepted on an Australian submarine?
- (f) What has been the total cost of inserting the latest Advanced Processor Build into the Collins Class?

**Response:**

- (a) The latest Advanced Processor Build integrated and accepted onto a Collins Class submarine is APB07.
- (b) The US/Australian Joint Program Office delivers each Advanced Processor Build in both source code and executable formats.
- (c) The latest Advanced Processor Build (APB07) is a relatively minor upgrade from the previous software version (APB06) and was not required to achieve Initial Operational Capability (IOC) in its own right. The APB06 software achieved IOC when Chief of Navy granted Initial Operational Release to a broader combat system upgrade on 8 March 2011.
- (d) The APB07 software was received in Australia in October 2009. Collins first-of-class testing was completed in HMAS *Dechaineux* in November 2011.
- (e) The first APB07 installation aboard a US Navy submarine was completed in September 2009. The first Australian submarine upgraded to APB07, HMAS *Dechaineux*, completed acceptance testing in November 2011.

- (f) The total cost of installing and testing the APB07 software aboard HMAS *Dechaineux*, including first-of-class testing and trials, was \$1.43m. APB07 is being installed and tested in HMAS *Waller* and HMAS *Sheean* during current maintenance activities, and although final costs for this work are not yet known, these costs will be substantially lower than for HMAS *Dechaineux* because first-of-class testing is not required. Estimates indicate that when final costs for HMAS *Waller* and HMAS *Sheean* are received, the total cost to date of inserting APB07 into Collins submarines will be in the order of \$1.6m.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q206: Collins Class Submarine**

**Senator Johnston provided in writing.**

- (a) How many DMO and contractor personnel are assigned to the Collins Class Combat System sustainment?
- (b) How many AN/BQG-1 baseline variants are deployed on Australian submarines?
- (c) When will all Collins Class be fitted with the AN/BYG-1 Combat System?
- (d) What has been the total project and sustainment cost (including payments to the US Government) for the AN/BYG-1 to date.

**Response:**

- (a) Sustainment of the Collins Class Combat System, which comprises the AN/BYG-1 Tactical and Weapons Control sub-system and several other sub-systems, including sonar, navigation and communications, has 19 personnel assigned.
- (b) There are two AN/BYG-1 baseline variants deployed on Collins Class submarines.
- (c) All Collins Class submarines will be fitted with the AN/BYG-1 by 2016, when HMAS *Collins* completes her next full cycle docking.
- (d) The total project and sustainment cost, including payments to the US Government, for the AN/BYG-1 to date is \$528.6M.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q207: Collins Class Submarine**

**Senator Johnston provided in writing.**

RADM Moffitt said at Estimates “Their advice to us is that US IP related combat systems and weapons are not US Navy IP; they are IP jointly owned by the United States government and the Australian government so we need to treat it as our own.” Noting that Australia has IP rights with respect to these systems, what restrictions are imposed on Australian Technical Assistance Agreement companies having access to design information and source code?

**Response:**

The intellectual property rights in question are governed by the *Replacement Combat System and Heavyweight Torpedo* Memorandums of Understanding (MOU) between Australia and the United States. Under the conditions of these MOU, ownership of any intellectual property (including design information and source code) created under the MOU is retained by the government that created the intellectual property. However, each government may use without charge the other government’s intellectual property created under the MOU, for Defence purposes, with specific controls on further provision and use by contractors.

These MOU require both governments to legally bind their respective contractors to not disclose, retransfer or otherwise use information provided except for the specific contracted purpose. Where the information is export controlled, by either country, the mandatory provisions associated with each category of information must also be satisfied. For example, for US export controlled information the provisions are stipulated by the International Traffic in Arms Regulations (ITAR).

Australian companies engaging directly with US industry for Defence purposes are required to enter into a supporting Technical Assistance Agreement. These agreements include controls that align with ITAR, as well as any specific intellectual property provisions negotiated directly between the commercial entities. These agreements are separate to the MOU between the United States Government and the Australian Government.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q208: Collins Class Submarines**

**Senator Johnston provided in writing.**

What are the Navigation Data Book total sea miles travelled, each year, for each Collins Class submarine in the period December 2007 to May 2012?

**Response:**

Total sea miles travelled each year by each Collins class submarine in the period December 2007 to May 2012, are classified.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q209: ASC Defence Contracts**

**Senator Johnston provided in writing.**

Section 7.26 of the Commonwealth Procurement Guidelines states: To enhance transparency, agencies must make available on request, the names of any sub-contractor engaged by a contractor in respect of a Commonwealth contract for procurement.

- (a) Agencies must require contractors to agree to the public disclosure of the names of any sub-contractors engaged to perform services in relation to a Commonwealth contract for procurement.
- (b) Contractors must be required to inform relevant sub-contractors that the sub-contractor's participation in fulfilling a Commonwealth contract for procurement may be publicly disclosed.

Please provide the specific details that confirm that Department of Defence contracts with ASC comply with this guideline?

**Response:**

Defence has two major contracts with ASC. These are the Alliance Based Target Incentive Agreement for the Air Warfare Destroyer Build; and the In Service Support Contract for sustainment of Collins Class Submarines.

***Air Warfare Destroyer***

The specific requirement in question under 72.6 of the Commonwealth Procurement Guidelines (CPG) was not introduced to take effect until 1 December 2008. The Alliance Based Target Incentive Agreement (ABTIA) for the Air Warfare Destroyer Program (AWD) was signed in October 2007. Consequently the specific requirement does not apply.

However, under the Alliance, the Commonwealth and Industry Participants (of which ASC is one) work under a fully "open book" framework. As such the Commonwealth has full access to the information required under 72.6 of the CPGs if it requires.

In addition the ABTIA contains clauses that requires ASC to ensure that the provisions of each approved subcontract includes the need to cooperate with the Commonwealth in meetings its obligations to report, including to Parliament, and including under the Commonwealth Procurement Guidelines.

The Confidentiality Deed Poll that all subcontractors are required to sign stipulates that the parties agree to the disclosure of information required by law or statutory or portfolio duties; or is required for public accountability reasons, including a request for information by Parliament or a Parliamentary Committee.

### ***Collins Class Submarines***

The Collins Class Submarines In Service Support Contract (ISSC) conditions includes a clause which specifically requires the contractor, on request, to disclose the names of subcontractors and to ensure that the subcontractors acknowledge and agree that the Commonwealth may be required to publicly disclose the subcontractors' participation in the performance of the ISSC.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### **Q210: Darwin Defence Housing**

**Senator Macdonald provided in writing.**

We draw your attention to answers to written question (QON 24) from Additional Estimates, February, 2012. The department has provided advice in the stated answer to the effect that under a current Memorandum Of Understanding DHA has been engaged to administer progressive removal and disposal of the surplus houses (QON24(c)), and that approx 100 new houses will be built on 8.7ha of land (QON24(d)). The department has also advised (at QON24(h)) that the houses on RAAF Darwin are below standard for habitation by Defence personnel but that (at QON24(i)) Defence personnel and their families continue to reside in these houses.

- (a) How many of the 230 uninhabitable dwellings will be removed from RAAF Darwin? How many of the remaining 164 dwellings will be removed? How many of the remaining 164 dwellings will be remediated?
- (b) Will Defence personnel currently residing in dwellings identified as sub-standard be provided alternative accommodations?
- (c) What will be the cost to defence of providing temporary alternative housing off-base to replace the dwellings on base that are being removed?
- (d) What is the estimated cost of construction of the 100 new dwellings identified at QON 24(d)?
- (e) How does this figure compare to the remediation costs per house specified at 24(h) of \$50,000 per dwelling?

#### **Response:**

- (a) All 394 houses on RAAF Base Darwin will be progressively relocated or demolished over the next five year period. There are no plans to upgrade any of the vacant or occupied properties to Defence's minimum standard.
- (b) Defence will continue to use housing on RAAF Base Darwin until 2015/16. Alternative housing is being provided by DHA off base and by the construction of approximately 100 new houses on RAAF Base Darwin.
- (c) Nil. Defence's plan does not involve any temporary alternative housing.
- (d) DHA estimated the construction of a new house in Darwin, identified at QoN 24(d), will start at approximately \$380,000, with the final figure depending on the specifications

agreed for the individual houses. This figure does not include civil works that may be required on the site. Planning has not progressed sufficiently to provide an updated estimate.

- (e) The figure mentioned in response to part (d) above provides a new house that complies with Defence's requirements with a future life of 30-50 years, while the \$50,000 figure relates to making older houses habitable and safe, but not compliant with the Building Code or with Defence standards.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q211: Mr Gould**

**Senator Johnston provided in writing.**

- (a) Mr Gould will undoubtedly need access to highly sensitive, almost certainly AUSTEO, information in relation to both Collins and Future Submarine?
- (b) When will Mr Gould have appropriate security clearances to access such information?
- (c) At what level will Mr Gould's security clearance be assessed and possibly granted?
- (d) What processes have been put in place to ensure that Mr Gould will not have access to AUSTEO information prior to his granting of a fully vetted Top Secret Security Clearance?

**Response:**

- (a) Yes.
- (b) Mr Gould was granted an Australian Government Security Clearance on 31 May 2012.
- (c) Top Secret Positive Vetting.
- (d) Defence has well established procedures to ensure its staff only have access to information they are authorised to see and have an established need to know.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q212: Collins Class Submarine**

**Senator Johnston provided in writing.**

- (a) What has been the cost of the design, planning, development, installation and test for diesel remediation work (i.e. fly wheel reinstallation) for the first submarine that will be modified?
- (b) What are the recurring costs for modification of the remaining submarines?
- (c) When is it expected that the first boat will go to sea with the remediation work completed?
- (d) When is it expected that the sixth submarine will be fitted with the fly wheel?

**Response:**

- (a) HMAS *Waller* is the first submarine to have the flywheels re-installed. The installation has been performed during mid-cycle docking, which is scheduled to conclude in October 2012. The cost of re-installing the flywheels in HMAS *Waller's* three diesel engines was \$45,253. Procurement of the flywheels for HMAS *Waller* was not necessary as the Commonwealth held three flywheels in stock.
- (b) The installation of flywheels in the remaining submarines is being planned to coincide with scheduled diesel engine maintenance to minimise the marginal cost impact of flywheel installation. Consequently, the recurring installation costs for each submarine will be of similar value to HMAS *Waller*, however flywheels will need to be purchased. The Commonwealth, in conjunction with ASC, is in the process of establishing the cost of procuring flywheels for the fleet wide installation.
- (c) HMAS *Waller* is expected to commence diesel engine set-to-work and harbour trials during October 2012 and conduct sea trials with the re-installed flywheels in early 2013.
- (d) HMAS *Farncomb* is expected to be the final submarine to be fitted with flywheels, during her next full cycle docking in 2016-17.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q213: Collins Class Submarine**

**Senator Johnston provided in writing.**

At Estimates Air Vice Marshal Deeble stated: We have looked at the vibration issues associated with the removal of the flywheel in the first case and we believe that we can handle that within the weight margins within the submarine, that it would significantly reduce the vibration in the Hedemora diesel and that it was worth doing. Waller will be the first boat to have the flywheel reinstalled and we are also doing some work with the governor, which will reduce the temperature in the cylinders associated with the Hedemora. We believe that those two things together will have a significant pay-off for us. We will have a cooler motor and one with less vibration.

- (a) Are there any IP issues in having the flywheel re-installed?
- (b) Has the Original Manufacturer of the fly-wheel been engaged to provide the flywheel? If not, why not?
- (c) What guarantee can be provided that the fitting of the planned fly-wheel on each of the submarines will reduce vibration in the Hedemora diesel?
- (d) What expert analysis has been provided to Defence that indicates that this remediation activity will succeed?
- (e) Please provide a copy of this advice?

**Response:**

- (a) There were no intellectual property issues in re-installing the flywheels in HMAS *Waller*. The three flywheels required for the task were held by the Commonwealth, having been provided by the original equipment manufacturer during the Collins Class build program. ASC Pty Ltd, the Defence Materiel Organisation and the original manufacturer's Australian representative are in discussion to determine whether any intellectual property issues affect the manufacture and installation of flywheels into the remaining five submarines.
- (b) The original manufacturer's Australian representative was involved in the decision to install flywheels into the Collins fleet and has been approached to provide a quote for the supply of the flywheels for the remaining five submarines.
- (c) and (d)  
Flywheels are used in diesel engines as a means of dampening vibration. The flywheel was removed from the Collins Class Submarine diesel engines to reduce weight. Removal of

the flywheel has been reviewed by a number of subject matter experts, including the Defence Science and Technology Organisation (DSTO), who assessed that reinstatement of the flywheel will have a positive effect on reducing vibration in the Collins Class diesels. Confirmation of the outcome is subject to trials to be conducted when HMAS *Waller* completes mid-cycle docking later this year. The Collins submarine weight margins are being managed through other means.

- (e) The information used to make this determination is commercial-in-confidence and subject to intellectual property rights.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q214 – Collins Class Submarines**

**Senator Johnston provided in writing.**

At Estimates Air Vice Marshal Deeble also stated: In conjunction with that, we are also looking at putting what we call a sun-roof into Collins when it undertakes its full-cycle docking. That will allow us to remove the diesels and the generators and will allow us to work more effectively and efficiently on those motors.

- (a) How many other operational submarines have such a sun-roof?
- (b) What is the anticipated design, planning, development, installation and test cost of such a modification?
- (c) Noting it would no doubt be a FCD activity, in what year would such a sun roof be fitted to the submarine?
- (d) Does anyone in the Australian Submarine Corporation have the qualifications to sign off on such a modification to the design?

**Response:**

In the Collins Class submarine context the “sun roof” is a colloquialism referring to a technique whereby a large section of a submarine pressure hull is opened up for the purposes of maintenance access and then closed up again on the completion of maintenance. The improved access facilitates the removal of large equipment and machinery which can then be either replaced in entirety or overhauled external to the submarine. This process will be investigated during the Collins FCD as means of gaining maintenance efficiencies and reducing the duration of the FCD.

- (a) To date, only HMAS *FARNCOMB* has had the “sun roof” technique applied to enable maintenance to be conducted on the generators. The sun roof technique is a well proven technique that is employed by a number of allied Navies to gain efficiency and reduce maintenance periods.
- (b) Australian Submarine Corporation (ASC) is still finalising the business case for the broader Collins “sun roof” application. Initial advice is that the costs associated with design, setup, test and jig fabrication will be less than \$1m. There are no associated installation costs using this method.
- (c) Subject to finalisation and acceptance of the ASC business case, preliminary planning would see the hull cut made around August 2013 and the hull reconstituted around September 2014.

- (d) ASC has an internal engineering delegation framework that underpins their internal technical sign-off on tasks such as this; however, activities of this complexity and potential technical risk require independent Commonwealth internal design assurance with an associated Commonwealth sign-off. These sign-offs can often be complemented by third-party advice to increase the level of technical assurance.

In the case of the HMAS FARNCOMB hull cut, ASC's pressure hull Engineering Design Authority had previous experience in this field working within the UK Department of Defence, and applied that overseas experience in undertaking the design assessment for the HMAS FARNCOMB hull cut. The approach used in HMAS FARNCOMB was also independently reviewed and endorsed by ASC's capability partner, Electric Boat before being endorsed by a Commonwealth Naval Architect within DMO's Directorate of Submarine Engineering who holds the relevant engineering delegation from the Head Naval Engineer. A similar approach and level of technical sign-off is envisaged for future Collins "sun-roof" applications.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q215 – Mine Warfare**

**Senator Johnston provided in writing.**

In an answer to questions on notice (Q96) about mine warfare you advised me that: In order to protect Australian export ports and their trade route approaches and allow for quicker and more efficient clearance of mines the RAN conducts seabed sonar surveys of Australia's ports and maintains a mine warfare capability at an optimal level to protect Australia's ports from mining should the need arise. In a separate answer (QON 100) you then said: Areas to be surveyed are selected in order of priority based on a variety of criteria including volume and value of commodities passing through ports, military bases and population. They are then weighted in the context of the strategic government direction and military concepts of the day and against when the port was last surveyed, possibly requiring resurvey. The scheduling of mine countermeasures route survey is prioritised along with other readiness requirements and the availability of Mine Hunter Coastal vessels to conduct the task. By value, the seaports of Melbourne, Sydney and Brisbane rate the highest. When was the last time a detailed mine warfare route survey was conducted on each of these ports?

**Response:**

The response to this question is classified. A private briefing can be provided if required.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q216: Mine Warfare**

**Senator Johnston provided in writing.**

By weight, the top five seaports are Newcastle (NSW), Hay Point (QLD), Port Headland (sic)(WA), Gladstone (QLD) and Port Walcott (WA). When was the last time a detailed mine warfare route survey was conducted on each of these ports?

**Response:**

The response to this question is classified. A private briefing can be provided if required.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q217: Mine Warfare**

**Senator Johnston provided in writing.**

Major Naval Ports include Sydney, Cairns, Darwin and HMAS *Stirling*. When was the last time a detailed mine warfare route survey was carried out on each of these ports?

**Response:**

The response to this question is classified. A private briefing can be provided if required.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q218: Minehunters**

**Senator Johnston provided in writing.**

In an answer to questions on notice (Q96) about mine warfare you advised me that: In order to protect Australian export ports and their trade route approaches and allow for quicker and more efficient clearance of mines the RAN conducts seabed sonar surveys of Australia's ports and maintains a mine warfare capability at an optimal level to protect Australia's ports from mining should the need arise. In a separate answer (QON 100) you then said: Areas to be surveyed are selected in order of priority based on a variety of criteria including volume and value of commodities passing through ports, military bases and population. They are then weighted in the context of the strategic government direction and military concepts of the day and against when the port was last surveyed, possibly requiring resurvey. The scheduling of mine countermeasures route survey is prioritised along with other readiness requirements and the availability of Mine Hunter Coastal vessels to conduct the task. By value, the seaports of Melbourne, Sydney and Brisbane rate the highest. When was the last time a detailed mine warfare route survey was conducted on each of these ports?

**Response:**

The response to this question is classified. A private briefing can be provided if required.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q219: Minehunters**

**Senator Johnston provided in Writing.**

- (a) Noting the lack of progress with respect to detailed mine warfare route surveys, is there not a case to be made for re-introduction of the two laid up Minehunters?
- (b) What is the current (depreciated) value of the two laid up mine hunters?
- (c) Are the laid up mine hunters being used as a source for spare parts for the at-sea vessels? If so, to what extent?
- (d) What is the realistic likelihood that these vessels could ever be bought back to life?
- (e) Why would it take 60 months to bring these two relatively new mine-hunters back into service?
- (f) If an emergency arose, how quickly could these two mine-hunters be brought back to fully operational status?
- (g) What planning has the RAN done to ensure that these two mine-hunters could be adequately manned in an emergency?
- (h) What planning has the RAN done to ensure that all mine-hunters could be adequately manned in an emergency?

**Response:**

- (a) The four operational Mine Hunters Coastal (HMA Ships *Huon*, *Gascoyne*, *Diamantina* and *Yarra*) currently meet all directed levels of operational capability requirements of the CDF. Although additional Mine Hunter Coastal would expedite the speed at which detailed route survey work is completed around Australian ports, the budget does not allow for reactivation of HMA Ships *Hawkesbury* and/or *Norman* without impacting on other areas of Defence.
- (b) *Hawkesbury* current (depreciated) value \$49,650,553.65, *Norman* current (depreciated) value \$55,915,855.12.
- (c) Yes, they are. The Strategic Reform Program Capability Improvement Project for Mine Countermeasures and Clearance Diving provided clear direction to utilise the Extended Readiness Vessels - *Hawkesbury* and *Norman*, as an integral part of an inventory transition plan focused upon sustaining four operational Mine Hunters Coastal into the future. A

comprehensive program of equipment removal commenced approximately 18 months ago, utilising both Extended Readiness vessels. At this time, *Hawkesbury* has 488 items of inventory removed and *Norman* has 714 items of inventory removed for return to inventory holdings in the Prime Contractor's Warehouse in Newcastle.

- (d) "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."
- (e) The age of the vessels would not be the major determining factor in bringing the Extended Readiness Mine Hunters Coastal back to full operational service. The reactivation notice period (60 months) allows sufficient time to reconstitute new crews at the appropriate rank and skill level once the positions are reactivated. Re-crewing would occur in normal posting cycles and would be managed to ensure negligible impact to other tasks.
- (f) It is conservatively estimated that the vessels could be returned to an acceptable material state within 12 months, given sufficient additional funding and assuming contractor ability to support four operational Mine Hunters Coastal plus reactivating the two Extended Readiness vessels. This estimate of 12 months, depending upon final operational capability requirements, can be refined through in-depth discussions, detailed analysis and development of a reactivation program by Thales Australia.

The Prime Contractor, Thales Australia, would need to ramp up its engineering and maintenance capability to undertake the significant overhaul and upgrade work without a detrimental effect upon their ability to continue to support and sustain the four operational Mine Hunter Coastal. Thales has not yet been engaged in any detail relating to potential return to service of the Extended Readiness vessels. They would need to be engaged as they are fundamental to sustaining the MHC Fleet in terms of engineering expertise, sub-contractor management, inventory management and procurement.

Fundamental to the reactivation of each Extended Readiness vessel, is the requirement to provide a fully manned and trained crew. The 60 month Extended Readiness notice was designed to include allowances for training and qualifying the appropriate personnel. In an emergency, it would therefore take 60 months to reactivate the two Extended Readiness Mine Hunters Coastal to full operational status.

- (g) All positions in both Extended Readiness Mine Hunters Coastal 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. The reactivation notice period (60 months) allows sufficient time to reconstitute new crews at the appropriate rank and skill once the positions are un-frozen. Re-crewing would occur in normal posting cycles and would be managed to ensure negligible impact to other tasks.
- (h) The four operational Mine Hunters Coastal (HMA Ships *Huon*, *Gascoyne*, *Diamantina* and *Yarra*) currently meet all directed levels of operational capability and 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.

See answer to question (f) regarding the two Extended Readiness vessels.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q220: Future Submarines**

**Senator Johnson asked in writing:**

In a previous answer you advised: Forward operating concepts are, and have always been, fundamental to Australian submarine operations. The Future Submarine project is analysing the impact on range and 'patrol presence' achievable by exploiting sovereign and allied ports for refuelling and re-supply activities, in order to present the full potential of the range of options for Government. In Estimates, RADM Moffitt advised: that the US Company SPA was comparing the performance of some concept submarines of generic performance characteristics against a variety of generic operating concepts in a scenario.

Which sovereign bases have SPA been directed to use in their scenarios?

**Response:**

Darwin

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q221: Submarines**

**Senator Johnston provided in writing.**

- (a) How long does it take for a submarine to go from the planned location of the potential submarine base in Brisbane to the nearest suitable diving area?
- (b) How long does it take for a submarine to go from the submarine base at HMAS *Stirling* to the nearest suitable diving area?

**Response:**

- (a) Based on the operating characteristics of the Collins class, it would take approximately 7.5 hours to reach a diving position from potential base locations in the Port of Brisbane.
- (b) It takes 4.5 hours to reach a diving position from HMAS *Stirling*.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### **Q222: Future Submarines**

##### **Senator Johnston provided in writing:**

The media release on future submarine study work indicates that the studies announced are different to the RFI already released. It is presumed that additional studies will be conducted with DCNS/HDW and Navantia in relation to Australian specific modifications and with Kockums in relation to a Son of Collins.

- (a) Is this correct?
- (b) Broadly, what sort of effort will be demanded and what sort of costs are likely to be associated with each of these studies?
- (c) The media release further suggests that an expert submarine firm will be engaged to conduct cost and capability trade-off analysis of all options? Will this be an Australian Company? If not, why not?
- (d) What criteria will be used to select this “expert submarine firm”?

##### **Response:**

- (a) The requests for information (RFI) to DCNS, HDW and Navantia relate to the work required to make their existing, off-the-shelf submarine designs compliant with Australian laws, to the extent that is possible. The task on Kockums is different because Kockums has no design that is available off-the-shelf. The task for Kockums will relate to a technological refresh of the Collins design that would be sufficient to enable it to be built again. Known problems would be required to be corrected and the refreshed design would be required to comply with contemporary Australian laws, rather than those which existed when the design was originally done.
- (b) The RFIs to DCNS, HDW and Navantia are expected to take some months and cost in the order of \$5m. The task for Kockums is likely to be longer and more expensive but a contract for that work has yet to be negotiated so the detail is not yet known.
- (c) This task will be undertaken by a team of individuals drawn from defence industry companies in Australia. A key objective is to get Australians engaged in the Future Submarines Program to start to address some of the capability and capacity shortfalls identified in the RAND Report by undertaking a task that is within the current skills and capacity. Assurance will be provided by a small number of experienced specialist individuals sourced from overseas. This is under discussion now.

- (d) The individuals will be selected for the team on the basis of their ability to fulfil the role, not on the basis of the company for whom they work today.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q223 – Submarines**

**Senator Johnston provided in writing.**

Mr King stated at Estimates: It would not surprise you that the US would not be too comfortable with us passing that technology around to any old company and having them use it to further their market interests in a place where the US would not be interested.

Noting this: How has the issue of European companies revealing all of their skills, knowledge and intellectual property to an expert submarine firm been managed.

**Response:**

In general terms, this matter is managed through contracts that require agreement to Deeds of Participation that include appropriate disclosure and non-disclosure agreements. Notwithstanding this, all countries will restrict the release of some types of submarine specific information to companies of some national origins under the equivalents of the US International Traffic in Arms Regulations. The new design concept work to be undertaken on SEA 1000 leading to First Pass will not require access in great depth of detail to the most highly sensitive submarine technology.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q224: DSTO Advice on New Submarines**

**Senator Johnston provided in writing:**

We have been spending a lot of money on getting DSTO advice and analysis on new submarine issues. Why wasn't DSTO selected for this cost and capability trade-off analysis task?

**Response:**

DSTO is involved in this task to the extent that their skills and capabilities allow. They will be providing science and technology related expertise, including the conduct of operational analysis. This task requires other skills as well as those of DSTO.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q225: DSTO Studies on Submarines**

**Senator Johnston provided in writing.**

- (a) In relation to the studies that will be conducted by DSTO on 1) propulsion and Energy Storage, 2) Signatures and stealth performance, 3) combat systems and 4) hydrodynamics, propellers and pump jets. Is the intention to gain a better understanding to simply support decisions facing government, to identify areas for future specialisation or any thing else?
- (b) How will Defence approach these studies and specifically, how will it leverage off the work that has already been conducted by commercial entities, government entities and militaries already immersed in the domain - such as the French's use of pump jets ... as discussed during Estimates?

**Response:**

- (a) The following is a list of the high-level objectives for the DSTO SEA 1000 work packages.
- **Develop core sovereign Science & Technology capability**  
There are some S&T capabilities that are central to Australia's submarine program and cannot be sourced commercially or overseas, usually for security reasons. This activity will develop, maintain or exercise an S&T capability that is essential to have within the Australian Government irrespective of a particular acquisition strategy.
  - **Support to requirements specification**  
S&T to support CDG requirements specification through (i) information regarding technical feasibility, (ii) understanding capability implications of technology, both for own forces and the threat environment, and (iii) advice on appropriate metrics and test and evaluations methods.
  - **Assess Technology Readiness Levels**  
Improving understanding of the technology and system readiness level (TRL/SRL) of a particular technology or system relevant to Australia's submarine program.
  - **Drive improvement in Technology Readiness Levels (TRL)**  
S&T activity to increase technical and system readiness for a particular technology relevant to Australia's submarine program. Intended to support those technologies and systems that are already well developed to achieve TRL/SRL 8 or 9. (Not for fundamental research.)

**NOTE:** TRL 8: Actual system completed and qualified through test and demonstration. TRL 9: Actual system proven through successful mission operations.

- **Strategic Science & Technology (S&T) investment**  
Strategic S&T investment can support a niche capability important to SEA 1000 in which Australia has demonstrated strength, which gives us something to offer our international partners.
  
  - **Strategic international engagement**  
Collaboration and international engagements that allow Australia to leverage our own S&T capabilities to access international submarine programs.
  
  - **Equip Defence as a smart buyer.**  
S&T activities to inform the Commonwealth of the strengths and limitations for current technology options for SEA 1000.
- (b) DSTO will engage extensively with the broader national and international science and technology network to achieve this outcome where it is possible, noting the sensitivity that exists around submarine technology in all nations.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q226: Future Submarines**

**Senator Johnston provided in writing.**

The media release on future submarine study work suggests that a decision will be made on design and test facilities for future submarines, including a land based test site. Will the Land Based Test Site (LBTS) studies relate to the propulsion system?

**Response:**

Yes.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q227: SPECIFY Study**

**Senator Johnston provided in writing.**

- (a) What input to the decision making process will be made from what is found in the SPECIFY study?
- (b) Noting the description of the reports outcome by RADM Moffitt at Estimates: To be clear, what they are doing is equipping us with the sorts of questions we need to answer if in theory we want to build a land based test site. They are providing us with the things to think about. Please provide the SPECIFY report to the committee.

**Response:**

- (a) The Submarine Propulsion & Energy Support & Integration Facility (SPESIFy) definition study will provide costed options based on Australian and overseas experience. This advice will be used to help develop the program and acquisition strategies for Government consideration.
- (b) Release of the report will be subject to Ministerial approval.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q228 – Future Submarines**

**Senator Johnston provided in writing.**

Noting two of the future submarine options under consideration for future submarines are off the shelf, can Defence advise as to how many other users (i.e. non designers) of Off the Shelf Submarines, go to the effort of building a propulsion Land Based Test Site?

**Response:**

Defence has no information on what other countries do in this regard.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q229 – Future Submarines**

**Senator Johnston provided in writing.**

Without government direction as to the submarine solution, how can a decision to proceed with a Land Based Test Site be made on this before Government gets the opportunity to determine which of the four options it will proceed with, and which solution within these options.

**Response:**

A submarine propulsion system land based facility is relevant to all options for the Future Submarines, with different purposes in each case. For a new or evolved submarine design, the facility must be decided upon early, to support work around propulsion system component selection and integration. Such a facility will be needed for different reasons and with less urgency, should an off-the-shelf design be selected.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q230 – Future Submarines**

**Senator Johnston provided in writing.**

What sort of decision will be made in relation to the Land Based Test Site – is Defence looking at some form of procurement contract or a binding agreement?

**Response:**

The decision to be sought from Government on the land based test site will be determined by the Minister when appropriate, informed by the SPESIFy (Submarine Propulsion Energy and Support Integration Facility) study report.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q231 – Future Submarines and Combat Systems**

**Senator Johnston provided in writing.**

- (a) The list of options before Government includes a MOTS submarine modified to incorporate Australia's specific combat system and weapon requirement. All submarines have combat systems and weapons. Can you indicate the sorts of combat system requirements that might be considered Australian specific?
- (b) Will full consideration be given to an Australian designed combat system solution? If not, why not?

**Response:**

- (a) One option that is open to Government is to equip the future submarines with the combat system and torpedo that Australia has jointly developed with the United States. This combat system and torpedo equips the Collins Class submarines. In other respects, the combat system chosen must support the missions the submarine is expected to undertake. Not all submarines or submarine combat systems are designed for the same job.
- (b) There is no wholly Australian submarine combat system currently available or known to be in prospect. Developing such a system would be a massive, high cost and high risk undertaking for which Australia has limited expertise. There is no apparent need for Australia to undertake such a development, nor would there be any significant benefit gained from doing so. There are proven submarine combat systems in service today that are available from several international vendors that could meet our needs.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q232 – Future Submarines and Combat Systems**

**Senator Johnston provided in writing.**

It is noted that the timeline indicates you intend to make some form of decision on the combat system, torpedoes, sensors and other weapons systems. With respect to integration cost and risk, how is it possible to select the combat system prior to selecting the type of submarine to be built?

**Response:**

The combat system and associated weapons and sensors must enable the submarine to perform the missions required. Submarines and their associated combat systems are not all optimised for the same missions. The combat system selection will be a significant design driver for the submarine platform in terms of space, weight and power requirements.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q233 – SEA 1000**

**Senator Johnston provided in writing.**

- (a) What decisions on the combat system, torpedoes, sensors and other weapons systems for SEA 1000 will be made by Government in 2013?
- (b) Is Defence looking at some form of procurement contract or binding agreement in relation to the combat system, torpedoes, sensors and other weapons systems in relation to SEA 1000?

**Response:**

- (a) The decision to be presented to Government will be determined when Defence has the results of work that is currently underway.
- (b) This will be determined by the Government when Defence has provided the results of work that is currently underway.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q234: Defence Expenditure**

**Senator Johnston provided in writing.**

- (a) How much in Defence expenditure has been cut in 2012/13 and for the F/E?
- (b) How much in Defence expenditure has been deferred in 2012/13 and for the F/E?
- (c) How much in Defence expenditure has been met as ‘absorbed measures’ in 2012 and for the F/E /13?
- (d) What are the reasons for these cuts?
- (e) Were the cuts made as a Ministerial directive?
- (f) If not a Ministerial directive, what was the process and who signed off on them?

**Response:**

- (a&b) Details of expenditure reduction measures and reinvestment priorities are provided at Annex A. These tables were published on pages 17 and 18 of the *Portfolio Budget Statements 2012-13*.
- (c) Defence has committed to absorb the costs associated with the following measures:
  - \$9.5m for Operation Resolute - coastal surveillance operations aimed at protecting Australia’s offshore maritime areas in FY 2012-13;
  - \$332.0m for the Intermodal Terminal at Moorebank in Western Sydney over the Budget and three Forward Estimates; and
  - \$15.6m for the Bushmaster vehicles – acquisition of long lead supplies in FY 2012-13.
- (d) The Defence Budget has been developed following a comprehensive review of the Department’s budget to identify contributions Defence could make across the 2012-13 budget and Forward Estimates to support the Government’s broader fiscal strategy.
- (e) and (f) The Government approves the Defence budget as part of the annual budget process.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q235: GDP**

**Senator Johnston provided in writing**

Why has the share of GDP, 1.56% being spent on Defence fallen to its lowest level in 74 years?

**Response:**

Whilst Defence spending has been reduced as part of the 2012-13 Budget process, this was undertaken following a comprehensive review of the Department's budget to identify realistic contributions Defence could make across the Forward Estimates to support the Government's broader fiscal strategy. In these times of global fiscal restraint, many Australian Government departments and agencies are being asked to contribute to maintaining Australia's strong fiscal position and Defence must also play its part.

Defence's contribution to the Government's fiscal strategy will have no adverse impact on operations in Afghanistan, East Timor or the Solomon Islands. The provision of equipment to Defence personnel on operations will not be adversely affected. There will also be no adverse impact on the number of military personnel in the Australian Defence Force.

To put the budget reductions in perspective, in 2009-10, the Government, for the first time, budgeted over \$100 billion for Defence across the Forward Estimates. Last year in the 2011-12 Portfolio Additional Estimates Statements, Defence's Budget across the Forward Estimates period was \$103.4 billion. In this Budget, the Government has budgeted \$103.3 billion for Defence across the four year Forward Estimates period.

This level of funding will maintain Australia's status in the top 15 nations in terms of world Defence expenditure, along with Canada either 13th or 14th in that list.

The global fiscal environment has affected the funding that many Governments are devoting to defence. Countries such as the United States, Canada and the United Kingdom have all recently announced reductions to their defence spending.

On a per capita basis, Australia continues to be 2nd on the list of military expenditure within the G7 countries and China, with only the United States spending more per capita. In real dollar terms, we spend far greater than any of our regional neighbours.

As part of the 2012-13 Budget, there has also been a significant reprioritisation of \$2.9 billion to ensure that funding is directed to high priority areas. Some of the high priority areas targeted for additional funding includes: \$700 million for the Collins Class submarine sustainment, \$400 million for improved housing for Australian Defence Force personnel, and \$270 million additional funding for Navy fleet sustainment.

The reprioritisation of Defence expenditure has been designed to have minimum impact on the delivery of core Defence capabilities and improves the support to critical areas such as the sustainment of the Navy fleet.

These reforms will be further considered during the development of the new White Paper, which the Prime Minister and the Minister for Defence announced on 3 May 2012. This new Defence White Paper will be delivered in the first half of 2013 and will consider the implications of Australia's emerging strategic and fiscal environment on Defence and decisions are calibrated against an up to date assessment of our circumstances in the short and longer term.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q236 – Defence Expenditure**

**Senator Johnston provided in writing.**

Why will you allow Defence expenditure to fall further in 2013/14 to the lowest level since 1937, 1.49%? What possible benefit stems from this decision to provide Australia with a credible defence capability?

**Response:**

The Defence Budget has been developed following a comprehensive review of the Department's budget to identify appropriate contributions Defence could make across the Budget and Forward Estimates to support the Government's broader fiscal strategy.

The Defence contribution will have no adverse impact on operations in Afghanistan, East Timor or the Solomon Islands and there will be no adverse impact on the number of military personnel in the Australian Defence Force.

Reprioritisation of Defence expenditure has been designed to have minimum impact on the delivery of core Defence capabilities.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE – COMMITTEES

#### Senate Budget Estimates – 28/29 May 2012

#### Q237: Defence Expenditure

Senator Johnston provided in writing.

With the \$5.5 billion to be cut from Defence over the F/E it would appear that \$3 billion of this amount relates to military equipment purchases. Please provide a year by year over the F/E breakdown of specifically the military equipment that won't be purchased as part of this \$3b cut?

#### Response:

The tables below provide a list of projects that were impacted or delayed as a result of the government's fiscal strategy and internal Defence re-prioritisation activities.

#### Projects Removed over the F/E period

| Env. | Num. | Ph.  | Proposal Title                                      | Impact of Budget |
|------|------|------|---|------------------|
| JP   | 2030 | 8    | ADF Joint Command Support Environment (Evolution 3) | Project removed  |
| JP   | 2044 | 3A.1 | Operational Imagery and Geospatial Support          | Project removed  |
| JP   | 2090 | 1C   | Combined Information Environment                    | Project removed  |
| LAND | 146  | 2    | Combat Identification for Land Forces               | Project removed  |

#### Projects Delayed over the F/E period

| Env. | Num. | Ph. | Proposal Title   | Public DCP 2011<br>YOD Band | Public DCP 2012<br>YOD Band |
|------|------|-----|--|-----------------------------|-----------------------------|
| AIR  | 5077 | 4   | AEW&C Capability Assurance Study                             | 2012/13 to 14/15            | 2014/15 to 16/17            |
| AIR  | 5232 | 1   | Air Combat Officer Training System                           | 2011/12 to 13/14            | 2014/15 to 16/17            |
| AIR  | 5405 | 1   | Replacement Mobile Region Operations Centre                  | 2013/14 to 14/15            | 2014/15 to 15/16            |
| AIR  | 5428 | 1   | Pilot Training System  | 2012/13 to 13/14            | 2014/15 to 15/16            |
| AIR  | 5431 | 1   | Deployable Defence Air Traffic Management and Control System | 2012/13 to 13/14            | 2013/14 to 14/15            |

| <b>Env.</b> | <b>Num.</b> | <b>Ph.</b> | <b>Proposal Title</b>  | <b>Public DCP 2011<br/>YOD Band</b> | <b>Public DCP 2012<br/>YOD Band</b> |
|-------------|-------------|------------|--|-------------------------------------|-------------------------------------|
| AIR         | 5431        | 2/3        | Fixed Base Defence Air Traffic Management and Control System             | 2012/13 to 13/14                    | 2014/15 to 15/16                    |
| AIR         | 5438        | 1A         | Lead-In-Fighter Capability Assurance Program                             | 2011/12 to 13/14                    | 2012/13 to 13/14                    |
| AIR         | 5440        | 1          | C-130J Block Upgrade Program 7.0   | 2011/12 to 12/13                    | 2012/13 to 13/14                    |
| AIR         | 6000        | 3          | Weapons for New Air Combat Capability                                    | 2014/15 to 16/17                    | 2016/17 to 18/19                    |
| AIR         | 6000        | 5          | Future Air-to-Air Weapons for New Air Combat Capability and Super Hornet | 2014/15 to 16/17                    | 2016/17 to 18/19                    |
| AIR         | 6000        | 2A/2B      | New Air Combat Capability - 3 squadrons                                  | 2012/13                             | 2014/15 to 15/16                    |
| AIR         | 6000        | 2C         | New Air Combat Capability - 4th squadron                                 | 2015/16 to 17/18                    | 2015/16 to 17/18                    |
| AIR         | 7000        | 2B         | Maritime Patrol Aircraft Replacement                                     | 2013/14 to 15/16                    | 2013/14 to 15/16                    |
| AIR         | 7000        | 2C         | Maritime Patrol Aircraft Replacement - P-8 Increment 3                   | N/A                                 | 2015/16 to 17/18                    |
| AIR         | 9000        | 7          | Helicopter Aircrew Training System                                       | 2011/12 to 12/13                    | 2013/14 to 14/15                    |
| AIR         | 9000        | CH CAP     | Chinook (CH-47F) Capability Alignment Program (CH CAP)                   | 2012/13 to 13/14                    | 2012/13 to 13/14                    |
| JP          | 154         | 2          | Joint Counter Improvised Explosive Device Capability                     | 2013/14 to 15/16                    | 2015/16 to 17/18                    |
| JP          | 157         | 1          | Replacement National Support Base Aviation Refuelling Vehicles           | 2013/14 to 14/15                    | 2015/16 to 16/17                    |
| JP          | 1771        | 1          | Geospatial Support Systems for the Land Force                            | 2014/15 to 16/17                    | 2014/15 to 16/17                    |
| JP          | 2025        | 6          | Jindalee Operational Radar Network (JORN)                                | 2015/16 to 17/18                    | 2015/16 to 17/18                    |
| JP          | 2044        | 4B         | Digital Topographical Systems (DTS) Upgrade                              | 2013/14 to 14/15                    | 2015/16 to 16/17                    |
| JP          | 2065        | 2          | Integrated Broadcast Service   | 2011/12 to 13/14                    | 2014/15 to 15/16                    |
| JP          | 2077        | 2D         | Improved Logistics Information Systems                                   | 2013/14 to 14/15                    | 2015/16 to 17/18                    |
| JP          | 2085        | 2/3        | Explosive Ordnance Warstock  | 2012/13 to 13/14                    | 2013/14 to 15/16                    |
| JP          | 2097        | 1B         | REDFIN - Enhancements to Special Operations Capability                   | 2013/14                             | 2014/15 to 15/16                    |
| JP          | 2110        | 1B         | Chemical, Biological, Radiological and Nuclear Defence                   | 2011/12 to 12/13                    | 2015/16 to 18/19                    |
| JP          | 3021        | 1          | Mobile Electronic Warfare Threat Emitter System                          | 2012/13 to 13/14                    | 2013/14 to 14/15                    |

| <b>Env.</b> | <b>Num.</b> | <b>Ph.</b> | <b>Proposal Title</b> | <b>Public DCP 2011</b> | <b>Public DCP 2012</b> |
|-------------|-------------|------------|-----------------------|------------------------|------------------------|
|-------------|-------------|------------|-----------------------|------------------------|------------------------|

|      |      |      |   | <b>YOD Band</b>  | <b>YOD Band</b>  |
|------|------|------|---|------------------|------------------|
| LAND | 17   | 1C.2 | Future Artillery Ammunition                                       | 2014/15          | 2015/16 to 16/17 |
| LAND | 125  | 3C   | Soldier Enhancement Version 2 - Lethality                         | 2012/13 to 13/14 | 2014/15 to 15/16 |
| SEA  | 1408 | 2    | Torpedo Self Defence  | 2011/12 to 13/14 | 2014/15 to 15/16 |
| SEA  | 1439 | 6    | Collins Sonar Replacement   | 2011/12 to 13/14 | 2013/14 to 15/16 |
| SEA  | 1439 | 5B.2 | Collins Communications and Electronic Warfare Improvement Program | 2011/12 to 13/14 | 2013/14 to 15/16 |
| SEA  | 1442 | 4    | Maritime Communications Modernisation                             | 2011/12 to 12/13 | 2013/14 to 14/15 |

**Other projects impacted by a financial perspective over the F/E period**

| <b>Env.</b> | <b>Num.</b> | <b>Ph.</b> | <b>Proposal Title</b>                  | <b>Impact of Budget</b>                |
|-------------|-------------|------------|--|--|
| AIR         | 5440        | 2/3        | C-130J Upgrade Program                 | Scope reduction                        |
| JP          | 2060        | 3          | ADF Deployable Health Capability       | Scope reduction                        |
| JP          | 2069        | 3          | High Grade Cryptographic Equipment     | Scope reduction                        |
| JP          | 3028        | 1          | Defence Simulation Program             | Replaced with new lesser scope project |
| LAND        | 17          | 1C.1       | Artillery Replacement – Towed Howitzer | Scope reduction                        |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q238: Defence Expenditure**

**Senator Johnston provided in writing.**

With the \$5.5 billion to be cut from Defence over the F/E it would appear that \$1.2 billion of this amount relates to facilities construction. Please provide a year by year over the F/E breakdown of specifically the facilities that won't be constructed as part of this \$1.2b cut?

**Response:**

No approved major capital facilities projects have been cancelled as a result of the Major Capital Facility Program contribution to the 2012-13 Budget. One unapproved major project, the ADF Gap Year facilities project, was cancelled reducing the planned capital funding by \$41.2million. The proposed commencement of the project was the 2013-14 Financial Year.

The remainder of the savings have been achieved through revising the construction programs of three approved projects (Enhanced Land Force Stage 2, HMAS Albatross Redevelopment Stage 3, RAAF Base East Sale Redevelopment Stage 2) and strategically delaying and/or revising the proposed delivery programs of 21 unapproved major projects by 1-3 years.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q239: Defence Expenditure**

**Senator Johnston provided in writing:**

With the \$5.5 billion to be cut from Defence over the F/E it would appear that \$438 million of this amount relates to ‘administrative belt tightening’. Please provide a year by year over the F/E breakdown of specifically the ‘administrative belt tightening’ as part of this \$438m cut?

**Response:**

The table below provides an indicative breakdown of the \$438 million across the Forward Estimates and by category.

| <b><i>Expenditure Reduction Measures</i></b>                                      | <b><i>2012-13<br/>\$m</i></b> | <b><i>2013-14<br/>\$m</i></b> | <b><i>2014-15<br/>\$m</i></b> | <b><i>2015-16<br/>\$m</i></b> | <b><i>Total FE<br/>\$m</i></b> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Reduction in Administrative Costs - Travel  | 38                            | 41                            | 41                            | 41                            | 162                            |
| Reduction in Administrative Costs - Consultants                                   | 56                            | 50                            | 50                            | 50                            | 208                            |
| Reduction in Administrative Costs - Consumables                                   | 17                            | 17                            | 17                            | 17                            | 68                             |
| <b>Total Reduction in Administrative Costs (Travel, Consultants, Consumables)</b> | <b>111</b>                    | <b>109</b>                    | <b>109</b>                    | <b>109</b>                    | <b>438</b>                     |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q240 – Defence Expenditure**

**Senator Johnston provided in writing.**

With the \$5.5 billion to be cut from Defence over the F/E it would appear that \$360 of this amount relates to cutting civilian staffing number. Please provide a year by year over the F/E breakdown of specifically the civilian staff that will be sacked as part of this \$360m cut?

**Response:**

No staff will be sacked to achieve savings. Defence's workforce savings will be achieved primarily through a combination of natural attrition, tightening of recruitment practices and through a managed program of voluntary retrenchments. The following table summarises the reductions to Defence's Australian Public Service workforce over the Forward Estimates period:

|                      | <b>2012-13<br/>Budget<br/>Estimate</b> | <b>2013-14<br/>Forward<br/>Estimate</b> | <b>2014-15<br/>Forward<br/>Estimate</b> | <b>2015-16<br/>Forward<br/>Estimate</b> |
|----------------------|--|---|---|---|
| Cumulative reduction | 666                                    | 1,000                                   | 1,000                                   | 1,000                                   |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q241: Relocation of Army Units from Moorebank to Holsworthy**

**Senator Johnston provided in writing.**

Please provide a comprehensive plan of how \$332 million is to be spent on the relocation of Army units from Moorebank to Holsworthy—so as to make way for the Intermodal Transport Hub?

**Response:**

Subject to Parliamentary approval, the Moorebank Units Relocation (MUR) project will relocate 13 Defence units and four Defence facilities from the Commonwealth owned future site of the Government's Moorebank Intermodal terminal (IMT). The most significant of these units is the School of Military Engineering (SME). The MUR project was referred to the Joint Standing Committee on Public Works (PWC) on 20 June 2012.

The cost of the MUR project following ongoing refinement of design and associated cost estimation is \$870.0 million (excl GST out-turned).

The out-turned cost is funded as follows:

- Nation Building Fund (NBF): \$517.1 million (excl GST, out-turned).
- Defence Major Capital Facilities Program (MCFP): \$352.9 million (excl GST, out-turned).

This response is consistent with evidence submitted to the Committee.

Although a comprehensive cost plan has been developed and submitted to the PWC, it is confidential pending the committee's consideration of the project later this year, given its commercial sensitivity. Subject to Parliamentary approval of the MUR project, the main works program is expected to commence in January 2013 and be completed by October 2015.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q242: Holsworthy**

**Senator Johnston provided in writing.**

How much in additional expenditure over the F/E will there be in establishing the new infrastructure at Holsworthy?

**Response:**

Defence expenditure over the Forward Estimates to establish new infrastructure at Holsworthy is estimated to be:

- Moorebank Units Relocation project: The total projected expenditure is \$870 million (excluding GST, *inclusive of all costs and ready to use*) of which \$352.9 million (excluding GST, *inclusive of all costs and ready to use*) is directly funded by Defence.
- Liverpool Military Area High Voltage Upgrade project: \$19.6 million (excluding GST, out-turned).

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q243 – Intermodal Transport Hub**

**Senator Johnston provided in writing.**

- (a) Why is it necessary to have a government built Intermodal Transport Hub on the Moorebank site and then have the massive expense of shifting army units from Holsworthy?
- (b) What will Defence's total cost be in moving to Holsworthy?

**Response:**

- (a) The Minister for Finance and Deregulation in conjunction with the Minister for Infrastructure and Transport is responsible for the development of the policy aspects of the Intermodal Terminal at Moorebank, including the rationale for the site selection. This question should be directed to those ministers.
- (b) Subject to Parliamentary approval, the main works in the Moorebank Units Relocation project will be for the relocation of Defence units from Moorebank to Holsworthy. The current estimate for the cost of the move is \$870 million of which Defence's contribution will be around \$352.9 million for construction, plus approximately \$11 million in annual operating costs at mature state.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q244: Defence White Paper**

**Senator Johnston provided in Writing.**

What is the current dollar value of the 2009 Defence White Paper funded and unfunded capabilities?

**Response:**

At the time of the 2009 Defence White paper, and at the Senate Estimates hearing on Wednesday 3 June 2009, Defence outlined that the estimated overall cost of buying the capability outlined in the White Paper would be between \$245-\$275 billion out to 2030.

However, this has been revised down to approximately \$200-\$230 billion out to 2030 due to the appreciation of the Australian Dollar against the US Dollar.

The remaining current dollar value of unfunded capabilities in 2009 Defence White Paper is approximately \$200 billion (out-turned).

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

#### Senate Budget Estimates – 28/29 May 2012

#### Q245: SRP

#### Senator Johnston provided in writing.

ASPI Cost of Defence 2012 -13 states: One might suspect that the \$20 billion Strategic Reform Program (SRP) exacerbated the situation this time around. In a sense that must be the case, as many of the cost pressures represent the failure of the SRP to contain costs. But there's more to it than that—for at least the first few years the SRP savings were claimed against implausibly high 'business as usual' baselines, meaning that the 'savings' had more to do with accounting than efficiency. Consistent with this, advice from Defence is that they are on course to fully deliver \$1.3 billion of savings this financial year. Yet they also report that they have \$2.9 billion of unfunded cost pressures across the next four years.

- (a) How are \$1.3 billion of savings going to be made in the SRP this year?
- (b) What are the \$2.9b of unfunded cost pressures across the next four years?

#### Response:

- (a) Based on a financial analysis and forecasting at this stage of the financial year, Defence is on track to achieve the planned Strategic Reform Program (SRP) cost reductions of \$1.284 billion identified for FY2011-12. The SRP is designed to ensure that it will deliver enduring benefits. Cost reductions are being delivered via a combination of previously implemented initiatives, implementation of new reform initiatives, increased supply-side reform, enhanced budget controls and a greater awareness of the cost drivers and tradeoffs associated with demand management.

In particular, the Smart Sustainment stream has implemented over 164 reforms across 29 capability products and platforms in FY2011-12 through streamlined maintenance processes, contractual changes and more efficient use of capability. The Non-Equipment Procurement (NEP) stream has focused reform in key categories such as Garrison Support Services, Hospitality and Catering, Travel, Removal and Building Maintenance, while the Information Communication and Technology (ICT) Stream has achieved cost reductions through measures that enable Defence to have fewer vendor relationships, a more scalable and flexible workforce model and better transparency of costs and value for money.

- (b) To manage internal cost pressures, Defence has reallocated and reprioritised \$2.9 billion across 2012-13 and the three forward years for reinvestment into the following priority areas:
  - \$709 million additional investment in Collins Class submarine sustainment;
  - \$550 million for information technology remediation activities across Defence;
  - \$404 million for improved housing for Australian Defence Force personnel;

- \$332 million for relocation of Defence units from Moorebank to Holsworthy to allow development of the Intermodal Transport Hub;
- \$270 million additional funding for Navy fleet sustainment;
- \$224 million for investment in maintenance and upgrade of the Defence estate;
- \$163 million for Fringe Benefit Tax liabilities;
- \$150 million for enhanced garrison support services; and
- \$72 million for further investment in international engagement under the Defence Cooperation Program.
- \$7 million for Growler Net Personnel and Operating Costs.

Details can be found at Table 6: Budget Priorities on page 18 of the *Portfolio Budget Statements 2012-13*.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q246: SRP Savings**

**Senator Johnston provided in writing.**

Are the 'claimed' savings made under the SRP returned directly and immediately to Defence to fund military capabilities as was stated in the 2009 Defence White Paper? If not, why not?

**Response:**

The savings made under the SRP represent a reallocation of funds away from Group and Service operating and sustainment budgets to the core capabilities identified in the White Paper. Defence is authorised to keep the savings from cost reduction to reinvest in Force 2030 delivery.

Approximately \$18.2 billion will go towards new capital equipment and approximately \$2.4 billion for the remediation of broken backbone in areas of under investment like estate, ICT and Logistics.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q247 – Defence Expenditure**

**Senator Johnston provided in writing.**

- (a) Why has the promise of 3% real growth in Defence expenditure not been kept?
- (b) Who made the decision to break this promise?

**Response:**

The 2009 Defence White paper provided 3 per cent real growth on average to 2017-18 and 2.2% beyond that.

This was an average taking into account Defence's annual funding needs, which vary from year to year, to deliver the Force 2030 capabilities outlined in the White Paper.

The adjustments in the 2011-12 and 2012-13 Budget were developed following a comprehensive review of the Department's budget to identify contributions Defence could make across the Forward Estimates to support the Government's broader fiscal strategy. The adjustments also incorporated a range of factors including changed operating circumstances and priorities, industry delays, improved Strategic Reform outcomes, and more accurate budgeting.

The \$5.5bn contribution in 2012-13 and across the Forward Estimates will have no adverse impact on operations in Afghanistan, East Timor or the Solomon Islands. The provision of equipment to Defence personnel on operations will not be adversely affected and there will be no adverse impact on the number of military personnel in the Australian Defence Force (ADF).

The reprioritisation of Defence expenditure has been designed to have minimum impact on the delivery of core Defence capabilities. A number of lower-priority capability projects will be deferred with a small number cancelled where they have been superseded by alternative capabilities. Other capability and facility programs will be subject to re-scoping. A range of administrative and minor capital equipment savings will also be made.

The decisions taken to determine Defence's contribution to the Budget bottom line have all been carefully designed to protect our servicemen and women and our Defence operations, and to minimise the impact on core capabilities.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q248 – Defence Expenditure**

**Senator Johnston provided in writing.**

Why has Defence given back \$1.6 billion to Treasury over the past three years?

**Response:**

Defence undertook a significant realignment of its budget processes in order to ensure that Defence has the funding it needs, when it needs it, and to reduce operating expenditure through increased efficiencies.

As a result of the realignment, Defence reduced its call on the budget in 2010-11 by \$1.6 billion as follows:

- \$1.1 billion through reprogramming Major Capital Investment Program funding
- \$0.4 billion from reduced operating expenditure
- \$87 million as a result of lower costs of purchasing the C-17 Globemaster aircraft and an additional \$111 million over the next four years due to the cancellation of two C-130J Hercules no longer required.

**Senate Standing Committee on Foreign Affairs, Defence and Trade****QUESTIONS ON NOTICE - COMMITTEES****Senate Budget Estimates – 28/29 May 2012****Q249 – ASPI Cost of Defence****Senator Johnston provided in writing.**

ASPI Cost of Defence 2012-13 states: The plans set out in 2009 are in disarray; investment is badly stalled, and the defence budget is an unsustainable mess. Who has been held accountable for this high level of financial mismanagement and why was it allowed to happen?

**Response:**

The Defence Budget and three forward years reflect a Government decision for Defence to contribute to the Government's broader fiscal strategy to return the Commonwealth Budget to surplus.

The impact on Defence of these contributions, is manageable in the Budget and Forward Estimates, and has assisted financial management at the whole-of-government level. Any reprioritisation of Defence expenditure has been designed to have minimum impact on the delivery of core Defence capabilities. Further, the savings measures identified in the budget will have no adverse impact on operations in Afghanistan, East Timor and the Solomon Islands and there will be no adverse impact on the number of military personnel in the Australian Defence Force.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTION ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q250: Staffing**

**Senator Johnston provided in writing.**

- (a) As at 8th June 2012 how many civilian public servants are employed at EL1 and above?
- (b) What percentage of the civilian work force does this equate to?
- (c) What is the average total cost of employing civilian public servants at below the EL1 level?
- (d) What is the average total cost of employing civilian public servants at above the EL1 level?
- (e) How many civilian public servants are employed at SES levels?
- (f) What is the average total cost of employing civilian public servants at the SES level?
- (g) What increase has there been in civilian public servants at EL1 and above since 2007/08 – number and percentage increase?
- (h) What increase has there been in civilian public servants at SES levels and above since 2007/08 – number and percentage increase?

**Response:**

(a & b)

As at 1 June 2012 there were 7,485 Australian Public Service employees in Defence at and above the Executive Level 1 classification. This is approximately 32% of the total APS workforce in Defence.

- (c) As at 1 June 2012 the average cost of employees below the Executive Level 1 classification was approximately \$79,000 per employee.
- (d) As at 1 June 2012 the average cost of employees at and above the Executive Level 1 classification (Executive Level 1, Executive Level 2, SES) was just under \$157,800 per employee. This includes employees who were performing higher duties at these classifications.

(e to h)

Data from the 2007-2008 Defence Annual Report shows that there was a Full Time Equivalent Average (FTE-A) of 5,008 employees at and above the Executive Level 1 classification, out of a total civilian workforce 20,391 (FTE-A).

Equivalent full year average FTE-A figures are not yet published for Financial Year 2011-12. Data from the 2010-11 Defence Annual Report shows there was a Full Time Equivalent Average of 6,422 employees at or above the Executive Level 1 classification, out of a total civilian workforce of 20,648. This includes relief staff who acted within a higher classification.

Based on these figures, the percentage increase of the workforce who are at and above the Executive Level 1 classification over the last three years is approximately 6.5%.

As at 1 June 2012 the average cost of employees at the SES level was approximately \$261,000 per employee. This includes employees who acted within a higher classification, and includes classifications of Chief of Division and Medical Officers.

Based on data in Defence's annual reports, at the end of financial year 2007/08 there were an average of 135 employees (FTE-A) at the SES level (0.67% of the total Defence average APS workforce). At the end of Financial Year 2010/11 there were 172 employees (FTE-A) at the SES level (0.83% of the total average Defence APS workforce). This includes relief staff who acted within a higher classification. This is a proportionate increase of 0.16% over the three financial years.

It must be noted that these are averaged figures, and the actual number of Defence SES employees has not exceeded Defence's SES cap, which is currently 150. As at 31 May 2012, there were 143 substantive SES members in Defence.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE - COMMITTEES

#### Senate Budget Estimates – 28/29 May 2012

#### Q251: First Pass Approvals

Senator Johnston provided in writing.

- (a) How many First Pass approvals have been made for each of the past four financial years?
- (b) What has been the total value of these approvals for each of the past four financial years?
- (c) How much has been actually been expended on each of these approvals for each of the past four financial years?
- (d) When are each of the projects that have reached First Pass Approval status in 2011/12 going to be ready for Second Pass approval?

#### Response:

(a and b)

The tables below provide information on the number and value of First Pass project based approvals made for the past four financial years. This is current as at 30 June 2012.

#### Summary

|         | Number of First Pass Approvals | Total Value of First Pass Approvals* |
|---------|--------------------------------|--------------------------------------|
| 2011/12 | 11                             | \$243.4m                             |
| 2010/11 | 8                              | \$71.7m                              |
| 2009/10 | 6                              | \$128.0m                             |
| 2008/09 | 4                              | \$63.8m                              |

\* Please note that total value of First Pass approvals is in the price and foreign exchange basis current at the time of project approval.

#### First Pass Approvals in 2011/12

| Env | No   | Ph  | Project Title  | Date Approved | Total (\$m) |
|-----|------|-----|--|---------------|-------------|
| AIR | 5431 | 2/3 | Fixed Base Air Traffic Management and Control System | 21-Nov-11     | 7.5         |
| AIR | 5438 | 1A  | Lead In Fighter Capability Assurance Program         | 21-Nov-11     | 43.3        |
| JP  | 90   | 1   | ADF Identification Friend or Foe (ADF IFF)           | 20-Feb-12     | 16.1        |

|              |      |     |  |           |              |
|--------------|------|-----|--|-----------|--------------|
| JP           | 1770 | 1   | Rapid Environmental Assessment   | 21-Feb-12 | 2.5          |
| JP           | 2008 | 5B  | Military Satellite Capability - Wideband Terrestrial Terminals                       | 29-Aug-11 | 12.0         |
| JP           | 2080 | 2B1 | Defence Management System Improvement – Personnel System Modernisation               | 26-Jun-12 | 145.9        |
| JP           | 3021 | 1   | Joint Combined Training Capability - Mobile Electronic Warfare Threat Emitter System | 15-Dec-11 | 0.5          |
| JP           | 3024 | 1   | Woomera Range Remediation  | 05-Dec-11 | 7.5          |
| LAND         | 998  | 1   | Replacement Aviation Fire Trucks   | 08-Jun-12 | 2.3          |
| LAND         | 136  | 1   | Land Force Mortar Replacement  | 15-Dec-11 | 2.0          |
| SEA          | 1778 | 1   | Deployable Mine Counter Measures (MCM) – Organic Mine Counter Measures               | 21-Feb-12 | 4.4          |
| <b>Total</b> |      |     |  | <b>11</b> | <b>243.4</b> |

Note: All figures have been rounded. Totals may not add due to rounding.

#### First Pass Approvals in 2010/11

| Env          | No   | Ph | Project Title  | Date Approved | Total (\$m) |
|--------------|------|----|--|---------------|-------------|
| AIR          | 5431 | 1  | Deployable Defence Air Traffic Management and Control System               | 6-Dec-10      | 3.2         |
| JP           | 2008 | 3H | Military Satellite Capability – Wideband Terrestrial Terminals             | 16-Jun-11     | 5.7         |
| JP           | 2047 | 3  | Wide Area Communications Network Replacement                               | 14-Feb-11     | 14.7        |
| JP           | 2072 | 2B | Battlespace Communications Systems (Land)                                  | 2-May-11      | 5.8         |
| JP           | 2097 | 1B | REDFIN – Special Operations Capability                                     | 14-Feb-11     | 22.0        |
| SEA          | 1442 | 4  | Maritime Communications Modernisation                                      | 6-Dec-10      | 11.5        |
| SEA          | 1448 | 4A | Improved ANZAC Tactical Electronic Support Capability (Real Cost Increase) | 14-Feb-11     | 8.2         |
|              |      |    | Classified Project   | 24-May-11     | 0.6         |
| <b>Total</b> |      |    |  | <b>8</b>      | <b>71.7</b> |

Note: All figures have been rounded. Totals may not add due to rounding.

### First Pass Approvals in 2009/10

| Env          | No   | Ph   | Project Title                      | Date Approved | Total (\$m)  |
|--------------|------|------|------------------------------------|---------------|--------------|
| AIR          | 5416 | 4B.2 | C-130J LAIRCM                      | 28-Apr-10     | 0.9          |
| AIR          | 5428 | 1    | Pilot Training System              | 22-Jul-09     | 49.9         |
| AIR          | 9000 | 8    | Naval Combat Helicopter Capability | 24-Feb-10     | 19.3         |
| JP           | 2090 | 1C   | Combined Information Environment   | 22-Mar-10     | 1.1          |
|              |      |      | Classified Project                 | 18-Aug-09     | 54.5         |
|              |      |      | Classified Project                 | 18-Jan-10     | 2.3          |
| <b>Total</b> |      |      |                                    | <b>6</b>      | <b>128.0</b> |

Note: All figures have been rounded. Totals may not add due to rounding.

### First Pass Approvals in 2008/09

| Env          | No   | Ph    | Project Title  | Date Approved | Total (\$m) |
|--------------|------|-------|--|---------------|-------------|
| AIR          | 9000 | SCAP1 | Seahawk Capability Assurance Program 1               | 29-Jul-08     | 4.4         |
| JP           | 154  | 1     | Joint Counter Improvised Explosive Device Capability | 12-Dec-08     | 10.5        |
| JP           | 2048 | 3     | Amphibious Watercraft                                | 24-Feb-09     | 5.5         |
| LAND         | 121  | 4     | Overlander – Field Vehicles and Trailers             | 1-Oct-08      | 43.4        |
| <b>Total</b> |      |       |  | <b>4</b>      | <b>63.8</b> |

Note: All figures have been rounded. Totals may not add due to rounding.

- (c) The tables below provide information on DMO expenditure on individual First Pass projects each year since Financial Year 2008/09 up until 22 June 2012. This builds upon information provided under Senate Question on Notice No. 12-000155(e) on 8 March 2012, which included expenditure to 15 February 2012.

### Expenditure to date on First Pass Project Approvals

|         | Number of First Pass Approvals | Expenditure to date on First Pass Approvals* |
|---------|--------------------------------|--|
| 2011/12 | 9                              | \$0.3m                                       |
| 2010/11 | 8                              | \$19.1m                                      |
| 2009/10 | 6                              | \$232.9m                                     |
| 2008/09 | 4                              | \$100.0m                                     |

### Expenditure to date on First Pass Project Approvals in 2011/12

| First Pass Approval Date | Project number     | Project name  | 2008/09 (\$m) | 2009/10 (\$m) | 2010/11 (\$m) | 2011/12 (\$m) |
|--------------------------|--------------------|---|---------------|---------------|---------------|---------------|
| 29-Aug-11                | JP 2008 Phase 5B2  | Satellite Ground Station - East and Wideband SATCOM                                   |               |               |               | 0.214         |
| 21-Nov-11                | AIR 5431 Phase 2/3 | Fixed Base Air Traffic Management And Control System                                  |               |               |               | 0.043         |
| 21-Nov-11                | AIR 5438 Phase 1A  | Lead-In Fighter Capability Assurance Program  |               |               |               | 0.039         |
| 5-Dec-11                 | JP 3024 Phase 1    | Woomera Test Range Upgrade  |               |               |               | 0.007         |
| 15-Dec-11                | JP 3021 Phase 1    | Mobile Electronic Warfare (EW) Threat Emitter System                                  |               |               |               | 0.000         |
| 15-Dec-11                | LAND 136 Phase 1   | Land Force Mortar Replacement Project   |               |               |               | 0.002         |
| 20-Feb-12                | JP 90 Phase 1      | ADF Identification Friend or Foe and Automatic Dependant Surveillance (ADS)-Broadcast |               |               |               | 0.003         |
| 21-Feb-12                | JP 1770 Phase 1    | Maritime Rapid Environmental Assessment (REA)   |               |               |               | 0.006         |
| 21-Feb-12                | SEA 1778 Phase 1   | Deployable Mine Countermeasures (MCM)   |               |               |               | 0.000         |
|                          | <b>Total</b>       |   |               |               |               | <b>0.314</b>  |

### Expenditure to date on First Pass Project Approvals in 2010/11

| First Pass Approval Date | Project number     | Project name   | 2008/09 (\$m) | 2009/10 (\$m) | 2010/11 (\$m) | 2011/12 (\$m) |
|--------------------------|--------------------|--|---------------|---------------|---------------|---------------|
| 6-Dec-10                 | AIR 5431 Phase 1   | Deployable Defence Air Traffic Management And Control System         |               |               | 0.000         | 0.027         |
| 6-Dec-10                 | SEA 1442 Phase 4   | Maritime Communications Modernisation                                |               |               | 0.259         | 1.583         |
| 14-Feb-11                | SEA 1448 Phase 4A  | Improved Tactical Electronic Support Capability for the ANZAC Class  |               |               | 0.049         | 2.215         |
| 14-Feb-11                | JP 2097 Phase 1B   | Enhancements To Special Operations Capability                        |               |               | 0.149         | 1.715         |
| 14-Feb-11                | JP 2047 Phase 3    | Wide Area Communications Network Replacement                         |               |               | 2.977         | 5.439         |
| 2-May-11                 | JP 2072 Phase 2B   | Battlespace Communications Systems – Land                            |               |               | 0.075         | 0.383         |
| 16-Jun-11                | JP 2008 Phase 3H   | Military Satellite Capability - Wideband Terrestrial Terminals (WTT) |               |               | 0.000         | 4.208         |
| 24-May-11                | Classified Project | <i>(no name provided)</i>  |               |               | -             | -             |
|                          | <b>Total</b>       |  |               |               | <b>3.509</b>  | <b>15.570</b> |

### Expenditure to date on First Pass Project Approvals in 2009/10

| First Pass Approval Date | Project number     | Project name                                      | 2008/09 (\$m) | 2009/10 (\$m) | 2010/11 (\$m) | 2011/12 (\$m) |
|--------------------------|--------------------|---|---------------|---------------|---------------|---------------|
| 22-Jul-09                | AIR 5428 Phase 1   | Pilot Training System                             |               | 0.210         | 0.211         | 0.265         |
| 24-Feb-10                | AIR9000 Phase 8    | Future Naval Aviation Combat System Helicopter    |               | 0.750         | 39.462        | 157.404       |
| 22-Mar-10                | JP2090 Phase 1C    | Combined Information Environment                  |               |               | 0.081         | 0.272         |
| 28-Apr-10                | AIR5416 Phase 4B.2 | Large Aircraft Infra Red Counter Measure (LAIRCM) |               | -             | -             | -             |
| 18-Aug-09                | Classified Project | <i>(no name provided)</i>                         |               | 13.387        | 17.129        | 3.740         |

|           |                    |                    |  |               |               |                |
|-----------|--------------------|--------------------|--|---------------|---------------|----------------|
| 18-Jan-10 | Classified Project | (no name provided) |  |               | 0.002         | 0.000          |
|           | <b>Total</b>       |                    |  | <b>14.347</b> | <b>56.885</b> | <b>161.681</b> |

### Expenditure to date on First Pass Project Approvals in 2008/09

| First Pass Approval Date | Project number        | Project name                                       | 2008/09 (\$m) | 2009/10 (\$m) | 2010/11 (\$m) | 2011/12 (\$m) |
|--------------------------|-----------------------|--|---------------|---------------|---------------|---------------|
| 29-Jul-08                | AIR 9000 Phase SCAP 1 | Seahawk Capability Assurance Program 1 (SCAP1) PDF | 1.672         | 1.261         | 0.176         | 0.000         |
| 1-Oct-08                 | LAND 121 Phase 4      | Overlander - Protected Mobility Vehicle - Light    | 0.286         | 0.969         | 22.420        | 9.228         |
| 12-Dec-08                | JP154 Phase 1         | Joint Counter Improvised Explosive Device          | 0.111         | 1.416         | 15.091        | 30.490        |
| 24-Feb-09                | JP2048 Phase 3        | Amphibious Watercraft Replacement                  | 0.066         | 0.357         | 0.647         | 15.834        |
|                          | <b>Total</b>          |  | <b>2.135</b>  | <b>4.003</b>  | <b>38.334</b> | <b>55.552</b> |

**\*Notes:**

1. Expenditure is for the DMO element of projects where a Materiel Acquisition Agreement is in place between DMO and Defence.
2. 2011/12 expenditure is for the year up to 31 May 2012.
3. JP 154 Phase 1 received 2nd pass approval in 2010/11. Expenditure in 2010/11 and 2011/12 includes 2nd pass expenditure.
4. JP 2048 Phase 3 received 2nd pass approval in 2011/12. Expenditure in 2011-12 includes 2nd pass expenditure.
5. AIR9000 Phase 8 received 2nd pass approval in 2010/11. Expenditure in 2010/11 and 2011/12 includes 2nd pass expenditure.
6. JP2090 Phase 1C approval was for DSTO and CIO Group funding. Approval did not include a DMO component.
7. AIR5416 Phase 4B.2. DMO actual spend recorded in 2nd Pass table for 2010/11 under Question on Notice 12-000546.
8. JP2047 Phase 3 approval was for funding to CIO Group. Approval did not include a DMO component.
9. Classified project (approved on 24 May 11) did not include a DMO component.
10. JP 2008 Phase 5B has been split into two sub-phases: JP 2008 Phase 5B1 and JP 2008 Phase 5B2. 2011/12 year-to-date expenditure is the combined total for these two projects.

(d) The table below lists each of the First Pass approved projects in Financial Year 2011/12 and when they are currently scheduled for Second Pass approval (by bands).

| First Pass Project Approvals in 2011/12      | Planned Second Pass Approval Band (as per Public DCP 2012) |
|--|--|
| AIR 5431 Phase 2/3                           | FY 2014/15 to FY 2015/16                                   |
| AIR 5438 Phase 1A                            | FY 2012/13 to FY 2013/14                                   |
| JP 90 Phase 1                                | FY 2013/14 to FY 2015/16                                   |
| JP 1770 Phase 1                              | FY 2013/14 to FY 2015/16                                   |
| JP 2008 Phase 5B (now split into sub-phases) |  |
| JP 2008 Phase 5B.1                           | FY 2013/14 to FY 2014/15                                   |
| JP 2008 Phase 5B.2                           | FY 2014/15 to FY 2015/16                                   |
| JP 2080 Phase 2B.1                           | FY 2012/13 to FY 2013/14                                   |
| JP 3021 Phase 1                              | FY 2013/14 to FY 2014/15                                   |
| JP 3024 Phase 1                              | FY 2013/14 to FY 2014/15                                   |
| LAND 136 Phase 1                             | FY 2013/14 to FY 2014/15                                   |
| LAND 998 Phase 1                             | FY 2013/14 to FY 2015/16                                   |
| SEA 1778 Phase 1                             | FY 2014/15 to FY 2015/16                                   |

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q252: Second Pass Approvals**

**Senator Johnston provided in writing.**

- (a) How many Second Pass approvals have been made for each of the past four financial years?
- (b) What has been the total value of these approvals for each of the past four financial years?
- (c) How much has been actually been expended on each of these approvals for each of the past four financial years?
- (d) Which of the First Pass approvals over the past four financial years have reached Second Pass approval stage?
- (e) How much has actually been spent on each of the projects that have been approved at the Second Pass level over the past four financial years?

**Response:**

(a) to (c)

The tables below provide information on Second Pass approvals achieved within each of the past four financial years (FY 2008/09 to FY 2011/12) including the project title, approval date, and the total value for each individual project. There can be multiple approvals for the same project phase in both the same financial year or across financial years.

**Summary**

|         | <b>Number of Second Pass Approvals</b> | <b>Total Value of Second Pass Approvals (\$m) *</b> |
|---------|--|---|
| 2011/12 | 20                                     | 3,614   |
| 2010/11 | 13                                     | 4,128   |
| 2009/10 | 13                                     | 5,748   |
| 2008/09 | 11                                     | 1,320   |

Note

\* Total value of Second Pass approvals is in the price and foreign exchange basis current at the time of project approval.

# In addition to the above, AIR5349 Phase 3 EA-18G Growler Airborne Electronic Attack Capability 'achieved second pass approval on 14 Aug 12 at a total project value of \$1,179m [2012-13 Budget Out-turned Price and Exchange].

**Second Pass Approvals – Financial Year 2011/12**

| <b>Env.</b>  | <b>No.</b> | <b>Phase</b> | <b>Project Title</b>   | <b>Date Approved</b> | <b>Total Approval (\$m)</b> | <b>Total Expenditure (\$m) *#</b> |
|--------------|------------|--------------|--|----------------------|-----------------------------|-----------------------------------|
| AIR          | 8000       | 2            | Battlefield Airlift – Caribou Replacement                      | 16 Apr 12            | 1,200                       | 113                               |
| AIR          | 8000       | 4            | Additional C-17 Globemaster                                    | 13 Mar 12            | 270                         | 220                               |
| AIR          | 9000       | 5D           | Additional Chinooks  | 23 Nov 11            | 40                          | 19                                |
| JP           | 154        | 3A           | Counter IED – Ningai – High Mobility Engineer Excavator (HMEE) | 04 Dec 11            | 23                          | 13                                |
| JP           | 154        | 3A           | Counter IED – Ningai – Full System                             | 05 Dec 11            | 57                          | As above                          |
| JP           | 2030       | 8            | Joint Command Support Environment                              | 20 Sep 11            | 111                         | 40                                |
| JP           | 2048       | 3            | Amphibious Watercraft Replacement                              | 20 Sep 11            | 254                         | 16                                |
| JP           | 2069       | 2            | High Grade Cryptographic Equipment                             | 12 Oct 11            | 28                          | 9                                 |
| JP           | 2072       | 2A           | Battlespace Communications Systems (LAND)                      | 21 Nov 11            | 450                         | 59                                |
| JP           | 3027       | 1            | JDAM Enhancements  | 10 Oct 11            | 64                          | 6                                 |
| JP           | 3033       | 1            | Interim Maritime Humanitarian Assistance and Disaster Relief   | 14 Mar 12            | 130                         | 128                               |
| JP           | 5408       | 3            | ADF Navigation Warfare (NAVWAR) Capability – Handhelds         | 22 Nov 11            | 15                          | 2                                 |
| LAND         | 17         | 1B           | Artillery Replacement – Digital Fire Control Systems           | 05 Dec 11            | 93                          | 15                                |
| LAND         | 121        | 5A           | Overlander – Field Vehicles and Trailers                       | 29 Aug 11            | 427                         | -                                 |
| SEA          | 1352       | 1            | Evolved Sea Sparrow Missile (ESSM) Upgrade & Inventory         | 29 Aug 11            | 29                          | 9                                 |
| SEA          | 4000       | 3.2          | SM2 Conversion and Upgrade                                     | 29 Aug 11            | 94                          | 1                                 |
|              |            |              | Classified Projects (4)  |                      | 330                         | 17                                |
| <b>Total</b> |            |              |  | <b>20</b>            | <b>3,614</b>                | <b>667</b>                        |

Note: All figures have been rounded. Totals may not add due to rounding.

\* Total expenditures include 2011-12 expenditures up to 30 June 2012, valid as at 9 July 2012.

# ‘-’ denotes nil expenditure.

**Second Pass Approvals – Financial Year 2010/11**

| <b>Env.</b>  | <b>No.</b> | <b>Ph.</b> | <b>Project Title</b>  | <b>Date Approved</b> | <b>Total Approval (\$m)</b> | <b>Total Expenditure (\$m) *#</b> |
|--------------|------------|------------|---|----------------------|-----------------------------|-----------------------------------|
| AIR          | 5416       | 4B.2       | C-130J Large Aircraft Infrared Counter Measure (LAIRCM) – Long Lead Items | 25 Nov 10            | 23                          | 1                                 |
| AIR          | 8000       | 4          | Additional C-17 Globemaster III Heavy Lift Aircraft                       | 16 Mar 11            | 315                         | 200                               |
| AIR          | 9000       | 8          | Future Naval Aviation Combat System                                       | 15 Jun 11            | 3,186                       | 39                                |
| AIR          | 9000       | SCAP<br>1  | Seahawk Capability Assurance Program                                      | 03 Jun 11            | 10                          | 0                                 |
| JP           | 154        | 1          | Joint Counter Improvised Explosive Device (CIED) Capability               | 16 Jul 10            | 120                         | 15                                |
| JP           | 154        | 1          | Force Protection Electronic Counter Measures (FP-ECM)                     | 29 Oct 10            | 33                          | As above                          |
| JP           | 2044       | 4          | Digital Topographical Systems Upgrade                                     | 8 Mar 11             | 18                          | -                                 |
| JP           | 3030       | 1          | Interim Amphibious Capability   | 16 Mar 11            | 162                         | 100                               |
| LAND         | 17         | 1B         | Digital Terminal Control System   | 21 Jul 10            | 30                          | 15                                |
| LAND         | 116        | 3.1        | Additional Bushmasters  | 12 May 11            | 99                          | -                                 |
|              |            |            | Classified Projects (3)   |                      | 132                         | 5                                 |
| <b>Total</b> |            |            |   | <b>13</b>            | <b>4,128</b>                | <b>376</b>                        |

Note: All figures have been rounded. Totals may not add due to rounding.

\* Total expenditures include 2010-11 expenditures up to 30 June 2011.

# ‘-’ denotes nil expenditure whereas ‘0’ denotes expenditures of less than \$1m.

**Second Pass Approvals – Financial Year 2009/10**

| <b>Env</b>   | <b>No</b> | <b>Ph</b> | <b>Project Title</b>                                   | <b>Date Approved</b> | <b>Total Approval (\$m)</b> | <b>Total Expenditure (\$m) *#</b> |            |
|--------------|-----------|-----------|--|----------------------|-----------------------------|-----------------------------------|------------|
| AIR          | 5416      | 4B.1      | C-130J Radar Warning Receiver                          | 24 Nov 09            | 52                          | 1                                 |            |
| AIR          | 5440      | 1         | C-130J Block Upgrade Program 7                         | 21 Feb 10            | 56                          | 4                                 |            |
| AIR          | 6000      | 2A/2B     | New Air Combat Capability – first 14 Aircraft          | 25 Nov 09            | 3,196                       | 0                                 |            |
| AIR          | 9000      | 5C        | Additional Heavy Lift Helicopters                      | 24 Feb 10            | 755                         | 12                                |            |
| JP           | 2008      | 5A        | Military Satellite Capability                          | 24 Feb 10            | 193                         | 86                                |            |
| JP           | 2089      | 2B        | Tactical Information Exchange Domain (Data Links)      | 04 Dec 09            | 42                          | 5                                 |            |
| JP           | 2110      | 1A        | Chemical, Biological, Radiological and Nuclear Defence | 22 Dec 09            | 19                          | -                                 |            |
| LAND         | 17        | 1A        | Artillery Replacement                                  | 22 Jul 09            | 493                         | 10                                |            |
| LAND         | 19        | 7A        | Counter-Rocket, Artillery and Mortar (C-RAM)           | 28 Apr 10            | 276                         | 4                                 |            |
| LAND         | 75        | 3.4       | Battlefield Command Support System                     | 25 Nov 09            | 157                         | 20                                |            |
| LAND         | 112       | 4         | ASLAV Enhancement                                      | 31 May 10            | 303                         | 3                                 |            |
| LAND         | 125       | 3A        | Soldier Enhancement Version 2 – C41 component          | 25 Nov 09            | 97                          | 3                                 |            |
| SEA          | 1397      | 5A        | Nulka Missile Decoy Enhancements                       | 18 Aug 09            | 109                         | 2                                 |            |
| <b>Total</b> |           |           |  |                      | <b>13</b>                   | <b>5,748</b>                      | <b>148</b> |

Note: All figures have been rounded. Totals may not add due to rounding.

\*Total expenditures include 2009-10 expenditures up to 30 June 2010.

# ‘-’ denotes nil expenditure whereas ‘0’ denotes expenditures of less than \$1m.

**Second Pass Approvals – Financial Year 2008/09**

| <b>Env.</b>  | <b>No.</b> | <b>Ph.</b> | <b>Project Title</b>  | <b>Date Approved</b> | <b>Total Approval (\$m)</b> | <b>Total Expenditure (\$m) *#</b> |
|--------------|------------|------------|---|----------------------|-----------------------------|-----------------------------------|
| AIR          | 5276       | CAP1       | AP-3C Capability Assurance Program 1                                    | 29 Jul 08            | 68                          | 12                                |
| AIR          | 5440       | 1          | C-130J Block Upgrade Program – Global Project Arrangement               | 21 Aug 08            | 5                           | 4                                 |
| JP           | 2008       | 3F         | Military Satellite Capability   | 15 Jun 09            | 90                          | 1                                 |
| JP           | 2008       | 5A         | Military Satellite Capability   | 20 Mar 09            | 323                         | 39                                |
| JP           | 2030       | 8          | ADF Joint Command Support Environment – Evolution 1                     | 23 Jun 09            | 100                         | 19                                |
| JP           | 2068       | 2B.1       | Defence Network Operations Centre Extension                             | 03 Feb 09            | 14                          | -                                 |
| JP           | 2089       | 2A         | Tactical Information Exchange Domain (Data Links)                       | 01 Oct 08            | 99                          | 3                                 |
| LAND         | 40         | 2          | Direct Fire Support Weapon  | 15 Jun 09            | 173                         | 0                                 |
| LAND         | 106        |            | Enhanced Land Force Additional Upgraded M113 Armoured Personal Carriers | 22 Oct 08            | 222                         | 144                               |
|              |            |            | Classified Projects (2)   |                      | 226                         | 5                                 |
| <b>Total</b> |            |            |   | <b>11</b>            | <b>1,320</b>                | <b>225</b>                        |

Note: All figures have been rounded. Totals may not add due to rounding.

\*Total expenditures include 2008-09 expenditures up to 30 June 2009.

# ‘-’ denotes nil expenditure whereas ‘0’ denotes expenditures of less than \$1m.

(d) to (e)

The table below details the seven projects that received First Pass approval between FY 2008/09 and FY 2011/12 and subsequently also achieved Second Pass approval within the same four financial years banding.

| <b>Projects with First and Second Pass Approval between Financial Year 2008/09 and 2011/12</b> |            |            |  |  |  |                             |                                  |            |
|--|------------|------------|--|--|--|-----------------------------|----------------------------------|------------|
| <b>Env.</b>  | <b>No.</b> | <b>Ph.</b> | <b>Project Title</b>   | <b>1<sup>st</sup> Pass Date Approved</b> | <b>2<sup>nd</sup> Pass Date Approved</b> | <b>Total Approval (\$m)</b> | <b>Total Expenditure (\$m)*#</b> |            |
| AIR  | 5416       | 4B.2       | C-130J Large Aircraft Infrared Counter Measures (LAIRCM) – Long Lead Items | 28 Apr 10                                | 25 Nov 10                                | 24                          | 16                               |            |
| AIR  | 9000       | 8          | Future Naval Aviation Combat System  | 24 Feb 10                                | 15 Jun 11                                | 3,205                       | 254                              |            |
| AIR  | 9000       | SCAP<br>1  | Seahawk Capability Assurance Program                                       | 29 Jul 08                                | 03 Jun 11                                | 14                          | 3                                |            |
| JP   | 154        | 1          | Joint Counter Improvised Explosive Device (CIED) Capability                | 12 Dec 08                                | 29 Oct 10                                | 131                         | 48                               |            |
| JP   | 2048       | 3          | Amphibious Watercraft Replacement  | 24 Feb 09                                | 20 Sep 11                                | 260                         | 17                               |            |
|  |            |            | Classified Projects (2)  |  |  | 121                         | 0                                |            |
| <b>Total</b>   |            |            |  |  |  | <b>7</b>                    | <b>3,755</b>                     | <b>337</b> |

Note: All figures have been rounded. Totals may not add due to rounding.

\*Total expenditures include Life to Date expenditures up to 30 June 2012, valid as at 9 July 2012.

# '0' denotes expenditures of less than \$1m.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q253: Defence Procurement Guidelines**

**Senator Johnston provided in writing.**

Where in the Defence Procurement Guidelines does it say that First Pass approval is not required for projects that have appeared for the first time as Second Pass Approvals?

**Response:**

Details of the First and Second Pass government approval process are contained in the *Defence Capability Development Handbook 2011* (DCDH). The sponsor of the DCDH is the Chief Capability Development Group.

Paragraph 1.4.18 of the DCDH states that, with regard to First and Second Pass consideration, “these approval milestones can at times, and only with Government agreement, be combined into a single decision pass.”

Paragraphs 3.3.13 - 3.3.16 provide further information on the Combined Pass process. Paragraph 3.3.13 states that “for less complex projects, where formal project definition phases have been completed, or for follow-on activities under contract options, it may be acceptable for Defence to bring forward a proposal for Second Pass approval to be agreed at the First Pass consideration (i.e. effectively combining first and second pass approval into a single decision point).”

The DCDH is consistent with Recommendation 2.1 of the *Defence Procurement and Sustainment Review* (the “Mortimer Review”) conducted in 2008, which stated “Government approval of major Defence projects should occur through a tailored application of the two-pass process. For simple acquisitions where project definition is complete, Government may decide that Defence Capability Plan entry satisfies first pass requirements. If the complexity or cost of a project is high or project definition is uncertain, a minimum of two passes should be employed”.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q254 – C-17 and C-27J Second Pass approvals**

**Senator Johnston provided in writing.**

- (a) Why are the C-17 and C-27J projects appearing as Second Pass Approvals without going through the required First Pass process?
- (b) When is the C-27J project going to be fully operational?
- (c) What expenditure is scheduled for the C-27J project over the F/E?

**Response:**

- (a) The purpose of First Pass is for the Government to consider and to agree which options Defence is to develop and to approve the required resourcing and industry engagement needed to study and evaluate the capability and its cost for each option, for consideration at Second Pass. The objective of First Pass is to focus Defence resources only on those capability options which have potential to be considered for acquisition at Second Pass. Where project definition has been completed or an acquisition of additional quantities of an existing capability are proposed, Defence may recommend to the Government approval for acquisition in a combined pass—that is, to combine First Pass and Second Pass approval. The Government agreed to approve the fifth and sixth C-17A acquisitions as additional quantities of an existing capability. The Government approved Defence to acquire the C-27J capability system as it is the option best able to meet the agreed military capability need and the competing aircraft, the C295, does not. The concept of a Combined Pass is detailed in the Capability Development Handbook.
- (b) The C-27J capability system is forecast to be fully operational in 2017.
- (c) Expenditure of \$404.0 million Budget 2012–13 out-turned and exchange for acquisition of the C-27J capability system is forecast over the Forward Estimates (FY 2011–12 to FY 2014–15). A further \$3.0 million Budget 2012–13 out-turned and exchange in operating costs associated with commencing operations in early 2015, is forecast in FY 2014–15.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q255: LAND 116 Ph3.2**

**Senator Johnston provided in writing.**

- (a) For the LAND 116 – Ph 3.2 Project what was the approval process?
- (b) How much is to be spent on this project in 2012/13 and 2013/14?

**Response:**

- (a) Project Land 116 Phase 3.2 was approved in accordance with established processes through the National Security Committee of Cabinet.
- (b) The prime acquisition contract for LAND 116 Phase 3.2 was negotiated on Friday 13 July 2012. The contract payment schedule, without escalation, for FY 2012/13 is \$30.14m and for FY 2013/14 is \$56.46m.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q256 – AIR 5349 Ph 3**

**Senator Johnston provided in writing.**

- (a) For the AIR 5349 – Ph 3 Project what was the approval process?
- (b) How much is to be spent on this project in 2012/13 and 2013/14?

**Response:**

- (a) Government approval for the acquisition of long-lead items necessary to retain the option to acquire a Growler capability was given in March 2012. The Government considered and approved a Combined (First and Second) Pass submission for the AIR 5349 Phase 3 Growler capability in August 2012.
- (b) AIR 5349 Phase 3 will be funded from within the Defence Capability Plan. The funding requirements for FY 2012/13 and FY2013/14 combined are in the band of \$100m to \$300m (lower end).

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**QUESTIONS ON NOTICE - COMMITTEES**

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**Q257 – SEA 1000 Ph 1 and 2**

**Senator Johnston provided in writing.**

- (a) For the SEA 1000 – Ph 1 and 2 Project what was the approval process?
- (b) How much is to be spent on this project in 2012/13 and 2013/14?
- (c) Itemise specifically what will be spent on the SEA 1000 Project in 2012/13 and 2013/14?
- (d) Why has Defence delayed making a First Pass Approval for the SEA 1000 project until late 2013, early 2014

**Response:**

- (a) It was a Government decision.
- (b) \$46.1m in 2012-13 and \$55.4m in 2013-14
- (c) As per table below.

| Activity  | Spend (\$m)<br>2012-13 | Spend (\$m)<br>2013-14 | Total |
|---|------------------------|------------------------|-------|
| Design Studies with DCNS, HDW & Navantia          | 6.2                    | 0                      | 6.20  |
| Design studies with Kockums for new build Collins | 3.0                    | 3.1                    | 6.1   |
| Analysis of options studies                       | 8.0                    | 10.0                   | 18.0  |
| Mission system studies                            | 3.0                    | 3.2                    | 6.2   |
| Support system studies                            | 1.2                    | 1.2                    | 2.4   |
| DSTO-MOTS evaluation studies                      | 0.2                    | 0.0                    | 0.2   |
| DSTO-Systems integration & capability modelling   | 1.2                    | 1.2                    | 2.4   |
| DSTO-Combat system studies                        | 2.0                    | 3.0                    | 5.0   |
| DSTO-Signatures                                   | 0.8                    | 1.8                    | 2.6   |
| DSTO-Power & energy studies                       | 3.4                    | 3.0                    | 6.4   |
| DSTO-Cell aging & performance tests               | 1.8                    | 0.0                    | 1.8   |
| DSTO-Battery design studies                       | 3.4                    | 1.3                    | 4.7   |
| DSTO-Procure battery test sets                    | 1.0                    | 11.0                   | 11.0  |
| DSTO-Advanced material propeller                  | 1.1                    | 1.4                    | 2.5   |
| DSTO-Platform                                     | 3.8                    | 3.6                    | 7.4   |

|  |      |      |       |
|--|------|------|-------|
| DSTO-Secure facilities   | 0.2  | 1.7  | 1.9   |
| DSTO-S&T planning support  | 0.5  | 0.5  | 1.0   |
| Project Offices Costs  | 1.3  | 1.7  |       |
| US Program Management Support (FMS)                                      | 1.0  | 1.0  | 2.0   |
| Computer systems & software (IPPDE)                                      | 0.5  | 2.1  | 2.6   |
| Submarine Propulsion, Energy, Support & Integration Facility Development | 2.1  | 3.2  | 5.3   |
| Engineer development programs  | 0.5  | 0.5  | 1.0   |
| Miscellaneous studies  | 0.2  | 0.2  | 0.4   |
| Engineer signature analysis study  | 0.2  | 0.2  | 0.4   |
| Hydrodynamic design studies  | 0.5  | 0.5  | 1.0   |
| SEA 1000 Phase 1A – TOTAL  | 46.1 | 55.4 | 101.5 |

- (d) The amount of work that needs to be done to inform a First Pass decision by Government cannot be done in any shorter time.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q258 – Acquiring and Sustaining Military Capabilities**

**Senator Johnston provided in writing:**

- (a) How much is planned to be spent on acquiring military capabilities in 2012-13?
- (b) How much is planned to be spent on acquiring military capabilities in 2013-14?
- (c) How much is planned to be spent on sustaining military capabilities in 2012-13?
- (d) How much is planned to be spent on sustaining military capabilities in 2013-14?

**Response:**

The following information on planned capability expenditure has been sourced from Table 13 and 14 in the 2012-13 Portfolio Budget Statements.

- (a) The total amount planned to be spent on acquiring military capabilities in 2012-13 is \$3,523.7m. This includes \$3,293.6m in approved capability investment and \$230.1m in planned capability investment yet to be approved by Government.
- (b) The total amount planned to be spent on acquiring military capabilities in 2013-14 is \$3,552.8m. This includes \$2,572.9m in approved capability investment and \$979.9m in planned capability investment yet to be approved by Government.
- (c) The total amount planned to be spent on sustaining military capabilities in 2012-13 is \$4,725.1m. This includes \$4,600.7m for sustaining existing capabilities and \$124.4m for planned expenditure on future capability sustainment costs.
- (d) The total amount planned to be spent on sustaining military capabilities in 2013-14 is \$5,090.3m. This includes \$4,599.7m for sustaining existing capabilities and \$490.6m for planned expenditure on future capability sustainment costs.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q259: Joint Strike Fighters (JSF)**

**Senator Johnston provided in writing.**

- (a) Please provide a schedule of actual payments for the JSF up to 31 May 2012.
- (b) Why has Defence delayed the purchase of the JSF?
- (c) What is the scheduled time line for the delivery of the 100 JSF as committed to in the 2009 Defence White paper?
- (d) What is the scheduled time line for the expenditure on the 100 JSF as committed to in the 2009 Defence White paper?
- (e) The delay in purchasing the JSF presents Australia with an impending Capability Gap in our air defences as they relate to fighter aircraft. What is Defence doing to mitigate against this impending Capability Gap?

**Response:**

- (a) As of 31 May 2012, Project AIR 6000 had spent a total of US\$287.4 million. This breaks down as follows:
  - System Development and Demonstration – US\$144.0m
  - Phase 1B – US\$50.0m
  - Phase 2A/B – US\$92.37m
- (b) The deferral of the 12 aircraft has put Australia broadly in line with the delivery schedule of the US and other partner nations. The deferral will also deliver a reduction in cost and schedule risk for the first 12 aircraft. The United States and other partner nations have either deferred or reassessed delivery schedules and it is only prudent that Australia does likewise.
- (c) and (d)

Australia's first two F-35As are expected to be delivered in the United States in 2014. Delivery of the next 12 aircraft will occur two years later than originally scheduled. These aircraft will be used to support Australian pilot training in the United States and will commence returning to Australia around 2018. The aircraft returned to Australia will initially support specific Australian operational test and evaluation.

Approval of further aircraft and supporting systems and facilities will be required to achieve Initial Operational Capability. Subject to Government approval of Project AIR

Phases 2A/B Stage 2 and 2C, delivery of between 12 to 15 aircraft per year will then occur. Completion of delivery is expected 2024-2026. Payment for each aircraft is spread over four years from long lead payment (one year before final contract) to delivery two years after contract.

- (e) The Government will not allow a gap in our air combat capability to occur and will make a judgment in the course of this year about any risk of a capability gap occurring. The life of type of our 71 Classic Hornets and our 24 Super Hornets is sufficient for our air combat capability.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q260: Air Warfare Destroyer (AWD)**

**Senator Johnston provided in writing.**

- (a) Does the government intend to proceed with the acquiring of a fourth AWD? If not, why not?
- (b) What plans does the government have to provide continuing employment opportunities for the highly skilled workers involved in the AWD project after the completion of the third AWD?

**Response:**

- (a) As stated in the 2009 Defence White Paper, ‘Government will continue to monitor and assess its capability needs against strategic assessments. As a consequence, the Government will continue to assess the capability need for a fourth Air Warfare Destroyer in the future against further changes in strategic assessments and rational investment in further defence platforms’. The need for additional Air Warfare Destroyers naturally will be considered as part of the 2013 Defence White Paper process.
- (b) As announced on 3 May 2012, the Government has commissioned Defence to develop the Future Submarine Industry Skills Plan, which will identify the skills required to successfully deliver Australia’s Future Submarine capability. Central to that plan will be transition of skilled people from the Air Warfare Destroyer and Landing Helicopter Dock naval shipbuilding projects to the Future Submarine as well the other future naval shipbuilding projects identified in the Public Defence Capability Plan 2012.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q261: DCP**

**Senator Johnston provided in writing.**

- (a) Why does the government continue to produce a DCP that only has bands that are stated in the hundreds of millions of dollars?
- (b) Why won't the government produce quarterly DCP with specific details on the type of purchase that is planned to be followed in procuring a specific military capability?

**Response:**

- (a) The DCP represents the first and initial stage of project development and often occurs several years before Government approval. As part of the capability development process these cost estimates are continually refined, and are coordinated with industry closer to the Government's final decision. It would be inappropriate to provide specific costs when, given the long gestation period of many projects, cost estimates at the DCP entry stage are not confirmed. Furthermore, the dollars reflect the total cost of the project across its life and address the eight Fundamental Inputs to Capability, not just the platform cost.
- (b) The public DCP that was released recently is the fourth update of the DCP since its release in July 2009 by Defence Minister Faulkner. These updates generally reflect changes in scope, budget and schedule. This is a strategic level and forward looking document, that remains subject to change as strategic circumstances evolve, new technologies emerge and priorities are updated to reflect the changing needs of the ADF. The release of a four year DCP was deemed more appropriate based on consultation with Australian Defence Industry and also aligns the DCP with the four year forward estimates period in the Budget. This provides greater certainty for industry. In terms of the DCP detailing the procurement of specific military capabilities, the DCP outlines the options to Government for capabilities and the procurement options for consideration. Government determines the capability (not necessarily the platform and configuration) to be purchased and the Defence Materiel Organisation seeks tenders for the capability in line with a procurement strategy and process. It is not the role or intent of the DCP to provide specific detail on the platform or configuration of a military capability.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q262: Disposal of HMAS *Kanimbla* and HMAS *Manoora***

**Senator Johnston provided in writing.**

- (a) What is the process in disposing of HMAS *Kanimbla* and HMAS *Manoora*?
- (b) Who is managing this process?
- (c) When is the final decision expected to be made on the disposal of these vessels?
- (d) Will a fully transparent announcement be made when the decision is made of how and when the vessels will be disposed?

**Responses:**

- (a) In 2011, Defence released a Request For Proposal (RFP) seeking solutions for the disposal of Royal Australian Navy (RAN) ships over the period 2011 to 2019, including the two Landing Platform Amphibious (LPA) Class HMA Ships *Manoora* and *Kanimbla*.

The aim of the RFP was to seek innovative disposal options from local and international industry with a view to maximising sale revenue to the Commonwealth, encompassing such methods of sale as: going concerns; dismantling and recycling; establishing dive wrecks, and for use as museum exhibits.

The RFP generated three key disposal solutions, namely recycling in Australia, recycling overseas and dive wrecks.

The disposal process for the two ships was placed on hold pending a response from the Queensland State Government regarding its interest in utilising the ship/s as a dive wreck.

The Queensland State Government declined the offer. A decision on the disposal of these vessels is anticipated by the end of 2012.

- (b) The ship disposal is being managed by the Defence Materiel Organisation in partnership with the RAN and other regulating agencies.
- (c) A decision on the disposal of these vessels is anticipated by the end of 2012.
- (d) As with all major Defence asset disposals, the Minister for Defence Materiel will announce the outcome of the ships' disposals processes.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q263: HMAS Tobruk**

**Senator Johnston provided in writing.**

- (a) When is HMAS *Tobruk* due for de-commissioning?
- (b) How much has been spent on repairing, maintaining and upgrading HMAS *Tobruk*?
- (c) How much is planned to be spent on repairing, maintaining and upgrading HMAS *Tobruk* up until its date of de-commissioning?
- (d) How many days has HMAS *Tobruk* been fully operational and engaged in meaningful patrols and assistance work since January 2011?
- (e) Could you express this as a percentage of full operational availability?
- (f) What progress and what work has been completed in identifying a replacement vessel for HMAS *Tobruk*?
- (g) Have RFIs been sent to prospective entities that would be capable of supplying a suitable replacement vessel for HMAS *Tobruk*? If yes, please provide the details?

**Response:**

- (a) 4<sup>th</sup> Quarter 2014.
- (b) From 1 July 2007 until 31 May 2012 approximately \$94 million has been spent on repairing, maintaining and upgrading HMAS *Tobruk*.
- (c) An estimated \$79 million is currently planned to be spent on repairing, maintaining and upgrading HMAS *Tobruk* up until its planned withdrawal date in the 4<sup>th</sup> Quarter 2014. This funding was provided to implement the recommendations from the Rizzo Review report of July 2011.
- (d) Based on an assessment date of 30 June 2012, 79 days.
- (e) 44% of the time the ship was expected to be fully operational.
- (f) Originally, HMAS *Tobruk* and an Amphibious Transport (LPA) were to be replaced by the two JP2048 Phase 4A/B Amphibious Assault Ships (LHD) with the second LPA to be replaced by the JP2048 Phase 4C Strategic Sealift Ship. The LHDs will now replace the decommissioned LPAs, *Manoora* and *Kanimbla*. HMAS *Tobruk* will decommission in late

2014. The Interim Amphibious Capability, HMAS *Choules* is scheduled to decommission in 2016 but this will be reviewed in the Force Structure Review to assess to what degree she satisfies the requirements of the Strategic Sealift Ship and funding availability in the context of the Defence White Paper priorities. The Interim Humanitarian Assistance and Disaster Relief Capability, ADV *Ocean Shield* which augments *Tobruk* and *Choules* over the period of transition to the LHD will be transferred to Customs in 2016.

- (g) See response to part (f)

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q264: HMAS *Success***

**Senator Johnston provided in writing.**

- (a) How many days has HMAS *Success* been fully operational and engaged in meaningful patrols and assistance work since leaving the Singaporean dockyard following the completion of the double skinning work?
- (b) Could you express this as a percentage of full operational availability?
- (c) What progress and what work has been completed in identifying a replacement vessel for HMAS *Success*?
- (d) Have RFIs been sent to prospective entities that would be capable of supplying a suitable replacement vessel for HMAS *Success*? If yes, please provide the details?
- (e) When is HMAS *Success* due for de-commissioning?
- (f) How much has been spent on repairing, maintaining and upgrading HMAS *Success* between November 2007 and June 2011?
- (g) How much has been spent on repairing, maintaining and upgrading HMAS *Success* between June 2011 and June 2012?
- (h) How much is planned to be spent on repairing, maintaining and upgrading HMAS *Success* up until its date of de-commissioning?

**Response:**

- (a) HMAS *Success* returned to full operational capability on 28 September 2012 when the ship completed its unit readiness evaluation. The ship entered a scheduled maintenance period on 13 June 2011, following its return from Singapore, which was extended following the Chief of Navy's decision to repair a long standing shaft alignment defect. The ship returned to sea on 27 June 2012 to undergo a graduated return to operational capability. This program of work was guided by a Seaworthiness Validation Plan which was developed as part of a Seaworthiness Board Assessment in 17 April 2012.
- (b) The ship resumed operational availability 28 September 2012.
- (c) The Governments' Defence Capability Plan includes Project Sea 1654 Phase 3, which will address the replacement of HMAS *Success* by a new Auxiliary Oiler Replenishment (AOR) capability. The project is listed in the 2012 Federal Budget Portfolio Budget Statements as proceeding to First Pass Government consideration in the first quarter of 2013, with the project presently on track to achieve that objective.

- (d) No. The project has tentatively identified a small number of suitable designs that meet the AOR capability requirements of the Navy. The industry engagement strategy including the need or otherwise to issue an RFI is still under development.
- (e) 2017.
- (f) \$115 million has been spent on repairing, maintaining and upgrading HMAS *Success* between 1 November 2007 and 1 June 2011.
- (g) \$39 million has been spent on repairing, maintaining and upgrading HMAS *Success* between 30 June 2011 and 1 June 12.
- (h) An estimated \$240 million is required to be spent on repairing, maintaining and upgrading HMAS *Success* up until its date of de-commissioning in 2017.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q265: HMAS *Choules***

**Senator Johnston provided in writing.**

- (a) How much has been spent on repairing, maintaining and upgrading HMAS *Choules* from the date of its purchase until June 2012?
- (b) How many days has HMAS *Choules* been fully operational and engaged in meaningful patrols and assistance work since being commissioned into service?
- (c) Could you express this as a percentage of full operational availability?

**Response:**

- (a) HMAS *Choules* was purchased from the United Kingdom (UK) Government for GBP 65 million (AUD Equivalent of approximately \$100 million (2011-12 Pre ERC Feb 11 Price Basis)). Initial refit and recertification work was undertaken in the UK, prior to the handover of the vessel to the Australian Department of Defence on 14 October 2011, for approximately GBP 13.8 million (AUD Equivalent \$20.8 million (2012-13 Pre ERC Feb 12 Price Basis)). In addition, the initial RAN Communications fit out was also undertaken in the UK, to enable the minimal military functionality required for the vessels safe transit back to Australia, for approximately AUD Equivalent \$3.2 million.

Further funding of AUD \$14.0 million has been approved by Government for the completion of the RAN Communications fit out and agreed alterations and additions. This remaining work, to be conducted in Australia, will enable the achievement of the full operational capability consistent with the ship's Government approved role of Humanitarian Aid / Disaster Relief (HA/DR) and Non-combatant Evacuation Operations (NEO) within Australia's region.

Approximately \$1.2 million was spent in sustaining HMAS *Choules* up until June 2012.

- (b) HMAS *Choules* was available at 48 hours Readiness Notice from 13 December 2011 (Commissioning) until 14 June 2012 (184 days). The ship was away from home port as directed by Navy for 54 days.
- (c) HMAS *Choules* had full operational availability and met 100 per cent of its Navy tasking requirements up until the 14 June 2012.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q266: HMAS Sirius**

**Senator Johnston provided in writing.**

- (a) How much has been spent on repairing, maintaining and upgrading HMAS *Sirius* between November 2007 and June 2011?
- (b) How much has been spent on repairing, maintaining and upgrading HMAS *Sirius* between June 2011 and June 2012?
- (c) How many days has HMAS *Sirius* been fully operational and engaged in meaningful patrols and assistance work since being commissioned into service?
- (d) Could you express this as a percentage of full operational availability?

**Response:**

- (a) From 1 November 2007 until 30 June 2011 approximately \$41 million has been spent on repairing, maintaining and upgrading HMAS *Sirius*.
- (b) \$12 million has been spent on repairing, maintaining and upgrading HMAS *Sirius* between 1 July 2011 and 30 June 2012.
- (c) Based on an assessment date of 30 June 2012, HMAS *Sirius* has been at sea for 553 days since being commissioned and has been operationally available for 1496 days.
- (d) Since being in RAN service, HMAS *Sirius* has been fully operationally available 71 per cent of the time.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q267: RIMPAC 2012**

**Senator Johnston provided in Writing.**

- (a) Which amphibious ships will be participating in RIMPAC 2012?
- (b) If no participants, why not?
- (c) Which RAN ships will be participating in RIMPAC 2012?
- (d) What will Australia's participation in RIMPAC 2012 entail? Please provide a full and comprehensive description of our participation?

**Response:**

- (a) No RAN amphibious ships will participate in RIMPAC 2012.
- (b) The RIMPAC exercise series provides a wide range of warfighting training opportunities, including access to instrumented ranges for weapons firings. In determining RAN force levels to be allocated to this exercise, training priorities, operational commitments and national requirements shape the decision process and our commitment varies from exercise to exercise on this basis. The RAN force was shaped to focus on Sea Combat Command functionality and surface and anti submarine warfare training opportunities. While there are no ships involved in amphibious training in 2012 the Australian Army will embark a company of soldiers (A Company, 1 RAR) in USS *Essex* to conduct amphibious development training.
- (c) The submarine HMAS *Farncomb* and the surface combatants HMA Ships *Perth* and *Darwin*.
- (d) ADF participation by service is as follows:
  - a. Navy:
    - i. HMAS *Perth* (with S70B helicopter embarked for the exercise);
    - ii. HMAS *Darwin* (with embarked S70B helicopter);
    - iii. HMAS *Farncomb*;
    - iv. Elements from Clearance Diving Teams 1 (thirty four personnel) and 4 (twenty four personnel);
    - v. Mine Clearance and Diving Task Group Staff (Mine Counter Measure Commander in Southern California); and
    - vi. Combined Force Maritime Component Commander (CFMCC - Flag Officer) and ninety staff.

- b. Army:
  - i. A Company, 1 RAR, AAV Coy (embarked in USS *Essex*), and
  - ii. Twelve Staff Officers embedded with the Special Purpose Marine Air Ground Task Force (SPMAGTF) Headquarters (embarked in USS *Essex*).
- c. Air Force:
  - i. 2 x AP3C;
  - ii. 1 x 737 AEW&C, and
  - iii. Deputy Commander, Maritime Patrol and Reconnaissance Aircraft Task Force and Staff.

The highlight of the exercise for Navy is Australia's role as the Combined Force Maritime Component Commander, which is the first time a non-U.S. commander has led this component through all phases of the exercise planning and conduct. Commodore Stuart Mayer, RAN, CSC and Bar, will lead a 300 strong multi-national staff and command over 40 ships, 6 submarines, 100 aircraft and 10,000+ personnel.

The overall ADF participation is approximately 1100 personnel.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q268 – Darwin Defence Housing**

**Senator Macdonald provided in Writing.**

We draw your attention to answers to written question (QON 10) from Additional Estimates, February, 2012. The department has provided advice in the stated answer to the effect that there are 230 houses at RAAF Darwin that are currently uninhabited and not available for habitation.

- (a) Can you identify the decision-making process and/or operational/logistical factors that led to 230 dwellings being allowed to fall into such disrepair as to make them uninhabitable?
- (b) Can you detail the current plan to remediate these buildings to render them inhabitable?
- (c) Can you detail the cost that has been assessed/estimated for this remediation?

**Response:**

- (a) Currently tenanted houses are maintained to a habitable standard and all repairs and maintenance issues are addressed as they arise. However vacant and surplus houses are not being upgraded or maintained to a habitable standard as it is not cost effective to do so. The standard of the housing at RAAF Base Darwin varies in line with their age although most require a significant upgrade for continued use as a rental property. A number of the houses currently vacant have issues with electrical wiring, plumbing, sewerage, defective stairs, unsafe balconies and damaged roofs.

In 2007 Defence introduced a new national Housing Classification Policy (HCP) that established a new minimum standard and requires all Defence housing to be compliant by 2017. Approximately 90% of the houses on RAAF Base Darwin do not meet the minimum standard and need to be upgraded or replaced before 2017. One area of non-compliance is the lack of an ensuite bathroom in nearly all these houses. Following a comprehensive review by Defence, in consultation with Defence Housing Australia (DHA), it was determined that it would not be cost effective to upgrade these houses to meet Defence's minimum standard or the Building Code applicable in Darwin. It is estimated that the cost of upgrading the non-compliant stock could be approximately \$380,000 per property. It should also be noted that all but 8.7 hectares of the current housing estate is noise affected and would require the inclusion of noise attenuation if a major upgrade was to be undertaken.

- (b) At this stage there are no plans for Defence to remediate vacant houses to a habitable condition.
- (c) It is estimated that the cost of upgrading the non-compliant stock could be approximately \$380,000 per property.

**Note:**

Since the response to Question on Notice Number 10 the current number of houses vacant and unavailable for occupancy by Defence members has increased from 230 to 251 houses. This variation is primarily due to the relocation of Defence families occupying houses in the area designated for the construction of 100 new houses. Families have either moved from Darwin as a result of normal posting actions or have been relocated into other Defence houses in Darwin.

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**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q269: Delta Company 6 RAR**

**Senator Macdonald asked on Tuesday, 29 May 2012, Hansard page 64.**

Can you provide me with any detail as to the process that was undertaken to determine the eligibility of Delta Company 6 RAR for the Republic of Vietnam Medal? I want to know how Delta Company received the award?

**Response:**

In October 2007 the Government appointed an independent panel to review the treatment of award recommendations stemming from the Battle of Long Tan. The review panel was administered by the Department of the Prime Minister and Cabinet. It presented its report to the Prime Minister on 31 March 2008.

The panel recommended that no action be taken to give retrospective permission for members of Delta Company 6RAR to wear the insignia of the Government of the Republic of Vietnam Gallantry Cross with Palm Unit Citation. This recommendation was not agreed by Government.

On 14 August 2008 the Special Minister of State, the Minister for Veterans' Affairs and the Parliamentary Secretary for Defence issued a joint media statement announcing that the strength of Delta Company 6RAR on 18 August 1966 will receive approval to wear the emblem of the former Republic of Vietnam's Gallantry Cross with Palm Unit Citation.

The Government considered that there was sufficient weight in the evidence for the foreign unit award to justify treating the claim in the same way as individual foreign awards for the Battle of Long Tan were treated in 2004. While an original offer of the unit award has not survived, the Government accepted that there was an intention to offer the unit award to Delta Company 6RAR.

## Senate Standing Committee on Foreign Affairs, Defence and Trade

### QUESTIONS ON NOTICE – COMMITTEES

Senate Budget Estimates – 28/29 May 2012

#### Q270: M113

Senator Fawcett asked on Tuesday, 29 May 2012, Hansard page 111.

“The ANAO report says that key Capability aspirations sought for the M113 upgrade were only part achieved, are yet to be achieved or are unachievable. Would you care to comment on which parts of the desired capability outcomes are unachievable or are yet to be achieved?”

#### **Response:**

This question refers to Table 5.4 of the Australian National Audit Office (ANAO) report “*Defence’s capability aspirations for the upgraded M113 and its capability achievements as at December 2011*”. Table 5.4 states that three of the ten Capability Aspirations were achieved. Of the remaining seven; two were ‘Not Achieved’, three were ‘Partially Achieved’ and two were ‘Yet to be Achieved’. Defence has previously provided responses to ANAO to all of the aspirations which were ‘Not Achieved’, ‘Partially Achieved’ or ‘Yet to be Achieved’, which are summarised as follows:

#### **Not Achieved**

##### **Efficiency in developing new capability**

The delays that occurred during the early stages of the Project have been addressed and Defence has now taken delivery of sufficient vehicles to provide an effective deployable capability for a range of contingency tasks as required by Government.

##### **Close-Combat Capability**

The Defence response to the ANAO report on close-combat capability is referenced in paragraph 4 of the “*Letter from the Chief of Army Regarding Capability: 20 April 2012*”:

“While the existing level of protection of the M113AS4 is high, analysis shows that the vehicle’s major limitation will be its ability to support close combat operations against an enemy which is capable of employing a broad variety of conventional and unconventional methods of attack through to the end of the M113AS4 life of type. Specifically, the vehicle is vulnerable to the types of Improvised Explosive Devices (IEDs) like those currently being used in the Middle East Area of Operations (MEAO). This is a vulnerability which is an inherent limitation to many of the world’s best Armoured Fighting Vehicles (AFVs). The Australian Light Armoured Vehicle (ASLAV), for example, also has a flat-bottomed hull and it therefore required a Mine Blast Belly Plate (MBBP) to be fitted in order to mitigate current threats in the MEAO. Recognising this, a limited number of Mine Protection Systems (MPS) were procured for the M113AS4, which can be fitted to the platform just as the MBBP solutions have been for the ASLAV. This MPS significantly enhances the M113AS4’s survivability and provides a suitable level of protection against the IED threat.”

## **Partially Achieved**

### **Able to operate in concert with heavy tank capability**

The M113AS4 can operate with tanks. As outlined in Appendix 3 of the ANAO report "*Letter from the Acting Chief of Army Regarding Capability: 19 December 2011*", the M113AS4 is currently used in the raise, train and sustain continuum for 1 Brigade. Since the platform was introduced into service, it has been used effectively as part of a combined arms team within numerous brigade combined arms and battle group level Exercises including Ex HAMEL and Ex TALISMAN SABRE in 2011. This vehicle is currently deployed with tanks under very demanding training conditions within Shoalwater Bay as part of Exercise HAMEL 12.

The M113AS4s are able to communicate with each other and other armoured vehicles including Tanks which they train and fight alongside. All M113AS4 variants share a common RAVEN radio which enables voice communications with other platforms within the combined arms team. The communications capabilities of the M113AS4 will be further enhanced in coming years as part of Project Land 75 and Joint Project 2072 through the incorporation of new radios and a battle management system.

### **Superior protection in comparison to the Bushmaster and ASLAV**

The M113AS4 has superior ballistic and side blast protection to ASLAV and protected mobility vehicle (PMV). Additionally, LAND 106 procured 16 mine protection systems for the M113AS4 to enhance the platform's survivability. When fitted, the mine protection systems provides the M113AS4 with a superior 'Standard Agreement' mine blast protection rating to ASLAV, and marginally inferior to that of the PMV. A range of additional upgrades are also available to address known vulnerabilities should future operational requirements necessitate. The Danish Army, for example, has upgraded its M113 Fleet with a mine protection system, which raises the standard agreement mine blast protection rating to a level above that of the PMV.

### **Able to be deployed to Iraq and Afghanistan with relatively low cost upgrades**

As Defence informed the JCPAA in June 2009, "the M113 could be deployed to Afghanistan, but that it would require additional protection due to the current threat environment."

The M113AS4 is not required for the current mission's, roles and tasks in the Middle Eastern Area of Operations (MEAO); however, there is a range of survivability upgrades available for the M113AS4 should future operational requirements necessitate.

## **Yet to be Achieved**

### **Deployable by C130 Hercules aircraft**

The upgraded M113AS4 is currently not certified to be transported by C130 Hercules.

Work is continuing to enable certification for the later variant designs, and additional improvements to loading procedures are being pursued. The M113AS4 can be transported by both the C-130 (H and J models) and the C-17 air platforms; however, to load the vehicle onto the C-130 the M113AS4 currently requires a system to reinforce the loading ramp. This system is cumbersome and requires further testing, development and evaluation by the RAAF.

### **Improved Reliability**

There were a combination of teething problems with the introduction of a new platform, which have not represented themselves after rectification.

There were also a number of changes made to accommodate new updates on vehicles (produced earlier in the M113 program), which resulted in reliability issues. In several cases these faults were assembly issues or minor maintenance tasks. Even if the 732 occurrences listed in Table 5.4 were accepted as common maintenance issues this occurrence rate against the approx 261 vehicles available at the time represents about two faults per year per vehicle. This represents a very low fault rate for a new platform being introduced into service.

**Senate Standing Committee on Foreign Affairs, Defence and Trade**

**QUESTIONS ON NOTICE - COMMITTEES**

**Senate Budget Estimates – 28/29 May 2012**

**Q271: Qualifications of Staff**

**Senator Fawcett asked on Tuesday, 29 May 2012, Hansard page 66**

Can you provide me the various professional qualifications of the staff and the mandated training requirements?

**Response:**

Staff at the Australian Defence Test and Evaluation Office (ADTEO) have the following qualifications and mandated training requirements.

- All staff in ADTEO, including most support staff, are required to and have completed, a one-week course in Operational Test and Evaluation (T&E) by NOVA Defence Systems. This is mandatory for all Deputy Directors and Trial Managers.
- Five staff have a Diploma in Public Safety (T&E) with another four soon to be awarded. These qualifications are recognised and issued by NOVA Defence Systems in their role as an accredited Training Authority for T&E. The Diploma requires training and experience to qualify for the award.
- All Trial Managers have completed the year-long capability technology management course run by the Australian Defence Force Academy and the University of NSW. This cross-discipline course provides masters-level education in technology and project management with subjects such as firepower and protection, aviation technology, vehicles and mobility, logistics, and communications and information technology.
- Early Test Plan Deputy Directors are required to complete the NOVA Defence Systems Acceptance T&E and Operational T&E courses (each of one-week duration). They are also required to attend internal Capability Development Group skilling programs in operational concept document and functional performance specification writing, in addition to workshops on Foreign Military Sales procedures. They also lecture on the Capability Development Group T&E Workshop as part of the skilling program, and are required to attend a one-day course on Introduction to the Senate.