

Senate Foreign Affairs, Defence and Trade Legislation Committee

RESPONSES TO QUESTIONS ON NOTICE—DEPARTMENT OF DEFENCE

Budget supplementary estimates 2000—2001, 23 November 2000

Portfolio overview and major corporate issues

QUESTION 1

SENATOR: HOGG

HANSARD: Page 27

What were the Group budget allocations for 1999-2000, where have they overspent, why have they overspent, and by how much have they overspent?

RESPONSE:

Group budget allocations and actual variances for 1999-2000 are detailed in the table below which follows the 12-Group organisational structure that was in place up to 30 June 2000.

Group	Net Expense Allocation ^(1,2) \$m	Net Actual Expense \$m	Variation ⁽³⁾ \$m
Defence Headquarters	144	116	-28
Navy	931	799	-132
Army	701	511	-190
Air Force	873	688	-185
Intelligence	143	158	15
Support Command	1,022	1,314	292
Defence Personnel Executive	765	730	-35
Acquisition	365	377	12
Science and Technology	240	226	-14
Defence Estate	761	814	53
Defence Information Systems	338	401	63
Defence Corporate Support	632	631	-1
Total	6,901	6,764	-137

Notes:

1. Allocations reflect adjustments agreed by Secretary/CDF after the Additional Estimates process.
2. Under the then Defence governance arrangements, Group Managers were not assigned management control over all resources that contributed to their results. The major example is military employee expenses which were managed centrally.
3. Most of the variations related to non-cash expenses. Overall, Defence spent nearly all of its cash allocation.

Variations for individual Groups were:

- Defence Headquarters:
 - Higher than estimated interest revenue of \$18m on behalf of Defence. Under the devolved banking arrangements, Defence was able to retain a portion of the interest earned on its bank accounts. The Portfolio Additional Estimates Statements estimate was exceeded.
 - Lower than estimated expenses of \$10m, most of which has been reprogrammed to 2000-01 due to the slippage and deferral of project ROMAN, the cost management project, Fringe Benefits Tax liabilities and equipment acquisitions.

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- Navy:
 - Revenue from assets first recognised exceeded budget by \$82m as a result of the correction by Support Command of a misclassification in 1998-99 of Repairable Items.
 - In net terms, supplier expenses came in under budget by \$46m. This result was a combination of reduced inventory consumption (-\$78m) due to activities not taking place as a result of the commitment in East Timor, higher than budgeted expensed asset purchases (+\$24m) and other supplier expenses (+\$8m).
 - Depreciation expenses were \$30m over budget.
 - Asset write-downs were \$34m under budget as a result of the correction to the misclassification of Repairable Items.
- Army:
 - Revenue received from the sale of goods and services exceeded budget by \$5m.
 - Revenue from assets first recognised exceeded budget by \$40m as a result of the correction by Support Command of a misclassification in 1998-99 of Repairable Items.
 - Employee expenses were \$4m less than budget.
 - In net terms, supplier expenses came in under budget by \$124m. This result was a combination of reduced inventory consumption (-\$113m) due to activities not taking place as a result of the commitment in East Timor, lower than budgeted expensed asset purchases (-\$5m) and other supplier expenses (-\$6m).
 - Depreciation expenses were \$6m over budget.
 - Asset write-downs were \$25m under budget as a result of the correction to the misclassification of Repairable Items.
 - Other minor expenses were \$2m higher than the budget.
- Air Force:
 - Revenue received from the sale of goods and services exceeded budget by \$6m.
 - Revenue from assets first recognised exceeded budget by \$129m as a result of the correction by Support Command of a misclassification in 1998-99 of Repairable Items.
 - In net terms, supplier expenses came in under budget by \$51m. This result was a combination of reduced inventory consumption (-\$92m) due to activities not taking place as a result of the commitment in East Timor, higher than budgeted expensed asset purchases (+\$42m) and lower than budgeted other supplier expenses (-\$1m).
 - Depreciation expenses were \$28m over budget.
 - Asset write-downs were \$27m under budget as a result of the correction to the misclassification of Repairable Items.
- Intelligence:
 - Civilian employees expenses were \$1m under budget.
 - Suppliers expenses were \$5m over budget.
 - Depreciation expenses were \$16m under budget.
 - Asset write-downs were \$27m over budget.
- Support Command:
 - Revenue received from the sale of goods and services was under budget by \$25m.
 - Net gains from the sale of assets were under budget by \$4m.
 - Employees expenses were \$12m over budget.

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- Suppliers expenses and write-down of assets as a result of inventory reconciliations exceeded budget by \$228m.
- Depreciation expenses exceeded budget by \$23m.
- Defence Personnel Executive:
 - Revenue from independent sources was \$12m under budget. This was the result of lower than budgeted receipts for rations and quarters as well as married quarters due to the East Timor deployment.
 - Military employee expenses were \$29m under budget.
 - Civilian employee expenses were \$7m under budget.
 - Suppliers expenses were \$9m under budget.
 - Depreciation expenses were \$3m under budget.
 - Asset write-downs were \$1m over budget.
- Acquisition:
 - Revenue from sale of goods and services was \$1m above budget.
 - Suppliers expenses were \$10m under budget.
 - Asset write-downs were \$23m over budget.
- Science and Technology:
 - Depreciation expenses were \$9m under budget.
 - Civilian employee expenses were \$5m under budget.
- Defence Estate:
 - Operating leases were \$10m under budget.
 - Depreciation expenses were \$2m under budget.
 - Asset write-downs were \$65m over budget.
- Defence Information Systems:
 - Employees expenses were \$2m under budget.
 - Suppliers expenses were \$9m under budget.
 - Depreciation expenses were \$44m over budget.
 - Asset write-downs were \$30m over budget.
- Defence Corporate Support:
 - Depreciation expenses were \$1m under budget.

QUESTION 2

SENATOR: HOGG

HANSARD: Page 28

What financial exposure does Defence currently have in contracts signed in US dollars where payments have still not been made?

RESPONSE:

At 30 June 2000, Defence had contracts written in United States dollars with a balance to be paid of US\$1,411m.

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QUESTION 3

SENATOR: HOGG

HANSARD: Page 28

- a. What was the net loss that Defence incurred in 1999-2000 in foreign currency exchanges?
- b. What is the total amount that Defence spends in foreign currency each year?

RESPONSE:

- a. Defence is supplemented on a 'no win/no loss' basis in regard to the ongoing effects of foreign exchange movements as they relate to major contracts. The amount of supplementation for 1999-2000 was in the order of \$110m. In addition, the Defence Financial Statements for 1999-2000 (page 106 of the *Defence Annual Report 1999-2000*) disclosed a net gain on foreign exchange of A\$12.932m arising from currency movements in the Foreign Military Sales Base Level Funding account.
- b. In 1999-2000, Defence spent in foreign currency the equivalent of A\$2,102m. This amount may vary across financial years depending on the capital equipment projects involved and the foreign currency exposure of those projects.

QUESTION 4

SENATOR: HOGG

HANSARD: Page 37

Were any jobs, which were not part of the Defence Reform Program, lost or will any jobs be lost as a result of the organisational restructure that was implemented on 1 July 2000? If so, does this have any impact on ADF personnel numbers?

RESPONSE:

The organisational restructuring which took place on 1 July 2000 was concerned with improving Defence's internal governance and accountability, particularly aligning Defence's organisation with responsibility for delivering results for Government. Defence is also seeking to ensure that its internal allocation of resources is what is required to deliver various internal and external outputs. As a result of that, there may well be some variations in staffing levels in parts of the organisation due to changes in functional responsibilities and job redesign. For instance, as indicated in the response to Question 41, there has been a reduction of three Major General-equivalent positions in the Defence Materiel Organisation and of several support staff.

The Government's Defence White Paper released on 6 December 2000 requires the number of ADF members to grow to about 54,000 by 2010. There are no targets for civilian personnel numbers—Defence seeks to employ the right number to ensure that the ADF is appropriately supported.

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QUESTION 5

SENATOR: HOGG

HANSARD: Page 39

Please provide a list of projects to the committee where outsourcing and contracting work is carried out overseas.

RESPONSE:

The following is a broad list of the projects that have maintenance work carried out overseas.

Project	Type of Equipment where Repair and Maintenance Work is Contracted Overseas
Missiles: Standard Missile1, Harpoon, Sidewinder, Seasparrow, Bofors RBS 70 and Rapier	Seeker heads and guidance sections and units
Torpedos: MK 46 and MK 48	Guidance units and transducers
Maritime Patrol – P3C Orion	Electronic warfare, electronic, avionics and airframe
Tactical Fighter – F/A-18 Hornet	Avionics and radar
Strike Reconnaissance – F-111	Avionics, oxygen systems, optical equipment and engines
Support Equipment Logistics Management Unit	Calibration and repair of test equipment
Iroquois	Engine
Blackhawk	Avionics and airframe
Squirrel	Airframe
Kiowa	Avionics
Chinook	Avionics and airframe
FFG Upgrade Project	Electronic support antenna, SPS-49 radar, Mk41 vertical launch system
Submarine Project	Castafiore sonar test source (trials equipment)
Anzac Ship Project	Mark 49 ring laser, fire control radar, all high energy vacuum tubes, sonar array, infrared cameras, laser range finder
Minehunter Coastal Project	Integrated system support to degaussing system and Mine Detection Sonar with ancillaries including main winch, velocity of sound winch, acoustic tracking system, sea chest assembly, and monitor transducer assembly
Logistics Support Agency	FFG close-in weapons system, FFG memory modules for combat system computer, Anzac target indicating radar, Anzac infrared viewer
Radar	Logistics support for Alenia radar systems at RAAF Tindal, East Sale and Oakey
Tactical Air Navigation Systems	One-off mid-life refurbishment of up to ten systems located at 1 Combat Communications Squadron
ADGE Radar	Twystron valves in the radar (when unserviceable)
MILSATCOM	Integrated receiver decoder, cryptographic equipment, satellite injection point equipment, naval suites - stabilised three-axis antenna, terminals, military offshore satellite terminals
Narrowband Secure Voice equipment	Replacement printed circuit boards, communications security module repairs

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Australian Electronic Key Management System	Key processor repairs, communications security management software maintenance
Project Parakeet	Battlefield telecommunications equipment
Project Pintail	Cryptographic circuit card
Multi Band Inter/Intra Team Radio project	Cryptographic circuit card
Multiple projects	High-grade cryptographic equipment and associated cryptographic circuit cards, very high frequency jammers, specialist communications receivers, electronic warfare equipment, DISCON equipment

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Outputs

Output 1: Defence operations

QUESTION 6

SENATOR: WEST

HANSARD: Page 43-44

- a. How many incidents of hostile engagement by ADF personnel have there been in East Timor since September last year? What is the current situation in this regard?
- b. What other incidents, apart from hostile engagement, have ADF personnel been involved in? What is the current situation in this regard?

RESPONSE:

- a. During the Interfet period up to February 2000, there were relatively few incidents which could be regarded as being hostile engagement involving ADF personnel. One hostile engagement resulted in two ADF battle casualties. Following the transition from Interfet to UNTAET, there have been 11 incidents of hostile engagement involving ADF personnel (as at 2 December 2000). The recent hostile engagements on 1 and 2 December are the first since 12 October. This illustrates the unpredictability of the situation.
- b. Other than hostile engagements, there have been incidents of militia sightings by ADF personnel including contact, sighting of flares, hearing weapons being discharged and witnessing cross-border resupply activities or other miscellaneous acts. Records indicate four incidents up to February (including the two hostile engagements) and a further 129 incidents since the Interfet/UNTAET transition, with a peak of 33 incidents in August. The overall situation remains unpredictable.

The level of militia activity is influenced by the effectiveness of UNTAET security operations, border security measures, weather conditions and motivation from political developments. In the current situation, ADF personnel are maintaining their personal security and providing an effective level of security in the battalion area of operations.

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Output 2: Navy capabilities

QUESTION 7

SENATOR: HOGG

HANSARD: Page 46

Please provide the committee with a list of command and control equipment installed on HMAS *Manoora* during its refit for the Australian Navy.

RESPONSE:

HMAS *Manoora* and HMAS *Kanimbla* have been fitted out with sufficient command and control equipment to meet Navy and Army needs in the conduct of normal amphibious operations, with limited ability to cater for the embarkation of a Joint Force Area Coordination Cell. Command and Control equipment installed during the Amphibious Transport (LPA) refit and modernisation includes:

Radars

The replacement radars were the Kelvin Hughes 1007 radar, comprising an I-Band transceiver and F-Band transceiver, feeding into three colour tactical displays in the operations room. One tactical display has master control over the F-Band radar and is used for air control. This links with the newly-installed AN/TPX-54 (V) Hazeltine IFF interrogator. The remaining tactical displays are slave displays and are used for ship's navigation, amphibious and surface control.

Communication Fit

- 8 x Raven High Frequency Transceivers
- 6 x Raven Very High Frequency Transceivers
- 6 x WSC-3 Ultra High Frequency Transceivers
- 1 x Ultra High Frequency Satellite Communications Equipment
- 3 x Ultra High Frequency Demand Assigned Multiple Access Satellite Communications Equipment
- 1 x Global Command and Control System—Naval
- 12 x High Frequency Secure Voice Equipment
- 15 x Ultra High Frequency Secure Voice Equipment
- Encryption/Decryption Equipment

Battlefield Command and Control System

The Army Battlefield Command and Control System Local Area Network has been fitted, but not set to work. The system has some 44 outlets connecting the briefing rooms, operations room, communications centre, embarked forces headquarters and command functional areas. The system will provide land-theatre picture compilation with a full command and control suite for joint communications and operations staff. The system's Local Area Network allows the embarked Army force to plug in and establish a command and control network onboard.

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QUESTION 8

SENATOR: HOGG

HANSARD: Page 48-49

- a. What are the serious facilities problems at HMAS Cerberus?
- b. When was the last sound audit carried out at HMAS Cerberus? Is the audit supposed to be carried out on an annual basis?

RESPONSE:

- a. There have been some buildings at HMAS Cerberus where the roofs have experienced leaks. The atrium at the medical centre experienced a leak not long after the building was commissioned. Repairs to the atrium were undertaken which required rectification of some structural deficiencies, replacement of glass and caulking of the frames to make the facility watertight. This work was undertaken in January 1998. There have been no reported leaks since the repairs were made.

The Defence Estate Organisation (DEO) is undertaking a major refurbishment of one of the main training buildings (Building 190) at HMAS Cerberus. The scope of the refurbishment works provides for extensive external repairs to ensure that the building remains watertight, noting that the building is heritage listed and that major alterations cannot be made to the building facade. Internally, the refurbishment will improve its functionality for administrative, training and classroom activities as well as generally making the environment more conducive for the occupants. The estimated cost of the works is \$820,000.

The Defence Estate Organisation is unaware of any other buildings that have major deficiencies. Assets are regularly inspected to determine maintenance needs and the required works programmed to be undertaken as part of an ongoing maintenance program for the establishment.

- b. The last noise test was conducted at the Navy School of Survivability and Ship Safety in November 1994 and was valid for five years. Responsibility for this function has recently passed from Navy to Defence Estate, whose staff is liaising with management at *HMAS Cerberus* to determine the desirable extent and frequency of the noise surveys.

QUESTION 9

SENATOR: WEST

HANSARD: Page 52

In relation to correspondence between Mr Ferguson MP and Senator the Hon Eric Abetz concerning naval reserve cadets:

- a. Was a complete financial audit carried out for TS Jervis Bay as foreshadowed in Senator Abetz's letter of 14 September 2000?
- b. Who was responsible for the conduct of the audit?
- c. If it has been completed, what were its findings?

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RESPONSE:

In his letter to Mr Ferguson MP on 14 September 2000, Senator Abetz wrote “The investigation determined that there was no evidence to support the allegation made against [*an officer of the Naval Reserve Cadets*] concerning alleged fraudulent activities. Some irregularities in bookkeeping were found, though this can be attributed to minor administrative oversights. Accordingly, while no action was deemed necessary, the officer was re-briefed on correct procedures with attendance records and payments. It was recommended that a complete audit of TS Jervis Bay be carried out. This audit will be coordinated by the NRC State Headquarters.”

The Local Naval Authority NSW/ACT and the Senior Officer Naval Reserve Cadets NSW/ACT are responsible for the conduct of audits. After further consideration of the investigation report referred to above and its recommendations, the authority and the Senior Officer decided that, as there had been only one incident with regard to incorrect procedures, the situation did not warrant the conduct of a complete audit in addition to the routine checks conducted during the annual inspection process of all Naval Reserve Cadets units. The Director of Naval Reserve Cadets endorsed this decision.

In addition, the officer who made the original allegations of fraud lodged a complaint with the Australian Federal Police at Jervis Bay and requested that they investigate his allegation of fraud. The AFP officer, who interviewed the officer concerned on 21 October 2000 regarding the matter, accepted that the Navy had investigated the allegation and the complaint was immediately dismissed.

QUESTION 10

SENATOR: WEST
HANSARD: Page 52

Is there a formal policy on sexual harassment for naval reserve cadets? If so, what changes to this policy have taken place in the last 12 months?

RESPONSE:

A draft policy for preventing, managing and eliminating unacceptable behaviour in the Australian Services Cadet Scheme has been developed by the office of SO CADETS. It is anticipated that the final document will be available for release next year. A copy of the draft was sent to all Naval Reserve Cadet units and headquarters in September 2000 for interim guidance to staff and cadets and for the immediate formulation of local training programs pending release of the final document. In addition, a number of units have been briefed by Navy equity advisers.

Current Naval Reserve Cadet instructions provide broad guidance for managing discrimination, sexual harassment, unacceptable behaviour and standards for personnel. The draft policy described above contains Defence policy applicable to the cadet scheme on what constitutes unacceptable behaviour, the means of dealing with incidents and the measures to be taken to make participants of the Australian Services Cadet Scheme’s activities aware of this policy. This includes:

- definitions, examples and management of sexual offences and other unacceptable behaviour;
- guidance for the initial interview with respondents when conducting a general inquiry into incidents of unacceptable behaviour;

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- code of conduct for cadet scheme's adult staff;
- guidelines for the scheme's workplace supervisors when harassment of staff or cadets is suspected;
- ADF personnel attached to cadet units remain subject to ADF policy and instructions concerning harassment and unacceptable behaviour;
- examples of forms and the maintenance of statistical data for incidents of unacceptable behaviour; and
- a flow chart which provides step-by-step guidance for handling incidents of unacceptable behaviour.

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Output 4: Air Force capabilities

QUESTION 11

SENATOR: WEST
HANSARD: Page 57

Please provide a comparative list between last year and this year on the accident and incident rates for aviation safety matters.

RESPONSE:

Calendar Year	Accidents	Incidents
1999	2	2,190
2000 (as at 15 Dec)	3 ⁽¹⁾	1,884

Note:

1. Includes one subject to confirmation.

QUESTION 12

SENATOR: FAULKNER
HANSARD: Page 41

Did the decision to send a second VIP aircraft to Brunei emanate from a request from outside the Air Force? If so, from whom did the request emanate?

RESPONSE:

- a. No. On the morning after the arrival of the Prime Ministerial party in Brunei, the Staff Officer, VIP Operations (RAAF), approached the PM&C Visits Officer and sought clarification of transport arrangements for the return flight from Brunei to Australia. At no time did any other personnel, including those in the Prime Minister's Office, instruct the RAAF to use the second aircraft. It was appropriate for the backup aircraft to be pre-positioned in Brunei and the Chief of Air Force authorised the positioning of this aircraft.
- b. Not applicable.

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Output 5: Policy advice

QUESTION 13

SENATOR: HOGG

HANSARD: Page 58-59

- a. How many staff were employed in the Defence Security Branch as at 30 June 1999 and 30 June 1998 respectively?
- b. How does the current budget for the Defence Security Branch compare with the budgets for the previous two financial years?
- c. How many officers, either ADF or civilian, were employed within the Security Intelligence Policy and Planning Directorate as at 30 June 2000?

RESPONSE:

- a.

30 June 1998	84 civilians and 18 military giving a total of 102
30 June 1999	84 civilians and 16 military giving a total of 100
Current	89 civilians and 16 military giving a total of 105
- b. The currently allocated Defence Security Branch cash budget is \$13.225m—which includes \$9m for Australian Protective Service (APS) guarding. The budget in 1999-2000 was \$17m (which included \$8.9m for APS guarding). In 1998-99, it was \$16.7m (which included \$11.8m for APS guarding.)
- c. 37 (including four personnel outposted to other agencies).

QUESTION 14

SENATOR: HOGG

HANSARD: Page 62

- a. What was the date of the referral to the Australian Federal Police (AFP) of the alleged leaks of classified information in respect of East Timor?
- b. Can you please reconcile the difference between the 27 cases of alleged leaking of classified material advised at the 9 February hearing this year, and the AFP search warrant executed on Dr Dorling which listed 62 documents originating from Defence?

RESPONSE:

- a. 20 July 1999.
- b. The 27 cases referred to by Assistant Secretary Security were of leaks of information in general at that time, including East Timor-related leaks. Defence does not have access to details of the warrant executed in relation to Dr Dorling. These details need to be sought from the Minister for Justice and Customs.

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QUESTION 15

SENATOR: WEST/HOGG

HANSARD: Page 67-70

In relation to the investigation into the alleged leaking of intelligence material concerning East Timor:

- a. When was the current Secretary first briefed on the planned nature of the investigation and related resource issues?
- b. When were the Chief of the Defence Force and the Director, Defence Intelligence Organisation briefed about the progress of the investigation? Was anyone else briefed?
- c. Was there discussion between Defence and the AFP about the timing of the execution of the search warrant? If so, who from Defence was involved in those discussions?
- d. Were senior officers within Defence briefed prior to the execution of the search warrant at Dr Dorling's home on 16 September 2000?
- e. Was the Minister or the Minister's office advised of the commencement of the investigation? If so, when did this occur?
- f. How long after the search warrant was executed did the two officers under contract to Defence Security Branch report their involvement in the search to the Assistant Secretary, Security?
- g. Did Defence advise, speak with or provide any briefing on the alleged leaking of Defence intelligence documents and subsequent investigations by the Defence Security Branch and the AFP to the Prime Minister, the Prime Minister's office or to the Department of Prime Minister and Cabinet? If so, who initiated such contact?

RESPONSE:

- a. 1 November 1999.
- b. The Chief of the Defence Force and the Acting Director Defence Intelligence Organisation were briefed on 23 April 1999. Briefing notes advising of the commencement of the investigation were subsequently provided to the Minister for Defence, Chief of Staff to the Minister for Defence, Chief of the Defence Force, Vice Chief of the Defence Force, Deputy Secretary Corporate, Deputy Secretary Strategy and Intelligence, Head International Policy and Director General Public Affairs.
- c. No. The two Defence Security Branch contract investigators were aware of the timing of the execution of the search warrants, but they were working to the Australian Federal Police in what had become an AFP-led investigation. They were specifically instructed by the AFP not to brief anyone in Defence.
- d. The Secretary and the Chief of the Defence Force were briefed.
- e. Deputy Secretary Corporate advised the Minister's Chief of Staff on 23 April 1999 of the commencement of the investigation, and the former Secretary, Mr Barratt, also briefed the Minister in 1999. The current Secretary, Dr Hawke, has since briefed the Minister on the general progress of the investigation.
- f. The Assistant Secretary Security was advised on 19 September 2000.

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- g. One of the Defence contract investigators interviewed a number of staff from the Prime Minister's Office and the Department of the Prime Minister and Cabinet during the course of the investigation in 1999. He initiated the contact. Defence did not provide a formal briefing on the investigation. However, following a discussion that Dr Hawke had with Mr Moore-Wilton, Mr Moore-Wilton was briefed by the AFP.

QUESTION 16

SENATOR: HOGG

HANSARD: Page 71

- a. Could the committee have a detailed breakdown of the costs incurred by Defence for the investigation of alleged leaks of Defence material relating to East Timor?
- b. What is the total cost incurred by Defence in the investigation of alleged leaks of classified material into the public domain since January 1999?

RESPONSE:

- a. The total cost is some \$229,376. This comprises:
- | | |
|--------------------------------------|------------------------------------|
| Contract investigators' remuneration | \$166,541 (accumulated time-basis) |
| Service providers | \$13,332 |
| Travel Allowance | \$803 |
| Computer-related | \$1,877 |
| Telephone call charges | \$3,450 |
| Vehicle hire | \$3,697 |
| Service salaries | \$39,676 |

This total does not include costs that were absorbed by other areas in Defence, such as for information technology auditing.

- b. The total cost of security investigations related to leaks of classified material, including those relating to East Timor, is estimated at \$430,000.

QUESTION 17

SENATOR: HOGG

HANSARD: Page 72

- a. How many ADF personnel will be involved in the assistance package to PNG for reform of the defence force announced in October 2000? Please list number of personnel by activity.
- b. What will the cost be to Defence?

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RESPONSE:

- a. Defence staff currently in PNG on posting with the Australian Defence Staff–PNG are assisting with implementation of the short-term assistance package. Additional Defence personnel involved in the administration of the short-term assistance package include:
 - 1 ADF Officer (undertook a 10 day visit to PNG in November 2000 to scope the statement of work for the catering contract).
 - 1 ADF Warrant Officer Catering Supervisor (in PNG to supervise the contract to provide catering services to PNG Defence Force (PNGDF) personnel).
 - 1 public service officer (in PNG to verify the outstanding accounts that Australia has agreed to pay (including utilities and outstanding rations bills), to oversee and facilitate the retrenchment and repatriation exercise, and to provide recommendations on initiatives to strengthen the PNGDF's financial management skills).
 - 1 public service officer (policy adviser to HE Major-General Jeffery, the Australian representative on the Eminent Persons Group providing the PNG Government with recommendations to reform the PNGDF).
- b. By agreement with the Papua New Guinea Government, the total cost of the short-term assistance package has been capped at Kina 14.06m, which is approximately A\$8.6m at current exchange rates. Additional costs in the order of \$0.3m are also anticipated, consisting of travel and allowance expenses incurred by Defence personnel assisting with the implementation of the short-term assistance package, and reimbursements to the Commonwealth Secretariat for expenses occurred in support of the Eminent Persons Group's review of the PNGDF.

QUESTION 18

SENATOR: HOGG

HANSARD: Page 74-75

- a. What are the ranks of the 22 TNI personnel in Australia on Defence Cooperation activities?
- b. Please provide to the committee a comparison between the 2000-01 Defence Cooperation budget for Indonesia, as well as the numbers of personnel involved in such activities, and the previous two financial years.

RESPONSE:

- a. The ranks of the 22 TNI personnel in Australia on Defence Cooperation activities are as follows:
 - 7 Colonels
 - 1 Lieutenant Colonel
 - 4 Majors
 - 4 Captains
 - 6 First Lieutenants

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- b. Defence Cooperation financial data for this year compared with the last two years are as follows:
- Indonesian Defence Cooperation Budget Figures:
 - (i) FY 00/01 – Revised Budget Estimate \$3.794m.
 - (ii) FY 99/00 – Actual Spend \$5.234m.
 - (iii) FY 98/99 – Actual Spend \$6.014m.
 - Numbers of TNI personnel involved in Defence Cooperation activities in Australia are as follows:
 - (i) FY 00/01 – Estimated attendance 45*
 - (ii) FY 99/00 – Actual attendance 47
 - (iii) FY 98/99 – Actual attendance 79
- * The figure of 45 for this FY is a current best estimate.

QUESTION 19

SENATOR: HOGG

HANSARD: Page 75

- a. How many ADF personnel are there in Fiji?
b. How many Fijian military personnel are there in Australia?

RESPONSE:

- a. There are currently six ADF personnel posted to Fiji, all located in Suva. A breakdown of the ADF staff in Fiji is as follows:
- The Defence Adviser, Assistant Defence Adviser and an Administration Officer make up the Defence Representational section. The Defence Representational section forms part of the High Commission staff in Suva.
 - A Naval Maritime Adviser and two Technical Advisers remain in Fiji to support the Fijian Navy's involvement in the Pacific Patrol Boat program. These three advisers are supported under the Defence Cooperation scheme.
- b. There are currently nine Republic of Fiji Military Forces (RFMF) personnel in Australia. Seven of these personnel are completing various training courses and two are attached to an Army training unit as instructors. These courses and attachments were already under way when the Australian Government's response measures to the coup were announced.
- Five of these RFMF personnel will complete their courses and attachments soon, and will be returning to Fiji in mid/late December 2000.
 - Four of the RFMF personnel are taking part in long-term training and attachments. They will not be returning to Fiji until December 2001.

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QUESTION 20

SENATOR: HOGG

HANSARD: Page 75

The Department of Defence's file list published in the Defence website includes, under the category of international relations, a file entitled '2000 Space-based Infra-red System Conference'.

- a. What was its subject matter and scope?
- b. When or where was it held?
- c. Who were the participants?
- d. Did anyone participate from Defence? If so, who?
- e. Among other things, did the conference discuss the role of the SBIRS system in relation to the development and possible deployment of a national missile defence system?
- f. What role does Defence expect SBIRS to play in any US national missile defence system?
- g. Will SBIRS be an integral part of NMD?
- h. How will Australia be involved with the SBIRS system?
- i. Just what benefit will Australia derive from collaboration with the US in respect of SBIRS?

RESPONSE:

- a. The Joint Defence Facility Nurrungar closed in September 1999. At the same time, a data relay facility, the Relay Ground Station Pine Gap, commenced operating. Annual review conferences were held while Nurrungar was in operation. The post-Nurrungar meetings held in Washington during May 2000 were a continuation of this arrangement. Their main purpose was to discuss progress on implementation of the agreement to host the relay ground station.
- b. The meetings were held in early May 2000 in Washington DC.
- c. United States and Australian officials participated.
- d. The leading Australian participants were Dr Ron Huisken, Director General Alliance Policy, International Policy Division, Department of Defence; and Group Captain Brett Biddington, Knowledge Staff, Department of Defence.
- e. Discussions did not focus on the relationship between SBIRS and a national missile defence system.
- f. Early warning data from the current infra-red satellites and the future SBIRS satellites could be expected to feed into a US ballistic missile defence system. These data would help confirm an attack and help make an assessment of the trajectory of the attacking warhead. The data would be insufficient to guide an anti-ballistic missile to intercept an attacking warhead.
- g. The United States Government has yet to make a decision on whether to deploy an operational national missile defence system.
- h. Australia is involved with SBIRS in three ways. First, it hosts the Relay Ground Station at Pine Gap. Second, as part of the post-Nurrungar arrangements, Australia currently maintains a number of specialists (normally about six) in the United States. Third, Defence is undertaking a phased investigation of the potential for SBIRS to make a direct contribution to Australia's defence.
- i. Continued involvement will allow Australia to play an important part in underpinning the stability of the strategic nuclear balance. The ability to detect the launch of ballistic missiles

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is an important component of a stable nuclear deterrence regime. The early warning mission therefore makes an important contribution to strategic stability.

As noted at h. above, SBIRS has the potential to be of direct use to Defence, depending on its ability to detect a wider range of events than ballistic missile launches.

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Owner Support Groups

Defence Personnel Executive

QUESTION 21

SENATOR: WEST

HANSARD: Page 36

- a. What is the current ADF draw-down figure, excluding East Timor supplementation?
- b. Where are the shortfalls in ADF personnel numbers occurring? How are these shortfalls being overcome?

RESPONSE:

- a. The ADF drawdown figure, prior to release of the Defence White Paper, has been 50,000, comprising 14,000 Navy, 23,000 Army and 13,000 Air Force permanent personnel. The enhanced force structure outlined in the Defence White Paper requires an ADF strength of “about 54,000” by 2010.
- b. Particular shortfalls have occurred in the following service categories:

Navy	Army	Air Force
Air Engineers	Health Services Officers	Engineers
Seaman Officers	Education Officers	Ground Defence Officers
Pilots	Operator Radar	Pilots
Observers	Operator Terminal	Air Surveillance Officers
	Missile Operators	Ground Support Engineers

Shortfalls in particular categories are being overcome by the following initiatives:

- Increased use of Reserves on full-time service.
- Personnel in redundant categories will be re-trained where practicable.
- An increased focus on recruiting and retention. For example, increasing the recruiting baseline to capture a wider population.
- A work value analysis study.
- Introduction of a more flexible career management system.
- A pay structure review.
- Development of workforce analysis and business plans.

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QUESTION 22

SENATOR: WEST

HANSARD: Page 77-78

What was the rank profile of separations from the ADF in 1999-2000? In what categories are the ADF experiencing particular shortfalls?

RESPONSE:

1999-2000 Separations by Service and Rank

Navy Rank	Number	Army Rank	Number	Air Force Rank	Number
Chaplain Grade 2	1			Chaplain Grade 1	2
Vice Admiral	1			Air Marshal	1
Rear Admiral	2	Major General	1		
Commodore	7	Brigadier	3	Air Commodore	5
Captain	5	Colonel	22	Group Captain	8
Commander	25	Lieutenant Colonel	61	Wing Commander	52
Lieutenant Commander	77	Major	206	Squadron Leader	99
Lieutenant	90	Captain	142	Flight Lieutenant	136
Sub Lieutenant	33	Lieutenant	41	Flying Officer	33
				Pilot Officer	4
Midshipman	33	Officer Cadets	94	Officer Cadet	51
Warrant Officer	50	Warrant Officer Class1	88	Warrant Officer	112
Chief Petty Officer	134	Warrant Officer Class2	228	Flight Sergeant	125
		Staff Sergeant	42		
Petty Officer	145	Sergeant	266	Sergeant	237
Leading Seaman	392	Corporal	484	Corporal	396
		Lance Corporal	158		
Able Seaman	600			Leading Aircraftsman	183
				Leading Aircraftswoman	88
Seaman	66	Private	1110	Aircraftsman	61
				Aircraftswoman	27
Recruit	49	Trainees	188	NCOCDT	3
Total	1,710	Total	3,134	Total	1,623

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Current ADF Shortfalls by Service Category

Navy	Army	Air Force
Air Engineers	Health Services Officers	Engineers
Seaman Officers	Education Officers	Ground Defence Officers
Pilots	Operator Radar	Pilots
Observers	Operator Terminal	Air Surveillance Officers
	Missile Operators	Ground Support Engineers

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QUESTION 23

SENATOR: HOGG

HANSARD: Written Question

In relation to management-initiated early retirement and voluntary redundancies:

- a. In what circumstances is it considered appropriate that serving officers are offered a management-initiated early retirement or voluntary redundancy? Would it generally be considered appropriate to make such an offer as an alternative to initiating disciplinary proceedings against the officer concerned?
- b. Following revelations, in August 1999, that the captain of a Navy ship had been provided with a management-initiated early retirement, apparently to circumvent disciplinary procedures, did Minister Scott call for a report on the matter from the CDF? Did the CDF in turn commission an investigation and, if so, who conducted the investigation and how many separate retirements did the investigation examine?
- c. What findings did the investigator (Air Commodore Ken Birrer) make as a result of his investigation? Did he find that some or all of the management-initiated early retirements were inappropriate and, if so, what was the cost to taxpayers of these pay-outs? What action has the ADF taken as a result of the Birrer report? Can the committee be provided with a copy of the Birrer Report and, if not, why not?

RESPONSE:

- a. The management-initiated early retirement (MIER) scheme is a management tool. It has been designed to increase management flexibility and to enhance organisational effectiveness by initiating the early retirement of selected officers (lieutenant colonel [equivalent] and above) who, while their performance remains satisfactory, are no longer widely employable. In short, it is applied to ensure that stagnation does not occur at higher rank levels. Voluntary redundancy may be applied to all ranks and is used to separate members from the ADF whose performance is satisfactory but are being made redundant as part of a personnel draw-down involving the disestablishment of military positions. It is not generally appropriate to offer MIERs or voluntary redundancies as an alternative to initiating disciplinary proceedings against an individual. Chief of the Defence Force directive 1/2000, dated 23 March 2000, makes it clear that a member of the ADF who is subject to an investigation for unacceptable behaviour or is subject to extant adverse administrative or disciplinary action is not to be considered for MIER or voluntary redundancy. A copy of the directive has been forwarded to Senator Hogg.
- b. The Chief of the Defence Force initiated an investigation of the ADF's management of cases of unacceptable behaviour after taking into account concerns raised publicly by Minister Scott on the use of MIERs. A team led by Air Commodore K.N. Birrer conducted the investigation. The investigation reviewed 28 of the 34 cases of MIER, which had occurred to that time. The remaining six cases were not reviewed because of incomplete information or unavailability of files.
- c. The Birrer investigation found that, in general, the MIER and voluntary redundancy programs had been managed in accordance with policy and administered appropriately. He found two cases where the application of MIER may have been questionable. The total cost to the Department of Defence in these cases was approximately \$200,000. The Chief of the Defence

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Force issued the directive referred to in a. above to ensure that the primary recommendation of the Birrer investigation was implemented quickly. The other recommendations have either been implemented or are in the process of being implemented. Legal advice has recommended that the information contained in the Birrer Report should not be publicly released in order to protect the privacy of personnel by not disclosing (directly or indirectly) personal information about them.

Attachment: Chief of the Defence Force Directive to Chief of Navy, Chief of Army and Chief of Air Force—Termination of appointment and discharge of Australian Defence Force personnel.

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QUESTION 24

SENATOR: WEST

HANSARD: Page 78

Please provide to the committee a complete list on the incidence of sexual harassment cases and the number of complaints and other data available across all categories.

RESPONSE:

The following table shows the number of reported incidents of sexual offences for the last two financial years and the period 1 July to 30 October 2000.

Service	1998-99		1999-2000		2000-01 (to end October)	
	No.	%	No.	%	No.	%
Navy	9	28	18	31	9	28
Army	16	48	29	50	17	50
Air Force	4	12	8	14	5	16
Academy	4	12	3	5	1	3
APS	0	0	0	0	1	3
Total	33		58		33	

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The following table shows the resolution of complaints of sexual offences for the last two financial years.

Resolution	Navy		Army		Air Force		ADFA		Total	
	1998-99	1999-00	1998-99	1999-00	1998-99	1999-00	1998-99	1999-00	1998-99	1999-00
Pending	2	6	6	11	2	3	1	1	11	22
Defence Force Discipline Act (DFDA)/Formal	3	5	2	6	1	3	1	1	7	14
Informal	2	3	2	1	0	0	1	0	5	3
Not Resolved	0	2	0	4	0	0	0	0	0	0
Not Resolved Prior To Discharge	0	0	2	1	0	0	0	0	2	1
Unsubstantiated	0	2	1	2	0	0	1	0	2	4
Withdrawn	2	0	3	4	1	2	0	1	6	7
Total	9	18	16	29	4	8	4	3	33	58

The following table shows the resolution of sexual offence complaints for the period 1 July to 30 October 2000.

Resolution	Navy	Army	Air Force	APS	Total
Formal		1	4		5
Informal	1	2			3
DFDA	3				3
Unsubstantiated	2	2			4
Not Resolved	1				1
Pending	2	12	1	2	17

The following table indicates the number of reported incidents of sexual harassment over the last two financial years, as well as the period 1 July to 30 October 2000.

Service	1998-99		1999-2000		2000-01 (to end October)	
	No.	%	No.	%	No.	%
Navy	22	39	19	26	4	19
Army	20	35	26	36	11	52
Air Force	8	14	21	29	5	24
Academy	7	12	7	10	1	5
Total	57		73		21	

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The following table shows the resolution of sexual harassment incidents reported during 1998-99 and 1999-2000.

Resolution	Navy		Army		Air Force		ADFA		Total	
	1998-99	1999-00	1998-99	1999-00	1998-99	1999-00	1998-99	1999-00	1998-99	1999-00
Pending	4	2	3	6	1	3	0	1	8	13
DFDA/Formal	5	7	2	5	2	5	1	5	10	20
Informal	12	10	10	12	4	10	4	1	30	33
Self Resolution	1	0	2	0	1	1	1	0	4	1
Not Resolved Prior To Discharge	0	0	1	0	0	1	0	0	1	1
Unsubstantiated	0	0	1	1	1	1	0	0	2	2
Withdrawn	0	0	1	2	0	0	1	1	2	3
Total	22	19	20	26	8	21	7	7	57	73

The following table shows the resolution of sexual harassment incidents reported during the period 1 July 2000 to 30 October 2000.

Resolution	Navy	Army	Air Force	Academy	Total
Formal			1		1
Informal	1	4	1	1	7
Unsubstantiated			1		1
Not Resolved	1				1
Pending	2	7	1		10

The following table shows reported incidents of general harassment for 1998-99 and 1999-2000, as well as the period 1 July 2000 to 30 October 2000. This is the third year for reporting of general harassment incidents.

Service	1998-99		1999-2000		2000-01 (to end October)	
	No.	%	No.	%	No.	%
Navy	30	31	33	41	11	35
Army	20	21	27	33	8	26
Air Force	29	30	15	19	11	35
Academy	17	18	6	7	1	4
Total	96		81		30	

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The following table shows the resolution of general harassment complaints for 1999-2000.

Resolution	Navy	Army	Air Force	Academy	Total	%
Formal/DFDA	9	4	2	1	16	20
Informal	20	15	7	4	46	57
Self Resolution	2	0	0	0	2	3
Withdrawn	1	1	1	0	3	4
Unsubstantiated	0	2	1	0	3	4
Pending	1	5	4	1	10	12
Total	33	27	15	6	81	

The following table indicates the resolution of reported general harassment complaints during the period 1 July 2000 to 30 October 2000.

Resolution	Navy	Army	Air Force	Academy	Total
Formal				1	1
Informal	7	3	4		14
Self Resolution	1				1
Withdrawn	1				1
Unsubstantiated	1	2			3
Not Resolved	1				1
Pending		3	5		8

QUESTION 25

SENATOR: WEST
HANSARD: Page 78

Please outline any policy changes and initiatives that might have followed since the HREOC decision on the Catherine Williams case.

RESPONSE:

The issues raised during the case have already been addressed through the policy that addresses the management of unacceptable behaviour, responsibility and reporting issues. This policy is articulated in Defence Instruction General (Personnel) 35-3 *Discrimination, Harassment, Sexual Offences, Fraternisation and other Unacceptable Sexual Behaviour in the Australian Defence Force*. The Defence Equity Organisation has produced a number of guidance publications, including the *Sexual Assault Information Kit*, which provide significant and detailed guidance to commanders and managers on the management of sexual assault cases.

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QUESTION 26

SENATOR: HOGG

HANSARD: Written Question

In relation to workplace injuries:

- What data does Defence keep on workplace accidents and injuries?
- Outline the number of workplace accidents that occurred in 1999-2000.
- How does this compare to the previous two financial years?
- What was the total cost to Defence of workplace injuries in 1999-2000 and in the previous two financial years?

RESPONSE:

- Defence captures the who, where, when, why, how and remedial action details of workplace injuries and accidents via Form AC563, *Incident and Fatality Report*. The form details are then entered into a central database known as the Defcare system.

b,c. Injuries reported for the last three years are as follows:

Financial Year	Injuries
1999-2000	6,684
1998-99	8,573
1997-98	7,686

The reported figures are based upon incident reports submitted to the Defence Safety Management Agency.

- The cost of civilian workplace injuries, as measured by the workers' compensation premium paid to Comcare, was:

Financial Year	Premium paid to Comcare ⁽¹⁾ \$m
1999-2000	10.769
1998-99	11.553
1997-98	13.350

1. The premium represents the estimated lifetime costs of injuries sustained in the year, together with a bonus or penalty amount resulting from a revision of estimates from previous years.

Military compensation costs are not funded by a premium although a notional premium has been calculated. The notional premium was:

Financial Year	Notional Premium ⁽¹⁾ \$m
1999-2000	108.1
1998-99	105.6
1997-98	78.9

1. The notional premium does not include the in-service health costs.

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QUESTION 27

SENATOR: WEST

HANSARD: Page 42

- a. What are the total figures for Australian troops who have contracted malaria and dengue fever since deployment to East Timor commenced?
- b. How many of the confirmed malaria and dengue fever cases have been left with after-effects that cause debilitation?
- c. Are there policies regarding the future posting of members who have been diagnosed with either malaria or dengue fever? If so, please provide details. If not, are policies being developed?

RESPONSE:

- a. From September 1999 to mid-November 2000, 345 Australian troops have contracted malaria (72 diagnosed in country and 273 diagnosed on return to Australia) and 227 have contracted dengue fever.
- b. Once personnel have fully recovered from malaria (following appropriate treatment and eradication measures), no long-term effects are expected. Similarly, with dengue fever, there are no expected debilitating outcomes following a full recovery.
- c. Once personnel have fully recovered from malaria, they are fit for full duty including deployment. There are no contra-indications for members who have previously had malaria and are fully recovered that prevent them from returning to malarious zones—therefore, no policy in this regard is required. However, Health Policy Directive No 215—*Malaria* clearly outlines ADF malaria prophylaxis and eradication drug regimes and personal protective measures.

Defence Health Bulletin No 6/2000 – *Employment and Deployability of Australian Defence Force Personnel who become Antibody Positive to Dengue* was released on 26 September 2000. It states that ADF personnel are considered ‘fully deployable’ once they have recovered from dengue fever or other dengue-related syndromes (this includes the haemorrhagic variant).

QUESTION 28

SENATOR: WEST

HANSARD: Page 78

Please provide an update on the outsourcing of health services and the new health service contracts in Victoria.

RESPONSE:

A request for tender for the provision of ADF health services in Victoria was released to the short-listed tenderers on 7 September 2000. Tenders close on 19 January 2001.

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QUESTION 29

SENATOR: WEST

HANSARD: Page 78-79

Please provide details to the committee concerning the veracity of a *Sydney Morning Herald* article of 18 November 2000 concerning the alleged sale of Defence's health records databases.

RESPONSE:

Defence has no intention of selling health information on its members to research or insurance companies. Defence does, with the member's written consent, provide health information to certain parties. For example, at the member's request, Defence will provide health information to an insurance company to support an application for life insurance. Defence is considering providing health statistics to other government agencies to assist with their health planning tasks. This information would be consistent with that routinely provided by state and Commonwealth government health departments and would be in accordance with prevailing privacy legislation.

QUESTION 30

SENATOR: WEST

HANSARD: Page 79

- a. What is the total cost of the Defence Service Centre in Cooma?
- b. How many personnel does the Centre employ?

RESPONSE:

- a. The budgeted capital investment for the Defence Service Centre project is \$20.1m. Annual expenditure is estimated at \$9.1m.
- b. The Defence Service Centre currently employs 95 staff.

QUESTION 31

SENATOR: HOGG

HANSARD: Written Question

In relation to the Cooma Defence Service Centre:

- a. What was the cost on a 'per call' basis of the Service Centre for 1999-2000?
- b. What is the estimated annual cost on a 'per call' basis (based on the same number of calls for 1999-2000) when the Service Centre is based at Cooma?

RESPONSE:

- a. The Defence Service Centre was not operational in 1999-2000, but limited call centres were embedded in the civilian personnel administration centres in Sydney and Canberra. Per-call costs are not readily available.

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- b. 2000-01 is the first year of operation for the Defence Service Centre and, at this stage in operations, assumptions only can be made on call volumes and operating costs. The estimated expenditure for the centre for 2000-01 is \$9.1m. Call volume is estimated at 585,000 calls per annum.

QUESTION 32

SENATOR: HOGG

HANSARD: Written Question

Could you explain why TV advertisements promoting National Reserves Forces Day were being played on Channel 9 in Brisbane the day after the actual Reserve Forces Day?

RESPONSE:

Reserves Forces Day is sponsored by the Reserve Forces Day Council Incorporated, which is a private organisation. The Reserve Forces Day Council has no financial relationship with the Department of Defence.

QUESTION 33

SENATOR: MURPHY

HANSARD: Page 79-81

In regard to the provision of Defence housing:

- a. Has there been a policy of not providing single-bedroom accommodation off base?
- b. What was the cost to Defence of the rental subsidy in 1999-2000?
- c. How much of this was attributed to 'dead rent'?
- d. What is the subsidy rate for on-base single accommodation at Robertson Barracks and for other on-base housing accommodation provided in the Darwin region?

RESPONSE:

- a. It has been Defence policy not to provide single-bedroom accommodation off base. In certain circumstances, single and unaccompanied members who do not occupy living-in accommodation are assisted to rent private premises by payment of Rent Allowance.
- b. In 1999-2000, Defence provided a subsidy of some \$122.8m on Service residences occupied by Members with Dependents and provided by the Defence Housing Authority. A further \$16.6m in Rent Allowance subsidy on houses privately rented by Members With Dependents was provided, giving a total subsidy of \$139.4m.
- c. The 'dead rent' bill for vacant costs of Service residences in 1999-2000 was calculated at \$25.6m, representing 10% of the total rent bill for 1999-2000. This is a decrease from 1998-99, where dead rent was \$28.3m or 11% of the total rent bill.

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- d. The accommodation contributions from single and unaccompanied members for living-in accommodation in the Darwin area range between \$34.90—\$72.80 per week, depending on rank and the standard of accommodation occupied.

QUESTION 34

SENATOR: HOGG

HANSARD: Written Question

In relation to personnel allowances and entitlements:

- a. As part of the ADF Enterprise Productivity Arrangement 1999-2002, the ADF indicated that it would review a range of personnel conditions and allowances. Could the committee be provided with an update on the progress of reviewing the nominated conditions and allowances, namely:
- Service Allowance,
 - Overseas Conditions of Service,
 - District Allowance,
 - Disturbance Allowance,
 - Remote Locality Leave Allowance,
 - Recreation Leave, and
 - Kit Allowances.
- b. What consultation with serving personnel has occurred as part of these reviews and what further consultation is proposed?
- c. In relation to the Remote Locality Leave Allowance, who within Defence [such as the Head of Defence Personnel Executive] is responsible for setting the normal departmental liability for leave travel purposes?
- d. What is the estimated saving to Defence in 2000-01 as a result of the decision to reduce the normal departmental liability following the signing of the new Qantas travel contract?
- e. Did Defence consult with Service representatives and ADF members before this change occurred?
- f. Can you tell me whether Reservists based in locations other than Sydney who went to Sydney for the Olympic operations were entitled to, and paid, separation allowance?

RESPONSE:

- a. Progress in reviewing the nominated conditions and allowances is as follows:

Service Allowance:

The Service Allowance will be reviewed before the expiry of the current ADF Enterprise Productivity Arrangement in November 2002. Preliminary research into previous decisions has been conducted. The formal review will commence with advice to ADF members through the chain of command that Service Allowance is being reviewed and will request input on changes to methodology and structure.

Overseas Conditions of Service:

Defence has reviewed the level of rent contributions payable by ADF members and Defence employees. Revised (lower) levels of contributions were introduced with effect from 23 November 2000. A discussion paper on overseas removal entitlements for Defence

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personnel is expected to be distributed in December 2000. In addition to being distributed to Service headquarters, the paper will also be sent to overseas posts for their comments. The paper will propose that overseas removal entitlements be provided on a volume-based system rather than the present inventory method. Other provisions to be reviewed include Relocations Assistance, Education Assistance, Travel Entitlements and Short-Term Duty Provisions.

District Allowance:

The criteria for payment of locality allowances (other than the District Allowance) during temporary absences from the locality were reviewed in conjunction with the Service headquarters. The revised provisions now align with those applying to the District Allowance, with effect from 9 November 2000. Two discussion papers on the review of the method used to assess a locality for the purposes of the District Allowance have been distributed for comment.

Disturbance Allowance:

The Disturbance Allowance was reviewed in conjunction with the Service headquarters. The agreed changes are outlined below.

- Vehicle Registration Transfer Fees. Members no longer need to submit a claim for reimbursement of vehicle registration transfer fees as \$56 is now paid with the general Disturbance Allowance payment when members are posted interstate. The \$56 is the average of States and Territory ancillary charges for transfer of registration and will be reviewed annually against actual fees charged.
- Driver's Licence Transfer Fees. This allowance has been removed. The reason for this is that all states and territories, with the exception of Victoria and the Northern Territory, allow ADF personnel to retain their current licences until the expiry date. Victoria and the Northern Territory require transfer of licences but there is no fee involved.
- Telephone Connection Fees. Rather than members submitting a claim for reimbursement of telephone connection fees, \$50 will be paid with the general Disturbance Allowance payment. This amount is based on the fee charged by Telstra for the connection of a standard handset and will be reviewed annually.

Remote Locality Leave Travel:

This is not an allowance. The provision of Remote Locality Leave Travel for the ADF is premised on the need for the member (and family, if applicable) to leave the remote locality so that they can have access to medical, dental, shopping and other facilities not generally available in the remote locality. Moreover, it is intended to provide members with respite from the physical conditions associated with living in a remote locality, such as a severe climate and a lack of interaction with a wider community. The 'normal means' of travel from most remote localities, eg Darwin, is considered to be by air. Hence, Remote Locality Leave Travel provides ADF members with an entitlement to an airline ticket but not to an amount of money. For members based in the Northern Territory, the ticket is to Adelaide; for members based in Queensland, the ticket is to Brisbane; and for members in Western Australia, the ticket is to Perth. Any review of alternative ways in which the provision might be delivered in the future has been subsumed into the review of the District Allowance.

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Recreation Leave:

The first discussion paper on the review of policies associated with the administration of recreation leave across the three Services is expected to be released by February 2001.

Kit Allowances:

The first discussion paper on the Uniform Maintenance Allowance is expected to be released by February 2001. A position paper on the review of the Aide-de-Camp Allowance is expected to be released by February 2001.

- b. Consultation is conducted through a number of means. In all cases, the first stage is the development of a discussion paper on the review topic, which is distributed to Service headquarters for comment. Discussion papers are also distributed to the Returned Servicemen's League, the National Consultative Group of Service Families, the Armed Forces Federation of Australia and the Regular Defence Force Welfare Association for comment. The discussion paper is distributed by the Service headquarters through the chain of command to appropriate commands/bases for comment. The second stage of consultation occurs once comments have been received. Either a refined discussion paper is developed for a major review or a position paper is developed for lesser reviews (or where there is substantial agreement between the parties). These papers are also sent to Service headquarters for comment and further distribution through the chain of command. After further consideration of comments made, a position is reached on the way ahead.
- c. The normal departmental liability for travel is not set by any particular officer within Defence. Normal departmental liability is the Department's cost of providing the member with an airline ticket to the nearest state capital city. When a member elects to travel to an alternative destination (or by alternative means) the member is not reimbursed any more than it would cost the Department to provide an airline ticket to the nearest state capital city.
- d. The travel contract that came into effect this year is expected to deliver savings in the order of \$11m per annum for leave and duty travel and \$10.3m per annum in associated Fringe Benefits Tax across the Five Year Defence Program.
- e. The travel contract is a commercial contract that delivers a high level of service to Defence at competitive prices. Negotiation of commercial contracts, such as catering, corporate support and travel, is seen as a management function. Whatever the nature of the contract that has been negotiated, members' entitlement to Remote Locality Leave Travel has not changed – they still have an entitlement to an air ticket to their nearest state capital city. What has changed is the cost to the Department to provide that ticket.
- f. A Separation Allowance was not paid to either Permanent or Reserve Force personnel. However, all personnel were paid the incidental component of Travelling Allowance at \$12.35 per day for the first 21 days and, thereafter, either \$42.55 per week for members with dependants in their former posting locality, or \$21.30 per week for members without dependants. Current legislation precludes concurrent payment of the Separation Allowance and Travelling Allowance.

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Inspector General group

QUESTION 35

SENATOR: WEST

HANSARD: Written Question

- a. Is the Australian Protective Service (APS) or the Protective Security Coordination Centre responsible for the provision of any security and/or alarm systems to the Department of Defence or the ADF, both primary or backup?
- b. If so, at how many sites?
- c. Can you identify those sites by postcode?
- d. As at 31 December 1999 did they use any alarm security systems, either primary or backup, that utilised the analogue network?
- e. Can you identify these sites by postcode?
- f. As the analogue network commenced its staged closure from 1 January 2000 what upgrades or alternatives were put in place?
- g. When were the upgrades or alternatives introduced?
- h. How many were introduced after the closure of the analogue system?
- i. Where were they and on what dates did the analogue system close and on what date was an upgrade or alternative introduced?

RESPONSE:

No. However, the Australian Protective Service monitors Defence-owned systems at five Defence sites. None of those sites utilise the analogue network.

QUESTION 36

SENATOR: HOGG

HANSARD: Written Question

Could you tell the committee whether any Defence weapons were among the cache of weapons seized by police in Wodonga from a Gaza Ridge Barracks soldier in October and, if so, what were those weapons and what was the value of them?

RESPONSE:

The weapons were mainly old bolt-action military weapons. None were current Defence weapons.

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QUESTION 37

SENATOR: HOGG

HANSARD: Written Question

- a. What was the total value of lost or stolen Defence assets for 1999—2000?
- b. Please provide a list of stolen and/or lost equipment and its value and separately identify weapons or dangerous goods.

RESPONSE:

- a. Defence currently does not have a system for comprehensively reporting and recording such information. This deficiency in our business practices was recognised by the then Defence Audit and Program Evaluation Committee at its meeting on 24 February 2000. Defence is giving a high priority to overcoming deficiencies in asset management recording and reporting arrangements, including through improved policy guidance and in addressing deficiencies in corporate systems, with the aim of having improved arrangements in place by 1 July 2001.
- b. Information is available only for weapons and computers. Defence provided a response to a question asked at the 2000-01 budget hearing held on 29-30 May 2000 (see response to Question 3 in *Additional information received—Budget Estimates 2000-01, Volume 1, September 2000*) in relation to lost/stolen weapons for the period 1 April 1999 to 31 March 2000. Since then, the Army has advised that a .303cal Bren Gun was reported stolen on 19 April 2000. In relation to computers, see the response to Question W9 arising from the budget supplementary hearing on 23 November 2000.

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Public affairs and corporate communications group

QUESTION 38

SENATOR: HOGG
HANSARD: Page 84

What positions within Public Affairs and Corporate Communications Group are not yet permanently filled?

RESPONSE:

- Director General Communications and Public Affairs (SES Band 1).
- Director Digital Media (Executive Level 2).
- Project Officer—Directorate of Community Relations (Major equivalent).
- Operations Officer Military Adviser to PACC (Major equivalent).

QUESTION 39

SENATOR: HOGG
HANSARD: Page 85

Could you provide the committee with the key findings of the research conducted as part of the community consultation process for the White Paper?

RESPONSE:

The key findings of the research conducted as part of the community consultation process for the White Paper are summarised below.

- There is a high level of support for the ADF.
- There is genuine community interest in knowing more about Defence, particularly how and where the defence budget is spent.
- A large majority believes that the most important scenario for the ADF is defending Australia, followed closely by stopping illegal immigrants and drug trafficking. Peacekeeping is ranked third, while assisting allies and participating in UN operations are ranked fourth and fifth respectively.
- Public confidence in Defence has increased since 1983, and more particularly since 1995, which may have been influenced more recently by favourable public perceptions of the East Timor operation.
- A majority of people believe that the Government should spend more on defence, with just one in 10 saying that spending should be cut. A majority opposes increased expenditure through increased taxation.
- An overwhelming majority believes that Australia was well prepared for the Timor operation, that the ADF performed well, and that it was correct for Australia to be involved.
- Australians feel secure and do not see immediate direct threats.
- Australia's region is now considered more "unstable", which makes any future regional developments and conflicts difficult to predict.

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- Australians recognise that Australia should play a prominent role in our region (defined as South East Asia and the South West Pacific).
- Most people believe that the ADF could not effectively defend Australia by itself.
- The ANZUS alliance is still regarded as very important for Australia. However, a majority of Australians do not have a great deal of trust in the US to assist in the defence of Australia.
- Some clear differences in attitudes and views on defence and national security issues exist between older and younger Australians, with younger Australians finding it difficult to register defence issues as being of major importance.

QUESTION 40

SENATOR: HOGG

HANSARD: Page 86

When is the legal action brought by Mr Stewart to be resolved before the courts?

RESPONSE:

A hearing date has not yet been determined, so it is not possible to forecast when the matter will be resolved.

Enabling groups

Defence Materiel Organisation

QUESTION 41

SENATOR: HOGG

HANSARD: Written Question

In relation to the restructure of the Defence Materiel Organisation:

- a. Please provide an update on where the restructure is up to.
- b. How many jobs have been or will be lost?
- c. How many personnel are being transferred from Canberra to other locations?
- d. What is the total estimated cost of this restructure?
- e. Please provide the committee with a copy of the business case study that proves this was a good move and cost effective.

RESPONSE:

- a. Progress to create the new Defence Materiel Organisation (DMO) is proceeding ahead of schedule with the major structural changes completed and the bulk of staff relocations planned for completion by December 2001. The following are some of the highlights of progress to date:
 - DMO created on 1 July 2000 as a single organisational entity to integrate equipment/systems acquisition and through-life support.
 - Change manager at Major-General level appointed to coordinate and drive change.
 - DMO ten-division reduced to seven-division structure in place; appointments of division heads (31 August 2000), branch heads (27 October 2000) and section/project office heads (4 December 2000) announced.
 - Reformed acquisition process agreed—implementation planning commenced.
 - DMO Strategic Plan developed utilising balanced scorecard to monitor and report on performance.
 - DMO Charter launched on 9 November 2000.
 - Change management plan developed to guide and monitor actions required to build the DMO, including:
 - personnel numbers and new locations of project offices;
 - costings; and
 - transfers of non-core activities to elsewhere in Defence.
 - First relocations (ie F-111 project office from Canberra to Amberley) commenced in September 2000, with another office move (to Edinburgh) to follow shortly.
 - Range of staffing actions completed, or initiated:
 - staff management plan published;
 - conditions of service package for staff relocating agreed with unions; and
 - mobility management unit established to facilitate staff movements.
 - Comprehensive communications strategy in place to explain the change and update on progress, including:
 - weekly electronic newsletter to staff;

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- monthly staff information bulletin;
- interactive website for questions/answers;
- 1800 hotline;
- communications training for senior executives; and
- extensive briefings/presentations by DMO executives to industry, media and staff.
- Working groups and task forces to address range of important issues arising from, or affecting, the merger including:
 - accommodation and IT planning for new locations;
 - corporate governance issues; and
 - best placement of a number of functions and organisational units.
- b. The creation of the DMO and the associated reforms to acquisition and logistic support processes are not, primarily, about staff reductions. To date, there has been a reduction of three Major General-equivalent positions in the DMO and of several support staff. Further savings are expected over the next few years as better ways of doing materiel business are implemented and mature. However, no saving targets have been set.
- c. Not all relocation plans have been finalised, and final numbers will not be known for some time. The overall plan is for the number of DMO positions in Canberra to reduce by several hundred to around 1,350. This does not mean that the same number of Canberra-based officers will relocate since there are a number of ways to re-staff relocated positions. Maximum use of the normal ADF posting cycle will be made to fill military positions moved interstate, while a new 'Conditions of Service' package will facilitate the movement of APS officers.
- d. Preliminary estimates have the cost at approximately \$150m over six years, including infrastructure costs. These costs are less than one per cent of the estimated expenditure of the DMO on acquisition and through-life support over the period.
- e. The merger of the Defence Acquisition Organisation and Support Command Australia to form the DMO is based upon the final report of KPMG on *Defence Governance, Acquisition and Support*, dated 27 April 2000. While not all of the report was accepted, the recommendations relating to the merger were generally agreed. A copy of the report has been forwarded to Senator Hogg.

Attachment: The report of KPMG's report commissioned by Department of Defence, entitled 'Defence governance, acquisition and support, April 2000'. Not published in this volume.

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QUESTION 42

SENATOR: HOGG

HANSARD: Written Question

- a. How many projects are currently deferred because of the White Paper process and what is the value of those projects?
- b. What is the current total value of approved acquisitions projects for Defence?

RESPONSE:

- a. Twenty one projects which had previously planned to proceed to contract signature, or to release of request for tender, were deferred while the Government determined capability priorities in the context of the Defence White Paper. The current approved value of those projects is \$7.440 billion.
- b. The current total value of approved capital acquisition projects for Defence is \$48.065 billion.

QUESTION 43

SENATOR: WEST

HANSARD: Page 83

- a. What are the current bid sites involved in the Defence Integrated Distribution System project?
- b. Which sites must be retained under the contract?
- c. What are the numbers of people currently employed at the bid sites?

RESPONSE:

Sites within the Scope of the Defence Integrated Distribution System Project

Location	Unit	Site(s)	Defence Establishment Positions (Baseline)	Defence Current Staffing
Darwin NT	Joint Logistic Unit (North)	1. Winellie 2. RAAF Darwin	56	40
Townsville QLD	1. Northern Logistic Group - Townsville 2. RAAF Townsville	1. 10FSB – Lavarack Barracks 2. RAAF Townsville * 3. Macrossan	71	68
Brisbane QLD	Northern Logistic Group	1. Bulimba 2. Meeandah 3. Enoggera	239	167
Amberley QLD	RAAF Amberley	RAAF Amberley *	62	54
Oakey QLD	Aviation Support Group Workshop (ASGW)	Aviation Support Group Workshop (ASGW)*	21	21
Wallangarra QLD	Northern Logistic Group	Wallangarra *	15	12
Sydney NSW	1. Defence National Storage and Distribution Centre (DNSDC) 2. RAAF Richmond	1. Moorebank * 2. RAAF Richmond *	555	439

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Nowra NSW	HMAS Albatross	HMAS Albatross *	23	13
Williamstown NSW	RAAF Williamtown	RAAF Williamtown *	50	40
ACT	DNSDC - RMC Element	RMC Workshops	6	5
Melbourne VIC	1. Southern Logistic Group 2. Joint Logistic Command	1. Watsonia 2. Headquarters	0	0
Puckapunyal VIC	Southern Logistic Group	Puckapunyal *	169	145
Bandiana VIC	Southern Logistic Group	Bandiana	13	11
Hobart TAS	Southern Logistic Group	Hobart	12	11
Adelaide SA	Joint Logistic Unit (South)	1. Warradale 2. RAAF Edinburgh *	34	34
Perth WA	Joint Logistic Unit (West)	1. HMAS Stirling * 2. Guildford	66	53
TOTAL			1,392	1,113

Note:

* Mandated sites where activities must be retained under the contract.

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QUESTION 44

SENATOR: HOGG

HANSARD: Written Question

- a. Why did Support Command need more than \$6m worth of consultants last financial year?
- b. Do you expect the same will be required for this financial year?

RESPONSE:

- a. Support Command Australia utilised consultants during 1999-2000 to assist in a number of specialised projects or studies. These projects and/or studies were either one-off in nature (such as Y2K), or the specialist skills and independent study required were of such a duration that the permanent employment of Defence employees with similar experience and skill sets could not be justified.

As reported in the *Defence Annual Report 1999-2000*, Support Command Australia entered into 49 consultancies to the value of \$6.047m. The following table provides a broad summary of these consultancies:

Subject	Number of Consultancies	Expenditure in 1999-2000 \$m
Y2K remediation	7	1.174
Supply Chain Management	2	2.163
Defence Integrated Distribution System Development/Evaluation	3	0.227
Advice on process development and business re-engineering	7	1.130
Advice on equipment whole of life management systems	6	0.796
Miscellaneous	24	0.557
Total	49	6.047

- b. It is currently estimated that Support Command Australia (now part of the Defence Materiel Organisation) expenditure on consultants for 2000-01 will be in the order of \$2.085m.

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Corporate services group

QUESTION 45

SENATOR: HOGG

HANSARD: Page 30

What was the realisation on sale and disposal of Defence properties in 1999-2000? What properties were sold?

RESPONSE:

Property	State	Description	Sale Price(\$)
Townsville	Qld	Vacant Land	\$510,000
Townsville	Qld	Vacant Land	\$375,321
Townsville	Qld	Vacant Land	\$1,275,000
Townsville	Qld	Vacant Land	\$370,000
Townsville	Qld	Vacant Land	\$551,000
Townsville	Qld	Vacant Land	\$1,400,000
Zillmere	Qld	Vacant Land	\$88,000
Sandgate	Qld	Training Depot	\$800,000
Porton Barracks	Qld	Training Depot	\$940,000
Thursday Island Depot	Qld	Office Building, Armoury and Storage Buildings	\$876,599
Kelvin Grove (Gona Barracks)	Qld	Training Depot	\$6,000,000
Diggers Rest	Vic	Communications Site	\$975,000
East Melbourne	Vic	Drill Hall	\$710,444
Stawell	Vic	Rifle Range	\$35,000
Bendigo, Temple	Vic	Chinese Temple ⁽¹⁾	\$1
Benalla	Vic	Training Depot	\$90,000
Hamilton	Vic	Training Depot	\$87,250
Dunlop Bks, Brighton	Vic	Training Depot	\$2,850,000
"Dilhorn", Perth	WA	Museum (Two Storey House)	\$767,438
Campbell Bks, Swanbourne (Part Sale)	WA	Vacant Land Required For Road Widening	\$257,020
Belmont	WA	Training Depot	\$250,000
Bunbury	WA	Training Depot	\$245,000
Bullsbrook	WA	Vacant Land	\$21,300
Encounter	SA	Naval Establishment	\$337,000
Gawler	SA	Training Depot	\$115,014
Merrylands	NSW	Vacant Land	\$40,020
Homebush	NSW	Training Depot	\$8,100,000

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Holsworthy	NSW	Vacant Land	\$6,725,000
Lithgow	NSW	Training Depot	\$225,000
Jaspers Brush	NSW	Parachute Drop Zone (Airstrip)	\$261,087
Bomera/Tarana	NSW	Office Accommodation	\$6,550,000
Stuart Highway	NT	Vacant Land	\$10,000
			\$41,837,494

Note:

1. Property listed on the Register of the National Estate. Sold to Bendigo City Council.

QUESTION 46

SENATOR: HOGG

HANSARD: Written Question

- a. What is the total value of Defence property that was sold in 1999-2000?
- b. What is the total value of Defence property expected to be sold in 2000-01?

RESPONSE:

- a. \$41.837m. Defence received the benefit of these disposals in accordance with Government policy.
- b. \$584.8m, including \$480.2m from the sale and lease back of a number of Defence properties. The \$480.2m is to be credited to consolidated revenue. Defence is to receive the benefit of the \$104.6m balance.

QUESTION 47

SENATOR: HOGG

HANSARD: Written Question

In relation to the Moorebank Army Barracks which burnt down in October:

- a. Is the site still owned by Defence and, if so, what is going to happen at that site now? Will it be rebuilt?
- b. What was the value of the damage done?

RESPONSE:

- a. The fire on the Defence-owned property at Moorebank destroyed a storage building which was scheduled for demolition in early 2001. There is no intention to replace the building.
- b. Nil, as the building was scheduled for demolition.

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QUESTION 48

SENATOR: HOGG

HANSARD: Written Question

In relation to the Mangalore Ammunition Facility, could you tell the committee what the current situation is with this site and what are the future plans that are being considered? (Is it being sold?)

RESPONSE:

The storage, distribution and maintenance of ADF explosive ordnance (less guided weapons) has been subjected to market testing. On 28 November 2000, it was announced that ADI Pty Ltd was the preferred bidder.

The site is currently staffed by a combination of Defence civilians (nine) and members of the ADF (five). Defence will negotiate with ADI to maintain the current workforce levels at Mangalore.

QUESTION 49

SENATOR: HOGG

HANSARD: Written Question

What is the annual cost of maintaining the Fort Queenscliff site where the Army Staff College is leaving and being replaced by the career service people?

RESPONSE:

The estimated recurring annual costs involved in maintaining the Fort Queenscliff site amount to some \$4m, which includes funding for administrative and garrison support, utilities and facilities operations.

QUESTION 50

SENATOR: CROSSIN

HANSARD: Written Question

- a. Which company currently supplies power to Australian Defence Force facilities in the Northern Territory?
- b. Which company currently holds the contract for supply of power to ADF facilities in the Northern Territory?
- c. When was this contract awarded and what is the length of the contract?
- d. What was the process for awarding the contract?
- e. Please provide a list of tenderers for the contract.
- f. What are the provisions of the contract in relation to cost of supply and which company will actually provide power to the facilities?

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- g. Please provide details of any further contracts for the supply of electricity to ADF facilities in the Northern Territory.

RESPONSE:

- a. Northern Territory Power and Water Authority (PAWA) and NT Power Generation Pty Ltd (NT Power) supply power to ADF facilities in the Northern Territory.
- b. Under NT Government regulations, seven Defence sites in the Northern Territory currently qualify to purchase electricity under contract. NT Power holds the contract for the supply of electricity to these sites.
- c. The contract with NT Power was finalised on 13 April 2000 and is for a five year term.
- d. NT Power approached the Department of Defence with an unsolicited offer. Offers were also received by Defence from PAWA. No other organisation was qualified to supply. Accordingly, these offers were evaluated and it was concluded that the offer from NT Power provided the better value for money for Defence.
- e. PAWA and NT Power provided quotations.
- f. The contract pricing includes both energy and network charges. The total contract value over five years is estimated at \$50m. NT Power will generate or purchase the necessary electricity for supply to its contracted Defence sites. The electricity is being delivered through PAWA networks in accordance with contestable market regulations for the Northern Territory and with an agreement between PAWA and NT Power.
- g. There are no other contracts for supply of electricity to Defence sites in the Northern Territory.

QUESTION 51

SENATOR: HOGG

HANSARD: Written Question

In relation to military justice initiatives:

- a. At the joint standing committee hearing investigating brutality in the ADF the CDF announced a range of initiatives and independent inquiries despite maintaining that there was no problem. When did work on developing those initiatives first start and when were they completed?
- b. When did the Minister sign off on those initiatives?
- c. Were those initiatives developed simply as a result of the media and parliamentary attention on this matter or was it just a coincidence?
- d. What are the estimated costs of those initiatives?

RESPONSE:

- a. The proposal for the Military Inspector General has been in development for approximately two years, and firm consideration commenced in December 1999. The audit of military justice to be conducted by Mr Justice Burchitt (on his retirement from the Federal Court) was given initial consideration in early August 2000. Work on both initiatives is ongoing. Justice

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Burchitt is expected to report by the end of April 2001. The Military Inspector General should be appointed sometime afterwards.

- b. The Minister Assisting the Minister for Defence approved these initiatives on 28 August 2000.
- c. Development of the Military Inspector General concept commenced two years ago as part of ADF activities associated with the parliamentary inquiry into military justice procedures. The audit of military justice to be conducted by Mr Justice Burchitt was developed in response to the situation in 3 RAR and the requirement to determine whether the practice of circumventing the use of the Defence Force Discipline Act was more widespread within the ADF.
- d. The budget for the audit of military justice is still being developed. The current estimate is approximately \$1.6m. Costs for the Military Inspector General have not yet been developed.

QUESTION 52

SENATOR: HOGG

HANSARD: Written Question

How many computers have been lost or stolen in 1999-2000 and 1998-99 and the value of those computers and what you are doing about it?

RESPONSE:

In 1999-00, a total of 172 computers, laptops and related components or peripheral equipment was reported as either lost or stolen. The total value of this equipment was \$380,344.

In 1998-99, a total of 117 computers, laptops and related components or peripheral equipment was reported as either lost or stolen. The total value of this equipment was \$234,802.

A further 18 computers, laptops and related components or peripheral equipment have been either lost or stolen in the period between 1 July 1998 and 30 June 2000 for which current records are insufficient to accurately determine the financial year in which the loss or theft occurred. The total value of this equipment was \$55,743.

The rise in the number and value of computers, laptops and related components or peripheral equipment reported lost or stolen in 1999-2000 over 1998-99 may be attributable to the progressively better reporting mechanisms that have been introduced over that time.

In all cases of loss or theft in the period between 1 January 1999 and 30 June 2000, civilian or military police were notified, and/or the incident was officially reported to appropriate Defence security personnel. Police investigated 66 incidents in this period. None of these resulted in legal action. Records are insufficient to establish whether all such cases prior to 1 January 1999 were notified to civilian or military police, and/or officially reported to appropriate Defence security personnel, or whether any legal action resulted.

Departmental actions included internal investigations that resulted in a review of auditing and security procedures, even where offenders were not identified. In the case of lap-tops, security arrangements for storage have been tightened and some groups have instituted regular audits.

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Laptops containing security-classified information must be provided with the protection required for that classification. Chief Executive Instructions Part 7 Chapter 3 also mandates that any valuable portable and attractive item of public property (such as laptops) must be formally recorded for control purposes, regardless of whether the item constitutes an asset for financial reporting purposes. All Defence groups will specifically address laptop security in their next fraud risk assessment.