
The Parliament of the Commonwealth of Australia

Review of the Defence Annual Report 2007-2008

Joint Standing Committee on Foreign Affairs, Defence and Trade

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Canberra

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Cover photographs captions

HMAS Kanimbla off the coast of Sydney

(Official Image No. 20071002ran8100087_080 – Department of Defence - Navy)

Joint Strike Fighter F-35 Lightning II

(Image courtesy of Google Images)

Abrams M1A1 tanks on parade

(Official Image No. Abrahms06 – Department of Defence - Army)

Bushmaster Infantry Mobility Vehicle

(Official Image No. 20060911adf8185016_0048 – Department of Defence – Army)



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Foreword

This review of the *Defence Annual Report 2007-2008* focuses on the activities, achievements and undertakings of the Australian Defence Force (ADF) and the Department of Defence during the period July 2007 to June 2008. During this period ADF personnel remained heavily engaged in a wide variety of operational deployments world-wide, with the withdrawal of troops from Iraq balanced by an increased commitment to Afghanistan marked by the tragic death of four ADF members and the wounding of a number of others.

During the 2007-2008 reporting period, in addition to the significant operational tempo, Defence also maintained a focus on reform following a number of recent reviews, inquiries and investigations, as well as the development of a new White Paper.

The review of the Defence Annual Report is an important task and an opportunity for the Defence Sub-Committee to inquire into a broad range of Defence issues as part of the process of accountability of Government agencies to Parliament. The Defence Sub-Committee takes this responsibility very seriously.

This year, the Defence Sub-Committee selected a broad range of issues for examination at public hearings held in Canberra on 16 April, 19 June, and 21 August 2009. This extended timeline for the hearings was required to accommodate commitments of relevant Department of Defence personnel.

The major topics included joint/air/land capability and procurement, personnel issues, energy and the environment, and several other issues of interest.

The Committee examined the High Frequency Modernisation Project noting that Defence will still need to demonstrate that the post-Kinnaird reforms are sufficient and have been well-implemented delivering projects on time, on budget, and with required levels of capability.

The Committee also examined the ADF's air capability and procurement and noted the unprecedented changeover of platforms that Defence is managing across its air capability and elsewhere, including the Wedgetail Airborne Early Warning and Control platform, the Tiger Armed Reconnaissance Helicopter, and the Joint Strike Fighter (JSF). The Committee notes that the JSF acquisition will be the most

expensive single acquisition in Defence's history. As our sole or principal air fighting platform it will be, arguably, our most important defence acquisition.

In addition, maritime assets will comprise a large part of the Defence procurement program for the next decade or more. The failure of the Seasprite project – a ship based helicopter capability for the Royal Australian Navy – is a powerful indicator of the importance of improved acquisition procedures. The true cost of the project's failure is not only to be counted in dollar terms; it is also to be counted in terms of lost capability where it may in fact be needed.

Recruiting and maintaining personnel continue to be significant challenges for the ADF. The Committee recognises that Defence has taken considerable effort to develop a sufficient and sustainable cohort of skilled personnel, capable of satisfying the increasingly technical requirements of modern defence forces. In particular, the Committee welcomes the move by Defence to adopt a more flexible pay structure so that it is better placed to attract, develop and retain skilled personnel. However, there is emerging evidence of weakening in the current pay system and the Committee has therefore recommended that Defence place a high priority on developing a more agile and responsive solution.

The Committee has also inquired into external constraints facing Defence such as climate change and the steps Defence had taken to prepare for oil depletion and oil shocks. The Committee recommended that:

- Defence adopt a more assertive strategy with regard to oil shocks and alternative fuels, with the specific purpose of providing a capability to mitigate risk due to a dependence on oil-based fuels; and
- new fuels developed to mitigate risk to Australia's defence capability from oil shocks and oil scarcity be designed to reduce Defence's carbon footprint, where possible, in balance with energy yields and other practical considerations.

The Committee would like to thank all of the individuals and organisations that participated in this Review of the *Defence Annual Report 2007-2008*. We would also like to express our ongoing appreciation to the men and women of the ADF for the outstanding work that they continue to do in Australia and around the world. Finally, the Committee would also like to thank their families for the support they provide and the sacrifices they endure, to enable our Service men and women to contribute to Australia's security.

The Hon Arch Bevis MP
Chair Defence Sub-Committee

Membership of the Committee

Chair Senator M Forshaw

Deputy Chair The Hon D Hawker MP

Members

Senator M Arbib (from 01/07/08 till 11/09/09)	The Hon J Bishop MP (from 11/03/09)
Senator A Bartlett (till 30/06/08)	Mr M Danby MP
Senator M Bishop	The Hon J Fitzgibbon MP (from 15/06/09)
Senator M Cormann (till 23/09/08)	Ms A Ellis MP
Senator A Eggleston (till 19/03/08)	Mr S W Gibbons MP
Senator the Hon A Ferguson (from 01/07/08)	Ms S Grierson MP
Senator M Fifield	Mr D Hale MP
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Senator the Hon D Johnston (from 23/09/08)	Ms S Mirabella MP (till 11/03/09)
Senator L J Kirk (till 30/06/08)	The Hon J Murphy MP (from 20/03/09)
Senator S Ludlum (from 26/11/08)	Mr R Oakeshott MP (from 20/03/09)
Senator the Hon J A L (Sandy) Macdonald (till 30/06/08)	Ms M Parke MP
Senator C M Moore	Ms K Rea MP
Senator K O'Brien (from 01/07/08)	Mr B Ripoll MP
Senator M Payne (from 19/03/08)	The Hon A Robb AO MP (till 25/09/08)
Senator N Stott Despoja (till 30/06/08)	Mr S Robert MP
Senator R Trood	The Hon P Ruddock MP
Senator R S Webber (till 30/06/08)	Ms J Saffin MP
The Hon B Baldwin MP	The Hon B Scott MP
The Hon A Bevis MP	Mr K Thomson MP (till 15/06/09)
	Ms M Vamvakinou MP

Secretary Dr M Kerley

Membership of the Defence Sub-Committee

Chair The Hon A Bevis MP

Deputy Chair The Hon B Baldwin MP

Members

Senator M Arbib (till 11/03/09)	The Hon J Fitzgibbon MP (from 15/06/09)
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Senator the Hon A Ferguson	Ms S Grierson MP
Senator M Fifield	Mr D Hale MP
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Senator K O'Brien	Mr S Robert MP
Senator M Payne	Ms J Saffin MP
Senator R Trood	The Hon B Scott MP
Mr M Danby MP	Mr K Thomson MP (till 15/06/09)

Committee Secretariat

Secretary Dr Margot Kerley

Defence Adviser WGCDR David Ashworth

Inquiry Secretary Mr Muzammil Ali (till 25 June 2009)
Dr Brian Lloyd (from 2 March 2009 till 11 June 2009)
Mr Paul Zinkel (from 1 September 2009)

Officer Manager Mrs Donna Quintus-Bosz

Administrative Officers Ms Sonya Gaspar
Ms Gillian Drew



Terms of reference

Pursuant to paragraph 1 (b) of its resolution of appointment, the Joint Standing Committee on Foreign Affairs, Defence and trade is empowered to consider and report on the annual reports of government agencies, in accordance with a schedule presented by the Speaker of the House of Representatives.¹

The Speaker's schedule lists annual reports from agencies within the Defence and Foreign Affairs portfolios as being available for review by the Committee.²

1 See *Votes and Proceedings*.

2 Speaker's Schedule: Allocation to Committees of Annual Reports of Departments, Agencies, Authorities and Companies.



List of abbreviations

ADF	Australian Defence Force
AEW&C	Airborne Early Warning and Control
ANAO	Australian National Audit Office
ANZAC	A Frigate Class of the Royal Australian Navy
ARH	Armed Reconnaissance Helicopters
ASC	Australian Submarine Corporation
ASRV	Australian Submarine Rescue Vehicle
ASW	Anti Submarine Warfare
AWD	Air Warfare Destroyer
BAMS	'Broad Areas Maritime Surveillance' program
BAE	British Aerospace
C17	Heavy airlift aircraft
CBRN	Chemical, Biological, Radiological and Nuclear
CDF	Chief of Defence Force
CIOG	Chief Information Officer Group
COTS	Commercial-Off-The-Shelf

CSIRO	Commonwealth Scientific and Industrial Research Organisation
DEWHA	Department of the Environment, Water, Heritage and the Arts
DFRT	Defence Force Remuneration Tribunal
DIO	Defence Intelligence Organisation
DMO	Defence Material Organisation
DSD	Defence Signals Directorate
DSTO	Defence Science and Technology Organisation
ELF	Enhanced Land Force
ESM	Electronic Support Measures
FMS	Foreign Military Sales
FFG	A Frigate Class of the Royal Australian Navy
FVM&T	Field Vehicles Modules and Trailers
GAO	Government Accounting Office (United States of America)
GFC	Global Financial Crisis
GJ	Gigajoule
GOPS	Graded Officers Pay Structure
GORPS	Graded Other Ranks Pay Structure
HF	High Frequency
HNA	Hardened Network Army
HR	Human Resources
IED	Improvised Explosive Device
IOC	Initial Operational Capability
ISR	Intelligence, Surveillance and Reconnaissance
JLTV	Joint Light Tactical Vehicle

JSF	Joint Strike Fighter
LHD	Landing Helicopter Dock
MEAO	Middle East Area of Operations
MESA	‘Multi-Role Electronically Scanned Array’ radar
MOTS	Military–Off-The-Shelf
NATO	North Atlantic Treaty Organisation
NCW	Network Centric Warfare
OEG	Operational Experts Group
PMV	Protected Mobility Vehicle
PMV-L	Protected Mobility Vehicle Light capability
PSI	Proliferation Security Initiative
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RFT’s	Request for Tender
RSL	Returned and Services League
SDD	System Design and Development
SIP	Statement of Interdiction Principles
UAV	Unmanned Aerial Vehicle
WMD	Weapons of Mass Destruction



List of recommendations

1 Introduction

Recommendation 1

The Committee recommends that, in the absence of a clear strategic case for high-risk first-of-type acquisitions, military off-the-shelf purchases should be the default option for procurement projects.

This recommendation does not necessarily relate to any particular acquisitions currently under consideration but rather represents a broader statement of policy reflecting on issues relating to past acquisition programs.

Recommendation 2

The Committee recommends that the Department of Defence review its current procedures for rapid acquisition to ensure that it is meeting the ADF's needs, particularly where they are linked directly to overseas operational commitments.

7 Defence personnel – Niche skills and pay

Recommendation 3

The Committee recommends that Defence places a high priority on developing a solution to the difficulties that it, and KPMG, has identified with the current pay systems.

8 Submarines

Recommendation 4

The Committee recommends that Defence ensure the provision of submarine escape training at HMAS Stirling be re-established.

Recommendation 5

The Committee recommends that the deployability issues governing the Australian Submarine Rescue Vehicle Remora be resolved without delay.

9 Constraints

Recommendation 6

The Committee recommends that Defence adopt a more assertive strategy with regard to oil shocks and alternative fuels, with the specific purpose of providing a capability to mitigate risk due to a dependence on oil-based fuels. Defence should provide such a capability, sufficient to maintain an identified core capability, within a timeframe of 10 years.

Recommendation 7

The Committee recommends that new fuels developed to mitigate risk to Australia's defence capability from oil shocks and oil scarcity be designed to reduce Defence's carbon footprint, where possible, in balance with energy yields and other practical considerations.

