

Introduction

- 1.1 The 2010-2011 period represents one of the most intense and sustained operational periods Defence has experienced. This occurred in parallel with work on one of the most ambitious reform programs the Department of Defence has ever undertaken.¹
- 1.2 Defence simultaneously supported whole-of-government humanitarian and disaster relief efforts at home and abroad while remaining committed to Afghanistan, East Timor, Solomon Islands, border protection and a variety of smaller operations.²
- 1.3 The Australian Defence Force assisted communities devastated by natural disasters in Queensland, New South Wales and Victoria. Additionally, the Australian Defence Force assisted Pakistan, New Zealand, and Japan, providing logistic support in wake of devastating floods, earthquakes and tsunamis.³
- 1.4 Over 2010-2011, Defence generated Strategic Reform Program savings in excess of one billion dollars and commissioned a review into shared services to create further opportunities for efficiency.⁴
- 1.5 A review into the Defence Force Posture was commenced to assess whether Defence is geographically positioned to support the current and future strategic environment.⁵

1 Department of Defence, *Defence Annual Report 2010-2011 Volume One*, p. 2.

2 Department of Defence, *Defence Annual Report 2010-2011 Volume One*, p. 2.

3 Department of Defence, *Defence Annual Report 2010-2011 Volume One*, p. 2.

4 Department of Defence, *Defence Annual Report 2010-2011 Volume One*, p. 3.

5 Department of Defence, *Defence Annual Report 2010-2011 Volume One*, p. 3.

- 1.6 Defence has also undertaken a large number of reviews into its business, finance, and processes to improve outcomes. The Black Review into accountability will challenge Defence to improve its planning, decision making, project management, personal and institutional performance, and accountability, as well as the management of skills and specialisation.⁶
- 1.7 Several reviews into the Defence culture were announced by the Minister for Defence in April 2011, and, where necessary, action plans to adjust aspects of the Defence culture will be developed as required.⁷

Annual Report Review Objectives and Scope

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

Focus Areas

- 1.9 For the *Review of the Defence Annual Report 2010-2011* the Defence Sub-Committee decided to focus on five main issues. The issues and their chapters are:
- Strategic Reform program – covered in Chapter Two;
 - Personnel – covered in Chapter Three;
 - Operations – covered in Chapter Four;
 - Sustainment – covered in Chapter Five; and
 - Joint Strike Fighter – covered in Chapter Six.
- 1.10 In addition, a series of reviews into the Defence culture were released shortly before the Defence Hearing conducted on 16 March 2012. Consequently, an extra chapter has been added to this report, as Chapter Seven, to explicitly discuss the Defence culture reviews.

6 Department of Defence, *Defence Annual Report 2010-2011 Volume One*, p. 3.

7 Department of Defence, *Defence Annual Report 2010-2011 Volume One*, p. 3.

Conduct of the Review

- 1.11 The Review was advertised in the Australian and a media release was issued on 30 November 2011.
- 1.12 On 6 December 2011, the Secretary of the Committee wrote to the following organisations and invited them to make a submission to the inquiry:
- Australian Defence Association;
 - Australian Strategic Policy Institute;
 - Kokoda Foundation;
 - Lowy Institute for International Policy; and
 - National Security Institute.
- 1.13 The Sub-Committee received a number of submissions from individuals and organisations, including the Defence Welfare Association, Air Power Australia, REPSIM Pty Ltd, Mr Erik Peacock, Mr Andrew Mayfield, Mr Danny Nowlan, and Mr Jack Warner. These submissions are listed at Appendix A.

Public Hearings

- 1.14 The Sub-Committee took evidence from witnesses at four public hearings as follows:
- Airpower Australia and REPSIM Pty Ltd – 7 February 2012;
 - Defence Force Welfare Association – 28 February 2012;
 - Senior Department of Defence officials – 16 March 2012; and
 - Lockheed Martin Aeronautics Company – 20 March 2012.
- Transcripts of these hearings are available on the Committee's Website.⁸
- 1.15 The proceedings of the hearings were webcast over the internet through the Parliament's website, allowing interested parties to watch the proceedings as they occurred.

8 Australian Parliament House Website, House of Representatives Committees, http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jfadt/defenceannualreport_2010_2011/hearings.htm, viewed 12 Jun 2012.

Sources of Information

- 1.16 The Defence Sub-Committee notes that the Defence environment is a dynamic one. This report covers the financial year 2010-2011 and, unless absolutely necessary, does not refer to information after this period.
- 1.17 Wherever possible this report uses Defence publications as its primary source of material. However, in some cases the Defence Annual Report 2010-2011 and the Defence Department website provide limited information on the topics the Sub-Committee had resolved to look into. Consequently, publications and articles by the Australian Strategic Policy Institute (ASPI) have been used as an additional source.

Conclusions

- 1.18 Conclusions identified by the Committee are outlined at the end of each chapter.
- 1.19 The Government should note these conclusions.

Recommendations

- 1.20 The Committee recommended:

A Strategic Reform Program Summary Chapter be added to the Defence Annual Report to provide a consolidated overview of the SRP.