
The Parliament of the Commonwealth of Australia

Review of the Defence Annual Report 2002-03

Joint Standing Committee on Foreign Affairs, Defence and Trade

August 2004
Canberra



Chairman's Foreword

The period between July 2002 and June 2003 covered the tragic Bali Bombings, the release of the Defence Update and the review of the Defence Capability Plan which was made public in November 2003. The terrorist attacks of 11 September 2001 resulted in a range of national security initiatives and commitments to coalition operations in the war against terrorism. The Bali Bombings on 12 October 2002 demonstrated that Australia cannot relent in its fight against terrorism.

The Defence Update sought to raise the prominence of terrorism and the spread of weapons of mass destruction together with the challenges faced by countries in our region. These priorities have signalled changes in Defence's strategic objectives and the capabilities with which they are delivered.

The topics selected for examination as part of the review of the 2002-2003 Defence Annual Report are linked to some of the new challenges facing the Australian Defence Force (ADF). Topic one focuses on Australia's continuing involvement in the Middle East. The Annual Report stated that 'about 800 Defence personnel remain in the Middle East area of operations under trying and difficult circumstances to contribute to Iraq's stability and reconstruction.'

One of the most sensitive matters examined as part of the review was the decision by Defence to retire the F-111 in 2010. The 2000 Defence White Paper previously stated that the F-111 would be retired in the 2015-2020 timeframe. Defence indicated that the F-111 'will be a very high cost platform to maintain and there is also the risk of losing the capability altogether through ageing aircraft factors.'

The 2000 Defence White Paper states that 'air combat is the most important single capability for the defence of Australia.' Australia's air combat capability is provided through a fleet of F/A-18 Hornets. Australia's strike capability, consisting primarily of our fleet of F-111s, is also an important element of Australia's military posture because it provides us with the flexibility to destroy hostile forces before they are launched towards Australia. Accordingly, the decision to retire the F-111 in 2010 was given significant attention by the committee and was the subject of intense examination during a series of

public hearings. A concern was raised by some groups in their evidence that retiring the F-111 in 2010 could leave Australia with a capability gap which could ultimately undermine Australia's ability to maintain air superiority.

The committee in addressing matters relating to the decision to retire the F-111 in 2010 has recommended a range of measures that will provide reassurance to the parliament and the Australian public. The committee recommends that, in 2006, the Government should make a statement focusing on:

- the most accurate delivery date for the replacement combat aircraft;
- the implications this date will have on the decision to retire the F-111 in 2010;
- the need to ensure that key upgrades and deep maintenance on the F-111 continues through to 2010 with the possibility of extending the lifespan should the need arise; and
- the measures the Government will take to ensure that Australia's superiority in air combat capability in the region is maintained.

The committee also recommends that, at the start of the next Parliament, the Minister for Defence requests the committee to conduct an inquiry into the ability of the Australian Defence Force to maintain air superiority in our region to 2020.

The committee concludes that the implementation of these measures will help to provide reassurance and coherence to managing Australia's air combat capability as Defence seeks to manage the transition from ageing to new aircraft platforms.

In addition to the previous matters, the committee also focused on aspects of the ADF's National Support Tasks. The role and effectiveness of the Army ATSIC Community Assistance Program (AACAP) was examined. Through this program, Defence together with ATSIC and the Department of Health and Ageing provide assistance to a number of remote indigenous communities to improve environmental health and living conditions. On 2 October 2003 the committee visited Palm Island and received a briefing and inspected progress with AACAP's achievements in that community.

The committee encourages the continuation of the AACAP program, and recommends that in 2005 Defence should undertake another review of the conditions of service for ADF members on AACAP projects to ensure that there are no anomalies in conditions of service and that they are commensurate with the work performed.

In conclusion, and on behalf of the committee, I would like to thank all those who have contributed to the review of the 2002-03 Defence Annual Report.

Hon Bruce Scott, MP
Chairman
Defence Sub-Committee



Contents

Chairman's Foreword.....	iii
Membership of the Committee.....	viii
Membership of the Defence Sub-Committee.....	ix
Terms of reference.....	x
List of abbreviations.....	xi
List of recommendations.....	xiii

THE REPORT

1 Introduction.....	1
Defence objectives, personnel and 2004-05 Budget allocation.....	2
Annual Report review objectives and scope.....	6
Focus areas.....	6
Reasons for delay in reporting.....	6
Conduct of the review.....	8
2 Opening session.....	9
Military justice and the Inspector-General of the ADF.....	9
Conclusions.....	12
Reforms to the Defence Material Organisation.....	13
Honours and Awards System.....	14
Conclusions.....	15

3	Australia’s continuing involvement in the Middle East	17
	Background.....	17
	Discussion.....	19
	Conclusions	21
4	Community Support Functions – National Support Tasks	23
	Background.....	23
	AACAP	24
	Conclusions	27
	Recommendation 1	28
	New Zealand Defence community support functions.....	28
	Youth Life Skills (YLS)	29
	Limited Services Volunteers (LSV).....	29
	Conclusions	30
	Recommendation 2	31
5	The Defence White Paper and Capability Issues.....	33
	The White Paper and Defence Update	33
	The Defence Capability Plan and funding measures.....	35
	Land forces – main battle tanks.....	36
	Conclusions	41
	Air Combat and strike.....	42
	Defence rationale for retiring the F-111 in 2010	44
	F/A-18 Hornet and AP-3C proposed strike capability.....	50
	Defence capability prior to the acquisition of the F-35?	53
	The comparative capability of the F-35?	56
	Conclusions	58
	Recommendation 3	61
	Recommendation 4	61
6	Defence International Cooperation	63
	Background.....	63
	Conclusions	68

APPENDICES

Appendix A – List of hearings and witnesses.....	69
Appendix B – List of Submissions	71

TABLES

Table 1.1	Defence Resourcing Summary – 2004-05.....	4
Table 1.2	Average Annual Strength of Services (number of persons) – 2000-01 to 2004-05	5
Table 1.3	2004-05 ADF Reserve and civilian Staffing	5
Table 1.4	2004-05 Total Defence Workforce	5
Table 2.1	References to Inspector General ADF by subject matter - 13 January to 12 December 2003.....	10
Table 2.2	References to Inspector General ADF by Services involved - 13 January to 12 December 2003.....	11
Table 2.3	References to Inspector General ADF by gender of originator - 13 January to 12 December 2003.....	11
Table 2.4	References to Inspector General ADF by title of originator - 13 January to 12 December 2003.....	12
Table 4.1	Price of Output 1.3 – Contribution to National Support Tasks.....	24
Table 5.1	ADF Amphibious craft capable of carrying Leopard Tanks.....	41
Table 5.2	F-111 Defence Capability Programs – cancelled.....	49
Table 6.1	Defence Cooperation Funding.....	68

Membership of the Committee

Chair Senator A B Ferguson

Deputy Chair Hon L J Brereton, MP

Members

Senator A Bartlett (from 1/7/02)	Hon K C Beazley, MP
Senator M Bishop (from 1/7/02; to 19/8/02)	Hon A R Bevis, MP
Senator the Hon N Bolkus (from 1/7/02)	Hon G J Edwards, MP
Senator V W Bourne (to 30/6/02)	Mr L D T Ferguson, MP
Senator P H Calvert (to 19/8/02)	Mrs J Gash, MP
Senator H G P Chapman (to 30/6/02)	Mr D P M Hawker, MP
Senator the Hon P Cook	Hon D F Jull, MP
Senator A Eggleston (from 1/7/02)	Mr P J Lindsay, MP
Senator C Evans	Hon Dr S P Martin, MP (to 16/8/02)
Senator B Gibbs (to 30/6/02)	Hon J E Moylan, MP
Senator B Harradine	Mr G R Nairn, MP
Senator S Hutchins (to 30/6/02; from 19/8/02)	Hon L R S Price, MP
Senator D Johnston (from 22/8/02)	
Senator J A L Macdonald	Hon G D Prosser, MP
Senator K O'Brien (from 1/7/02)	Hon B C Scott, MP
Senator M A Payne	Hon W E Snowdon, MP
Senator the Hon C Schacht (to 30/6/02)	Hon A M Somlyay, MP
Hon B G Baird, MP	Mr C P Thompson, MP
Mr R C Baldwin, MP	

Secretary Dr Margot Kerley



Membership of the Defence Sub-Committee

Chair Hon B C Scott, MP

Deputy Chair Hon L R S Price, MP

Members Senator C Evans
Senator A B Ferguson
Senator S Hutchins (to 30/6/02; from 19/8/02)
Senator D Johnston (from 22/8/02)
Senator J A L Macdonald
Senator M A Payne

Mr R C Baldwin, MP
Hon K C Beazley, MP
Hon A R Bevis, MP
Hon L J Brereton, MP
Mr AM Byrne, MP
Hon G J Edwards, MP
Mrs J Gash, MP
Mr D P M Hawker, MP
Mr P J Lindsay, MP
Mr G R Nairn, MP
Hon W E Snowdon, MP
Hon A M Somlyay, MP
Mr C P Thompson, MP

Secretary Mr Stephen Boyd

**Defence
Officer** Commander Craig Pritchard, RAN

**Administrative
Officer** Mrs Emma Martin



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 *Journals of the Senate*, No. 3, 14 February 2002 and *Votes and Proceedings*, No. 3, 14 February 2002

² See *Votes and Proceedings*, No. 3, 14 February 2002



List of abbreviations

<i>2000 White Paper</i>	<i>Defence 2000: Our Future Defence Force</i>
AACAP	Army ATSIC Community Assistance Program
AAR	Air-to-Air refuelling aircraft
ADA	Australia Defence Association
ADF	Australian Defence Force
AEW&C	Airborne Early Warning and Control Aircraft
ASPI	Australian Strategic Policy Institute
ATSIC	Aboriginal and Torres Strait Islander Commission
BVR	Beyond Visual Range
CDF	Chief of Defence Force
CDF	Chief of Defence Force
CEO	Chief Executive Officer
DCP	Defence Capability Plan
DCP	Defence Cooperation Program
DCR	Defence Capability Review
DHA	Department of Health and Ageing
DIC	Defence International Cooperation
DMO	Defence Material Organisation
DSTO	Defence Science and Technology Office
DWI	Department of Work and Income (New Zealand)
EADS	European Aeronautic Defence and Space Company
HUG	Hornet Upgrade

IGADF	Inspector-General of the ADF
IOC	Initial Operational Capability
IRS	Parliamentary Library Information Research Service
JCPAA	Joint Committee of Public Accounts and Audit
JSF	Joint Strike Fighter
LSV	Limited Services Volunteers
MBT	Main Battle Tank
MBTs	Main Battle Tanks
NAHS	National Aboriginal Health Strategy
NZDF	New Zealand Defence Force
PBS	Portfolio Budget Statements
PPBP	Pacific Patrol Boat Program
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RTU	Regional Training Unit
WMD	Weapons of Mass Destruction
WSBU	Weapon Systems Business Unit (RAAF Base Amberley)
WVR	Within Visual Range
YLS	Youth Life Skills



List of recommendations

Recommendation 1

The committee recommends that in 2005 Defence should undertake another review of the conditions of service for Australian Defence Force members on the Army ATSIC Community Assistance Program (AACAP) projects to ensure that there are no anomalies in conditions of service and that they are commensurate with the work performed. (paragraph 4.24)

Recommendation 2

The committee recommends that the Australian Defence Force consider developing, in consultation with relevant government agencies, programs similar to New Zealand's Youth Life Skill (YLS) and Limited Services Volunteers (LSV) programs. (paragraph 4.39)

Recommendation 3

The committee recommends that, at the start of the next Parliament, the Minister for Defence requests the committee to conduct an inquiry into the ability of the Australian Defence Force to maintain air superiority in our region to 2020. (paragraph 5.101)

Recommendation 4

The committee recommends that, in 2006, the Government should make a statement focusing on:

- the most accurate delivery date for the replacement combat aircraft;
- the implications this date will have on the decision to retire the F-111 in 2010;
- the need to ensure that key upgrades and deep maintenance on the F-111 continues through to 2010 with the possibility of extending the lifespan should the need arise; and
- the measures the Government will take to ensure that Australia's superiority in air combat capability in the region is maintained.
(paragraph 5.102)