
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



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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
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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)

Introduction

- 1.1 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 9-11 resulted in a range of national security initiatives and commitments to coalition operations in the war against terrorism. The Bali Bombings demonstrated that Australia cannot relent in its fight against terrorism.
- 1.2 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.
- 1.3 The four 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 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.'
- 1.4 Under 'National Support Tasks', the ADF performs a range of community support functions. Defence may be called upon to provide emergency and non-emergency assistance to the Government and the Australian community in non-combat related roles. These tasks, for example, include emergency assistance, search and rescue, disaster recovery, surveillance and security or non-emergency law enforcement roles.
- 1.5 Topic three focuses on the Defence *2000 White Paper*, the key issues identified in the Defence Update and the resulting changes to capability announced in the Defence Capability Review (DCR). In particular, the

review provided an opportunity to scrutinise the Government's decision to retire the F-111 early and purchase new main battle tanks for the army.

- 1.6 The final topic examines Defence International Cooperation. Defence has a cooperation program with the countries of PNG, the South Pacific region, South East Asia, other regional countries including India, Pakistan, Bangladesh and multilateral programs such as the Five Power Defence Arrangements. The review provided an opportunity to scrutinise the cost, objectives and performance of the program.
- 1.7 This chapter provides an overview of Defence, focusing on the Budget, capability and personnel. The Annual Report review objectives are set out and the review topics are briefly discussed. The following five chapters each focus on the selected topics.

Defence objectives, personnel and 2004-05 Budget allocation

- 1.8 The 2004-05 Portfolio Budget Statements (PBS) provides information on the overall Budget allocation and key initiatives. Defence's strategic objectives are influenced by the strategic principles set out in *Defence 2000 – Our Future Defence Force (2000 White Paper)*. Defence states that the principles in the *2000 White Paper* 'remain a valid framework for addressing Australia's defence policy'.¹ This point was reiterated in the Defence Update with the comment that 'while the principles set out in the *2000 White Paper* remain sound, some rebalancing of capability and expenditure will be necessary to take account of changes in Australia's strategic environment.'²
- 1.9 As outlined in the *2000 White Paper*, there are five strategic objectives to which Defence contributes:
- ensuring the defence of Australia and its direct approaches;
 - fostering the security of Australia's immediate neighbourhood;
 - promoting stability and cooperation in Southeast Asia;
 - supporting strategic stability in the wider Asia-Pacific region; and
 - supporting global security.
- 1.10 In relation to capability, Defence states:

1 Defence Portfolio, *Portfolio Budget Statement 2003-04*, p. 5.

2 Department of Defence, *Australia's National Security, A Defence Update 2003*, February 2003, pp. 5-6.

The training and skill levels of the ADF will be suitable for providing the nucleus for an Australian-led coalition force, or for providing a commitment to coalitions. Consequently, the ADF will be able to operate in the maritime, air and land environments both separately and jointly.³

1.11 In 2004-05 the ADF is maintaining a force structure that comprises the following combat elements:

- a surface combatant force of six guided missile frigates, otherwise called FFGs (to be reduced to four from 2006), and five Anzac-class frigates (rising to eight by 2006), together with onboard helicopters;
- six Collins-class submarines;
- an amphibious lift and sea command force comprising two amphibious landing ships and one heavy landing ship;
- a mine hunter force comprising six coastal mine hunters (two of which are to be placed in extended readiness from 2006) and a hydrographic force comprising two hydrographic ships;
- an afloat support force comprising one oil tanker (to be replaced by 2006 with a more environmentally-friendly double-hulled tanker) and one replenishment ship;
- five Army infantry battalions at 90 days readiness or less, supported by a range of armour, aviation, engineer, artillery, logistics and transport assets, and a number of lower-readiness units able to provide personnel for sustainment and rotation;
- a Reserve Force designed to sustain, reinforce and, to a lesser degree, rotate personnel and equipment;
- three Regional Surveillance Units;
- a special forces group consisting of a Special Air Service regiment, a regular commando regiment, a reserve commando regiment, an Incident Response Regiment and a combat service support company;
- an air combat force of three front-line F/A-18 squadrons and one operational F-111 squadron (to be retired from service by about 2010), supported by training squadrons, a wide-area surveillance system (Jindalee Operational Radar Network) monitoring Australia's northern approaches, and a range of ground radars and other support elements. Airborne early warning and control aircraft will be deployed from 2007 and operational air-to-air refuelling aircraft from late 2006;
- a maritime patrol force of two front-line P-3C Orion squadrons; and

3 Defence Portfolio, *Portfolio Budget Statement 2004-05*, p. 3.

- agencies responsible for intelligence collection and analysis.⁴

1.12 Defence states that these 'major combat elements are being progressively more integrated and informed through a number of well-developed command, communications and intelligence systems'.⁵

1.13 For 2004-05 the most recent Budget estimates for Defence are shown in the PBS. Table 1.1 reproduces the key information.

Table 1.1 Defence Resourcing Summary – 2004-05

	2003-04 Projected Result \$000	2004-05 Budget Estimate \$000
Revenue from Government for outputs	14,569,666	15,625,941
Own source revenue	328,791	330,562
Equity injection from Government	617,634	299,025
Net Capital receipts	106,484	91,980
Administered appropriation	2,016,900	2,336,900
Total Defence resourcing	17,639,475	18,684,408

Notes

1. Own-source revenue excludes 'assets now recognised' revenue and 'net gains from sales of assets' revenue.
2. The administered appropriation of \$2,336.9m covers costs associated with the military superannuation schemes, and also covers the provision of housing subsidies to current and retired Defence personnel. The administered appropriation is managed by the Department of Finance and Administration (Commonwealth Superannuation) and the Defence Housing Authority (housing subsidies) on Defence's behalf.

Source *Defence Portfolio Budget Statement, 2004-05, p. 23.*

1.14 The average annual strength of the three services for the five years from 2000-01 through to 2004-05 is shown in Table 1.2 below.

4 Defence Portfolio, *Portfolio Budget Statement 2004-05*, p.5.

5 Defence Portfolio, *Portfolio Budget Statement 2004-05*, p. 5.

Table 1.2 Average Annual Strength of Services (number of persons) – 2000-01 to 2004-05

	2000-01	2001-02	2002-03	2003-04 Projected result	2004-05 Budget estimate
Navy	12,396	12,598	12,847	13,121	13,167
Army	24,488	25,012	25,587	25,623	26,035
Air Force	13,471	13,322	13,646	13,481	13,670
Total Permanent Force	50,355	50,932	52,080	52,225	52,872

Source Defence Annual Report 2002-03, p. 417 (The figure for 2002-03 is at 30 June 2003); Defence Portfolio Budget Statements, 2004-05, p. 205.

1.15 ADF Reserve and civilian staffing is shown in Table 1.3.

Table 1.3 2004-05 ADF Reserve and civilian Staffing

Reserve Force	2003-04 Projected result	2004-05 Budget Estimate
Navy	1,850	1,850
Army	16,982	16,700
Air Force	2,032	2,160
Total Reserve Force	20,864	20,710
Civilian Staffing	18,356	17,841

Source Defence Portfolio Budget Statements, 2004-05, p. 206.

1.16 Table 1.4 shows the total Defence Workforce comprising the military and civilian components.

Table 1.4 2004-05 Total Defence Workforce

Workforce	2003-04 Projected result	2004-05 Budget Estimate
Military	73,089	73,582
Civilian	18,356	17,841
Total Workforce	91,445	91,423

Source Defence Portfolio Budget Statements, 2004-05, p. 205.

Annual Report review objectives and scope

- 1.17 The review examined a combination of information from the 2004-05 PBS, the 2002-03 Defence Annual Report, and recent announcements made by the Defence Minister.
- 1.18 The review of Defence Annual Reports is a significant part of the committee's work program. The committee's objective is to review Defence Annual Reports in December of the year they are released. The committee will then seek to table its report on the review in March or April of the following year. This cycle will ensure that the committee's examination remains timely. In cases where the committee recommends that additional information be included in Defence annual reports, Defence will have time to consider these recommendations and include changes in the next annual report.

Focus areas

- 1.19 The four focus areas selected for scrutiny at the public hearing provided an opportunity to examine how Defence is addressing the new strategic environment as articulated through the Defence Update and the Defence Capability Review. In addition, the committee had the opportunity to scrutinise the ADF's continuing involvement in the Middle East, Defence international cooperation and community support functions. The four focus areas are:
- Australia's continuing Involvement in the Middle East;
 - Community Support Functions – National Support Tasks;
 - The Defence *2000 White Paper* and Capability Issues; and
 - Defence International Cooperation.
- 1.20 In addition, the first segment of the public hearing, in which the Secretary of Defence and the Chief of the Defence Force appeared, provided an opportunity to scrutinise a range of issues across the entire Defence Annual Report.

Reasons for delay in reporting

- 1.21 The review of the 2002-03 Defence Annual Report was conforming to the cycle described above. However, on 26 January 2004 the committee received a submission from Dr Kopp and Mr Goon which raised their concerns about the early retirement of the F-111, and the accuracy of Defence evidence provided at the public hearing on 15 December 2003. In view of the matters raised, it was resolved that Defence should have an opportunity to respond to the issues. Defence was sent the submission

from Dr Kopp and Mr Goon on 16 February 2004 and was given until 23 March to respond. By this date, Defence had not responded in writing but sought a private briefing with the committee to satisfy the committee's concerns. At the conclusion of this meeting, and still not satisfied, the committee requested and Defence agreed to provide a written submission to the committee focusing on:

- reasons for the early retirement of the F-111;
- justification for the JSF;
- providing assurances that there will not be a capability gap with the phase out of the F-111 and the transition to the JSF; and
- the maintenance of air superiority.

1.22 Defence sought a further two months to respond. On 4 June 2004 the committee received Defence's response. The submission was provided on the day of the public hearing which provided no time for the committee to examine the response. The committee is disappointed with the time taken by Defence to address these matters.

1.23 The committee believes that Defence should easily and quickly have been able to provide answers to the issues addressed in the previous dot points. This is based on the view that on 7 November 2003 Defence announced that the F-111 would be retired by 2010. Similarly, on 27 June 2002 the Government announced that it would participate in the System Design and Development stage of the F-35 with a final decision required on the F-35 by 2006. It is therefore reasonable for the committee to assume that Defence should have had all the answers and rationale for early retirement of the F-111 and justification for the F-35 already developed.

1.24 The time taken by Defence to respond, has delayed the committee's own performance objective of reporting to Parliament in March or April following a review of a Defence Annual Report.

1.25 The committee has proceeded with this report notwithstanding the view that responses from Defence lacked the detail sought by the committee.

Conduct of the review

- 1.26 Public hearings on the review of the 2002-03 Defence Annual Report were held on 15 December 2003, 4 June and 2 August 2004. A list of witnesses appearing at the hearings can be found at Appendix A. A list of submissions can be found at Appendix B.
- 1.27 In addition, the committee received a private briefing from the Department of Defence on 23 March 2004, and visited RAAF Base Amberley on 20 July 2004.
- 1.28 The transcripts of evidence and submissions can be found at the Committee's website at www.aph.gov.au/house/committee/jfadt/index.

Opening session

- 2.1 The Secretary of Defence and the Chief of the Defence Force (CDF) appeared at the opening session in which a range of generic issues were raised.
- 2.2 The key issues raised during the opening session focused on the investigations of the Inspector-General of the ADF, the honours and awards system, and progress with reforms to the Defence Material Organisation (DMO) including the appointment of the new CEO of the DMO.
- 2.3 In addition, the Secretary and CDF addressed matters relating to the Defence Capability Review focusing on the decisions to retire early the F-111, and to purchase new main battle tanks for the army. These matters are discussed in chapter five which deals with capability issues.

Military justice and the Inspector-General of the ADF

- 2.4 Mr Geoff Earley was appointed as the Inspector General of the ADF (IGADF) in January 2003. The IGADF is established by the CDF to 'provide a means for review and audit of the military justice system independent of the ordinary chain of command.'¹ In addition, the IGADF provides 'an avenue by which failures of military justice may be exposed and examined so that the cause of any injustice may be remedied.'² The IGADF reports directly to the CDF.
- 2.5 The key functions of the IGADF include:

1 Inspector General Australian Defence Force, Information Leaflet, 2003.

2 Inspector General Australian Defence Force, Information Leaflet, 2003.

- receiving submissions and investigating complaints;
 - conducting performance reviews;
 - providing advice; and
 - contributing to awareness and improvement.³
- 2.6 In relation to performance reviews, the IGADF measures key performance indicators and conducts ‘audits of unit records, procedures, practices, training and competencies relevant to military justice.’⁴
- 2.7 One of the issues examined during the hearing was the performance outcomes of the IGADF including the number and type of investigations conducted. Defence indicated that at the time of the hearing, the IGADF had received 69 references.⁵ These references were considered by the IGADF between 13 January and 12 December 2003. Tables 2.1 to 2.4 provide more detail on the nature of the work performed by the IGADF.

Table 2.1 References to Inspector General ADF by subject matter - 13 January to 12 December 2003

Subject matter	Number of occurrences ⁽¹⁾	Percentage
Abuse of authority	20	11.2
Abuse of process	9	5.0
Avoidance of due process	14	7.8
Conflict of interest	1	0.6
Cover up/failure to act	16	8.9
Denial of legal rights	6	3.4
Denial of natural justice	20	11.2
Error in disciplinary process	17	9.5
Error of law	11	6.1
Harassment	24	13.4
Unlawful/extra-judicial punishment	1	0.6
Victimisation/bastardisation/threats/intimidation	26	14.5
Other	14	7.8
Total	179	100

1. A reference may include allegations with more than one subject matter

Source Department of Defence, *Submission 1, Question 1*.

3 Inspector General Australian Defence Force, Information Leaflet, 2003.

4 Inspector General Australian Defence Force, Information Leaflet, 2003.

5 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, p. 7.

Table 2.2 References to Inspector General ADF by Services involved - 13 January to 12 December 2003.

Service	Number of references	Percentage⁽¹⁾
Navy	10	14.5
Army	43	62.3
Air Force	15	21.7
Tri-Service ⁽²⁾	1	1.4
Total	69	100

1. Figures do not add due to rounding

2. Tri-Services refers to joint units

Source Department of Defence, Submission 1, Question 1.

Table 2.3 References to Inspector General ADF by gender of originator - 13 January to 12 December 2003

Gender	Number of references⁽¹⁾	Percentage
Male	58	80.6
Female	14	19.4
Total	72	100

1. A reference may include more than one originator

Source Department of Defence, Submission 1, Question 1.

Table 2.4 References to Inspector General ADF by title of originator - 13 January to 12 December 2003

Rank	Number of references ⁽¹⁾	Percentage ⁽²⁾
Colonel	2	2.8
Wing Commander	2	2.8
Squadron Leader	3	4.2
Major	7	9.7
Captain (Army)	3	4.2
Flight Lieutenant	4	5.6
Lieutenant (Navy)	2	2.8
Flying Officer	1	1.4
Lieutenant (Army)	1	1.4
Officer Cadet	2	2.8
Warrant Officer (all services)	4	5.6
Flight Sergeant	1	1.4
Corporal	7	9.7
Lance Corporal	1	1.4
Able Seaman	2	2.8
Private	14	19.4
Aircraftman/aircraftwoman	2	2.8
Seaman	2	2.8
Civilian ⁽³⁾	11	15.3
Other	1	1.4
Total	72	100

1. A reference may include more than one originator

2. Figures do not add due to rounding

3. Civilian means a person other than an ADF member

Source Department of Defence, Submission 1, Question 1.

Conclusions

2.8 As part of the review of the 2001-02 Defence Annual Report, the committee recommended that Defence include, in its Annual Report, the work and performance outcomes of the IGADF. The Government agreed to this recommendation and noted that 'the IGADF will provide, in the Defence annual report, an overview and an aggregate summary of investigations conducted during the year.'

2.9 ADF personnel, the parliament and the community require adequate reporting of the work performed by the IGADF. The committee will, when

the 2003-04 Defence Annual Report is released, scrutinise the level of detail provided on the activities and performance outcomes of the IGADF.

Reforms to the Defence Material Organisation

2.10 In September 2003 the Government announced reforms to the DMO arising from the Kinnaird Report. In particular, the Government indicated that it would:

- establish the DMO as a prescribed agency under the *Financial Management and Accountability Act* to facilitate its evolution towards a more business like identity. As a prescribed agency, the DMO will be financially autonomous from the Department of Defence and be required to prepare separate and auditable financial statements, improving the financial transparency and accountability of the DMO.
- strengthen the capability development and assessment process before projects are handed to the DMO. This will be achieved by forming a new Capability Group within Defence headquarters to be managed by a three star official (military or civilian) reporting directly to the Secretary and Chief of the Defence Force. The new 3 star position will be appointed on merit for an extended tenure and will be solely responsible for capability development and ensuring that project proposals put to Government have reliable cost and schedule estimates.
- establish an eight-member Advisory Board to provide advice to the head of the DMO on strategic issues and to report to the Ministers for Defence and Finance and Administration at regular intervals on the implementation of the Kinnaird recommendations. The Advisory Board will comprise four private sector members (one of whom will be Chair) together with the Secretaries of Defence, Finance and Administration, Treasury and the Chief of the Defence Force.
- give the Chief Executive Officer (CEO) of the DMO an expanded range of powers to make improvements to the delivery of Defence projects and the management of the DMO, including empowering the CEO to revise DMO staffing and remuneration policies in order that the CEO is able to attract and retain high quality project managers from the military, industry or public service on the basis of merit and for extended tenures.
- strengthen the current two-pass approval system to facilitate early engagement with industry and provide a better basis for project scope and cost. This will be achieved by allocating additional funding at first-pass approval to allow Defence to undertake a detailed study of

capability options and by mandating the early involvement of Defence Science and Technology Organisation and the Department of Finance and Administration to provide external evaluation and verification of project proposals.

- establish cost centres in Defence and the Department of Finance and Administration, which will build on Defence's decision earlier this year to establish a Cost Assessment Group; strengthen the review of project costs and risks; and provide a quality assurance role for the Government.
- extend the role of Project Governance Boards to advising the CEO of the DMO on through-life support issues in order to provide greater recognition of the importance of managing the whole-of-life of a particular capability.⁶

2.11 At the time of the hearing, the appointment of a CEO of the DMO had not been made. There was, however, discussion about the salary level and conditions of service that might be offered to a prospective CEO.

2.12 On 30 January 2004 the Defence Minister, Senator the Hon Robert Hill, announced that Dr Stephen Gumley had been appointed as the new CEO of the DMO.⁷ Dr Gumley was previously the CEO of the Australian Submarine Organisation.

Honours and Awards System

2.13 In relation to the ADF honours and awards system, Defence was asked about the processes used by Government to determine which military and military related service on Australian soil is afforded some form of recognition. Defence stated:

The Chiefs of Service Committee, under my chairmanship, did consider the matter of recognising service on Australian soil, along with some other aspects to do with service offshore. In a contemporary sense, we are quite clear that we do not agree with the recognition of service—in a campaign medal sense—on Australian soil. The reasons are that the range of activities we normally undertake on Australian soil is such that they are amply recognised in other ways for those who have done particularly well and need to be recognised in a meritorious way. In other

⁶ Minister for Defence, *Statement*, Reforms Relating to the Procurement Process Within the Department of Defence, 18 September 2003, p. 2.

⁷ Senator the Hon Robert Hill, Defence Minister, Media Release, CEO Appointed to Defence Material Organisation, 30 January 2004.

activities—firefighting, flood relief et cetera—we join with the rest of the community.⁸

- 2.14 The Defence honours and awards system has recently generated some debate in the community. Mr John Bell, for example, has in correspondence to the committee broadly argued the need for an adequate system to determine which military related service on Australian soil is afforded some form of recognition. Mr Bell is not arguing for recognition or honours for just general service on Australian soil. His focus is ensuring that ADF personnel performing service which is conspicuous for its contribution to the ADF in a time of need should be justly recognised.
- 2.15 Mr Bell, for example, notes that during World War II, non-campaign military service on Australian soil was recognised by the Australian Service Medal between 1939 to 1945. In relation to the Vietnam War, Mr Bell states that it ‘is clearly my belief that those who rendered regular service in Australia because of the Vietnam War should be recognised by way of a medal.’
- 2.16 On 25 February 2004 the Government announced that a group of prominent Australians would ‘explore issues about appropriate recognition of ADF service.’⁹ Currently, service personnel receive medal recognition after 15 years of service with the Defence Long Service Medal. The Minister Assisting the Minister for Defence, the Hon Mal Brough, MP, indicated that he has decided to seek advice ‘following calls for further recognition of service with an additional medal awarded after two years of reserve or full-time service.’

Conclusions

- 2.17 Personnel of the ADF make a valuable contribution to Australia’s security. A career in the ADF can be rewarding but at the same time it can be arduous and, at times, dangerous. It is essential, therefore, that the working environment and conditions of service be favourable to ensure that Australia’s personnel are adequately recognised and supported. An effective Honours and Awards system is one part of this package of recognition. The committee heard that there was the need for a more effective honours and awards system to assess and recognise the service performed by ADF personnel on Australian soil.
- 2.18 The committee notes that the Government has implemented a review focusing on appropriate recognition of ADF service. This is timely and

8 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, pp. 17-18.

9 The Hon Mal Brough, MP, Minister Assisting the Minister for Defence, *Media Release*, Recognition of ADF Service, 25 February 2004.

may provide an opportunity to examine in more detail some of the issues presented to the committee about the processes used by Government to determine, through fair and equitable criteria, which military and military related service on Australian soil is afforded some form of recognition. The committee, therefore, will send this report to the Defence review so that these issues can be considered. The committee will await the findings of this review.

Australia's continuing involvement in the Middle East

Background

- 3.1 In May 2003 the President of the United States announced that the war in Iraq was over. Since that time, allied forces have occupied Iraq. There are about 800 ADF personnel remaining in the Middle East area of operations 'under trying and difficult conditions to contribute to Iraq's stability and reconstruction.'¹
- 3.2 Australia's contribution to the rehabilitation of Iraq commenced on 16 July 2003 and is known as Operation Catalyst. There is an Australian joint task force headquarters for command of ADF elements deployed in the Middle East which is responsible for both Operation Catalyst and Operation Slipper.
- 3.3 Australia's post war contribution includes:
- an air traffic control detachment at Baghdad International Airport;
 - a security detachment to provide protection and escort for Australian Government personnel;
 - an RAAF C-130 detachment supporting operations in Iraq;
 - an RAAF P-3 Orion detachment supporting both the rehabilitation operation in Iraq and the coalition against terrorism;
 - about 300 personnel on board a navy ship in the Persian Gulf; and

1 Department of Defence, *2002-2003 Defence Annual Report*, 2003, p. 3.

- analyst and technical experts supporting the coalition effort to locate, identify, account for and subsequently destroy Iraq's weapons of mass destruction.²
- 3.4 During Senate Estimates, on 5 November 2003, the Chief of Defence Force reported that there were 258 ADF personnel 'actually in Iraq.'³
- 3.5 On 14 November 2003 the Government announced that it would extend the deployment of the RAAF maritime patrol aircraft in the Middle East by six months. The Defence Minister commented that the 'continued ADF commitment demonstrates the Government's support of the ongoing coalition efforts to rebuild Iraq and transition to self-government.'⁴
- 3.6 Defence conducted a review, with input from coalition partners, of its involvement in the Iraq war. Defence noted that the findings were 'consistently positive in their evaluation of Defence's performance.' The review produced a series of 'lessons learnt' identifying aspects of performance which need to be sustained, aspects which need to be improved and performance shortfalls which need to be addressed. Defence noted that a public version of the review would be released in 'late 2003.'⁵ At the time of the hearing, Defence indicated that it was still preparing the public version. Defence stated:

Some of the lessons learnt were quite obvious and have been drawn out even in earlier discussion today on the importance of air-to-air refuelling. There were lessons learnt on the role of special forces and the ability to be able to fight at night and the importance of a networked force. There were many things, even during the Iraq conflict: for example the relevance of armour for the United States in their operations on the ground. All of those things fed in to our lessons learnt process. Our situation is different; we do not operate in the same way and on the same scale as our coalition partners. But nevertheless, we were able to draw lessons from it.⁶
- 3.7 On 23 February 2004 Defence released the report entitled *The War in Iraq: ADF Operations in the Middle East in 2003* which highlights the key lessons learnt by the ADF and Department of Defence during the conflict.⁷ The

2 Department of Defence, *2002-2003 Defence Annual Report*, 2003, p. 4.

3 Foreign Affairs, Defence and Trade Legislation Committee, Estimates, *Budget Estimates Supplementary Hearing*, 5 November 2003, p. 29.

4 Minister for Defence, Senator the Hon Robert Hill, *Media Release*, Australia's Military Commitment to Iraq, 14 November 2003.

5 Department of Defence, *2002-2003 Defence Annual Report*, 2003, p. 4.

6 Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 22.

7 Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Iraq Lessons Learned, 23 February 2004.

Defence Minister commented that 'many of the lessons learned during Operation Bastille, Falconer and Catalyst have been acted on or fed into ongoing policy development such as the Defence Capability Review.'⁸

Discussion

- 3.8 The two critical issues relating to ADF personnel involved in Operation Catalyst relate to their personal safety, and the expected duration of the operation.
- 3.9 Attacks on coalition forces have at times averaged 30 a day. As at 8 April 2004 US forces as part of Operation Iraqi Freedom have suffered 505 casualties since 1 May 2003. This compares to 138 casualties at the cessation of the war on 30 April 2003.⁹
- 3.10 In relation to the security of ADF personnel, Defence reported that security arrangements for the protection of personnel were 'at the highest level it could be.'¹⁰ During the public hearing, Defence stated:
- The situation in Iraq continues to remain where the threat environment is assessed as high to very high. We work incredibly hard to understand the information and intelligence that comes to us from all of the sources—from the coalition, through our involvement with the local population and through our national sources. We churn that out to try to understand on a day-to-day basis what it means for our people and the threat that is posed to them. We are constantly in a state of reviewing force protection measures to make sure that members of the ADF and the members of the Department of Foreign Affairs and Trade and AusAID et cetera live in the safest possible environment, noting that the environment is one that is inherently unsafe.¹¹
- 3.11 There is no fixed timetable for ADF involvement in Operation Catalyst. The Defence Minister while on a visit to Baghdad commented that 'we don't want Australian forces to be away any longer than is necessary but

8 Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Iraq Lessons Learned, 23 February 2004.

9 US Department of Defense: <http://www.dior.whs.mil/mmids/casualty/castop.htm>

10 General Peter Cosgrove, Chief of Defence Force, Foreign Affairs, Defence and Trade Legislation Committee, Estimates, *Budget Estimates Supplementary Hearing Transcript*, 5 November 2003, p. 29.

11 Major General Ken Gillespie, Department of Defence, *Transcript*, p. 26.

at this time we believe there is still considerable work to be done and that therefore, for the time being they will be remaining here.¹²

- 3.12 The Australian Strategic Policy Institute (ASPI) advised that the Government should set a clear limit to our commitment in Iraq. ASPI stated:

Australia's interests in the Iraq situation are significant, but they are not our only or our most important international interests. There are limits to the commitment we can sensibly make to this situation. If all goes well, the Coalition might achieve its objectives in Iraq's reconstruction and disengage in a timely manner. But if things go badly there is a clear risk that our engagement could drag on indefinitely. Australia would be wise to set a clear limit to its commitment to the reconstruction process.¹³

- 3.13 During the hearing, Defence reiterated its view that there is no 'end state' or defined date when ADF deployment will cease. Defence stated:

You can see quite clearly from the situation in Iraq that the job is not finished. There are many factors taking place, last night's activities not being the least of them, which are going to be signs as to how long the overall requirement might be. Also, the coalition, through Ambassador Bremer, is talking about sovereignty for the Iraqi government, and a time when things will change. What we are doing in that regard is keeping the government constantly apprised of what is happening in the Middle East, and we are managing our own assets on a timed basis. For example, a ship deploys for six months, so we are looking at a rotation in May, if there is to be a rotation. Some time before May, we will go back to government and advise them of the circumstances that exist—the need for our forces, Australian interests et cetera—and they will make a decision as to whether or not we rotate them

- 3.14 The Government confirmed that there was no intention to deploy peacekeepers to Iraq.¹⁴

12 Minister for Defence, Senator the Hon Robert Hill, *Press Conference*, Baghdad Convention Centre, Iraq, 10 November 2003, p. 2.

13 Australian Strategic Policy Institute, 'Building the Peace, Australia and the Future of Iraq', *ASPI Policy Briefing*, May 2003, p. 18.

14 Foreign Affairs, Defence and Trade Legislation Committee, *Estimates, Budget Estimates Supplementary Hearing*, 5 November 2003, p. 32.

Conclusions

- 3.15 The continuing reports of terrorist attacks and deaths of allied personnel in Iraq is a constant reminder of the risks faced by Australian Government personnel deployed to Iraq. The committee is reassured of the measures taken by the Australian Defence Force (ADF) to reduce the risk and protect themselves and other Australian government workers from harm. The committee, however, is not complacent about the risks that our Australian personnel face in what is inherently an unsafe environment. We will continue to monitor the situation and seek briefings from Defence on the security and threat levels existing in Iraq.
- 3.16 In relation to the ADF's expected duration of operation in Iraq, the Government and Opposition have announced their policies on this issue. The committee will continue to seek briefings on the role and operation of ADF personnel in Iraq.

Community Support Functions – National Support Tasks

Background

- 4.1 The ADF can be called upon to provide a range of emergency and non-emergency assistance to the Australian Government and community in non-combat related roles. Some of the tasks the ADF may be called upon to deliver include:
- emergency assistance;
 - search and rescue;
 - disaster recovery;
 - surveillance; and
 - security or non-emergency law enforcement roles.
- 4.2 In those cases where the ADF is requested to undertake law enforcement tasks or where force by defence personnel may be required, these are categorised as Defence Force Aid to Civilian Authorities and ‘are authorised by the Governor-General in Council.’¹
- 4.3 Defence provides a range of peacetime national tasks which can include surveillance of the Australian coastline relating to illegal immigration, smuggling and quarantine evasion. In relation to national security, Defence can provide a range of counter-terrorist responses.

1 Department of Defence, *2002-2003 Defence Annual Report*, 2003, p. 90.

- 4.4 On pages 90 to 93 of the 2002-03 Defence Annual Report a series of performance targets are listed for National Support Tasks. Defence indicated that it 'Achieved' all performance targets.
- 4.5 The Contribution to National Support Tasks is Output 1.3 in the Outcome/Output structure. The cost of delivering Output 1.3 is shown in Table 4.1.

Table 4.1 Price of Output 1.3 – Contribution to National Support Tasks

	Projected Result	Budget Estimate
	2003-04 \$'000	2004-05 \$000
Price to Government	8,706	9,605

Source Portfolio Budget Statement, 2004-05, Defence Portfolio, p. 123.

AACAP

- 4.6 A key program which comes under 'National Support Tasks' is the Army ATSIC Community Assistance Program (AACAP). AACAP is a co-operative initiative established between ATSIC, the Commonwealth Department of Health and Ageing (DHA) and the Department of Defence (Army) to provide assistance to a number of remote indigenous communities to improve environmental health and living conditions.
- 4.7 AACAP 2002 was the largest project completed up to that point. The project cost \$11.7 million and consisted of works in seven communities situated in:
- Beagle Bay and Lombadina/Djarindjin communities on the Dampier Peninsula; and
 - Pandanas Park south of Derby, WA.
- 4.8 Defence reported that AACAP 2002 was managed by 19 Chief Engineer Works 'with a significant proportion of the scope of works constructed by 21 Construction Squadron and 23 Support Squadron of 1 Combat Engineer Regiment.'²
- 4.9 In 2003, members from the Army's 17th Construction Squadron assisted by members from other Army, Navy and Air Force Units deployed to Palm Island in North Queensland to undertake the latest project in the AACAP series. Houses and roads were built over a five-month period, with health, employment and training activities also undertaken during

² Department of Defence, *2002-2003 Defence Annual Report*, 2003, p. 92.

this time. The project budget for AACAP 2003 was \$8.38million, excluding Army's contribution. The project was completed in November 2003.

4.10 Palm Island is located some 70km north east of Townsville, and is home to 4000 people from over 40 different tribal groups.

4.11 AACAP's objectives are consistent with ATSIC's National Aboriginal Health Strategy (NAHS) program and DHA's health programs and aimed to:

- provide a targeted approach to improving living conditions in those communities most in need of large scale environmental health infrastructure;
- achieve increased commitment from State, Territory and Local Government to community infrastructure projects;
- implement best practice techniques in project planning, delivery and management;
- improve access to health services by improving transport infrastructure;
- provide opportunistic health services in conjunction with existing health services and authorities; and
- enhance primary health care services and facilities available to communities.

4.12 On 2 October 2003 the committee visited Palm Island and received a briefing on AACAP's achievements.

4.13 The AACAP Palm Island original scope of works included:

- 21 new houses (seven by 17 Const Sqn, 14 by civil contractors, fencing by CDEP);
- upgrades to island access roads (17 Const Sqn and 3 CER);
- road repairs and street lighting (civil contractors);
- repairs to the effluent irrigation system and fencing (an in-house bid mounted by the Palm Is Council);
- renovations to the aged respite centre and general access in the community for disabled community members (an in-house bid mounted by Palm Is CDEP);
- training of residents in Certificate 1 in General Construction (25 Palm Is trainees, contributing to the Queensland Government's Community Renewal Program);
- training of residents in construction and health care, as well as education and informal training in a variety of vocational skills; and

- the provision of medical, dental, veterinary and environmental health support.³

4.14 Defence confirmed that there is a forward work program for AACAP in 2004-05 and it will continue in its current form. However, there is no planning beyond that period but Defence confirmed that, subject to continued Government funding, the AACAP program will continue. Defence stated:

We have a program planned for next year, 2004-05. There are no programs planned beyond that, as yet. That is not to say that we do not intend doing them; it is just that, as far as I understand it, the issue is getting the money into the government's budget to allow the program to continue into the future. Certainly the Army's view is that, subject to the government providing the funding to the Aboriginal and Torres Strait Islander group and the desire for the government to keep this going, we will be able to continue doing it.⁴

4.15 ATSIIC, the Army and the Department of Health and Ageing collaborate to identify communities for assistance. Defence commented that 'the National Aboriginal Health Strategy project impact assessments methodology aims to give priority to communities with the greatest environmental health needs, in particular for priority housing and essential service infrastructure.'⁵ AACAP specifically targets projects for high needs remote communities located in northern Australia.

4.16 A number of issues were raised by senior military officers during the visit and inspection of the works carried out at Palm Island. First, concerns were made about the lack of any 'operational status' associated with AACAP projects and the consequential ineligibility of personnel to receive any form of formal recognition such as the Australian Service Medal. It was claimed that AACAP tasks are similar to those carried out in non-warlike operations overseas which involve long attachments away from families often to very remote localities. The associated issue of taxed allowances was also raised with the members.

4.17 In relation to remuneration, it was claimed that electricians in different corps of the Army apparently receive different pay, yet the training for these members is identical. It was also suggested that the current pay for the construction trades was deemed to be inadequate by the senior officers in the group, and not on a par with civilian counterparts in the private

3 Department of Defence, *2002-2003 Defence Annual Report*, 2003, p. 92.

4 Major General Frank Roberts, Department of Defence, *Transcript*, pp. 41-42.

5 Department of Defence, *Submission 1*, Question 9.

sector. During the public hearing, Defence was asked whether there had been any examination of the recognition and remuneration attaching to deployments with the AACAP program. Defence stated:

On the question about whether there has ever been any examination, I do not know. I would have to go and check. More broadly in response to the question you have asked, I would take the approach, first of all, that they are doing very valuable work. I think within the Army we recognise that, and I hope that that recognition does flow through to the soldiers concerned. But, at the end of the day, they are doing what it is that engineers do. I would be reasonably confident that they receive the same entitlements as anybody else who goes away for an extended period in terms of their field allowance, and I would imagine they would also get the separation allowance that goes with being away for an extended period. Does the work they do deserve something beyond that? I would have to go back and check whether we have ever given that any consideration.⁶

- 4.18 During the hearing, Defence was asked if there had been any examination or review of the achievements of ADF personnel on AACAP programs focusing on remuneration, or some other form of recognition. Defence indicated that the last examination of conditions of service package was conducted in 2001. Defence stated:

The examination was undertaken at three different remote work sites in the Northern Territory. As a result, modifications were made to the payment of field allowance. This recognised the prolonged periods of field service associated with AACAP projects and increased the rate of payment from \$22.79 to \$38.85 (current day dollars). The examination also reassessed the allocation of district allowances. The original allocation was justified and the grading remained unchanged.⁷

Conclusions

- 4.19 The Army ATSIC Community Assistance Program (AACAP) is a worthy and successful program of which ATSIC, the Commonwealth Department of Health and Ageing (DHA) and the Department of Defence can be proud.
- 4.20 The committee has first hand experience of the AACAP program through its visit to Palm Island in October 2003. Palm Island is located some 70km north east of Townsville, and is home to 4000 people from over 40

6 Major General Ken Gillespie, Department of Defence, *Transcript*, p. 38.

7 Department of Defence, *Submission 1*, Question 9.

different tribal groups. Houses and roads were built over a five-month period, with health, employment and training activities also undertaken during this time. The project budget for AACAP 2003 was \$8.38million, excluding Army's contribution. The project was completed in November 2003.

- 4.21 Defence advised that the AACAP program will continue subject to continued government funding. The committee encourages the Government to continue the AACAP program while the need for assistance to indigenous communities remains.
- 4.22 During the committee's visit to Palm Island, and at the public hearing, the issue of recognition and conditions of service for Australian Defence Force (ADF) personnel involved in AACAP was discussed. ADF personnel deployed to Palm Island were in a remote location and subject to separation from their families for an extended period. The committee received advice suggesting that service on an AACAP program, due to the remoteness and length of the deployment and the community contribution made through the program, should be subject to recognition and commensurate conditions of service.
- 4.23 In 2001 Defence examined the conditions of service package for ADF members on AACAP projects. 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.

Recommendation 1

- 4.24 **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.**

New Zealand Defence community support functions

- 4.25 In April 2003, the committee visited New Zealand and received advice on the community support functions performed by the New Zealand Defence Force.

- 4.26 While the discussions were broad ranging, a significant part of the briefing focused on the role and operations of the 3rd Regional Training Unit (3RTU). The mission of 3RTU is to ‘provide individual training in order to allow 3LFG to meet directed outputs and to meet CDF/Chief of Army Directives on youth training.’
- 4.27 The youth training conducted by 3RTU includes the Limited Service Volunteers (LSV) program for 18 to 25 year old unemployed persons, and the Youth Life Skills (YLS) program for 12 to 17 year olds who are predominantly ‘at risk.’

Youth Life Skills (YLS)

- 4.28 The role of the YLS is to ‘provide training opportunities for youth to develop life skills in order that they may be better prepared to take their place within, and contribute too New Zealand society.’ Participants are generally of secondary school age. Participants are not subject to military law although a military environment exists which helps students to develop a positive behaviour and attitude.
- 4.29 The Army’s role in the YLS is to provide expertise in certain areas so that groups can learn to help themselves. Territorial Force (Reserve) Regiments assist the scheme by providing instructors and liaison in local areas.

Limited Services Volunteers (LSV)

- 4.30 The role of the LSV is to ‘provide training to unemployed people to develop skills, responsibilities and discipline to enable them to function in day to day life in New Zealand society.’ The key aim of the program is to ‘develop the self discipline, confidence and attitude of the trainees to enhance their employment opportunities.’ Participants for the course must be:
- 18 to 25 years old;
 - free from serious convictions;
 - medically fit for ‘moderate’ physical activity; and
 - be registered unemployed through the Department of Work and Income;
- 4.31 Participants are referred through, and funding is provided by, the Department of Work and Income (DWI). The NZDF provides for the facility and staff costs. Staffing for the program is tri-Service but procedures are Army. The LSV is only provided at the Burnham Camp. A memorandum of understanding exists between the DWI and the NZDF.

- 4.32 In contrast to the YLS, trainees are subject to military law. There are 5 to 6 courses per year, each of six weeks in duration. The maximum number of trainees per course is 144.
- 4.33 While the YLS is not vocationally specific it has a generic objective of developing attitudes and behaviour which can help lead to employment. Some of the key qualities that are emphasised include:
- learning to apply self-discipline;
 - respect for self, others and community, organisations and the team;
 - time management and punctuality;
 - healthy and positive lifestyle;
 - goal setting; and
 - presentation skills.
- 4.34 The LSV, in its current form has been running since 1993 although earlier versions of the program go back to the 1980s.
- 4.35 Defence indicated that it was aware of the New Zealand programs. Defence noted that Australian Defence Force Cadets 'are provided with similar opportunities' to those provided through the New Zealand programs. Defence, however, concluded that 'there is no consideration currently being given to adapting elements of the New Zealand programs to the ADF cadet programs.'⁸
- 4.36 Defence advised that there are 472 Cadet units across Australia of which 51 are based in schools.⁹ A major review of the Cadet scheme in 2000 indicated that about 30 per cent of Cadets, with over 24 months tenure in the program, moved into the ADF.¹⁰ Defence stated:
- During the first half of 2004, Defence intends to carry out a comprehensive attitudinal study of Cadets to ascertain their views on a range of issues. One specific component of the study will seek to identify those factors that influence Cadets to join the ADF.¹¹

Conclusions

- 4.37 During April 2003 the committee visited New Zealand as part of the 2003 parliamentary committee exchange program. In June 2003 the committee tabled its report of the visit.¹² As part of this report, the committee

8 Department of Defence, *Submission 1*, Question 8.

9 Department of Defence, *Submission 1*, Question 7.

10 Department of Defence, *Submission 1*, Question 6.

11 Department of Defence, *Submission 1*, Question 6.

12 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Report of the 2003 New Zealand Parliamentary Committee Exchange, 6-11 April 2003*, June 2003.

concluded that it would pursue with Defence the opportunity to implement similar programs to the New Zealand Youth Life Skill (YLS) and Limited Services Volunteers (LSV) programs. In June 2003 the committee stated:

The key messages that came through during the briefings about the Youth Life Skills (YLS) and Limited Service Volunteers (LSV) programs are the positive support from the public, the clear benefits and sense of achievement for participants, and the training rewards for defence force personnel involved in the program. The programs clearly have merit and the NZDF should be proud of its contribution to the needs and development of New Zealand youth.¹³

- 4.38 During the public hearing on 15 December 2003 Defence was examined on the scope and effectiveness of its community support functions. Defence indicated that it was aware of the New Zealand youth support programs but noted that Australian Defence Force Cadets ‘are provided with similar opportunities’ to those provided through the New Zealand programs. Notwithstanding this, 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.

Recommendation 2

- 4.39 **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.**

13 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Report of the 2003 New Zealand Parliamentary Committee Exchange, 6-11 April 2003*, June 2003, p. 55.

The Defence White Paper and Capability Issues

The White Paper and Defence Update

- 5.1 The *2000 White Paper* sets out Australia's key strategic interests and objectives in order of importance. These strategic objectives, shown below, aim to:
- ensure the Defence of Australia and its direct approaches;
 - foster the security of our immediate neighbourhood;
 - work with others to promote stability and cooperation in Southeast Asia;
 - contribute in appropriate ways to maintaining strategic stability in the wider Asia Pacific region, and
 - support Global Security.¹
- 5.2 These strategic objectives are in turn supported by Australian military strategy. The *2000 White Paper* identifies four priority tasks for the ADF:
- the defence of Australia, as stated in the *2000 White Paper*, is shaped by three principles:
 - ⇒ we must be able to defend Australia without relying on the combat forces of other countries – self-reliance;
 - ⇒ Australia needs to be able to control the air and sea approaches to our continent – a maritime strategy; and

¹ *Defence 2000, Our Future Defence Force*, 2000, p. X.

- ⇒ although Australia's strategic posture is defensive, we would seek to attack hostile forces as far from our shores as possible – proactive operations;
- the second priority for the ADF is contributing to the security of our immediate neighbourhood;
 - the third priority for Australian forces is supporting Australia's wider interests and objectives by being able to contribute effectively to international coalitions of forces to meet crises beyond our immediate neighbourhood; and
 - in addition to these core tasks in support of Australia's strategic objectives, the ADF will also be called upon to undertake a number of regular or occasional tasks in support of peacetime national tasks.²
- 5.3 In March 2003 the Government released an update on the *Defence 2000 White Paper*. The 2003 Update concluded that 'while the principles set out in the *Defence 2000 White Paper* remain sound, some rebalancing of capability and expenditure will be necessary to take account of changes in Australia's strategic environment.'³
- 5.4 The key focus of the 2003 Update was the rise of global terrorism and the spread of weapons of mass destruction (WMD) which 'have emerged to new prominence and create renewed strategic uncertainty.'⁴ In addition, the Defence Update examined some of the key challenges faced by certain countries in our region.⁵
- 5.5 The Defence Update noted that for the present, 'the prospect of a conventional attack on Australian territory has diminished'. However, the Defence Update identified major challenges in our region:
- Southeast Asia and the South Pacific face major challenges due to political weakness, decline in governance, difficulty in grappling with terrorism and the economic effects of terrorism. If these trends continue, there may be increased calls on the ADF for operations in Australia's immediate neighbourhood.⁶
- 5.6 In relation to capabilities, the Defence Update commented that 'these new circumstances indicate a need for some rebalancing of capabilities and priorities to take account of the new strategic environment, changes which

² *Defence 2000, Our Future Defence Force*, 2000, pp. XI-XII.

³ *Australia's National Security, A Defence Update*, March 2003, pp. 5-6.

⁴ *Australia's National Security, A Defence Update*, March 2003, p. 7.

⁵ *Australia's National Security, A Defence Update*, March 2003, pp. 18-22.

⁶ Department of Defence, *Australia's National Security, A Defence Update*, 2003, p. 23.

will ensure a more flexible and mobile force, with sufficient levels of readiness and sustainability to achieve outcomes in the national interest.⁷

The Defence Capability Plan and funding measures

5.7 A key feature of the *2000 White Paper* was the provision of a 10 year costed plan, with long term goals to provide for capability. The Defence Capability Plan (DCP), in particular, provided, 'for the first time, Defence funding commitments covering the whole of the coming decade matched to a planned set of capability enhancements.'⁸ The *2000 White Paper* stated:

To fund the program of development for Australia's armed forces that is set out in the Defence Capability Plan, the Government estimates that defence spending will need to grow by an average of about three per cent per annum in real terms over the next decade

The Government is committed to meeting this funding requirement, and it has directed Defence to plan within that budget.⁹

5.8 Professor Dibb suggested that the 'Defence Capability Plan is not deliverable at three per cent real growth.'¹⁰ Professor Dibb warned that budgetary pressures are becoming more serious with growing reliance on ageing platforms such as the F-111, high operational tempo and simultaneous deployments. He concluded that there was 'a coming train smash in the defence budget.'¹¹

5.9 In relation to the DCP, the Australian Strategic Policy Institute (ASPI) had similar doubts about its achievability commenting that 'as it stands, the DCP is undeliverable, unaffordable, and uncertain.'¹²

5.10 On 7 November 2003 the Government released details of its Defence Capability Review (DCR). The Defence Minister stated:

We developed this project on a budget neutral basis, recognising that we're receiving that three per cent real increase per year. Because only seven years of the 10 years remain, we've taken it out an extra three years. So the new DCP when it's released will be for

7 Department of Defence, *Australia's National Security, A Defence Update*, 2003, p. 24.

8 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 77.

9 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 117.

10 Professor Paul Dibb, *Transcript*, p. 49.

11 Professor Paul Dibb, *Transcript*, p. 49.

12 Australian Strategic Policy Institute, *Sinews of War, The Defence Budget in 2003 and How We Got There*, An ASPI Policy Report, 2003, p. 4.

a 10-year block again basically starting from this year. And with the savings that we we're able to make and with some movement of projects that – and that's some of the detail that we're settling at the moment – it's obviously our view that we can achieve these outcomes within that budget.

Beyond that, there are other cost pressures. As I've said before there's no secret in that. There are some pressures on personnel costs, some pressures on logistics, some pressures on management of the Defence estate. ... each of those issues is being developed further through the whole of government budget process. So it's not – they are not affected by any decisions that we've made this week. And we are not having, we have separated them in terms of the process that we've adopted for update of the DCP.¹³

- 5.11 On 4 February 2004 the Government released the public version of the *Defence Capability Plan 2004-2014*. The Defence Minister noted that the DCP outlines 64 projects with 116 phases currently valued at about \$50 billion.¹⁴ The new fighter aircraft and air warfare destroyer between them will absorb 43 per cent of the value of the plan.¹⁵

Land forces – main battle tanks

- 5.12 The key objective for land forces is to ensure that they have the capability to 'respond swiftly and effectively to any credible armed lodgement on Australian territory and provide forces for more likely types of operations in our immediate neighbourhood.'¹⁶
- 5.13 The *2000 White Paper* was developed after and using the experiences gained through the East Timor operation of 1999. This and other overseas deployments possibly influenced some of the findings in the *2000 White Paper*. The *2000 White Paper*, for example, commented that Australia's land forces need to 'reflect a new balance between the demands of operations on Australian territory and the demands of deployments offshore, especially in our immediate neighbourhood.'¹⁷

13 Minister for Defence, Senator the Hon Robert Hill, *Press Conference*, 7 November 2003, p. 4.

14 Minister for Defence, Senator the Hon Robert Hill, *Media Release*, Launch of the Defence Capability Plan 2004-2014, 4 February 2004.

15 Woolner, D. 'DCP: More Money, but can defence handled it?' *Asia-Pacific Defence Reporter* – March/April 2004, p. 10.

16 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, pp. 79-79.

17 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 79.

- 5.14 In relation to heavy armour, the *2000 White Paper* commented that ‘we have decided against the development of heavy armoured forces suitable for contributions to coalition forces.’ The *2000 White Paper* concluded that ‘these forces would be expensive, and are most unlikely to be needed in defence of Australia or in our immediate region.’¹⁸ Operations in support of wider global interests have seen Australian forces involved in operations in Afghanistan and Iraq during 2002-2003.
- 5.15 The DCR of November 2003 declared that the ageing Leopard 1 tank will be replaced with a modern main battle tank (MBT). On 10 March 2004 the Government announced the purchase of 59 refurbished United States M1A1 Abrams Integrated Management main battle tanks at a projected cost of \$550 million.¹⁹
- 5.16 The DCR noted that ‘the Army and Navy have advised that the deployment requirements of the *2000 White Paper* would require greater lift capacity than that envisaged in the current DCP.’²⁰ The DCR stated:
- As a result, the Government proposes to enhance Navy’s amphibious capability by replacing HMAS Tobruk with a larger amphibious vessel in 2010 and successively replacing the two LPA’s HMA Ships *Manoora* and *Kanimbla* with a second larger amphibious ship and a sea lift ship.
- To help offset the costs of larger amphibious ships, the fleet oiler HMAS *Westralia* will be replaced through the acquisition of another operating but environmentally sustainable oiler which will be refitted in Australia. The substitute oiler, which is expected to be in service in 2006, is a less ambitious replacement than that envisaged by the *2000 White Paper*.²¹
- 5.17 The Government’s proposal to acquire new MBTs for the Army has been heavily debated within the Defence community. The Australia Defence Association (ADA) defends the decision to purchase new MBTs. The ADA stated:
- More modern tanks are needed to at least keep up with other countries in the region. When we bought our Leopard 1s in 1978 their regional equivalent was the Soviet T55/T62 and its Chinese derivatives. The regional equivalents are now in the T72 and up

18 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 79.

19 Senator the Hon Robert Hill, Minister for Defence, *Media Release*, M1 Abrams Chosen as Australian Army’s Replacement Tank, 10 March 2004.

20 Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

21 Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

range...as our numerous and detailed experiences with using tanks in a range of high intensity to low intensity combat in New Guinea, Bougainville, Borneo and Vietnam has clearly shown, tanks are needed to save infantry lives. This is especially so in the integrated combined-arms teams used in modern combat.²²

- 5.18 The ADA responded to critics that suggested that the tank could not be deployed within the region citing historical examples where Japanese tanks had been deployed in Malaya during WWII. The ADA, however, refuted views that the modernisation of tanks was for the purpose of sending 'armoured formations to far-off trouble spots for tank on tank battles.'²³
- 5.19 In contrast to the ADA, Mr Hugh White argues that the DCR should have more effectively responded to the new security threats arising from terrorism and the threat of weapons of mass destruction. To meet these threats, he argues that 'we need defence forces that are lighter and more agile' and we need more troops 'because while conventional war is capital intensive, lower level unconventional operations can be very labour intensive.'²⁴ Mr White stated:
- Each new tank will be more capable, but smaller numbers of heavier tanks means less flexibility and bigger support demands. That does not seem like a smart response to the unconventional threats that are our new priority. Better to keep and upgrade our present tanks and spend the money on more soldiers.²⁵
- 5.20 The Information Research Service (IRS) of the Parliamentary Library raised a series of questions about the decision to purchase new MBTs. While the IRS notes that tanks are an integral part of combined arms team in high intensity combat, tanks were not needed in East Timor, Afghanistan or the Solomon Islands. In addition, if Australia was intending to use tanks then it would need mechanised infantry to accompany them. The IRS states that Australia's 'current mechanised infantry vehicles do not have comparable mobility or protection to these tanks.'²⁶
- 5.21 A further issue raised by the IRS relates to the logistics required to shift the tanks within and outside Australia. The IRS comments that as

22 Bulletin of the Australia Defence Association, *Defence Brief*, Number 101, November 2003.

23 Bulletin of the Australia Defence Association, *Defence Brief*, Number 101, November 2003.

24 Mr Hugh White, Director, ASPI, *The Age*, 24 November 2003, p. 13.

25 Mr Hugh White, Director, ASPI, *The Age*, 24 November 2003, p. 13.

26 Department of the Parliamentary Library, *Research Note*, 'Australia's New Main Battle Tanks', No. 19 24 November 2003.

Australia's new amphibious ships will not be delivered until about 2010, then 'why buy tanks in 2004?'²⁷ The IRS stated:

The Australian Navy currently has three old amphibious ships, but they would have significant problems putting tanks ashore, for example, in the South West Pacific. Contracting transport ships may not be possible in a crisis now that global merchant fleets have shrunk and become much more specialised. None of the transport aircraft of the RAAF can lift a Leopard AS1, so there is no hope of moving new MBTs with the air force.²⁸

- 5.22 In relation to operating costs, the IRS questions whether logistic support arrangements, increased fuel and component parts has been factored into the expected purchase price of about \$600 million. The Defence Minister stated:

...the Abrams, with an approximate combat weight of 63 tonnes, was only around 500kg heavier than its competitors. It can be deployed throughout the region using existing naval vessels and infrastructure. The introduction of new amphibious ships from 2010 will give the Army unprecedented mobility and deployability throughout our region and beyond.

In addition to the tanks, extra refuelling, recovery and transport support vehicles, training simulators and an integrated logistic support package will be acquired from the United States. All these elements of the capability are included in the purchase price. Australian industry is expected to be involved in the provision of through-life support for the Abrams.²⁹

- 5.23 During the hearing, Defence explained the rationale behind the decision for new MBTs, and responded to criticisms about the decision to purchase new tanks. Defence indicated that armour is a key part of a combined arms approach to land warfare. Defence stated:

That is part of this combined arms group that we have been talking about recently. It is something the Army has been doing for many years, but we still see it as the centrepiece of the way that we will fight—that is, you put a grouping into the field that is matched for the task and invariably it will consist of infantry, artillery, armour, engineers and sufficient logistics support.

27 Department of the Parliamentary Library, *Research Note*, 'Australia's New Main Battle Tanks', No. 19 24 November 2003.

28 Department of the Parliamentary Library, *Research Note*, 'Australia's New Main Battle Tanks', No. 19 24 November 2003.

29 Senator the Hon Robert Hill, Minister for Defence, *Media Release*, M1 Abrams Chosen as Australian Army's Replacement Tank, 10 March 2004.

Increasingly, we are going to have air as part of that package as well, whether it be provided by the Royal Australian Air Force, the Black Hawks or the armed reconnaissance helicopters when they come into place. So what we are talking about here is a tank that can operate in concert with the rest of the Army in the sorts of environments that the Army will find itself in.³⁰

5.24 A further reason given for acquiring new tanks relates to the proliferation of modern and effective anti-tank weapons. Defence commented that the new tanks it is assessing 'would probably provide better protection to the crew, and, through that, to the force that they are protecting, than the Leopard tank can provide.'³¹

5.25 Some defence analysts have raised questions about where and in what type of situation the proposed tanks would be used. Defence argued that the tanks would be used in support of the broad objective of supporting Australia and its interests. Defence stated:

The tank can be used anywhere, but fundamentally we start by saying that we exist to defend Australia. We defend Australia obviously on our sovereign territory, and we defend Australia where our national interests are vitally and inescapably engaged. Plainly, that also means that from time to time in our region our interests will be engaged and the government may decide that, in some form of assistance mission or some form of help to a neighbour, we will be involved. We structure the force to do those fundamental things—defence of Australia and also defence in the region. Spin-offs that allow for deployments to pursue national interests in more remote areas are just that.³²

5.26 In relation to the criticism that the new tanks present a significant logistical problem, Defence broadly argued that the challenges will be no greater than with existing Leopard 1 tanks. Defence argued that in relation to fuel and ammunition supply it may be easier to support the new tanks. Defence stated:

The more modern the tank you get, the easier—you could argue—it is to support because people have thought through these issues of the cost of ammunition, the cost of fuel or whatever it might be.³³

30 Major General Frank Roberts, Deputy Chief of Army, *Transcript*, p. 63.

31 Major General Frank Roberts, Deputy Chief of Army, *Transcript*, p. 64.

32 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, p. 13.

33 Major General Frank Roberts, Deputy Chief of Army, *Transcript*, p. 65.

- 5.27 During the hearing, Defence was asked how many of the current Leopard Tanks could be transported in the Navy's amphibious craft. Defence indicated that there are four types of amphibious craft capable of carrying Leopard Tanks. These craft and their carrying capacities are shown in Table 5.1.

Table 5.1 ADF Amphibious craft capable of carrying Leopard Tanks

Amphibious Craft	Capacity
HMA Ships Kanimbla and Manoora (amphibious transport ships)	21 tanks each
HMAS Tobruk (amphibious heavy lift ships)	18
Balikpapan class heavy landing craft	3 tanks in each of 6 platforms with a total of 18
Medium landing craft (62 tonne craft carried on amphibious transport ships and HMAS Tobruk)	1 tank in each of 15 craft in the inventory, although only six would normally be deployed in a task force at any one time

Source Department of Defence, Submission 1, Question 12.

Conclusions

- 5.28 The Government's decision to purchase new main battle tanks (MBTs) has received support but also criticism from a range of defence analysts. Some of the criticisms focus on why Australia needs a new MBT when the strategic environment is calling for more mobile and flexible forces designed to respond to terrorist activity and the proliferation of weapons of mass destruction. The Australian Strategic Policy Institute (ASPI) argued that Australia needs more troops to deal with growing unconventional conflict.
- 5.29 The Information Research Service of the Parliamentary Library brought attention to the logistical challenges and operating costs associated with maintaining new MBTs. Defence responded to these issues and argued that from a combined arms approach there was a clear rationale and need for new MBTs.
- 5.30 The committee notes the concerns directed at the purchase of MBTs. In particular, there seems cogent reasons why the ADF should be seeking to expand its troop numbers so that it can respond to a wider range of demands associated with terrorist, the proliferation of WMD and the need to support the continuing need for peacekeeping operations.
- 5.31 The committee, however, does not consider the choice is an either or situation. New MBTs will provide a positive addition to the Army and the ADF's broader objectives. At the same time, Defence will have to give

urgent attention to the growing pressures of high operational tempo, new strategic challenges and the impact these are having on ADF personnel, particularly Army.

- 5.32 The committee's 2000 report, *From Phantom to Force, Towards a More Efficient and Effective Army*, exposed some of the shortcomings in Army personnel management, and the existence of 'hollow' or non-existent units. The committee concludes that if the proposed tank purchase is to have any merit, Defence must, at the same time, ensure that Army's personnel shortfalls are addressed.
- 5.33 The committee will continue to monitor how Defence manages its personnel and whether it is achieving its performance outcomes.
- 5.34 The committee's report entitled *Australia's Maritime Strategy* commented on the need for an effective Army Sustainability model and more information on the role and function of the Army Reserves.

Air Combat and strike

- 5.35 The *2000 White Paper* states that 'air combat is the most important single capability for the defence of Australia, because control of the air over our territory and maritime approaches is critical to all other types of operation in the defence of Australia.'³⁴ Australia's air combat capability is based on a fleet of 71 F/A-18 aircraft.
- 5.36 Within the next decade, Australia will need to procure a platform capable of securing control of the air over Australian forces and territory. The *2000 White Paper* stated in relation to key initiatives:
- ...we will proceed now to acquire four Airborne Early Warning and Control (AEW&C) aircraft, with the possibility of acquiring a further three aircraft later in the decade. The AEW&C will make a major contribution to many aspects of air combat capability, significantly multiplying the combat power of the upgraded F/A-18 fleet (as part of the 2004-05 Budget, the Government announced that it intends to purchase an additional two AEW&C bringing the total purchase to six platforms);
 - ...we have scheduled a major project to replace and upgrade our AAR capability. This project will acquire up to five new-generation AAR aircraft, which would have the capacity to refuel not only our F/A-18 aircraft but also our F-111 and AEW&C aircraft over a wide area of

34 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, pp. 84-85.

operations. These aircraft will also provide a substantial air cargo capability, and are planned to enter service around 2006;

- ...the Government will examine options for acquiring new combat aircraft to follow the F/A-18 and potentially also the F-111. Provision has been made in the Defence Capability Plan for a project to acquire up to 100 new combat aircraft to replace both the F/A-18 and F-111 fleets. Acquisition is planned to start in 2006-07, with the first aircraft entering service in 2012.³⁵

5.37 The DCR confirmed Air Force's plans for the 'Joint Strike Fighter (JSF) aircraft, new Airborne Early Warning and Control (AEW&C) aircraft which are in production, and air-to-air refuelling aircraft which are out to tender.³⁶ It should be noted that a final decision to purchase the JSF has not been made and is not due until 2006.

5.38 On 16 April 2004 the Government announced that the Military Transport Division of the European Aeronautic Defence and Space Company (EADS) teamed with Qantas Defence Services has been selected as the preferred tenderer for the Royal Australian Air Force's fleet of five new air-to-air refuelling aircraft. The EADS A330 Multi-Role Tanker Transport Aircraft was selected to replace the RAAF's ageing Boeing 707 aircraft in an approximate \$2 billion project.³⁷

5.39 'Strike power' is about Australia's capabilities that enable it to attack hostile forces in their territory, in forward operating bases or in the approaches to Australia. This is the Air Force's key contribution to Australia's maritime strategy. Australia's key strike weapon is the F-111. The *2000 White Paper* commented that the 'Government's aim in the development of our strike capability is to contribute to the defence of Australia by attacking military targets within a wide radius of Australia, against credible levels of air defences, at an acceptably low level of risk to aircraft and crew.'³⁸

5.40 The *2000 White Paper* concluded that the Government has 'considered the future of our strike capability after the F-111 leaves service, expected to be between 2015 and 2020.'³⁹ The DCR revised down this projected in-service termination date to 2010.

35 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, pp. 86-87.

36 Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

37 Senator the Hon Robert Hill, Minister for Defence, *Media Release*, EADS/QANTAS Wins \$2 Billion Air-to-Air Refuelling Competition, 16 April 2004.

38 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 92.

39 Department of Defence, *Defence 2000, Our Future Defence Force*, 2000, p. 93.

- 5.41 During public hearings, Defence was heavily examined on the decision to retire the F-111 early, and the implications arising from this decision, including:
- the accuracy of claims that the F-111 is becoming more difficult to maintain as it ages and, as a result, cost pressures will increase significantly;
 - the adequacy of both the F/A-18 Hornet, with upgrades, and the AP3C to perform the strike role until the F-35 is delivered;
 - the challenge of maintaining capability in the period between the retirement of the F-111 and the acquisition of the proposed F-35 multirole fighter; and
 - the capabilities of the F-35 to perform its proposed multirole task in a region where advanced Russian made Su-30 series multirole fighters are proliferating.

Defence rationale for retiring the F-111 in 2010

- 5.42 Defence noted that its studies suggest that beyond 2010, the F-111 'will be a very high cost platform to maintain and there's also a risk of losing the capability altogether through ageing aircraft factors.'⁴⁰ ASPI commented that the decision to retire the F-111s early 'makes some sense', and the 'money being used to maintain the F-111s in service and upgrade them further can probably be better spent elsewhere.'⁴¹
- 5.43 There are conflicting views as to whether new aircraft will be less costly to maintain than ageing aircraft. In February 2003, as part of the review of the 2001-02 Defence Annual Report, Defence stated that 'we anticipate that the costs of operating the joint strike fighter, the F35, will be in the order of 50 per cent of what it costs to operate the current fleet.'⁴² ASPI, however, suggested that maintenance costs for software intensive platforms could be expensive. In response to Defences' claim that maintenance costs for the F-35 could be less than current platforms, ASPI stated:

While this may eventually be demonstrated, the opposite can also occur, with new aircraft being more expensive to maintain in service than those they replace. For example, twelve new C-130J Hercules transport aircraft were bought in the late 1990s to replace twelve older C-130E Hercules originally bought in 1966-67.

40 Air Marshal Angus Houston, Chief of Air Force, Department of Defence, *Press Conference*, 7 November 2003.

41 ASPI, *The Defence Capability Review 2003, A Modest and Incomplete Review*, December 2003, p. 10.

42 Air Marshal Angus Houston, Chief of Air Force, 27 February 2003, *Transcript*, p. 48.

The 2003-04 Defence budget had an allocation for additional expenditure on C-130J logistics funding of some \$40.7 million per year over the next five years. Defence stated that the increased complexity of the aircraft, especially its software costs, were the major cost drivers. The J model is a very software-intensive aircraft, while the preceding E and H models were not...

As is the case of the C-130J, the F-35 is very software intensive compared with the aircraft it is to replace. While the F/A-18 uses some five million lines of software code, the JSF uses 15 million lines.⁴³

- 5.44 Defence reiterated its position at the hearing noting that ageing factors associated with the F-111 will increase risks and result in increased maintenance costs. Defence stated:

I think the F111 is a very capable platform right now. It is going great guns at the moment. But about 18 months ago I was seriously concerned about its future. We had had a wing breakage, a fuel tank implosion and major fuel leaks. We are having all the symptoms of an ageing aircraft and, as a sole operator, there are some considerable challenges for Australia to maintain that capability in service. So we have had a very good look at all the factors that are at play here, and we assess that the risk of loss of capability goes up from what it is now—medium—to high at the end of the decade.⁴⁴

- 5.45 The statement above was made on 15 December 2003. About 18 months previously on 3 June 2002, Defence, during Budget Estimates, was much more positive about the capabilities and longevity of the F-111. Defence stated during that hearing:

The prognosis is that we will be able to remediate the wing problem very easily and relatively cheaply. While we are doing this, we are continuing to maintain a very good level of operational capability. Indeed, we will fly almost the same rate of effort this year as we flew last year, with the remaining aircraft that still have life in the wings. We recently participated in the exercise up in Malaysia—the air defence exercise run by the headquarters integrated area defence system as part of the Five Power Defence Arrangements. The three aircraft that went there flew 110 hours over two weeks and maintained outstanding

43 Australian Strategic Policy Institute, *A Big Deal, Australia's future air combat capability*, February 2004, p. 23.

44 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 50.

serviceability. We are also running a conversion course. I am very content with where we sit right now with the F111.⁴⁵

5.46 Kopp and Goon suggest that some of the issues raised by Defence during the hearing on 15 December 2003 were overstated. For example, the 'wing breakage' occurred during testing and 'as a result of test article breakage, all RAAF F-111s were retrofitted with low time wings recovered from mothballed US F-111s.'⁴⁶ Kopp and Goon indicate that there are around 200 mothballed US F-111s which 'provide a large collection of structural spares permitting significant structural life extensions.'⁴⁷ Defence during Budget Estimates on 3 June 2002, in relation to the acquisition of short wings stated that 'the short wings have a much longer life than the long wings and they will take us through to whatever withdrawal date the government requires.'⁴⁸

5.47 On 4 June 2004 DSTO indicated that it was less optimistic about the replacement wings because United States Air Force data showed heavy usage. Defence stated:

We are testing an F-model wing to see what we can make of the USAF history of usage. At the time, we believed that those wings would provide us with excellent solutions for the outer wing region, and we believed that they had had such limited service that the inner wing would not be a problem. As of the last few months we now know, of course, that the USAF data was not all that clear. When we assessed it further, we found that those wings have in fact been used very heavily and the inner wing is not as strong in life as we had hoped. We are now addressing that with a further test. At the moment, we are operating the wings. We have a basis for operating the wings. Contingent on that test and other developments in DSTO, we should be able to push those wings out, we hope, with good results, to 2010. If we want to push them further, and again subject to satisfactory resolution of these emerging issues on usage, then we will need another program. DSTO's position is: if that is needed, we can do it.⁴⁹

5.48 Kopp and Goon suggest that the fuel tank explosion (not implosion) resulted from insulation breakdown in an original fuel tank wiring

45 Air Marshal Angus Houston, Chief of Air Force, Senate Foreign Affairs, Defence and Trade Committee, *Consideration of Budget Estimates*, 3 June 2002, *Transcript*, p. 153.

46 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 23.

47 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 23.

48 Air Marshal Angus Houston, Chief of Air Force, Senate Foreign Affairs, Defence and Trade Committee, *Consideration of Budget Estimates*, 3 June 2002, *Transcript*, p. 154.

49 Dr Graham Clark, Research Leader, DSTO, Department of Defence, *Transcript*, 4 June p. 10.

harness. They argue, however, that ‘most of the wiring in the F-111s has been replaced over the last decade’ and it is unclear why wiring of such age was left in the particular craft that suffered the explosion.⁵⁰ In relation to the fuel tank leaks, Kopp and Goon claim that the F-111 has had a history of fuel tank leaks which indicates that the problem is not age related.⁵¹

- 5.49 In relation to airframe fatigue, Kopp and Goon suggest that there are inconsistencies in the evidence provided by Defence. For example, on 8 May 2002 before this committee, the then Vice Chief of the Defence Force, Lt General Des Mueller commented that the DSTO ‘are of the opinion that at this point the airframe could be managed through to the period 2015-2020.’ Mueller concluded ‘that is not to say, however, - as is often the case with ageing aircraft - that there will not be surprises.’⁵²
- 5.50 On 4 June 2004 Defence reported that ‘on the advice of DSTO, we believe that the risk of capability breakdown will increase past 2010.’⁵³ During the hearing, Defence was asked if it would provide the date of DSTO advice to Defence that was relied on to conclude that the ‘risk of capability breakdown will increase past 2010’ and which ultimately would have contributed to the F-111 retirement being brought forward to 2010. Defence concluded that ‘I do not think you have advice from DSTO on a decision to withdraw.’⁵⁴ It appears from the Defence response that no specific information was sought from DSTO on this matter.
- 5.51 In relation to the cost of supporting the F-111, Defence commented that ‘the other factor that is really important here is that, if we look back over the last few years, the F-111 has cost us an extra six per cent per year over the last few years.’⁵⁵ In addition, Defence claimed that the costs will grow commenting that ‘we are working on five per cent compounded, which is probably a fairly conservative estimate.’⁵⁶
- 5.52 Kopp and Goon question the cost projections provided by Defence, and suggest that it is using an inappropriate model to determine future F-111 operating costs. They comment that the ‘compounding cost method for projecting the operating costs of ageing aircraft is mostly used for estimating the costs of commercial airliner aircraft, which typically are not subjected to systems and propulsion upgrades, and ‘ageing aircraft

50 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 23.

51 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 24.

52 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 24.

53 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 79.

54 Air Vice Marshal John Monaghan, Department of Defence, *Transcript*, p. 87.

55 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 50.

56 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 50.

program' structural and system repairs.⁵⁷ Kopp and Goon suggest that a precondition of the compounding cost method is a period of several years in which no modifications are performed so as to establish a costing baseline for the method. In contrast, the F-111 upgrade program has resulted in a series of upgrades during the previous three years. Kopp and Goon state:

The use of a compounding cost model is thus unsuitable, and it was employed using an inappropriate baseline cost. Therefore any results it would produce would overstate actual future operating costs.⁵⁸

- 5.53 In relation to the F-111s maintenance costs Kopp and Goon point out that the last time the Defence Annual Report provided an individual cost for 'air strike/reconnaissance was in 1999-2000. At that time, air strike/reconnaissance accounted for \$787.1 million which was 17.3% of Air Force capabilities. Kopp and Goon note that 'in relation to the price to government and, therefore, to the Australian tax payer, the capability represented by the F 111 cost less than all other airborne platform based capabilities operated by the RAAF.⁵⁹ Part of the complexity in examining cost implications is that cost information shifts from platform cost to capability cost. The committee did not have sufficient opportunity to explore this area.
- 5.54 Kopp and Goon are critical that subsequent Defence Annual Reports did not provide this level of detail relating to the cost of air strike/reconnaissance. The 2003-04 Portfolio Budget Statements amalgamate the costs for air strike and air combat so it is not possible to determine cost variations, over time, in relation to supporting the F-111s.
- 5.55 During the hearing, Defence was asked if it had conducted any studies into the impact on industry, particularly at Amberley, from the decision to retire the F-111s in 2010. Defence indicated that this had not been undertaken.⁶⁰ Kopp and Goon note that the Amberley based Weapons Systems Business Unit (WSBU) operated under contract by Boeing is the largest systems integration facility in Australia, and employs several hundred highly skilled personnel including software engineers, hardware engineers, technicians and maintainers.⁶¹ Kopp and Goon stated:

Without the F-111 the WSBU could not sustain its existing skills base and would experience a rapid collapse in capabilities. As a

57 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 25.

58 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 25.

59 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 45.

60 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 59.

61 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 41.

result Australia would lose a unique and very expensive to develop capability.⁶²

5.56 The WSBU is responsible for a series of upgrades to the F-111's systems, termed the Block Upgrade Program (BUP). The current upgrades for the F-111 are shown below:

Block C2

- ALE-40 CMDS (Countermeasures dispensing set)
- ALR-62 RWR (Radar warning receiver)
- ALR-2002 (FSED Trial on 1 aircraft)
- A8-132 Prototype Baseline Project (US modified plane baselined to AUP standard to match the fleet)

Block C3

- EWMS (ALE-47/ALQ -213) (Countermeasures set)
- VADR (Voice & data recorder system)
- ECMPOD Jammer (Electronic countermeasure pod jammer)
- DFCS (Digital flight control system)

Block C4

- SOW (AGM-142) / 1760 (Statement of work)
- ANDVT (KY-100) Secure Voice⁶³

5.57 The DCP released on 4 February 2004 confirmed that a number of upgrades to the F-111, including AIR 5404 Phase 2 and AIR 5421 Phase 1, have been cancelled. The saving arising from these cancellations is shown in Table 5.2.

Table 5.2 F-111 Defence Capability Programs – cancelled

DCP Number	Name	Cost (\$m)
Air 5404 Phase 2	F-111 Strike Capability Enhancement	250-350
Air 5421 Phase 1	Tactical Reconnaissance and Strike Support Capability	250-350

Source ASPI, *Strategic Insights, No. 3 Reviewing the Defence Capability Plan 2004-2014, The good, the bad and the ugly, February 2004, p. 7.*

⁶² Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 41.

⁶³ Boeing Australia Website: <http://www.boeing.com.au/DIVAerospaceSupport/ASf111.htm>

- 5.58 The DCP has retained, although on a smaller scale, AIR 5416 which seeks to provide electronic warfare self protection. ASPI noted that this 'project seeks to upgrade the radar warning systems on the F-111 at a cost of \$30-50 million with an in-service delivery of 2006-08, down from \$150-200 million provided by the 2001 DCP.'⁶⁴
- 5.59 In relation to AIR 5416 Phase 3, the DCP stated that there 'are limited opportunities for Australian industry to become involved in the project as the majority of the existing F-111 Electronic Warfare Self Protection (ESWP) systems acquired are from overseas suppliers'.⁶⁵ ASPI discussed some of the reasons for the continuation of the project:

It might have something to do with the amount of sunk costs already invested in the project. But it could also reflect a concern that the F/A-18 may not be able to replace the F-111 by 2010 and forms part of the RAAF's contingency planning should that happen.⁶⁶

F/A-18 Hornet and AP-3C proposed strike capability

- 5.60 The F-35, if it is chosen by the Government in 2006, is expected to be delivered in 2012. This aircraft is expected to perform a multi-role function replacing both the F/A-18 and F-111. In view of the early retirement of the F-111, Defence plan to fulfil the strike capability provided by the F-111 with the F/A-18 and AP3-C Orion until the F-35s are delivered. The DCR stated:

...the Air Force has advised that by 2010 – with full introduction of the AEW&C aircraft, the new air-to-air refuellers, completion of the F/A-18 Hornet upgrade programs including the bombs improvement program and the successful integration of a stand-off strike weapon on the F/A-18s and AP-3C – the F-111 could be withdrawn from service. In other words, by that time the Air Force will have a strong and effective land and maritime strike capability. This will enable withdrawing the F-111 a few years earlier than envisaged in the *2000 White Paper*.⁶⁷

- 5.61 Defence was examined on the suitability of the F/A-18 and the AP3-C to adequately perform strike missions. First, Defence was asked about the

64 ASPI, Strategic Insights, No. 3, *Reviewing the Defence Capability Plan 2004-2014, The good, the bad and the ugly*, February 2004, p. 8.

65 Department of Defence, *Defence Capability Plan, Public Version, 2004-2014*, 2004, p. 31.

66 ASPI, Strategic Insights, No. 3, *Reviewing the Defence Capability Plan 2004-2014, The good, the bad and the ugly*, February 2004, p. 8.

67 Senator the Hon Robert Hill, Minister for Defence, *Media Release*, Defence Capability Plan, 7 November 2003.

survivability and ultimately effectiveness of using the AP3-C as a strike platform fitted with stand-off weapons. Defence indicated that 'we would not be putting an aircraft that may carry some form of weapon into a situation where, of itself, it was vulnerable immediately to an aggressor combat aircraft or missile.'⁶⁸ Defence noted that the AP3-C currently can carry Harpoon missiles.

5.62 Kopp and Goon noted that the AGM-84 Harpoon is carried for anti-shipping strikes, 'in a region where hostile warships are not defended by jet fighters.'⁶⁹ However, they argue that if the AP3-C was used for land or littoral strike then it could be subject to enemy fighter patrols. Kopp and Goon concluded, therefore, that if the AP3-C 'is not to be flown into such airspace, then it has no significant utility as a land or littoral strike asset.'⁷⁰

5.63 Defence indicated that the F/A-18 will achieve its strike capability through a range of planned upgrades and once the new air-to-air refuellers and AEW&C are delivered, Defence claims that 'we will maintain the same or superior air combat capability and strike capability by the end of all these improvements.'⁷¹ Defence was confident that the upgrades would lead to superior outcomes:

Obviously part of that upgrading is to give it Link 16, a full suite of weapons including a follow-on stand-off weapon and also satellite guided munitions. It will also have the latest short-range and medium-range air-to-air missiles. Supported by Wedgetail and air-to-air refuelling, we will have a better air combat system than the one we have now. We will be able to deliver more weapons on target, engage more targets and provide a much better stand-off capability. We will have more precision and obviously we will have much improved networking.⁷²

5.64 Defence noted that the F-111's capability is decreasing as new capabilities enter the region. Defence also noted that a 'refuelled F/A-18 with a precision stand-off weapon, is a very comparable strike platform to the F-111.'⁷³ Defence acknowledged that while the F-111 will carry more bombs, 'we are moving rapidly from quantity to the precision and the discrimination of the weapon.'⁷⁴

68 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, p. 13.

69 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 13

70 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 13.

71 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, p. 16.

72 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 80.

73 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, p. 16.

74 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, p. 16.

- 5.65 Kopp and Goon disputed Defence's conclusions about the decreasing capability of the F-111 and the potential for the F/A-18 to provide a superior strike platform. Kopp and Goon acknowledge that the F-111 does need further assistance than would have been needed 10 years ago, but this is a feature of all non stealthy strike fighters since 1986 which are provided with defensive fighter escorts.⁷⁵ Kopp and Goon point out that F/A-18s performing a strike role will themselves need fighter escort. They argue that an F-111, because of its superior speed to an F/A-18, will need less fighter escort than an F/A-18 because it 'can penetrate and egress hostile airspace much faster than an F/A-18 tasked with strike.'⁷⁶
- 5.66 Defence claimed that the F/A-18, unlike the F-111, would be self escorting. Defence pointed to the experience of its F/A-18s operating in the Middle East where they performed ground and air roles. However, there was minimal if any opposition combat aircraft to deal with in that environment. In contrast to this scenario, Defence was questioned if it would send in F/A-18s, in strike configuration, against an AEW&C backed force of Su-30s. In this scenario, Defence was asked if it would provide fighter escorts. Defence stated:
- Yes—not against an AEW&C backed force, but I do not think we see that at the moment. Our advantage will be that we will have the best AEW&C system in the world in two years time. That will give the F/A-18 force a significant advantage.⁷⁷
- 5.67 In relation to a question about the survivability of the F/A-18 against aircraft such as the Su-30, Defence raised the importance of pilot skills. Defence stated:
- The Sukhoi 30 is a very capable aircraft, but obviously the weapons it carries are the crucial thing. The other thing that is important is how well they are employed, how well they are supported and how well the pilots are trained. I think our pilots are world's best standard in terms of training, and I think they will continue to be a good match for anybody.⁷⁸
- 5.68 Kopp and Goon acknowledged that while it is true that RAAF pilots remain the most competent in the broader region, it should not be assumed that pilot skill can make up for inadequacies in aircraft performance.⁷⁹

75 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 14.

76 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 14.

77 Group Captain Geoffrey Brown, Department of Defence, *Transcript*, p. 91.

78 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 50.

79 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 26.

5.69 Kopp and Goon expressed a view that the Su-30MKs are equipped with larger radar than the F/A-18, with Hornet Upgrade (HUG) Radar APG-73, and, therefore, the Su-30MK can 'outrange the F/A-18A in the crucial Beyond Visual Range combat regime.'⁸⁰ In addition, Kopp and Goon report that a number of long range air-to-air missiles are being utilised on the Su-30 which 'significantly outrange the AIM-120 AMRAAM carried by the F/A-18A (HUG). They conclude that it would be dangerous for Australian officials to downplay the capabilities of opposing aircraft and rely on the superiority of Australian aircrew. Kopp and Goon state:

It is a reasonable prospect that AEW&C and tanker aircraft will be widely used across the region by the end of this decade, while the Su-30 will become the defacto 'standard' fighter across the region...

There is no historical precedent to support the case that superior pilot skills and platform networking can nullify the impact of superiority in fighter and missile capabilities, and parity in AEW&C and tanker capabilities.⁸¹

Defence capability prior to the acquisition of the F-35?

5.70 The 2010 retirement date for the F-111 is subject to successful completion of all upgrades and enabling capabilities. Defence reported that if 'any of the enhancements to the F/A-18 and the enabling capabilities do not arrive by 2010, we will extend the F111 through to 2012.'⁸² If the F-35 is not delivered on time, Defence indicated that it would keep the F/A-18 in service longer than planned. Defence stated:

We have a hedging strategy in place, with funding identified for the modification of the Hornet for 43 centre barrel replacements; that is a replacement to the centre fuselage of the F/A-18, which will enable it to be kept going beyond 2015.⁸³

5.71 Mr Goon noted that in many cases the 'wind down' period of an aircraft commences about two years before the planned retirement date. He claimed that the 'wind down' on the F-111 has already started and, therefore, if there was a decision to extend the F-111 past 2010 it would be difficult. Mr Goon concluded that 'a review would need to be done on the current planned program for wind back on the servicing maintenance and

80 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 26.

81 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 28.

82 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 81.

83 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 81.

spare support to ensure that, if we do get to 2010 and there is a need decided by the Air Force to extend it, that can in fact happen.’⁸⁴

5.72 Australia plans to introduce the F-35 from 2012 onwards. Defence commented that ‘the project is going quite well at the moment and we are pleased with the way it is progressing.’⁸⁵ Figure 3 in Defence’s submission of 4 June 2004, together with evidence from the 2 August 2004 public hearing, confirms that the F-35 will be delivered in 2013 with transition to operational status commencing around 2014.⁸⁶

5.73 Kopp and Goon cautioned against placing too much certainty on the 2012 introduction date. Kopp and Goon state:

Historically Initial Operational Capability (IOC) dates for modern fighters usually lag behind targets by several years, this aside from the issue of whether it is wise to opt for early production aircraft which often experience teething problems. These recent developments in the Joint Strike Fighter are tangible evidence that the risk factors in this program are genuine, and many are likely to further impact the program. Schedule delays are of particular concern for the RAAF as they extend the duration of developing capability gaps, while resulting cost increases present difficulties with funding the intended complete block replacement of both the F/A-18A and F-111 fleets within the short timeframe planned for.⁸⁷

5.74 ASPI suggested that the reason to retire the F-111s early and upgrade the F/A-18s to a strike role reflects ‘a view that the JSF’s won’t arrive by 2012 after all.’⁸⁸ ASPI stated:

...there remains uncertainty that the upgrade to the F/A-18s which are intended to enhance their strike capability will be completed before the F-111s retire. Even if they are successful, Australia’s strike capability will have fallen well below the levels planned for in the 2000 White Paper. If the F/A-18 upgrades run into trouble, we could face a serious strike capability gap. This could be reduced if the Government had decided to buy two extra AEW&C. An option to purchase the extra two AEW&C aircraft expires in mid 2004.⁸⁹

84 Mr Peter Goon, *Transcript*, p. 104.

85 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 49.

86 Department of Defence (Royal Australian Air Force), *Submission 4*, p. 10.

87 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 18.

88 ASPI, *The Defence Capability Review 2003, A Modest and Incomplete Review*, December 2003, p. 9.

89 ASPI, *The Defence Capability Review 2003, A Modest and Incomplete Review*, December 2003, p. 10.

5.75 During the hearing on 15 December 2003 Defence was asked what contingencies it had in place to deal with the time gap between the retirement of the F-111 and the arrival of the F-35. Defence stated:

We will not be retiring the F111s unless we have successfully got through a number of other steps, which entail optimising what we might call the air combat package—FA18s with upgraded weaponry, upgraded sensors and any fundamental maintenance-for-life extension—which incorporates air-to-air refuelling and uses all the sensors that we have for aerial combat; for example, the AWACS and the Jindalee. We would see that as a total package. If any of those programs for any reason are slowed down or do not work, which would be very unexpected to us, we still have options with the F111. But at this stage the intent is that, having done all these things—acquired modern air-to-air refuellers and the Wedgetails, and having them in service—we would be in a totally different position. So, from our point of view, we will maintain the same or superior air combat capability and strike capability by the end of all these improvements.⁹⁰

5.76 Figure 3 in Defence's submission of 4 June 2004 shows the level of precision strike capability over time.⁹¹ Precision strike capability is the ability to deliver weapons at 1000 nautical miles. The period between 2007 and 2010 shows a rise in strike capability because F/A-18s, upgraded to a strike configuration and supported by new air-to-air refuellers (AARs) and AEW&C, are added to the total strike capability. So in this period, strike capability is the sum of F-111s and strike configured F/A-18s supported by AARs and AEW&Cs.

5.77 The removal of the F-111 in 2010 produces a substantial drop in capability to deliver laser guided bombs (LGBs) to a distance of 1000 nautical miles, and a lesser drop in the capability to deliver stand off-weapons (SOWs) to 1000 nautical miles. Had the F-111 weapon upgrade program set out in the 2000 Defence White Paper been implemented then the drop in SOWs in 2010 would be greater.

5.78 However, the combined capability in 2011 will be greater than in the period 2004-07. In the case of LGBs there is a small rise in capability. In the case of SOW, there is a more significant increase in capability in 2010 compared with 2004-07 due to the upgrade of the F/A-18, AAR and AEW&C.

90 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, p. 16.

91 Royal Australian Air Force, *Submission 4*, p. 10.

- 5.79 In response to questions from some members of the committee, Defence has undertaken to provide further information showing strike capability had the weapons upgrades for the F-111, as planned in the 2000 Defence White Paper, not been cancelled.

The comparative capability of the F-35?

- 5.80 During the hearing, the debate about the early retirement of the F-111 extended to include the comparative capabilities of the F-35 when and if it is finally introduced into service. It is the stated intention of Defence to use the F-35 in a 'multi-role' capacity performing both strike and air combat missions. The F-35 will be operating in a region which is proliferating with highly capable, albeit less stealthy, Russian made Su-30 series aircraft. Defence is confident that the F-35 will be highly effective in performing its multi-role tasking, although some Defence analysts are less confident. Defence commented that 'we have a very good idea that the United States future combat aircraft, the F-35 will be exceptionally good.'⁹² Defence stated:

There is a whole raft of things, I consider: its stealth technology; its sensor suite; its capacity to carry a wide range of ordnance; its ability to network with other aircraft, particularly our AWACS Wedgetail aircraft; its ability to virtually be a broadcaster of sensor information to many other platforms; and its aerodynamic characteristics—it is going to be a very flyable aeroplane. All of these mean that it is very superior to its competitors.⁹³

- 5.81 One of the claimed attributes of the F-35 is that, as a fifth generation aircraft, along with the F/A-22A, it has significant stealth capabilities. Defence stated:

One of the important things that both those aircraft have over all the others is a stealth capability. Stealth gives you an enormous advantage in the air combat environment. We are looking at all the candidates and, by virtue of the combination of the fifth generation technology that was going to be available—stealth, better situational awareness for the pilots, improved sensors—when we did the staff work initially it was quite clear that the joint strike fighter stood out as the aircraft for us.⁹⁴

- 5.82 Kopp and Goon are less confident about the claimed advantages of the F-35. The F-35 while it has stealth capabilities does not have the same level

92 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, p. 10.

93 General Peter Cosgrove, Chief of Defence Force, Department of Defence, *Transcript*, p. 11.

94 Air Marshal Angus Houston, Chief of Air Force, *Transcript*, p. 49.

of stealth as an F/A-22A especially in the 'aft fuselage and engine nozzle design.'⁹⁵ Kopp and Goon state:

The F/A-22A was designed with 'all aspect' stealth capability to impair hostile radar detection from any direction, across a wide range of radar wavelengths. The Joint Strike Fighter uses 'economy stealth' which is optimised to reduce aircraft cost by compromising stealth performance of the rear sector of this aircraft.⁹⁶

5.83 Defence indicated that it was preparing a paper comparing the capabilities of the F-22 and the F-35 which would be available in August 2004. Defence noted its optimism about the F-35:

...the F35 is the way to go, because everything that I have learnt about the aircraft to date excites me. I think it will give us the capability we need to do all the missions that will be required for the defence of Australia in the future.⁹⁷

5.84 In relation to the sharing of Defence industrial secrets, Kopp and Goon claim that the US Congress has refused to approve the export of full software capabilities and of full stealth capabilities to Australia.⁹⁸

5.85 Defence claimed that the F-35 will be 'very superior to its competitors.' This view is not accepted by Kopp and Goon. As indicated above, they have downplayed the F-35s claimed stealth advantages which an F-35 would be heavily reliant on in a combat engagement with an Su-30 series aircraft.

5.86 The two types of aerial combat include Beyond Visual Range (BVR) and Within Visual Range (WVR). Essentially, an F-35 would need to rely on its stealth during BVR combat with an approaching Su-30 and get off the first shot and hopefully destroy the Su-30. However, in a situation where an F-35 closes to WVR, Kopp and Goon suggest that an F-35 would be seriously tested in close in air combat with an Su-30 series aircraft. Kopp and Goon state:

The assertion that 'the Joint Strike Fighter will cover the whole spectrum of air combat and will cover it very well' overstates the Joint Strike Fighter's supersonic performance, its manoeuvring agility and its radar detection range performance. In air combat the Joint Strike Fighter's best capability lies in its stealth which

95 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 18.

96 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 16.

97 Air Marshal Angus Houston, Chief of the Air Force, Department of Defence, *Transcript*, 4 June p. 3.

98 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 8.

provides a good advantage in Beyond Visual Range combat - if that stealth capability is compromised the Joint Strike Fighter is likely to be marginally better than an F/A-18A in air combat. The Joint Strike Fighter is not an F/A-22A.⁹⁹

- 5.87 Defence maintains that the future air combat environment is all about BVR. The Chief of Air Force, as part of a Defence Watch Seminar, on 14 May 2004 stated:

...the future air combat environment is all about beyond visual range engagement. The days of, one on one dog fighting, if you get down to that, you're in a really difficult situation. Such is the agility of modern weapons. And we are now fielding the Advanced medium air to air missile, and also the advanced short-range air to air missile, and both of those are the state of the air missiles in their class, and the agility of the short-range one, ASRAAM is almost beyond belief.

So if you are into visual range, in most cases, with two reasonably equally matched combatants, it's probably mutually assured destruction. So we believe you need to be out there engaging beyond visual range.¹⁰⁰

- 5.88 Kopp and Goon argue that an Su-30 series will outperform an F/A-18 'across the board' because the Su-30 was designed to compete with the F/15E. Kopp and Goon claim that the F-35s aerodynamic characteristics are similar to the F/A-18A and therefore they conclude that an F-35 will not be competitive, in close in air combat, with an Su-30.¹⁰¹

Conclusions

- 5.89 It is not the role of the committee to adjudicate over disputes about technical level matters. The main objective in this scrutiny process is to ensure that Defence has adequately justified the policy of retiring the F-111 early, and provide reassurances that Australia's superiority in air combat capability within the region is maintained. In the following discussion, the committee sets out a number of requirements to ensure that Defence provides more detailed reasoning in support of the policy. One of the key dates in this process is 2006 when the Government will decide if it will purchase the F-35. The timeframes involved ensure that the committee will scrutinise this matter over a number of years.

99 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 31.

100 Air Marshal Angus Houston, Chief of Air Force, Defence Watch Seminar, 14 May 2004.

101 Dr Carlo Kopp & Mr Peter Goon, *Submission 1*, p. 10 & 26.

- 5.90 Whilst the committee received varying opinions about the F-35, the F/A-22 Raptor, and the F-111, some committee members noted that the usual processes within Defence for evaluating options for the acquisition of major defence platforms are not being followed in determining a replacement platform or platforms for the current F-111 and F/A-18 aircraft.
- 5.91 One of the most notable decisions arising from the Defence Capability Review announced on 7 November 2003 was the plan to retire the F-111s in about 2010. Previous estimates suggested by Defence put the retirement date between 2015 and 2020.
- 5.92 At the hearing on 15 December 2003 Defence argued that due to a range of ageing aircraft factors, the F-111 should be retired early. Defence stated:
- ...about 18 months ago I was seriously concerned about its future. We had had a wing breakage, a fuel tank implosion and major fuel leaks. We are having all the symptoms of an ageing aircraft...¹⁰²
- 5.93 The committee's examination of the decision to retire the F-111 early focused on the adequacy of alternative strike platforms, and the challenge of maintaining capability prior to the acquisition of the F-35 if it is selected in 2006. The committee's views on each of these matters is dealt with in more detail in the following discussion.
- 5.94 Defence claimed that the F-111 'will be a very high cost platform to maintain and there is a risk of losing the capacity altogether through ageing aircraft factors.' In particular, attention was drawn to wing breakage, a fuel tank explosion and major fuel leaks. Alternative evidence provided to the committee suggested that these concerns were well known and not by themselves sufficient to warrant early retirement. For example, in relation to fuel tank leaks, the committee heard that the F-111 has always had a history of fuel tank leaks which 'indicates that the problem is not age related.'
- 5.95 In relation to the industry support base for the F-111, Defence indicated that it had not conducted any studies into the implications of early retirement. Industry is essential for the continuing support and maintenance of the F-111. The committee heard that the Amberley based Weapons Systems Business Unit (WSBU) under contract by Boeing could face severe pressure with the decision to retire the F-111 early. Defence commented that 'we will not be retiring the F-111s unless we have successfully got through a number of other steps.' If previously planned F-111 upgrades are cancelled and the WSBU scales back then,

102 Air Marshal Angus Houston, Chief of the Air Force, Department of Defence, *Transcript*, p. 50.

- notwithstanding this, Defence must be able to ensure that the F-111 is fully effective up to 2010.
- 5.96 The decision to retire the F-111 early is made on the basis that the F-35 will be delivered on time in 2012. Strike capability between 2010 and 2012 is meant to be offset through additional tasks assigned to the F/A-18 and the AP-3C Orion with force multiplier elements including AEW&Cs and air-to-air refuellers. It is essential, therefore, that the replacement combat aircraft be delivered on time.
- 5.97 A decision to purchase the F-35 is not required until 2006. 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 air superiority in the region is maintained.
- 5.98 The committee believes that it is essential for the Government to have reliable information on the delivery date of the replacement combat aircraft. If the Government selects the F-35 then it must be certain of the delivery date. This information will be essential to manage the phase out of existing air combat and strike platforms and ensure that air capability is maintained. If delivery of the new airframe is not expected until after 2012 then the Government must explain how it will address any potential shortfalls in capability. This is a theme that the committee has raised in previous reports, and will continue to do so because of the importance of this defence capability.
- 5.99 The statement that the Government makes in 2006 about the issues raised above will be critical to the committee's determinations on the F-111 early retirement plan. In the interim, the committee will conduct ongoing scrutiny of the early retirement plan culminating in more detailed scrutiny in 2006. In fulfilling this objective, the committee proposes that the Defence Minister, in the next parliament, should refer a reference to the committee for it to conduct an inquiry focusing on the Australian Defence Force's ability to maintain air superiority in our region to 2020.
- 5.100 The committee notes that while it received a lengthy submission from Dr Carlo Kopp and Mr Peter Goon it was unable to test their views against the view of others including Defence. A full and open inquiry in the 41st

Parliament would provide an opportunity to test a range of views on the issue of air superiority.

Recommendation 3

5.101 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.

Recommendation 4

5.102 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.**

Defence International Cooperation

Background

- 6.1 In 2002-03 Australia provided \$62.6 million in defence cooperation funding to Papua New Guinea, countries in the South Pacific region, and countries in South East Asia. Table 6.1 provides details of the countries that received funding.
- 6.2 The aims and objectives of the Defence Cooperation Program (DCP) are to support the Government's strategic objectives by:
- contributing to the maintenance of regional security;
 - working with allies, regional partners and others to shape the global and regional environment in a way favourable to Australia and the ADF;
 - consolidating acceptance of Australia as an obvious and legitimate participant in deliberations on issues that affect regional security; and
 - encouraging and assisting with the development of the defence self-reliance of regional countries.¹
- 6.3 Defence reported that these activities 'encompass assistance to regional security forces in the areas of strategic planning, command and control, infrastructure, communications and logistics support.' A key part of the DCP is the Pacific Patrol Boat Program (PPBP) which is designed to help the Pacific island countries to enhance the policing of their maritime zones.

1 Portfolio Budget Statement 2003-04, Defence Portfolio, 2003, p. 106.

6.4 Some of the tasks performed by the Patrol Boats include ‘disaster relief, search and rescue, and some general police work.’² Defence noted, for example, that Tonga’s three patrol boats ‘are used routinely in surveillance for a very large EEZ’.³ Defence indicated that the patrol boat program ‘is continuing and it is in its half-life extension phase.’⁴ Defence reported that some of the benefits arising from the PPBP include:

- **maritime surveillance capability:** ‘It provides a level of self-reliance for many small nations to protect and enforce their sovereignty within their exclusive economic zone. This in turn reduces the Pacific’s vulnerability to people smuggling, piracy, illegal fishing of territorial waters, transnational crime and other asymmetric threats to the region’.
- **nation building:** ‘Twelve participating countries utilise 22 patrol boats to conduct surveillance, search and rescue operations, quarantine, disaster relief, medical evacuation, hydrographic survey and general police/security work. The Pacific Patrol Boat program provides an important asset for responding to natural disasters and emergencies, responsibility for which would otherwise fall to Australia and other countries.’
- **maritime training:** ‘Training received through Defence Cooperation provides an accumulating body of experience in each country participating in the Pacific Patrol Boat program. For example, all Pacific Patrol Boat crew training is conducted through the Australian Maritime College in Launceston, Tasmania. The Defence Cooperation Program also provides post-basic naval skills, leadership and management training through crew attendance on ADF courses.’
- **accruing benefits for the region:** ‘In addition to the benefits for regional security, economic benefits accrue from the ship registration, licensing and fines that result from the credible enforcement capability provided by the patrol boats. Environmental protection mechanisms, for instance the prevention of illegal and unsustainable fishing, are also improved by trained police or defence force personnel patrolling waters, coastal access and entry points, policing shore establishments such as wharfs and marine warehouses, and maintaining communications between main and outer islands.’⁵

6.5 The PPBP comprises 22 vessels for the following 12 countries:

- Papua New Guinea 4

2 Ms Myra Rowling, First Assistant Secretary, Department of Defence, *Transcript*, p. 67.

3 Vice Admiral Russ Shalders, Vice Chief of Defence Force, Department of Defence, *Transcript*, p. 67.

4 Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 66.

5 Department of Defence, *Submission 1, Question 14*.

■ Fiji	3
■ Federated States of Micronesia	3
■ Tonga	3
■ Solomon Islands	2
■ Cook Islands	1
■ Kiribati	1
■ Marshall Islands	1
■ Palau	1
■ Western Samoa	1
■ Tuvalu	1
■ Vanuatu	1 ⁶

6.6 A further objective of the DCP is the conduct of combined exercises ‘to improve the ability of regional countries to contribute to regional security.’⁷

6.7 The 2002-03 Defence Annual Report, between pages 170 and 179, provides a performance summary for each country receiving Defence funding. The summaries below, taken directly from the Annual Report, detail the nature of assistance, and some of the key outcomes. Some of the relevant performance statements include:

- **Papua New Guinea:** The aim of Australia’s defence assistance is to ‘achieve stability in the force by making it smaller, more affordable and better managed.’
- ‘The Defence Cooperation Program with Papua New Guinea focused on training, technical advice, infrastructure development and logistics support. Training was provided to the Papua New Guinea Defence Force maritime element, infantry and engineers, and the Papua New Guinea Defence College.’
- **South Pacific Region:** ‘The Defence Cooperation Program in the South Pacific region grew in 2002-03 by \$5m. This was mainly as a result of Australia’s re-engagement with Fiji, cooperation projects in Tonga and the commencement in earnest of the Pacific patrol boat program’s life extension program. Increased ADF operational commitments had limited impact on Australia’s bilateral relationships in the region, with the exception of the continued unavailability of Air Force surveillance flights over the Pacific.’

6 Department of Defence, *2002-2003 Defence Annual Report*, 2003, p. 174.

7 Portfolio Budget Statement 2003-04, Defence Portfolio, 2003, p. 106.

- ‘The defence relationship with Fiji has largely been rebuilt since the lifting of Australian Government sanctions in October 2001. Australia continued to focus on enhancing the professional ethos of the Republic of Fiji Military Forces and encouraging the development of healthy civil-military relations. Four ADF adviser positions, which were withdrawn in 2000 following the attempted coup, were reinstated.’
- ‘Relationships with Samoa, Kiribati, Tuvalu, the Republic of Palau, the Republic of the Marshall Islands, the Federated States of Micronesia and the Cook Islands continued to focus on support to maritime surveillance capabilities. Australia has provided a Pacific patrol boat to each of these countries (the Federated States of Micronesia has three) and continues to provide logistics, fuel, maintenance and training. An ADF advisory team, posted to each of these countries, assisted in developing sustainable national maritime surveillance capabilities.’
- ‘In August 2002, Defence supported the planning and operation of Operation Island Chief 2002, a tri-nation maritime surveillance operation, involving five Pacific patrol boats from the Federated States of Micronesia, Palau and the Marshall Islands. The operation enabled the nations to carry out surveillance and law enforcement cooperatively in each respective country’s waters based on applicable law, rules and regulations.’
- **Solomon Islands:** ‘Defence Cooperation with the Solomon Islands was curtailed following the 2000 coup. In 2002, Defence commenced phased re-engagement to support whole-of-government efforts to promote law and order in the Solomon Islands. Training for the patrol boat crews recommenced and, towards the end of 2002, a half-life refit was conducted on one of two Pacific patrol boats.’
- **South East Asia:** ‘The Defence Cooperation Program in the South East Asia region fell in 2002-03 by nearly \$4m. This was primarily due to the impact of unexpected world events, such as the Severe Acute Respiratory Syndrome outbreak, and increased operational tempo, including the war in Iraq, which restricted ADF participation in a number of Defence Cooperation activities.’
- ‘Australia continued to provide substantial support to the development of the **East Timor** Defence Force and Defence Secretariat. Defence continued to provide advisory support, professional skills training and English-language training in-country.’ Defence confirmed during the hearing that in the last few years it has significantly increased defence cooperation expenditure on East Timor.⁸

8 Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 70.

- 'Australia and **Indonesia** made progress in developing a mutually beneficial defence relationship, at a pace agreeable to both governments. This focused on expanding bilateral dialogue and building a more substantial program of non-combat-related training, in addition to pursuing new initiatives under the Memorandum of Understanding on Combating International Terrorism.' Defence confirmed that defence related training with Indonesia ceased in 1999 and, Defence has 'not sought to resume combat related training.'⁹
- 'Longstanding and strong defence relationships with **Singapore, Thailand, Malaysia and the Philippines** were characterised by broad-based programs of dialogue, training and joint projects in the fields of logistics, science and materiel. Increased operational commitments saw a reduction in the ongoing exercise program, particularly with Malaysia, but with no significant effect on the continuing defence relationship.'
- 'Defence Cooperation with **Vietnam** continued to grow through attendance at the Australian Defence College and postgraduate courses and an expanding dialogue. Joint in-country activities in English-language training and malaria research were maintained. The relatively new defence relationships with Cambodia, Brunei and Laos developed to a modest level.'
- **India:** 'Defence Cooperation with India included staff college exchanges and senior visits to and from India. The inaugural Defence Joint Working Group meeting with India held in March 2003 and was a significant factor in enhancing strategic dialogue with this major regional power.'
- **Pakistan:** 'Defence Cooperation with Pakistan was resumed in September 2001. The focus of activities in 2002-03 was to regain previous levels of defence engagement through re-establishing staff college exchanges, training activities and senior visits.'
- **Bangladesh:** 'The relationship with Bangladesh has continued at a very modest level. Defence Cooperation with Bangladesh in 2002-03 included sponsored training in emergency management, which was held in Australia.'¹⁰

9 Mr Shane Carmody, Deputy Secretary, Department of Defence, *Transcript*, p. 73.

10 Department of Defence, *2002-2003 Defence Annual Report*, 2003, pp. 170-179.

Table 6.1 Defence Cooperation Funding

	Result	Budget Estimate
	2002-03	2003-04
	\$'000	\$'000
Papua New Guinea	9,434	9,083
South Pacific		
Vanuatu	1,900	1,638
Solomon Islands	537	606
Tonga	2,407	2,435
Western Samoa	528	656
Cook Islands	316	403
Fiji	2,662	3,164
Republic of the Marshal Islands	952	1,020
Federated States of Micronesia	848	1,026
Tuvalu	415	694
Kiribati	916	961
Palua	647	856
Multilateral General Assistance	10,350	11,240
Sub-Total	22,478	24,699
South East Asia		
Singapore	254	428
Philippines	3,047	3,424
Thailand	3,478	3,796
Malaysia	4,483	4,881
Indonesia	4,583	5,329
East Timor	7,504	6,864
Vietnam	1,421	2,161
Cambodia and Laos	1,017	1,059
Brunei	44	100
Sub-total	25,831	28,042
Other regional activities	4,907	5,907
Total	62,648	67,731

Source Department of Defence, *2002-2003 Defence Annual Report*, 2003, p. 92.

Conclusions

- 6.8 The Defence International Cooperation program has positive objectives in seeking to promote regional security and encouraging and assisting in the development of self reliance of regional countries.
- 6.9 In particular, the committee notes the positive aims of the Pacific Patrol Boat Program which is designed to help the policing of the regions' maritime zones.

Senator Alan Ferguson
Chairman
4 August 2004



Appendix A – List of hearings and witnesses

Monday 15 December 2003 - Canberra

Department of Defence

Mr Shane CARMODY, Deputy Secretary, Strategic Policy

Air Vice Marshal Kerry CLARKE, AM, Head, Capability Systems

General Peter COSGROVE, AC, MC, Chief of the Defence Force

Major General Ken GILLESPIE, AO, DSC, CSM, Head, Strategic Operations

Air Marshal Angus HOUSTON, AO, AFC, Chief of Air Force

Vice Admiral Chris RITCHIE, AO, RAN, Chief of Navy

Major General Frank ROBERTS, AM, Deputy Chief of Army

Ms Myra ROWLING, First Assistant Secretary, Strategic and International Policy

Vice Admiral Russ SHALDERS, AO, CSC, RAN, Vice Chief of the Defence Force

Mr Richard Campbell SMITH, AO, Secretary

Brigadier Mike SWAN, Acting Head, National Operations

Mr George VEITCH, First Assistant Secretary, Budgets and Financial Planning

Friday, 4 June 2004 - Canberra**Department of Defence**

BROWN, Group Captain Geoffrey Charles, Officer Commanding, Airborne Early Warning and Control, System Project Office, Royal Australian Air Force

CARR, Mr David Noel John, Air Analyst, Air Operations Division, Defence Science and Technology Organisation, Department of Defence

CLARK, Dr Graham, Research Leader, Aircraft Structures, Defence Science and Technology Organisation, Department of Defence

CLARKE, Air Vice Marshal Kerry Francis, Head of Capability Systems, Royal Australian Air Force

HARVEY, Air Commodore John Paul, Director-General New Air Combat Capability, Department of Defence

HOUSTON, Air Marshal Allan Grant, Chief of Air Force, Royal Australian Air Force

MARTIN, Mr Colin Arthur, Chief of Air Operations Division, Defence Science and Technology Organisation, Department of Defence

MONAGHAN, Air Vice Marshal John Gordon, Head of Aerospace Systems Division, Royal Australian Air Force

Private capacity

KOPP, Dr Carlo

GOON, Mr Peter Anthony

Monday, 2 August 2004 - Canberra**Department of Defence**

HARVEY, Air Commodore John Paul, Director-General New Air Combat Capability, Department of Defence

HOUSTON, Air Marshal Allan Grant, Chief of Air Force, Royal Australian Air Force

MONAGHAN, Air Vice Marshal John Gordon, Head of Aerospace Systems Division, Royal Australian Air Force

BINSKIN, Air Commodore Mark, Commander Air Combat Group



Appendix B – List of Submissions

- 1 Department of Defence
- 2 Dr Carlo Kopp and Mr Peter Goon
- 3 Dr Carlo Kopp
- 4 Department of Defence
Supplementary submission
- 5 Dr Carlo Kopp and Mr Peter Goon
Supplementary submission
- 6 Dr Carlo Kopp and Mr Peter Goon
Supplementary submission